



## RATE OF INFLATION

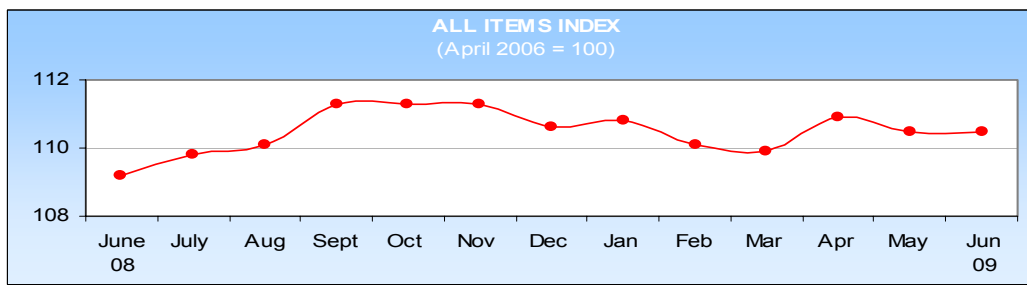
Consumers paid 1.2% more in June 2009 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). This rate of inflation dipped from the 1.4% measured in May 2009.

Between May 2009 and June of 2009, the average cost of goods and services in the Consumer Price Index rose 0.1%. The all-items index remained unchanged from the 110.5 index points recorded last month. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$110.50.

## YEAR-TO-YEAR ANALYSIS

The Food sector was the largest contributor to the twelve-month increase in the Consumer Price Index. On average, the cost of food items increased 5.2% year-over-year.

The Health & Personal Care, and Rent sectors also impacted strongly on the annual rate of inflation, as price shifts in these sectors were 6.6% and 2.0%, respectively.



**Inflation  
Rate  
1.2%**

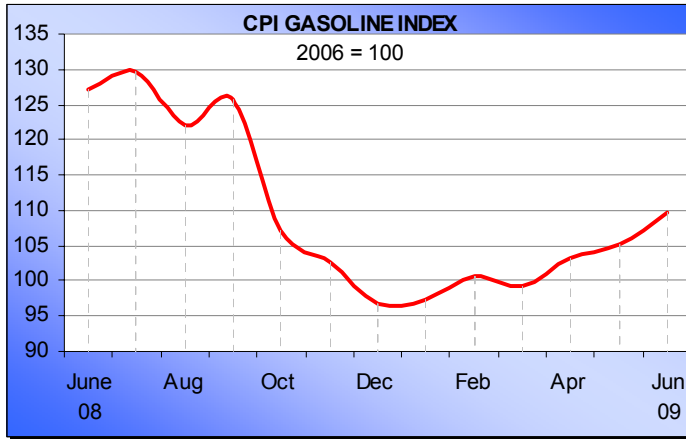
The compilation of the CPI involves the processing of several thousand price quotations. The Department of Statistics wishes to acknowledge the cooperation of the business community in supplying the required price data.

SUMMARY STATISTICS					
Period	Monthly		Period	Quarterly	
	Index	Annual % Change		Index	Annual % Change
<b>2008</b>			<b>2007</b>		
June	109.2	+4.4	Q1	102.1	+3.2
July	109.8	+4.7	Q2	103.9	+3.9
Aug	110.1	+5.0	Q3	105.0	+4.0
Sept	111.3	+5.9	Q4	105.5	+4.2
Oct	111.3	+5.6			
Nov	111.3	+5.2	<b>2008</b>		
Dec	110.5	+4.9	Q1	106.0	+3.8
<b>2009</b>			Q2	108.9	+4.8
Jan	110.8	+5.2	Q3	110.4	+5.1
Feb	110.2	+4.4	Q4	111.0	+5.2
Mar	109.9	+2.7			
Apr	110.6	+1.9	<b>2009</b>		
May	110.5	+1.4	Q1	110.3	+4.1
Jun	110.5	+1.2	Q2	110.5	+1.5

**MONTH-TO-MONTH ANALYSIS**

**Education, Recreation & Reading**

The rate of price increase for the Education, Recreation & Reading sector advanced 0.7% for the month. This was due to a 5.6% rise in sports-related club subscriptions and a 5.9% increase in sports and camping equipment.



