



INFLATION SLIGHTLY DIPS

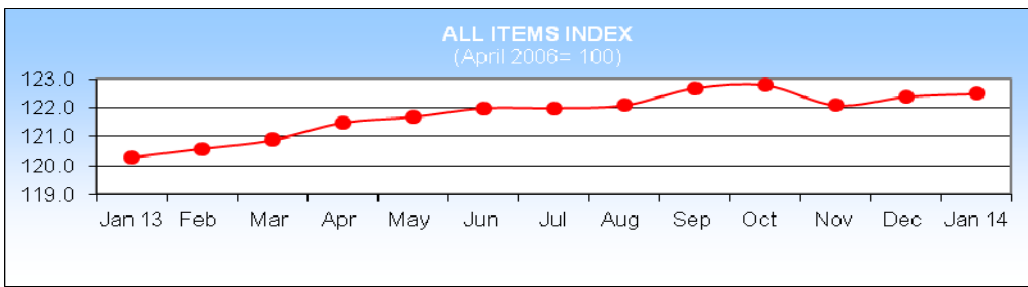
Consumers paid 1.8 per cent more in January 2014 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). This level of inflation decreased 0.1 percentage point from the 1.9 per cent measured in December 2013.

Between December 2013 and January 2014, the average cost of goods and services in the Consumer Price Index increased 0.1 per cent. The all-items index increased to 122.5 index points in January. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$122.50.

YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector remained the largest contributor to the twelve-month rate of price increase. The annual increase in January 2014 was 7.7 per cent, as prescribed drugs increased 5.5 per cent year over year.

The Food and Transport & Vehicles sectors also impacted strongly on the annual rate of inflation. Price shifts in these two sectors were 2.0 per cent and 1.5 per cent, respectively.



**Inflation
Rate
1.8%**

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
2013			2011		
Jan	120.3	+1.9	Q2	116.5	+2.6
Feb	120.6	+2.1	Q3	117.4	+2.6
Mar	120.9	+2.1	Q4	118.3	+3.0
Apr	121.5	+1.7	2012		
May	121.7	+1.7	Q1	118.2	+2.8
Jun	122.0	+1.9	Q2	119.6	+2.7
Jul	122.0	+1.8	Q3	120.3	+2.5
Aug	122.1	+1.3	Q4	120.5	+1.8
Sep	122.7	+1.8	2013		
Oct	122.8	+1.6	Q1	120.6	+2.0
Nov	122.1	+1.3	Q2	121.7	+1.8
Dec	122.4	+1.9	Q3	122.3	+1.7
2014			Q4	122.4	+1.6
Jan	122.5	+1.8			

MONTH ANALYSIS

Food

Food prices in grocery stores jumped 1.5 per cent in January. Leading price increases were reported for soft drinks (11.4 per cent), frozen spare ribs (8.9 per cent) and mayonnaise (5.4 per cent).

Rent

The Rent sector increased 0.5 per cent in January. Rental income from properties under rent control increased by 0.1 per cent, while properties not subject to rent controls increased by 0.7 per cent.

Clothing & Footwear

The Clothing & Footwear sector inched up 0.7 per cent in January. On average, the price of clothing accessories and women’s clothing increased 1.8 per cent and 0.7 per cent, respectively

Tobacco & Liquor

The Tobacco & Liquor sector increased 0.4 per cent in January, following an increase of 0.1 per cent in December. The average cost of spirits and wines increased 2.0 and 0.4 per cent, respectively during the month.

Health & Personal Care

The Health and Personal Care sector was static in January. The average cost of self-prescribed medicines & household medical supplies rose by 1.3 per cent. In contrast, ladies hairstyling fell 1.0 per cent.

Household Goods, Services & Communications

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

Education, Recreation & Reading

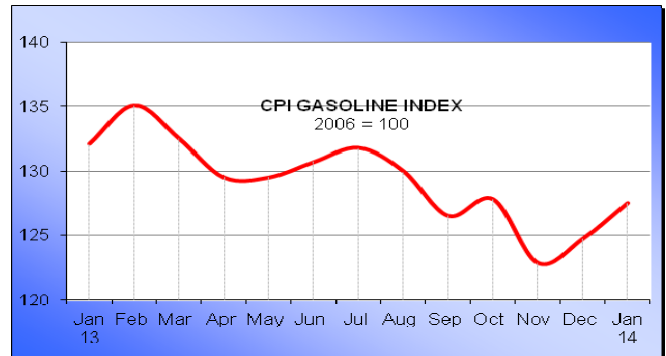
The Education, Recreation & Reading sector fell 0.1 per cent in January, following an increase of 0.1 per cent in December. Pet costs and up-keep decreased 1.6 per cent.

Fuel & Power

The Fuel & Power sector declined 2.9 per cent in January. Residential consumers paid 3.0 per cent less for electricity than in December.

Transport & Vehicles

The Transport & Vehicle sector dipped 1.7 per cent in January, after a 2.6 per cent rise in December. The average price of overseas hotel accommodation dropped 10.0 per cent. In contrast, premium fuel prices rose 2.2 per cent in January.



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:

$$= \frac{\text{Dec 13 index} - \text{Nov 13 index}}{\text{Nov 13 index}} \times 100$$

$$= \frac{122.4 - 122.1}{122.1} \times 100$$

$$= -0.3\%$$

b) Year-to-Year Price Change

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

$$= \frac{\text{Dec 13 index} - \text{Dec 12 index}}{\text{Dec 12 index}} \times 100$$

$$= \frac{122.4 - 120.1}{120.1} \times 100$$

$$= 1.9\%$$

c) Particular Period Price Change

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

$$= \frac{\text{Jan 14 index} - \text{Feb 10 index}}{\text{Feb 10 index}} \times 100$$

$$= \frac{122.5 - 111.7}{111.7} \times 100$$

$$= 9.7\%$$

BERMUDA CONSUMER PRICE INDEX

APRIL 2006 = 100

	All Items	Food	Rent	Clothing & Footwear	Tobacco & Liquor	Fuel & Power	Household Goods, Services & Communications	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)										
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
2014										
Jan	+0.1	+1.5	+0.5	+0.7	+0.4	-2.9	Nil	-1.7	-0.1	Nil
Jan '14	122.5	131.4	111.3	122.9	136.1	149.5	111.5	108.5	131.3	165.7
<u>Jan'14</u> <u>Jan'13</u>	+1.8	+2.0	+0.3	+3.0	+4.9	-1.6	+0.5	+1.5	+1.4	+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	Jan 14
Bermuda	2.4	2.7	2.4	1.8	+1.8
United States¹	1.5	3.0	1.7	1.5	+1.6
Canada²	1.8	2.9	1.5	0.9	+1.5
United Kingdom³	4.6	5.2	3.2	3.0	+2.8

Sources:

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

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