



INFLATION FALLS

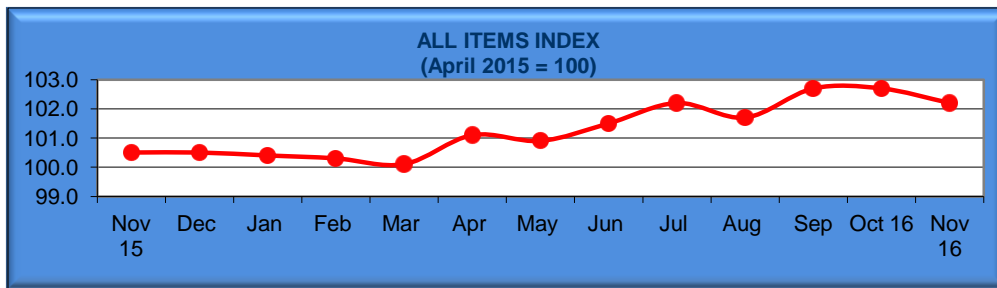
Consumers paid 1.7 per cent more in November 2016 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The level of inflation decreased 0.4 percentage points from the 2.1 per cent measured in October 2016.

Between October 2016 and November 2016, the average cost of goods and services in the CPI decreased 0.5 per cent. The all-items index dropped to 102.2 in November. This means that the basket of goods and services that cost \$100.00 in April 2015 now costs \$102.20.

YEAR-TO-YEAR ANALYSIS

The Transport & Foreign Travel sector was the largest contributor to the year-over-year change. This sector decreased 2.1 per cent year-over-year, led by an 11.2 per cent drop in the average cost in air fares.

In contrast, the Education, Recreation, Entertainment & Reading sector rose 4.0 per cent year-over-year.



**Inflation
Rate
1.7%**

The compilation of the CPI involves the processing of several thousand price quotations. The Department of Statistics wishes to acknowledge the cooperation of the business community in supplying the required price data.

SUMMARY STATISTICS					
Period	Monthly		Period	Quarterly	
	Index	Annual per cent Change		Index	Annual per cent Change
2015			2014		
Nov	100.5	+1.4	Q1	97.5	+1.8
Dec	100.5	+1.8	Q2	98.5	+2.0
			Q3	99.1	+2.1
2016			Q4	99.3	+2.2
Jan	100.3	+1.7	2015		
Feb	100.2	+1.3	Q1	98.9	+1.5
Mar	100.1	+1.0	Q2	100.2	+1.7
Apr	101.1	+1.1	Q3	100.6	+1.5
May	100.9	+1.1	Q4	100.5	+1.2
Jun	101.5	+0.8	2016		
Jul	102.2	+1.6	Q1	100.2	+1.3
Aug	101.7	+1.3	Q2	101.2	+1.0
Sep	102.7	+2.0	Q3	102.2	+1.6
Oct	102.7	+2.1			
Nov	102.2	+1.7			

MONTH-TO-MONTH ANALYSIS

Rent

The Rent sector was unchanged for the third consecutive month.

Clothing & Footwear

The Clothing & Footwear sector increased 0.1 per cent in November, as the average cost of dry cleaning increased 1.4 per cent.

Tobacco & Liquor

The Tobacco & Liquor sector was static in November.

Health & Personal Care

The Health & Personal Care sector was unchanged in November, following a 0.1 per cent increase in October.

Household Goods, Services & Supplies

The Household Goods, Services & Supplies sector was static in November. Average costs of minor household appliances increased by 0.1 per cent but were offset by a decrease of 0.1 per cent in average costs of cleaning materials.

Food

The Food sector fell 0.1 per cent in November following an increase of 0.1 per cent in October. Key contributors to the decrease were frozen meals

(7.6 per cent) and fresh and frozen hamburger (2.9 per cent).

Education, Recreation, Entertainment & Reading

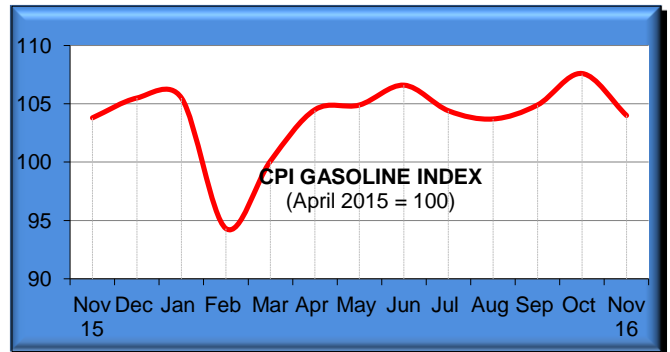
The Education, Recreation, Entertainment & Reading sector decreased 0.2 per cent in November following a 0.1 per cent increase in October. The cost of premium fuel declined 3.3 per cent.