**Transport & Vehicles**

The Transport & Vehicles sector picked up 0.3% in June. The higher prices for premium and mixed fuels were the driving force behind the gain, with increases of 4.2% and 4.1%, respectively.

**Health & Personal Care**

The Health & Personal Care sector edged up 0.2% in June in response to higher prices for prescribed medicines (+1.2%) and household personal care items and toiletries (+1.6%).

**Tobacco & Liquor**

The Tobacco & Liquor sector rose 0.3% reflecting increases in the average price of wines (+0.6%) and spirits (+0.3%).

**Household Goods, Services & Communications**

The Household Goods, Services & Communications sector remained unchanged in June 2009 as a 0.1% rise in the price of cleaning materials and detergents was offset by a 0.1% drop in paper supply products.

**Clothing & Footwear**

The Clothing & Footwear sector was unchanged in June.

**Fuel & Power**

The Fuel & Power sector remained unchanged for the month as the fuel adjustment clause languished at \$12.50 for the fourth consecutive month.

**Food**

On average, food prices slipped 0.1% in June. Among the main items contributing to the decline in cost were local fish (-3.2%), imported block cheese (-9.1%) and imported eggs (-5.2%).

**Rent**

The Rent sector fell 0.1%. The decrease reflected a 0.3% drop in average rents for non-controlled properties. In comparison, rental units subject to rent control were up 0.3% for the month.

**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, 2007 is calculated as follows:

$$= \frac{\text{Dec 07 index number} - \text{Nov 07 index number}}{\text{Nov 07 index number}} \times 100$$

$$= \frac{105.3 - 105.8}{105.8} \times 100$$

$$= -0.5\%$$

**b) Year-to-Year Price Change** (annual rate of inflation)

The price change between December, 2006 and December, 2007 is calculated as follows:

$$= \frac{\text{Dec 07 index number} - \text{Dec 06 index number}}{\text{Dec 06 index number}} \times 100$$

