



## INFLATION CONTINUES TO FALL

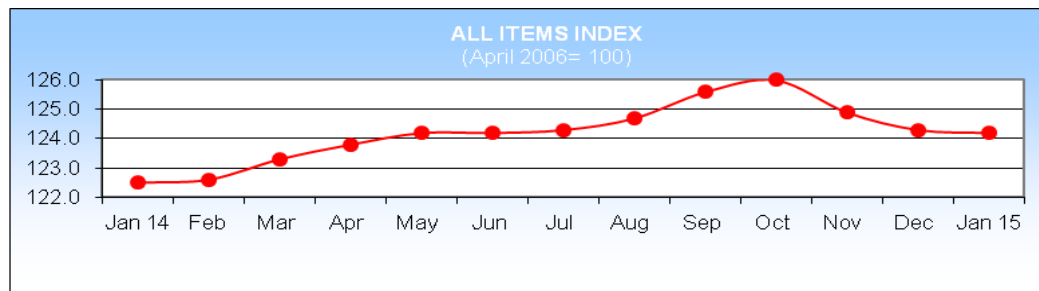
Consumers paid 1.4 per cent more in January 2015 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The level of inflation continued its decline as it fell 0.1 percentage points from the 1.5 per cent measured in December 2014.

Between December 2014 and January 2015, the average cost of goods and services in the Consumer Price Index was static. The all-items index remained at 124.3 index points in January. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$124.30.

## YEAR-TO-YEAR ANALYSIS

Increasing 7.2 per cent in January 2015, the Health & Personal Care sector was the largest contributor to the year-over-year increase in the consumer price index.

The Food sector and Household Goods, Services & Communications sector also impacted strongly on the annual rate of inflation. Price shift in these two sectors were 3.7 per cent and 1.4 per cent, respectively.



**Inflation Rate**  
**1.4%**

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> |           |                        |
| Jan                | 122.5   | +1.8                   | Q2          | 119.6     | +2.7                   |
| Feb                | 122.6   | +1.7                   | Q3          | 120.3     | +2.5                   |
| Mar                | 123.3   | +2.0                   | Q4          | 120.5     | +1.8                   |
| Apr                | 123.8   | +1.9                   | <b>2013</b> |           |                        |
| May                | 124.2   | +2.1                   | Q1          | 120.6     | +2.0                   |
| Jun                | 124.2   | +1.8                   | Q2          | 121.7     | +1.8                   |
| Jul                | 124.3   | +1.9                   | Q3          | 122.3     | +1.7                   |
| Aug                | 124.7   | +2.1                   | Q4          | 122.4     | +1.6                   |
| Sep                | 125.6   | +2.4                   | <b>2014</b> |           |                        |
| Oct                | 126.0   | +2.6                   | Q1          | 122.8     | +1.8                   |
| Nov                | 124.9   | +2.3                   | Q2          | 124.1     | +2.0                   |
| Dec                | 124.3   | +1.5                   | Q3          | 124.9     | +2.1                   |
| <b>2015</b>        |         |                        | Q4          | 125.1     | +2.2                   |
| Jan                | 124.3   | +1.4                   |             |           |                        |

**MONTH-TO-MONTH ANALYSIS**

**Food**

The Food sector increased 1.3 per cent in January, as holiday discount prices in grocery stores returned to normal. Leading factors behind the increase were the price of frozen spare ribs (+7.8 per cent), fresh beef tenderloin (-6.3 per cent) and pasta (+3.0 per cent).

**Household Goods, Services & Communications**

The Household Goods, Services & Communications sector climbed 0.4 per cent in January. The cost of childcare rose by 5.8 per cent on average.

**Rent**

The Rent sector increased 0.1 per cent in January. Rental prices for properties subject to rent control increased 0.1 per cent.

**Tobacco & Liquor**

The Tobacco & Liquor sector rose 0.3 per cent in January. The cost of spirits and beers increased 2.0 per cent and 0.2 per cent, respectively.

**Clothing & Footwear**

A 0.7 per cent increase in the average price of men’s clothing caused the Clothing & Footwear sector to rise 0.2 per cent in January.

**Health & Personal Care**

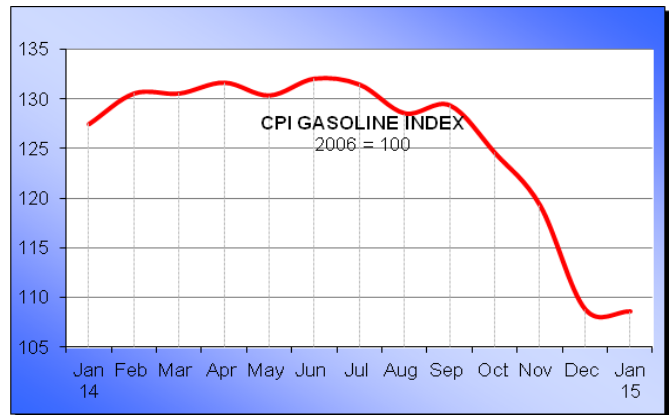
The Health and Personal Care sector rose 0.1 per cent in January. The cost of personal care items such as toiletries, cosmetics & perfumes increased 0.2 per cent.

**Education, Recreation & Reading**

The Education, Recreation & Reading sector was static in January.

**Transport & Vehicles**

The Transport & Vehicle sector declined 1.7 per cent in January. On average, cycle repair and maintenance costs dropped 1.5 per cent. In addition, foreign travel costs which include airfares and hotel accommodation decreased 5.2 per cent. In contrast, car repair and maintenance prices increased 3.4 per cent.



**Fuel & Power**

The Fuel & Power sector decreased for the second consecutive month, falling 2.5 per cent. Consumers paid 7.7 per cent less for residential electricity.

**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>                       |              |              |              |                     |                  |              |  |                      |                                 |                        |
| Jan                               | +0.2         | +2.3         | -0.1         | +1.1                | +0.5             | -1.4         | +0.1                                       | -1.2                 | +0.2                            | Nil                    |
| 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                   |
| <b>Jan '15</b>                    | <b>124.3</b> | <b>136.3</b> | <b>111.7</b> | <b>123.6</b>        | <b>137.3</b>     | <b>137.9</b> | <b>113.1</b>                               | <b>106.4</b>         | <b>134.0</b>                    | <b>177.7</b>           |
| <u>Jan '15</u>                    | <b>+1.4</b>  | <b>+3.7</b>  | <b>+0.4</b>  | <b>+0.6</b>         | <b>+0.9</b>      | <b>-7.8</b>  | <b>+1.4</b>                                | <b>-1.9</b>          | <b>+2.1</b>                     | <b>+7.2</b>            |
| Jan '14                           |              |              |              |                     |                  |              |  |                      |                                 |                        |

## 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 | Jan 15 |
|-----------------------------------|------|------|------|------|--------|
| <b>Bermuda</b>                    | 2.7  | 2.4  | 1.8  | 2.0  | +1.4   |
| <b>United States<sup>1</sup></b>  | 3.0  | 1.7  | 1.5  | 0.8  | -0.1   |
| <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  | +1.1   |

### Sources:

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

Published by the Government of Bermuda  
March 2015

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