



RATE OF INFLATION

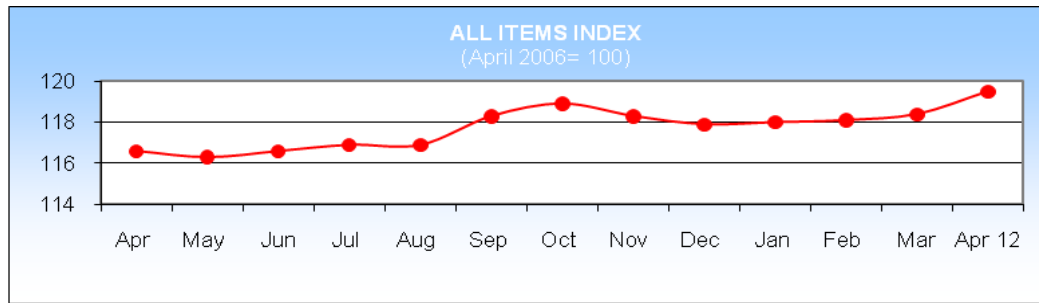
Consumers paid 2.5 per cent more in April 2012 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The annual rate of inflation slipped 0.3 per cent from the 2.8 per cent measured in March 2012.

Between March 2012 and April 2012, the average cost of goods and services in the Consumer Price Index rose 0.9 per cent. The all-items index increased from 118.4 to 119.5 index points in April. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$119.50.

YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector continued to be the largest contributor to the twelve-month increase in the Consumer Price Index. On average, the cost of Health & Personal Care items increased 5.9 per cent year-over-year. This rise was attributed to higher health insurance premiums that came into effect in April.

The Food and Fuel & Power sectors also had a strong impact on the annual rate of inflation, as price shifts in these sectors were 4.4 per cent and 13.4 per cent, respectively.



**Inflation
Rate
2.5%**

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
2011			2010		
Apr	116.6	+2.4	Q1	112.1	+1.6
May	116.3	+2.5	Q2	113.6	+2.8
Jun	116.6	+2.8	Q3	114.4	+2.6
Jul	116.9	+2.8	Q4	114.9	+2.7
Aug	116.9	+2.5			
Sep	118.3	+2.6	2011		
Oct	118.9	+2.9	Q1	115.0	+2.6
Nov	118.2	+3.1	Q2	116.5	+2.6
Dec	117.9	+2.9	Q3	117.4	+2.6
			Q4	118.3	+3.0
2012			2012		
Jan	118.0	+3.0	Q1	118.2	+2.8
Feb	118.1	+2.4			
Mar	118.4	+2.8			
Apr	119.5	+2.5			

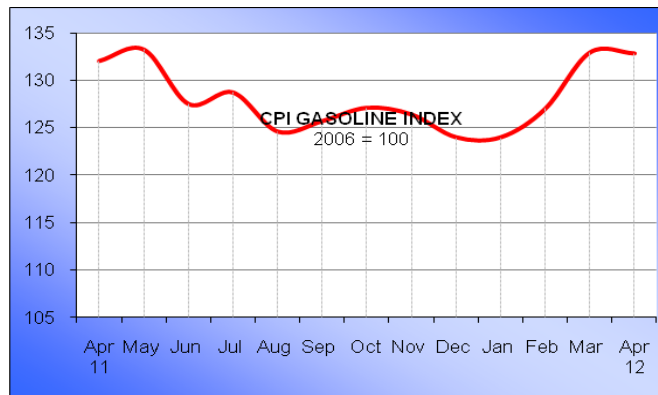
MONTH-TO-MONTH ANALYSIS

Health & Personal Care

The Health & Personal Care sector was up 5.6 per cent in April, in response to an 8.9 per cent increase in the average cost of health insurance premiums.

Transport & Vehicles

The Transport & Vehicle sector rose 1.3 per cent in April. Overseas hotel accommodation rates rose 11.9 per cent. In contrast, airfare costs decreased 5.6 per cent in April.



Clothing & Footwear

Average price movement in the Clothing & Footwear sector edged up 1.5 per cent during the month. The increase was triggered by a rise of 2.3 per cent and 0.3 per cent in the cost of children's and men's clothing, respectively.

Rent

The Rent sector edged up 0.1 per cent in April. Rental units subject to rent control increased by 0.2 per cent.

Education, Recreation & Reading

The Education, Recreation & Reading sector advanced 0.2 per cent for the month. This was due to a 3.2 per cent rise in pet cost and up-keep.

Tobacco & Liquor

The Tobacco & Liquor sector rose 0.7 per cent in April. The average price for a carton of cigarettes increased 1.7 per cent.

Fuel & Power

The Fuel & Power sector recorded no movement during the month of April. The fuel adjustment rate remained unchanged.

Household Goods, Services & Communications

The Household Goods, Services & Communications sector was static at the sector level. Within the sub-sectors, the cost of furniture decreased 1.9 per cent, but this was offset by a 1.1 per cent increase in household supplies.

Food

The Food sector was unchanged during the month of April. On average, there was no change in the cost of the CPI basket of food items.

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, 2009 is calculated as follows:

$$= \frac{\text{Dec 09 index number} - \text{Nov 09 index number}}{\text{Nov 09 index number}} \times 100$$

$$= \frac{111.6 - 112.0}{112.0} \times 100$$

$$= -0.3\%$$

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

The price change between December, 2008 and December, 2009 is calculated as follows:

$$= \frac{\text{Dec 09 index number} - \text{Dec 08 index number}}{\text{Dec 08 index number}} \times 100$$

$$= \frac{111.6 - 110.5}{110.5} \times 100$$

$$= 1.0\%$$

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 & 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	Apr 12
Bermuda	4.8	1.8	2.4	2.7	+2.5
United States¹	3.8	2.7	1.5	3.0	+2.3
Canada²	2.3	0.3	1.8	1.8	+2.0
United Kingdom³	3.6	-0.5	4.6	5.2	+3.5

Sources:

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

Published by the Government of Bermuda
June 2012

The Cabinet Office
Department of Statistics
Cedar Park Centre,
48 Cedar Avenue, Hamilton HM 11
P.O. Box HM 3015
Hamilton HM MX, Bermuda
Tel: (441) 297-7761, Fax: (441) 295-8390
E-mail: statistics@gov.bm
Website: www.statistics.gov.bm