Fuel & Power

The Fuel & Power sector declined for the second consecutive month, falling 2.3 per cent in November. The fuel adjustment rate decreased 6.9 per cent month-over-month.

Transport & Foreign Travel

The Transport & Foreign Travel sector decreased 2.8 per cent in November. Average costs of airfares and overseas accommodations fell by 6.3 per cent and 1.7 per cent, respectively.



COMPUTING PRICE INCREASES

The Department of Statistics receives calls daily requesting the rate of inflation over specific periods of time. The following calculations are provided to guide users as to how to compute rates of price increases. The monthly index numbers can be obtained from our website www.gov.bm.

A) Month-to-Month Price Change

The price change between November and October, 2015 is calculated as follows:

$$= \frac{\text{Nov 15 index} - \text{Oct 15 index}}{\text{Oct 15 index}} \times 100$$

$$= \frac{100.5 - 100.6}{100.6} \times 100$$

$$= -0.1\%$$

B) Year-to-Year Price Change

The price change between December 2015 and December, 2014 is calculated as follows:

$$= \frac{\text{Dec 15 index} - \text{Dec 14 index}}{\text{Dec 14 index}} \times 100$$

$$= \frac{100.5 - 98.7}{98.7} \times 100$$

$$= 1.8\%$$

C) Particular Period Price Change

The price change between April 2014 and January, 2016 is calculated as follows:

$$= \frac{\text{Jan 16 index} - \text{Apr 14 index}}{\text{Apr 14 index}} \times 100$$

$$= \frac{100.3 - 98.3}{98.3} \times 100$$

$$= 2.0\%$$

BERMUDA CONSUMER PRICE INDEX

APRIL 2015 = 100

	All Items	Food	Rent	Clothing & Footwear	Tobacco & Liquor	Fuel & Power	Household Goods, Services & Supplies	Transport & Foreign Travel	Education, Recreation, Entertain. & Reading	Health & Personal Care
2013 WEIGHT	1000	115	267	25	31	39	116	130	147	130
ANNUAL AVERAGE (per cent)										
2011	+2.7	+2.3	+1.1	+5.7	+3.1	+11.3	+2.0	+0.6	+2.6	+7.5
2012	+2.4	+3.5	+0.2	+4.3	+2.5	+9.3	+1.0	+1.6	+2.7	+6.6
2013	+1.8	+3.0	-0.3	+0.1	+4.4	-1.9	+0.5	+1.4	+2.5	+8.3
2014	+2.0	+3.1	+0.8	+2.0	+2.4	-2.4	+0.8	+1.7	+1.9	+6.7
2015	+1.5	+2.7	+0.6	+1.3	+1.2	-8.9	+2.1	-1.3	+0.9	+7.8
MONTHLY (per cent)										
2014										
Nov	-0.9	Nil	Nil	Nil	+0.1	Nil	+0.1	-7.2	Nil	Nil
Dec	-0.5	-0.7	Nil	Nil	-0.1	-9.0	Nil	Nil	-0.1	-0.1
2015										
Jan	Nil	1.3	+0.1	+0.2	+0.3	-2.5	+0.4	-1.7	Nil	+0.1
Feb	+0.2	+0.2	Nil	Nil	+0.1	Nil	Nil	+1.9	-0.6	Nil
Mar	+0.2	+0.3	+0.1	Nil	+0.1	+1.3	Nil	+0.7	-0.1	Nil
Apr	+1.0	Nil	+0.2	+0.5	+0.4	Nil	+0.1	+0.4	+0.1	+6.5
May	-0.2	+0.4	+0.1	Nil	Nil	-2.6	Nil	-1.0	Nil	Nil
Jun	+0.8	+0.1	Nil	Nil	Nil	Nil	Nil	+5.9	+0.3	Nil
Jul	-0.1	+0.1	Nil	+0.7	Nil	+4.0	+2.1	-3.6	-0.1	Nil
Aug	-0.2	+0.3	+0.1	Nil	+0.1	Nil	Nil	-1.6	-0.2	+0.1
Sep	+0.3	-0.1	Nil	Nil	+0.2	Nil	+0.3	+0.9	+0.9	-0.1
Oct	-0.1	+0.2	+0.1	Nil	Nil	-1.3	Nil	-1.2	+0.2	+0.5
Nov	-0.1	-0.5	Nil	Nil	Nil	-1.3	Nil	+0.1	Nil	Nil
Dec	Nil	-0.2	+0.1	Nil	+0.3	-2.0	Nil	+0.4	+0.1	Nil
2016										
Jan	-0.2	+1.2	-0.1	+0.1	+0.4	-3.7	+0.1	-1.6	Nil	Nil
Feb	-0.1	+0.6	+0.1	Nil	+1.1	Nil	Nil	-1.4	-0.3	+0.1
Mar	-0.1	-0.1	Nil	Nil	Nil	-0.8	+0.1	-0.7	+0.2	Nil
Apr	+0.9	+0.3	Nil	-0.5	+2.0	-2.6	Nil	+0.8	+2.7	+3.2
May	-0.1	-0.3	+0.1	Nil	+1.5	-5.0	Nil	-0.3	+0.5	Nil
Jun	+0.5	+0.2	Nil	Nil	+0.8	+10.4	Nil	+1.0	Nil	-0.1
Jul	+0.8	+0.3	+1.0	+0.1	Nil	+4.3	+0.1	+2.5	-0.2	Nil
Aug	-0.5	+0.1	+0.1	Nil	Nil	Nil	Nil	-4.3	Nil	Nil
Sep	+1.0	+0.1	Nil	Nil	+0.1	+6.0	+0.1	+4.5	+1.1	Nil
Oct	Nil	+0.1	Nil	+0.3	Nil	-0.9	+0.1	Nil	+0.1	+0.1
Nov	-0.5	-0.1	Nil	+0.1	Nil	-2.3	Nil	-2.8	-0.2	Nil
Nov '16	102.2	102.7	101.6	100.8	106.6	101.1	102.9	97.1	105.1	103.8
<u>Nov '16</u>	+1.7	+2.2	+1.3	+0.1	+6.3	+2.4	+0.5	-2.1	+4.0	+3.3
Nov '15										

