



## INFLATION DROPS

Consumers paid 1.2 per cent more in May 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 dropped 0.6 percentage points from the 1.8 per cent measured in April 2015.

Between April 2015 and May 2015, the average cost of goods and services in the Consumer Price Index fell 0.2 per cent. The all-items index dropped to 99.8 index points in May. This means that the basket of goods and services that cost \$100.00 in April 2015 now cost \$99.80.

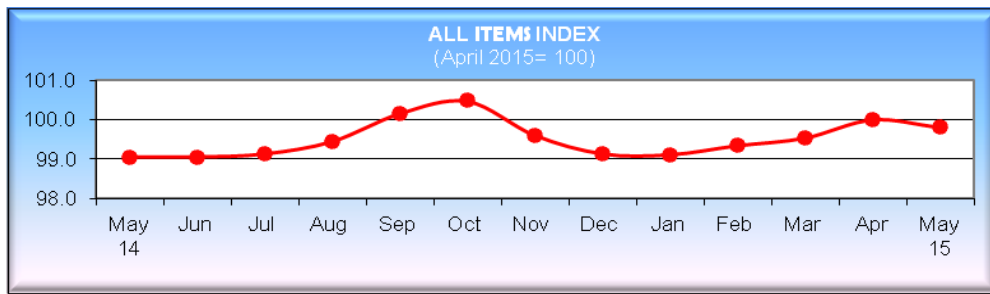
## YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector was the largest contributor to the year-over-year increase in the consumer price index, rising 8.5 per cent. The major drivers in this sector are the cost of health insurance, medical care and medicines.

In contrast, the Fuel and Power sector had a strong downward impact on the year-over-year percentage change to the consumer price index. This sector fell 10.7 per cent between May 2014 and May 2015.

### ADVISORY TO USERS

*The index numbers have been rebased to April 2015. As a result there are small discrepancies in some per cent changes presented in the summary table for May 2015 and those published in previous months.*



**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 per cent Change		Index	Annual per cent Change
<b>2014</b>			<b>2013</b>		
May	98.6	+2.1	Q1	95.7	+2.0
Jun	98.6	+1.8	Q2	96.6	+1.8
Jul	98.7	+1.9	Q3	97.0	+1.7
Aug	99.0	+2.1	Q4	97.2	+1.6
Sep	99.7	+2.4			
Oct	100.0	+2.6	<b>2014</b>		
Nov	99.1	+2.3	Q1	97.5	+1.8
Dec	98.7	+1.5	Q2	98.5	+2.0
			Q3	99.1	+2.1
<b>2015</b>			Q4	99.3	+2.2
Jan	98.6	+1.4			
Feb	98.9	+1.6	<b>2015</b>		
Mar	99.1	+1.2	Q1	98.9	+1.5
Apr	100.0	+1.8			
May	99.8	+1.2			

**MONTH-TO-MONTH ANALYSIS**

**Food**

The Food sector rose 0.4 per cent in May. Leading factors behind the increase were the average price of fresh local wahoo (8.6 per cent), Ice Berg lettuce (7.3 per cent) and fresh cantaloupe (6.7 per cent).

**Rent**

The Rent sector edged up 0.1 per cent in May as average rental prices for rent controlled properties increased by 0.1 per cent.

**Education, Recreation, Entertainment & Reading**

The Education, Recreation & Reading sector was static in May. Sports fees, which include the cost of playing tennis or golf, decreased 10.2 per cent. However, this decrease was offset by increases in the cost of televisions (1.7 per cent) and boat repair & maintenance (1.6 per cent).

**Tobacco & Liquor**

The Tobacco & Liquor sector was unchanged in May as the average cost of spirits edged up 0.2 per cent.

**Household Goods, Services & Supplies**

The Household Goods, Services & Supplies was static at the sector level. At the sub-sector level, the increase in the cost of cleaning materials (0.5 per cent) was offset by the decrease in the cost of detergents & bleaches (0.3 per cent).

**Health & Personal Care**

The Health & Personal Care sector was static in May.

**Clothing & Footwear**

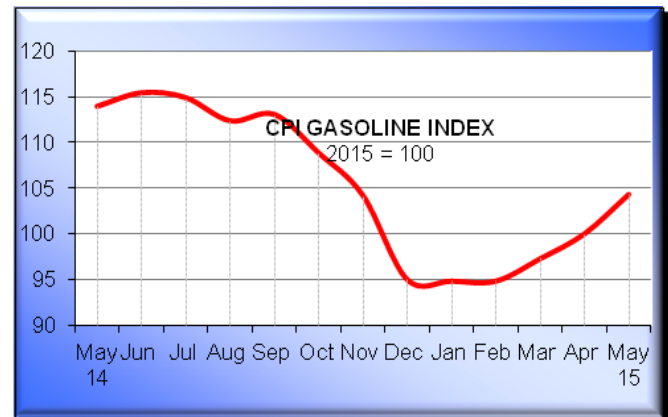
In May there was no movement recorded in the Clothing & Footwear sector.

**Fuel & Power**

The Fuel & Power sector fell 2.6 per cent in May. On average, consumers paid 2.7 per cent less for electricity in May, compared to April due to an 8 per cent drop in the fuel adjustment rate.

**Transport & Vehicle Sector**

The Transport & Vehicle sector declined 1.0 per cent in May, following an increase of 0.4 per cent in April. The average cost of airfares fell 8.8 per cent. In contrast, the average price of premium fuel rose 4.3 per cent.



**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:

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

$$= \frac{99.1 - 99.6}{99.6} \times 100$$

$$= -0.5\%$$

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

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

$$= \frac{\text{Dec 14 index} - \text{Dec 13 index}}{\text{Dec 13 index}} \times 100$$

$$= \frac{99.1 - 97.6}{97.6} \times 100$$

$$= 1.5\%$$

**C) Particular Period Price Change**

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

$$= \frac{\text{Jan 15 index} - \text{Feb 13 index}}{\text{Feb 10 index}} \times 100$$

$$= \frac{99.1 - 96.2}{96.2} \times 100$$

$$= 3.0\%$$

# BERMUDA CONSUMER PRICE INDEX

**APRIL 2015 = 100**

	All Items	Food	Rent	Clothing & Footwear	Tobacco & Liquor	Fuel & Power	Household Goods, Services & Supplies	Transport & Vehicles	Education, Recreation, Entertain. & Reading	Health & Personal Care
<b>2013 WEIGHT</b>	1000	115	267	25	31	39	116	130	147	130
<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>										
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
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
<b>May '15</b>	<b>99.8</b>	<b>100.4</b>	<b>100.1</b>	<b>100.0</b>	<b>100.0</b>	<b>97.4</b>	<b>100.0</b>	<b>99.0</b>	<b>100.0</b>	<b>100.0</b>
<u>May '15</u> May '14	<b>+1.2</b>	<b>+3.5</b>	<b>+0.6</b>	<b>+1.4</b>	<b>+1.1</b>	<b>-10.7</b>	<b>+1.4</b>	<b>-3.2</b>	<b>+1.0</b>	<b>+8.5</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	May 15
<b>Bermuda</b>	2.7	2.4	1.8	2.0	+1.2
<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	+0.9
<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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