



## INFLATION RISES

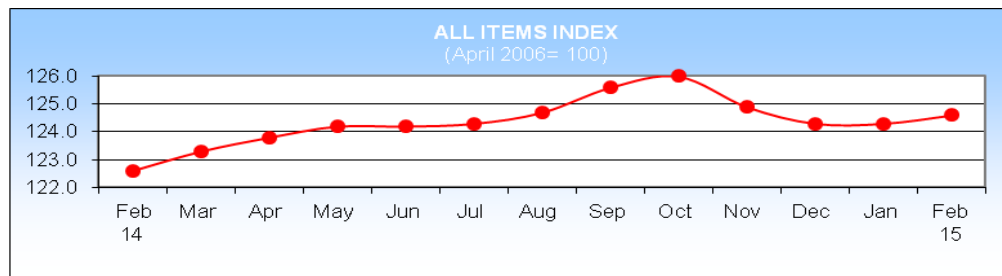
Consumers paid 1.6 per cent more in February 2015 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The level of inflation increased, following three consecutive months of decline, increasing 0.2 percentage points from the 1.4 per cent measured in January 2015.

Between January 2015 and February 2015, the average cost of goods and services in the Consumer Price Index rose 0.2 per cent. The all-items index climbed to 124.6 index points in February. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$124.60.

## YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector was the largest contributor to the year-over-year increase in the consumer price index, increasing 7.3 per cent.

Also heavily affecting the year-over-year increase to the consumer price index were the Food sector and Household Goods, Services & Communications sector. Price shifts in these two sectors were 3.6 per cent and 1.4 per cent, respectively.



**Inflation Rate**  
**1.6%**

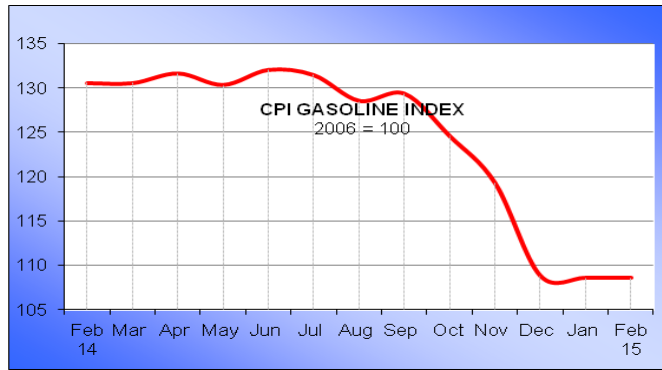
The compilation of the CPI involves the processing of several thousand price quotations. The Department of Statistics wishes to acknowledge the cooperation of the business community in supplying the required price data.

SUMMARY STATISTICS					
Period	Monthly		Period	Quarterly	
	Index	Annual per cent Change		Index	Annual per cent Change
<b>2014</b>			<b>2012</b>		
Feb	122.6	+1.7	Q2	119.6	+2.7
Mar	123.3	+2.0	Q3	120.3	+2.5
Apr	123.8	+1.9	Q4	120.5	+1.8
May	124.2	+2.1	<b>2013</b>		
Jun	124.2	+1.8	Q1	120.6	+2.0
Jul	124.3	+1.9	Q2	121.7	+1.8
Aug	124.7	+2.1	Q3	122.3	+1.7
Sep	125.6	+2.4	Q4	122.4	+1.6
Oct	126.0	+2.6	<b>2014</b>		
Nov	124.9	+2.3	Q1	122.8	+1.8
Dec	124.3	+1.5	Q2	124.1	+2.0
<b>2015</b>			Q3	124.9	+2.1
Jan	124.3	+1.4	Q4	125.1	+2.2
Feb	124.6	+1.6			

**MONTH-TO-MONTH ANALYSIS**

**Transport & Vehicles**

The Transport & Vehicle sector increased 1.9 per cent in February, following a decrease of 1.7 per cent in January. On average, foreign travel costs which include airfares and hotel accommodation increased 5.5 per cent. In contrast, the capital cost of cars decreased 0.2 per cent.



