



## INFLATION RISES

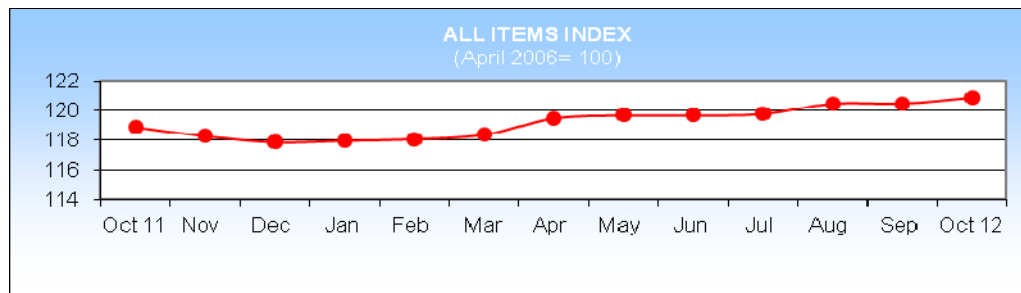
Consumers paid 1.7 per cent more in October 2012 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). This rate of inflation decreased from the 1.9 per cent measured in September 2012.

Between September and October 2012, the average cost of goods and services in the Consumer Price Index increased 0.3 per cent. The all-items index increased to 120.9 index points in October. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$120.90.

## YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector was the largest contributor to the twelve-month increase in the Consumer Price Index. The average cost of Health & Personal Care goods and services increased by 7.5 per cent year over year.

The Food and Education, Recreation & Reading sectors also impacted strongly on the annual rate of inflation. Both sectors advanced 3.0 per cent during the twelve-month period.



**Inflation  
Rate  
1.7%**

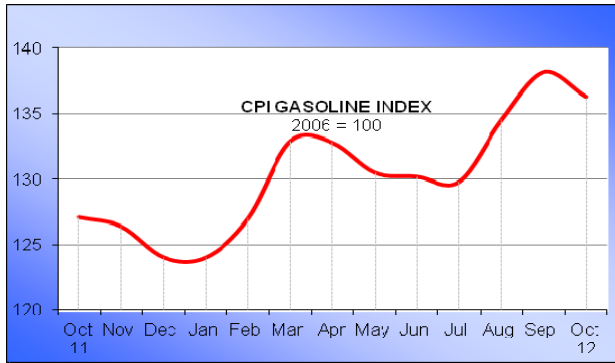
The compilation of the CPI involves the processing of several thousand price quotations. The Department of Statistics wishes to acknowledge the cooperation of the business community in supplying the required price data.

SUMMARY STATISTICS					
Period	Monthly		Period	Quarterly	
	Index	Annual per cent Change		Index	Annual per cent Change
<b>2011</b>			<b>2010</b>		
Oct	118.9	+2.9	Q1	112.1	+1.6
Nov	118.2	+3.1	Q2	113.6	+2.8
Dec	117.9	+2.9	Q3	114.4	+2.6
			Q4	114.9	+2.7
<b>2012</b>			<b>2011</b>		
Jan	118.0	+3.0	Q1	115.0	+2.6
Feb	118.1	+2.4	Q2	116.5	+2.6
Mar	118.4	+2.8	Q3	117.4	+2.6
Apr	119.5	+2.5	Q4	118.3	+3.0
May	119.7	+2.9			
Jun	119.7	+2.7	<b>2012</b>		
Jul	119.8	+2.5	Q1	118.2	+2.8
Aug	120.5	+3.1	Q2	119.6	+2.7
Sep	120.5	+1.9	Q3	120.3	+2.5
Oct	120.9	+1.7			

**MONTH-TO-MONTH ANALYSIS**

**Transport & Vehicles**

The Transport & Vehicles sector was the largest contributor to the monthly CPI increase. The sector climbed 1.3 per cent between September and October. Overseas hotel accommodation and airfare prices increased 6.1 per cent and 2.4 per cent, respectively. In contrast, the cost of gasoline decreased by 1.4 per cent in October.



**Food**

The Food sector rose 0.4 per cent in October. Notable price increases occurred for top round roast (8.5 per cent), fresh local wahoo (3.3 per cent) and potatoes (3.2 per cent).

**Health & Personal Care**

The Health & Personal Care sector edged up 1.5 per cent for the month. Consumers paid more for doctor’s office visits (19.0 per cent), eye care (7.2 per cent) and dental care (4.0 per cent).

**Household Goods, Services & Communications**

The Household Goods, Services & Communications sector increased 0.2 per cent for the month. Within the household goods sub-sector, household furnishings & textiles increased 2.3 per cent due to a 5.6 per cent rise in bedroom furniture prices.

**Education, Recreation & Reading**

The Education, Recreation & Reading sector climbed 0.3 per cent in October. This increase reflected a 10.2 per cent rise in the cost of digital media such as DVD’s and compact discs.

**Rent**

The Rent sector was unchanged in October.

**Tobacco & Liquor**

The Tobacco & Liquor sector increased 0.3 per cent in October. The average cost of tobacco and spirits rose 1.6 per cent and 0.3 per cent, respectively.

**Clothing & Footwear**

The Clothing & Footwear sector decreased by 2.0 per cent. The average cost of women’s clothing fell by 2.3 per cent. In addition, jewelry costs declined 15.7 per cent due to fluctuating prices of gold.

