



INFLATION DECLINES

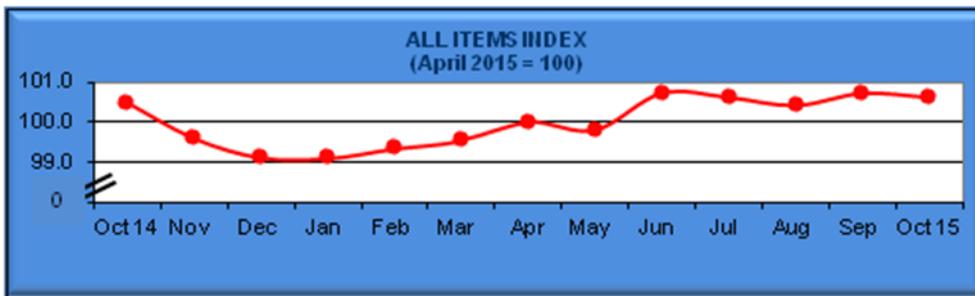
Consumers paid 0.6 per cent more in October 2015 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The level of inflation dropped 0.4 percentage points from the 1.0 per cent measured in September 2015.

Between September 2015 and October 2015, the average cost of goods and services in the Consumer Price Index declined 0.1 per cent. The all-items index slipped to 100.6 points in October. This means that the basket of goods and services that cost \$100.00 in April 2015 now cost \$100.60.

YEAR-TO-YEAR ANALYSIS

The Fuel & Power sector was the largest contributor to the year-over-year decrease for the second consecutive month, falling 10.1 per cent. The major driver in this sector was the cost of electricity.

The Transport & Foreign Travel sector had a large impact in the year-over-year decrease. Price declines in this sector were measured at 6.8 per cent.



Inflation Rate
0.6%

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
2014			2013		
Oct	100.0	+2.6	Q1	95.7	+2.0
Nov	99.1	+2.3	Q2	96.6	+1.8
Dec	98.7	+1.5	Q3	97.0	+1.7
			Q4	97.2	+1.6
2015			2014		
Jan	98.6	+1.4	Q1	97.5	+1.8
Feb	98.9	+1.6	Q2	98.5	+2.0
Mar	99.1	+1.2	Q3	99.1	+2.1
Apr	100.0	+1.8	Q4	99.3	+2.2
May	99.8	+1.2			
Jun	100.7	+2.1	2015		
Jul	100.6	+1.9	Q1	98.9	+1.5
Aug	100.4	+1.4	Q2	100.2	+1.7
Sep	100.7	+1.0	Q3	100.6	+1.5
Oct	100.6	+0.6			

MONTH-TO-MONTH ANALYSIS

Health & Personal Care

The Health & Personal Care sector increased 0.5 per cent in October. The average cost of doctors’ visits and eye care increased 5.5 per cent and 4.3 per cent, respectively.

Education, Recreation, Entertainment & Reading

The Education, Recreation, Entertainment & Reading sector increased 0.2 per cent in October, following a 0.9 per cent increase in September. The average cost of pet care rose 1.2 per cent.

Food

The Food sector rose 0.2 per cent in October, following a 0.1 per cent decrease in September. Leading factors behind the increase were the average price of fresh lettuce (+3.6 per cent), fresh eggs (+2.2 per cent) and canned evaporated milk (+2.2 per cent).

Rent

The Rent sector edged up 0.1 per cent in October, as rental units subject to rent control increased 0.1 per cent.

Tobacco & Liquor

The Tobacco & Liquor sector was static in October following two consecutive months of price increases.

Clothing & Footwear

There was no movement in the Clothing & Footwear sector for the third consecutive month.

Household Goods, Services & Supplies

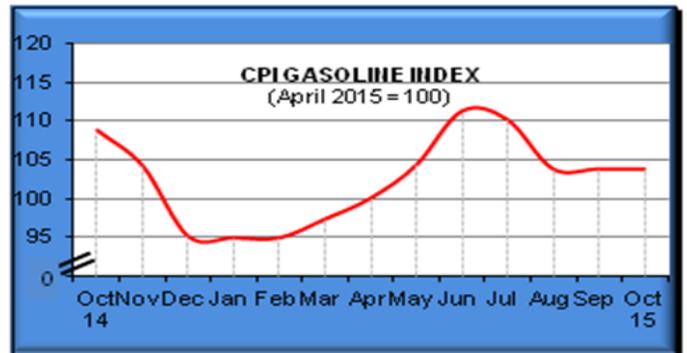
The Household Goods, Services & Supplies sector was static in October. The decline in the average price of furniture of 1.2 per cent was offset by an increase (+3.7 per cent) in the cost of gardening services.

Fuel & Power

The Fuel & Power sector declined 1.3 per cent in October, as the fuel adjustment rate fell 3.8 per cent.

Transport & Foreign Travel

The Transport & Foreign Travel sector decreased 1.2 per cent in October. The average price of airfares and overseas hotel accommodations fell 3.1 per cent and 2.8 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.

A) Month-to-Month Price Change

The price change between November and December, 2014 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 2013 and December, 2014 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 2013 and January, 2015 is calculated as follows:

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

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

$$= 3.0\%$$

BERMUDA CONSUMER PRICE INDEX

APRIL 2015 = 100

	All Items	Food	Rent	Clothing & Footwear	Tobacco & Liquor	Fuel & Power	Household Goods, Services & Supplies	Transport & Foreign Travel	Education, Recreation, Entertainment & Reading	Health & Personal Care
2013 WEIGHT	1000	115	267	25	31	39	116	130	147	130
ANNUAL AVERAGE (per cent)										
2010	+2.4	+3.0	+1.3	+2.4	+1.9	-0.8	+1.6	+1.8	+2.5	+8.1
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
MONTHLY (per cent)										
2013										
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
2014										
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
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
Oct '15	100.6	101.0	100.3	100.7	100.3	100.0	102.4	99.1	101.1	100.5
Oct '15 Oct '14	+0.6	+2.1	+0.7	+1.4	+1.3	-10.1	+3.0	-6.8	+0.4	+7.0

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, 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 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 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 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	Oct 15
Bermuda	2.7	2.4	1.8	2.0	+0.6
United States¹	3.0	1.7	1.5	0.8	+0.2
Canada²	2.9	1.5	0.9	1.9	+1.0
United Kingdom³	5.2	3.2	3.0	2.4	+0.7

Sources:

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

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