**Food**

The Food sector increased 0.2 per cent in February, following a 1.3 per cent increase in January. Leading factors behind the increase were the price of fresh pineapples (14.4 per cent), fresh wahoo (8.2 per cent) and fresh and frozen pork chops (8.6 per cent).

**Rent**

The Rent sector was static in February. Household repair and maintenance costs rose 0.4 per cent.

**Household Goods, Services & Communications**

The Household Goods, Services & Communications sector was unchanged in February. However, the average cost of household appliances rose by 0.1 per cent.

**Tobacco & Liquor**

The Tobacco & Liquor sector rose by 0.1 per cent in February. A 0.4 per cent decrease in the average cost of spirits was offset by a 0.5 per cent increase in the average cost of cigarettes.

**Health & Personal Care**

Health and Personal Care was unchanged at the sector level in February. However, the average cost of self-prescribed medicines & household supplies increased 0.3 per cent.

**Clothing & Footwear**

No movement was recorded in the Clothing & Footwear sector in February.

**Fuel & Power**

The Fuel & Power sector was static in February. Average prices in the sector remained constant.

**Education, Recreation & Reading**

The Education, Recreation & Reading sector declined 0.6 per cent in February. The average cost of televisions and pleasure water crafts fell 22.5 per cent and 5.9 per cent, respectively.

**COMPUTING PRICE INCREASES**

The Department of Statistics receives numerous 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.statistics.gov.bm](http://www.statistics.gov.bm).

**A) Month-to-Month Price Change**

The price change between November and December, 2013 is calculated as follows:

$$= \frac{\text{Dec 13 index} - \text{Nov 13 index}}{\text{Nov 13 index}} \times 100$$

$$= \frac{122.4 - 122.1}{122.1} \times 100$$

$$= -0.3\%$$

**B) Year-to-Year Price Change**

The price change between December 2012 and December, 2013 is calculated as follows:

$$= \frac{\text{Dec 13 index} - \text{Dec 12 index}}{\text{Dec 12 index}} \times 100$$

$$= \frac{122.4 - 120.1}{120.1} \times 100$$

$$= 1.9\%$$

**C) Particular Period Price Change**

The price change between February 2010 and January, 2014 is calculated as follows:

$$= \frac{\text{Jan 14 index} - \text{Feb 10 index}}{\text{Feb 10 index}} \times 100$$