$$= \frac{105.3 - 101.6}{101.6} \times 100$$

$$= 3.6\%$$

# 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 (%)</b>										
<b>2003</b>	+3.2	+2.0	+1.8	+1.9	+1.4	+4.8	+2.2	+4.5	+5.8	+7.0
<b>2004</b>	+3.6	+2.5	+2.2	+1.9	+5.2	+1.9	+1.6	+4.0	+6.2	+9.1
<b>2005</b>	+3.1	+3.0	+2.8	+2.1	+2.6	+5.6	+1.4	+5.1	+5.1	+2.4
<b>2006</b>	+3.1	+2.0	+3.9	+3.3	+2.1	+9.5	+1.4	+1.2	+3.8	+5.7
<b>2007</b>	+3.8	+3.5	+2.6	+0.2	+1.9	+5.5	+2.2	+6.6	+4.8	+6.8
<b>2008</b>	+4.8	+5.6	+2.4	+2.7	+9.3	+31.8	+2.6	+3.9	+5.1	+6.6
<b>MONTHLY (%)</b>										
<b>2007</b>										
May	+0.9	-0.6	+0.1	Nil	Nil	+7.6	Nil	+5.4	+0.2	+0.2
June	+0.6	+1.1	+0.1	Nil	+0.1	+4.5	+0.4	+1.0	+0.3	+0.2
July	+0.3	-0.2	+0.2	+2.3	Nil	+1.9	+0.1	+0.9	Nil	Nil
Aug	Nil	-0.2	+0.1	Nil	+0.4	+4.6	Nil	-2.1	+0.4	+0.1
Sept	+0.2	+0.6	+0.3	Nil	+0.1	+1.5	+0.3	-1.7	+2.4	Nil
Oct	+0.3	+0.4	+0.1	-4.9	+0.1	Nil	+0.1	+1.9	Nil	+0.5
Nov	+0.4	+0.1	+0.2	+0.2	+0.5	+1.5	-0.1	+1.5	+0.2	+0.1
Dec	-0.5	-0.7	+0.2	Nil	+1.1	+4.6	Nil	-4.5	+0.1	Nil
<b>2008</b>										
Jan	+0.1	+1.5	+0.2	-0.6	+1.0	+0.1	+0.1	-1.3	-0.1	-0.1
Feb	+0.2	+0.4	+0.2	Nil	-0.2	+2.8	+0.1	-0.2	-0.1	Nil
Mar	+1.3	+0.5	+0.2	Nil	+2.8	+1.2	Nil	+7.6	+0.8	+0.1
Apr	+1.5	+1.0	+0.4	+7.3	+2.9	Nil	+1.0	+2.5	+0.1	+5.1
May	+0.3	-0.1	+0.3	Nil	+1.1	+2.0	-0.1	+0.4	+0.3	+0.2
June	+0.3	+1.5	+0.1	Nil	+0.4	+0.4	+0.5	-0.5	Nil	+0.4
July	+0.5	Nil	+0.3	-0.2	Nil	+8.9	+0.7	Nil	+0.2	+0.1
Aug	+0.3	+1.0	+0.3	Nil	+0.5	Nil	+0.6	-0.4	Nil	+0.1
Sept	+1.1	+0.4	+0.1	Nil	+0.5	+14.0	+0.3	-0.1	+4.4	+0.3
Oct	Nil	+2.0	+0.2	+1.1	+0.2	Nil	+0.1	-3.4	+0.6	+0.6
Nov	Nil	+0.4	+0.2	Nil	+0.9	-0.1	+0.1	-1.1	+0.5	Nil
Dec	-0.7	+0.1	+0.3	Nil	0.5	-3.5	-2.7	-2.7	+0.2	Nil
<b>2009</b>										
Jan	+0.3	+0.9	+0.2	-1.2	+0.5	-2.1	+0.3	+1.5	+0.2	Nil
Feb	-0.5	+0.3	+0.2	Nil	+0.3	-10.1	+0.2	-1.4	-0.4	Nil
Mar	-0.3	-0.3	+0.2	Nil	+0.1	-5.3	+0.1	-1.3	+0.2	+0.3
Apr	+0.7	Nil	+0.1	+1.7	+0.3	-0.1	+0.5	+1.6	+0.4	+2.8
May	-0.2	+0.3	+0.1	Nil	+0.1	Nil	+0.2	-3.4	-0.6	+2.1
Jun	+0.1	-0.1	-0.1	Nil	+0.3	Nil	+Nil	+0.3	+0.7	+0.2
<b>Jun '09</b>	<b>110.5</b>	<b>115.2</b>	<b>108.0</b>	<b>106.7</b>	<b>118.1</b>	<b>131.8</b>	<b>105.2</b>	<b>100.4</b>	<b>116.9</b>	<b>122.1</b>
<u>Jun'09</u> <u>Jun'08</u>	<b>+1.2</b>	<b>+5.2</b>	<b>+2.0</b>	<b>+1.4</b>	<b>+4.3</b>	<b>-0.6</b>	<b>+0.2</b>	<b>-10.0</b>	<b>+6.3</b>	<b>+6.6</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

	2005	2006	2007	2008	Jun 09
<b>Bermuda</b>	3.1	3.1	3.8	4.8	+1.2
<b>United States<sup>1</sup></b>	3.4	3.2	2.8	3.8	+0.9
<b>Canada<sup>2</sup></b>	2.2	2.0	2.2	2.3	-0.3
<b>United Kingdom<sup>3</sup></b>	2.1	2.3	2.3	3.6	-1.6

### Sources:

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

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