**Fuel & Power**

The Fuel & Power sector dipped 1.9 per cent between September and October. This reflected a 3.8 per cent decrease in the fuel adjustment clause. Residential electricity costs fell by 1.2 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 February and March, 2012 is calculated as follows:

$$= \frac{\text{March 12 index number} - \text{Feb 12 index number}}{\text{Feb 12 index number}} \times 100$$

$$= \frac{118.4 - 118.1}{118.1} \times 100$$

$$= 0.2\%$$

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

The price change between March, 2011 and March, 2012 is calculated as follows:

$$= \frac{\text{March 12 index number} - \text{March 11 index number}}{\text{March 11 index number}} \times 100$$

$$= \frac{118.4 - 115.2}{115.2} \times 100$$

$$= 2.8\%$$

# BERMUDA CONSUMER PRICE INDEX

**APRIL 2006 = 100**

	All Items	Food	Rent	Clothing & Footwear	Tobacco & Liquor	Fuel & Power	Household Goods, Services & Communica- tions	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>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>2009</b>	+1.8	+5.4	+1.9	+3.0	+5.9	-6.3	+0.7	-4.3	+5.3	+6.7
<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>MONTHLY ( per cent)</b>										
<b>2010</b>										
Oct	+0.2	+0.5	+0.1	-0.7	+0.3	+3.9	-0.1	-0.9	+0.6	+0.4
Nov	-0.8	+0.1	+0.1	Nil	+0.2	Nil	Nil	-6.3	Nil	Nil
Dec	Nil	-1.6	Nil	Nil	+0.5	Nil	Nil	+1.5	+0.1	Nil
<b>2011</b>										
Jan	Nil	+0.8	+0.1	-0.1	+0.6	Nil	+0.7	-1.4	+0.1	Nil
Feb	+0.6	+0.8	+0.1	Nil	+0.7	Nil	Nil	+3.4	-0.1	Nil
Mar	-0.1	Nil	+0.2	Nil	+0.2	Nil	-0.1	-1.3	+0.1	+0.1
Apr	+1.3	-0.6	Nil	+4.7	Nil	Nil	-0.1	+3.8	+0.2	+6.6
May	-0.3	+0.4	+0.3	+0.1	Nil	Nil	Nil	-3.6	-0.1	Nil
Jun	+0.3	+0.5	+0.1	Nil	+0.2	+2.8	+1.2	-0.4	-0.4	+0.1
Jul	+0.2	-0.2	-0.1	-0.3	+0.6	+1.8	+0.1	+1.1	+0.4	+0.1
Aug	Nil	+2.1	Nil	+0.1	+0.2	+3.8	+0.2	-4.2	+0.2	+0.1
Sep	+1.2	+0.1	-0.4	Nil	+0.1	+3.7	+0.4	+8.0	+2.0	+0.1
Oct	+0.5	+0.4	+0.1	+4.6	+0.2	+0.6	+0.1	+1.5	-0.1	+0.1
Nov	-0.6	+0.2	Nil	Nil	+0.1	+0.1	+0.1	-4.9	+0.1	Nil
Dec	-0.2	-1.4	-0.1	Nil	+0.1	Nil	-0.1	+0.5	+0.1	0.2
<b>2012</b>										
Jan	+0.1	+1.6	Nil	Nil	-0.1	Nil	+0.1	-1.7	Nil	Nil
Feb	+0.1	-0.2	+0.1	Nil	+0.4	Nil	+0.1	+1.0	-0.1	Nil
Mar	+0.2	+0.9	+0.1	Nil	+0.2	Nil	+0.1	+0.4	-0.1	+0.1
Apr	+0.9	Nil	+0.1	+1.5	+0.7	Nil	Nil	+1.3	+0.2	+5.6
May	+0.2	+0.5	-0.1	+0.2	-0.1	Nil	Nil	+1.1	+0.2	Nil
Jun	Nil	+0.2	+0.2	Nil	+0.4	+5.3	-0.7	-1.8	+0.3	+0.1
Jul	+0.1	+0.2	-0.1	-1.8	+0.5	+2.4	+0.2	-0.5	Nil	-0.1
Aug	+0.6	+0.6	+0.3	Nil	+0.1	-1.8	+0.1	+4.1	-0.1	+0.1
Sep	Nil	+0.1	-0.2	Nil	+0.2	Nil	+0.3	-1.0	+2.1	+0.3
Oct	+0.3	+0.4	Nil	-2.0	+0.3	-1.9	+0.2	+1.3	+0.3	+1.5
<b>Oct '12</b>	<b>120.9</b>	<b>127.2</b>	<b>111.0</b>	<b>118.0</b>	<b>129.0</b>	<b>162.4</b>	<b>110.9</b>	<b>110.4</b>	<b>129.2</b>	<b>153.8</b>
<u>Oct'12</u> Oct'11	<b>+1.7</b>	<b>+3.0</b>	<b>+0.3</b>	<b>-2.2</b>	<b>+2.7</b>	<b>+4.0</b>	<b>+0.3</b>	<b>-0.5</b>	<b>+3.0</b>	<b>+7.5</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

	2008	2009	2010	2011	Oct 12
<b>Bermuda</b>	4.8	1.8	2.4	2.7	+1.7
<b>United States<sup>1</sup></b>	3.8	2.7	1.5	3.0	+2.2
<b>Canada<sup>2</sup></b>	2.3	0.3	1.8	1.8	+1.2
<b>United Kingdom<sup>3</sup></b>	3.6	-0.5	4.6	5.2	+3.2

### Sources:

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

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