$$= \frac{122.5 - 111.7}{111.7} \times 100$$

$$= 9.7\%$$

# BERMUDA CONSUMER PRICE INDEX

**APRIL 2006 = 100**

	All Items	Food	Rent	Clothing & Footwear	Tobacco & Liquor	Fuel & Power	Household Goods, Services & Communications	Transport & Vehicles	Education, Recreation & Reading	Health & Personal Care
<b>2004 WEIGHT</b>	1000	146	325	37	20	30	140	139	71	92
<b>ANNUAL AVERAGE ( per cent)</b>										
<b>2010</b>	+2.4	+3.0	+1.3	+2.4	+1.9	-0.8	+1.6	+1.8	+2.5	+8.1
<b>2011</b>	+2.7	+2.3	+1.1	+5.7	+3.1	+11.3	+2.0	+0.6	+2.6	+7.5
<b>2012</b>	+2.4	+3.5	+0.2	+4.3	+2.5	+9.3	+1.0	+1.6	+2.7	+6.6
<b>2013</b>	+1.8	+3.0	-0.3	+0.1	+4.4	-1.9	+0.5	+1.4	+2.5	+8.3
<b>2014</b>	+2.0	+3.1	+0.8	+2.0	+2.4	-2.4	+0.8	+1.7	+1.9	+6.7
<b>MONTHLY ( per cent)</b>										
<b>2013</b>										
Feb	+0.2	Nil	+0.1	Nil	-0.2	+1.4	Nil	+1.3	Nil	Nil
Mar	+0.2	+0.4	-0.5	Nil	Nil	+2.8	Nil	+1.4	Nil	+0.1
Apr	+0.5	+0.4	-0.3	+0.8	+1.7	Nil	Nil	-1.9	Nil	+6.3
May	+0.1	-0.4	Nil	Nil	+2.0	-2.7	+0.1	+1.2	Nil	+0.7
Jun	+0.3	+0.1	Nil	Nil	+0.4	+1.8	-0.1	+1.6	-0.1	+0.1
Jul	Nil	+0.3	+0.2	+0.2	+0.1	Nil	+0.1	-1.8	-0.1	+0.1
Aug	+0.1	+0.8	+0.1	Nil	+0.1	+0.9	+0.4	-0.5	+0.1	Nil
Sep	+0.4	+0.2	Nil	Nil	-0.1	+0.8	-0.1	+2.2	+1.6	Nil
Oct	+0.1	-0.1	+0.1	+1.0	Nil	-0.8	+0.1	+0.5	-0.1	+0.4
Nov	-0.6	-0.4	Nil	+0.2	+0.4	-2.7	Nil	-3.2	-0.1	Nil
Dec	+0.3	-0.8	+0.1	Nil	+0.1	Nil	Nil	+2.6	+0.1	+0.1
<b>2014</b>										
Jan	+0.1	+1.5	+0.5	+0.7	+0.4	-2.9	Nil	-1.7	-0.1	Nil
Feb	+0.1	+0.3	Nil	Nil	-0.1	-2.1	Nil	+1.2	+0.2	-0.1
Mar	+0.5	+1.2	Nil	Nil	Nil	+2.1	+0.1	+2.0	Nil	Nil
Apr	+0.4	-0.2	+0.1	-0.3	+0.4	+1.1	Nil	-2.4	+0.2	+5.3
May	+0.3	-0.2	Nil	Nil	+0.1	+0.8	Nil	+2.6	+0.1	Nil
Jun	Nil	+0.2	+0.1	Nil	+0.1	+0.7	+0.5	-1.2	+0.1	+0.1
Jul	Nil	+0.7	Nil	+0.2	+0.1	+1.8	+0.2	-1.4	+0.1	+0.1
Aug	0.3	+0.7	Nil	Nil	-0.1	+1.3	Nil	+1.4	+0.1	Nil
Sep	0.7	+0.1	+0.1	Nil	Nil	+0.8	Nil	+4.3	+1.5	+0.1
Oct	0.3	+0.1	Nil	+0.5	+0.1	-2.6	+0.1	+1.0	-0.1	+1.7
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
<b>2015</b>										
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
<b>Feb '15</b>	<b>124.6</b>	<b>136.6</b>	<b>111.7</b>	<b>123.6</b>	<b>137.5</b>	<b>137.9</b>	<b>113.1</b>	<b>108.4</b>	<b>133.2</b>	<b>177.7</b>
<u>Feb '15</u> Feb '14	<b>+1.6</b>	<b>+3.6</b>	<b>+0.4</b>	<b>+0.6</b>	<b>+1.1</b>	<b>-5.8</b>	<b>+1.4</b>	<b>-1.3</b>	<b>+1.3</b>	<b>+7.3</b>

## 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 & Vehicles
- Household Goods, Services & Communications
- Education, Recreation & 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 2006.

### 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 79.1 for January 1998 with 82.9 for January 2000, reveals that prices have increased by 4.8 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 2006.

## 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 Consumer Price Index (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

	2011	2012	2013	2014	Feb 15
<b>Bermuda</b>	2.7	2.4	1.8	2.0	+1.6
<b>United States<sup>1</sup></b>	3.0	1.7	1.5	0.8	Nil
<b>Canada<sup>2</sup></b>	2.9	1.5	0.9	1.9	+1.0
<b>United Kingdom<sup>3</sup></b>	5.2	3.2	3.0	2.4	+1.0

### Sources:

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

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