



INFLATION DECLINES

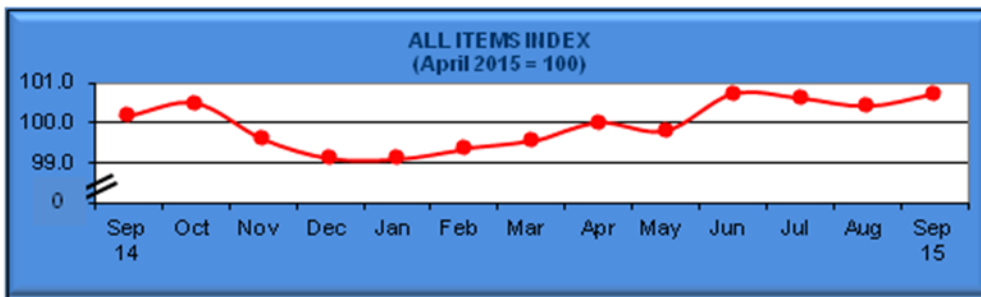
Consumers paid 1.0 per cent more in September 2015 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The level of inflation dropped 0.4 percentage points from the 1.4 per cent measured in August 2015.

Between August 2015 and September 2015, the average cost of goods and services in the Consumer Price Index increased 0.3 per cent. The all-items index rose to 100.7 index points in September. This means that the basket of goods and services that cost \$100.00 in April 2015 now cost \$100.70.

YEAR-TO-YEAR ANALYSIS

The Fuel & Power sector was the largest contributor to the year-over-year decrease in September 2015, falling 11.3 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 shifts in this sector dropped 4.8 per cent.



**Inflation
Rate
1.0%**

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 | | |
| Sep | 99.7 | +2.4 | Q1 | 95.7 | +2.0 |
| Oct | 100.0 | +2.6 | Q2 | 96.6 | +1.8 |
| Nov | 99.1 | +2.3 | Q3 | 97.0 | +1.7 |
| Dec | 98.7 | +1.5 | 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 | 2015 | | |
| Jun | 100.7 | +2.1 | Q1 | 98.9 | +1.5 |
| Jul | 100.6 | +1.9 | Q2 | 100.2 | +1.7 |
| Aug | 100.4 | +1.4 | Q3 | 100.6 | +1.5 |
| Sep | 100.7 | +1.0 | | | |

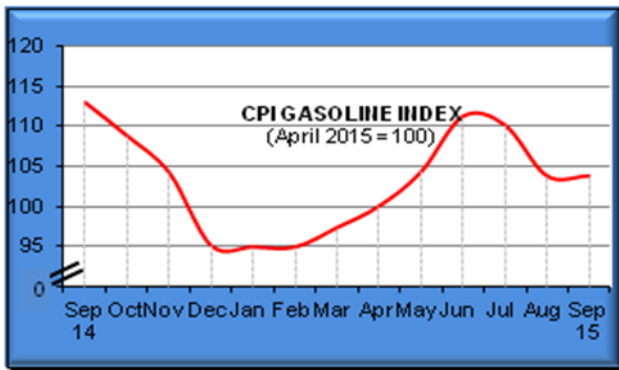
MONTH-TO-MONTH ANALYSIS

Education, Recreation, Entertainment & Reading

The Education, Recreation, Entertainment & Reading sector increased 0.9 per cent in September. The cost of recreational lessons and local tuition increased by 4.0 per cent and 2.6 per cent, respectively.

Transport & Foreign Travel

The Transport & Foreign Travel sector rose 0.9 per cent in September. The average price of overseas hotel accommodations rose 9.4 per cent. In contrast, the average cost of overseas vehicle rentals fell 4.1 per cent.



Household Goods, Services & Supplies

The Household Goods, Services & Supplies sector rose 0.3 per cent in September. The average cost of childcare increased by 5.8 per cent.

Tobacco & Liquor

The Tobacco & Liquor sector increased 0.2 per cent in September following an increase of 0.1 per cent in August. The average cost of beer edged up 0.7 per cent.

Rent

The Rent sector was static for the month of September.

Fuel & Power

The Fuel & Power sector was static for the third time in four months, as the fuel adjustment rate was unchanged.

Clothing & Footwear

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

Health & Personal Care

The Health & Personal Care sector fell 0.1 per cent in September. The average cost of toiletries, cosmetics and perfumes and over-the-counter medicines both decreased 0.3 per cent.

Food

The Food sector decreased 0.1 per cent in September, following four months of increases. Leading factors behind the decrease were the average price of a bag of onions (-10.4 per cent), fresh grapes (-5.1 per cent) and fresh & frozen lamb legs (-3.9 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.

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, Entertain. & 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 | | | | | | | | | | |
| 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 |
| 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 |
| Sep '15 | 100.7 | 100.8 | 100.2 | 100.7 | 100.3 | 101.3 | 102.4 | 100.3 | 100.9 | 100.0 |
| <u>Sep '15</u> Sep '14 | +1.0 | +2.1 | +0.6 | +1.8 | +1.3 | -11.3 | +3.1 | -4.8 | +0.1 | +8.3 |

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 | Sep 15 |
|-----------------------------------|------|------|------|------|--------|
| Bermuda | 2.7 | 2.4 | 1.8 | 2.0 | +1.0 |
| United States¹ | 3.0 | 1.7 | 1.5 | 0.8 | Nil |
| Canada² | 2.9 | 1.5 | 0.9 | 1.9 | +1.0 |
| United Kingdom³ | 5.2 | 3.2 | 3.0 | 2.4 | +0.8 |

Sources:

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

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