WHAT IS THE CONSUMER PRICE INDEX?

The Consumer Price Index (CPI) is a statistical tool used for measuring changes in the general level of prices of consumer goods and services purchased by private households.

The index measures price movements of a given quality and quantity of goods and services. The mix of these consumer goods and services comprising the index, are figuratively thought of as a “shopping basket.” In constructing this “shopping basket”, the selected goods and services are organized first by commodity type. They are then divided into sub-components and assigned to a major expenditure group. The Bermuda CPI is structured into nine expenditure groups or sectors:

- Food
- Rent
- Clothing & Footwear
- Tobacco & Liquor
- Fuel & Power
- Transport & Foreign Travel
- Household Goods, Services & Supplies
- Education, Recreation, Entertainment & Reading
- Health & Personal Care

CONCEPTS AND DEFINITIONS

Base Period

The time period which is used as a reference point for measuring the price change of goods and services. The base period for the Bermuda CPI is April 2015.

Price Index Number

A single figure that shows how a set of prices has changed over a specified period of time. An index number on its own means nothing. It must be compared with an index number from another period to have meaning. For example, a comparison of the index number 97.2 for January 2014 with 100.4 for January 2016, reveals that prices have increased by 3.3 percent.

Laspeyres Equation

The CPI is computed using this statistical equation. This formula calculates the total amount of money a household needs today to purchase the same basket of goods and services that it bought in the base period, April 2015.

WEIGHTED AVERAGE

A mathematical formula that takes into account the relative importance of an item’s price change compared to the overall change in the sector or CPI.

Inflation

Inflation is the process of rising prices, resulting in diminishing purchasing power of a given sum of money.

Cost of Living Index

Many individuals refer to the CPI as a cost-of-living index. The CPI is an index of pure price change only. A cost-of-living index reflects the changes in buying or consumption patterns that consumers would ordinarily make to adjust to any change in the price of a good or service.

A COMPARISON OF RATES OF INFLATION (%) Selected Countries & Bermuda

	2012	2013	2014	2015	Nov 16
Bermuda	2.4	1.8	2.0	1.5	+1.7
United States¹	1.7	1.5	0.8	0.7	+1.7
Canada²	1.5	0.9	2.0	1.1	+1.2
United Kingdom³	3.2	3.0	2.4	1.1	+2.2

Sources:

1. US Bureau of Labour Statistics
2. Statistics Canada
3. UK Office of National Statistics

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The Cabinet Office
Department of Statistics
Cedar Park Centre,
48 Cedar Avenue, Hamilton HM 11

P.O. Box HM 3015
Hamilton HM MX, Bermuda

Tel: (441) 297-7761, Fax: (441) 295-8390
Website: www.gov.bm