



INFLATION RISES

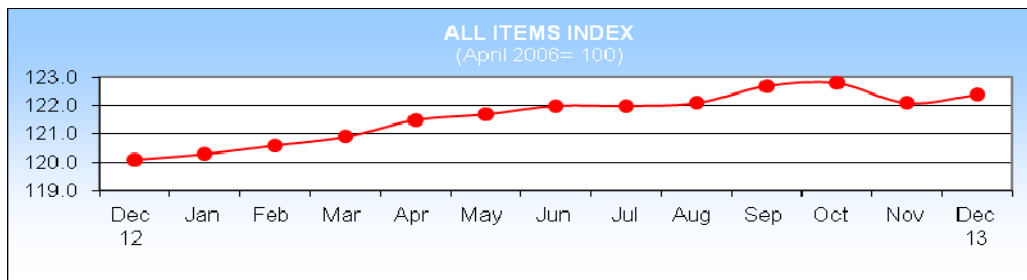
Consumers paid 1.9 per cent more in December 2013 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The rate of inflation increased 0.6 percentage points from the 1.3 per cent recorded in November 2013.

Between November and December 2013, the average cost of goods and services in the Consumer Price Index increased 0.3 per cent. The all-items index increased to 122.4 in December. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$122.40.

YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector continued to have the strongest impact on the twelve-month increase in the Consumer Price Index. The total cost of the Health & Personal Care basket increased 7.7 per cent year-over-year.

The Food and Transport & Vehicle sectors also had a significant impact on the annual rate of inflation, as price shifts in these sectors were 2.8 per cent and 2.0 per cent, respectively.



Inflation Rate
1.9%

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
2012			2011		
Dec	120.1	+1.9	Q2	116.5	+2.6
			Q3	117.4	+2.6
2013			Q4	118.3	+3.0
Jan	120.3	+1.9	2012		
Feb	120.6	+2.1	Q1	118.2	+2.8
Mar	120.9	+2.1	Q2	119.6	+2.7
Apr	121.5	+1.7	Q3	120.3	+2.5
May	121.7	+1.7	Q4	120.5	+1.8
Jun	122.0	+1.9	2013		
Jul	122.0	+1.8	Q1	120.6	+2.0
Aug	122.1	+1.3	Q2	121.7	+1.8
Sep	122.7	+1.8	Q3	122.3	+1.7
Oct	122.8	+1.6	Q4	122.4	+1.6
Nov	122.1	+1.3			
Dec	122.4	+1.9			

MONTH-TO-MONTH ANALYSIS

Transport & Vehicles

The Transport & Vehicle sector increased 2.6 per cent in December. Average prices of overseas hotel accommodation jumped by 15.3 per cent. In addition, premium fuel prices rose 1.5 per cent in December following a 3.9 per cent decrease in November.

Rent

The Rent sector rose 0.1 per cent in December. Rental income from properties under rent control increased by 0.1 per cent, while properties not subject to rent controls increased by 0.2 per cent.

Education, Recreation & Reading

The Education, Recreation & Reading sector increased 0.1 per cent in December, after a decline of 0.1 per cent in November. Pet costs and up-keep increased 0.1 per cent.

Health & Personal Care

The Health and Personal Care sector climbed 0.1 per cent. The cost of personal services such as manicures, massages and facials rose by 1.7 per cent. In contrast, there was a 0.1 per cent decrease in the average price of toiletries, cosmetics & perfumes.

Tobacco & Liquor

The Tobacco & Liquor sector increased 0.1 per cent in December. The average cost of wines increased 0.2 per cent during the month, following an increase of 1.2 per cent in November.

Household Goods, Services & Communications

The Household Goods, Services & Communications sector was unchanged for the second consecutive month.

Clothing & Footwear

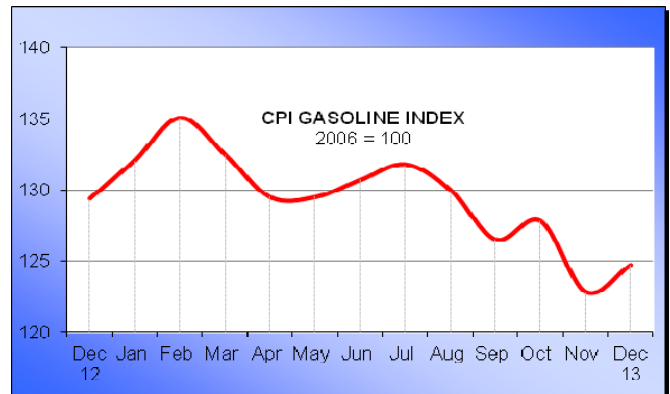
The Clothing & Footwear sector was static following a 0.2 per cent rise in November.

Fuel & Power

The Fuel & Power sector was unchanged in December after two months of consecutive declines.

Food

Food prices in grocery stores declined 0.8 per cent in December, largely due to holiday sales in supermarkets. Leading price decreases were reported for: fresh and frozen roasting chickens (-5.2 per cent), soft-drinks (-5.0 per cent) and mayonnaise (-2.6 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, 2012 is calculated as follows:

$$= \frac{\text{Dec 12 index} - \text{Nov 12 index}}{\text{Nov 12 index}} \times 100$$

$$= \frac{120.1 - 120.5}{120.5} \times 100$$

$$= -0.3\%$$

b) Year-to-Year Price Change

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

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

$$= \frac{120.1 - 117.9}{117.9} \times 100$$

$$= 1.9\%$$

c) Particular Period Price Change

The price change between February 2010 and January, 2013 is calculated as follows:

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

$$= \frac{120.3 - 111.7}{111.7} \times 100$$

$$= 7.7\%$$

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
2004 WEIGHT	1000	146	325	37	20	30	140	139	71	92
ANNUAL AVERAGE (per cent)										
2009	+1.8	+5.4	+1.9	+3.0	+5.9	-6.3	+0.7	-4.3	+5.3	+6.7
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
MONTHLY (per cent)										
2011										
Dec	-0.2	-1.4	-0.1	Nil	+0.1	Nil	-0.1	+0.5	+0.1	0.2
2012										
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
Nov	-0.4	-0.4	+0.1	Nil	Nil	-7.8	Nil	Nil	+0.1	+0.1
Dec	-0.3	-1.0	Nil	Nil	+0.1	+2.9	Nil	-2.0	Nil	-0.1
2013										
Jan	+0.2	+2.3	-0.1	+1.1	+0.5	-1.4	+0.1	-1.2	+0.2	Nil
Feb	+0.2	Nil	+0.1	Nil	-0.2	+1.4	Nil	+1.3	Nil	Nil
Mar	+0.2	+0.4	-0.5	Nil	Nil	+2.8	Nil	+1.4	Nil	+0.1
Apr	+0.5	+0.4	-0.3	+0.8	+1.7	Nil	Nil	-1.9	Nil	+6.3
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
Dec '13	122.4	129.4	110.8	122.0	135.5	154.0	111.5	110.4	131.4	165.7
<u>Dec'13</u> <u>Dec'12</u>	+1.9	+2.8	-0.3	+3.4	+5.0	-0.1	+0.5	+2.0	+1.6	+7.7

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

	2010	2011	2012	2013	Dec 13
Bermuda	2.4	2.7	2.4	1.8	+1.9
United States¹	1.5	3.0	1.7	1.5	+1.5
Canada²	1.8	2.9	1.5	0.9	+1.2
United Kingdom³	4.6	5.2	3.2	3.0	+2.7

Sources:

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

Published by the Government of Bermuda
January 2014

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