



INFLATION STABILIZES

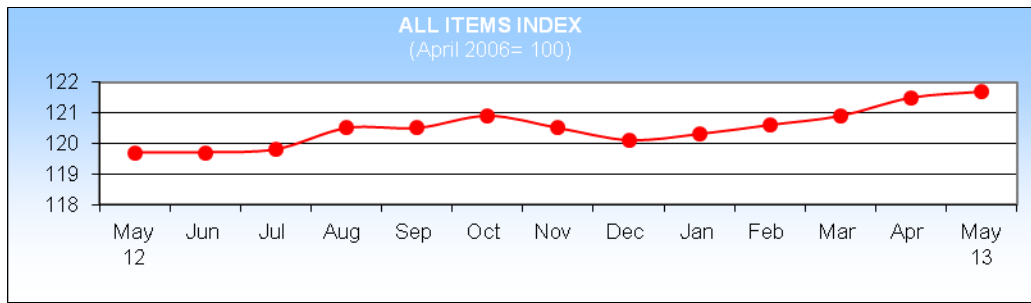
Consumers paid 1.7 per cent more in May 2013 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The rate of inflation was unchanged from the 1.7 per cent recorded in April 2013.

Between April and May 2013, the average cost of goods and services in the Consumer Price Index rose 0.1 per cent. The all-items index increased from 121.5 to 121.7 index points in May. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$121.70.

YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector had the strongest impact on the twelve-month increase in the Consumer Price Index. The total cost of the Health & Personal Care basket increased 9.1 per cent year-over-year.

The Food and Education, Recreation & Reading sectors also contributed to the rise in the annual rate of inflation, as price shifts in these sectors were 2.7 per cent and 2.9 per cent, respectively.



Inflation Rate
1.7%

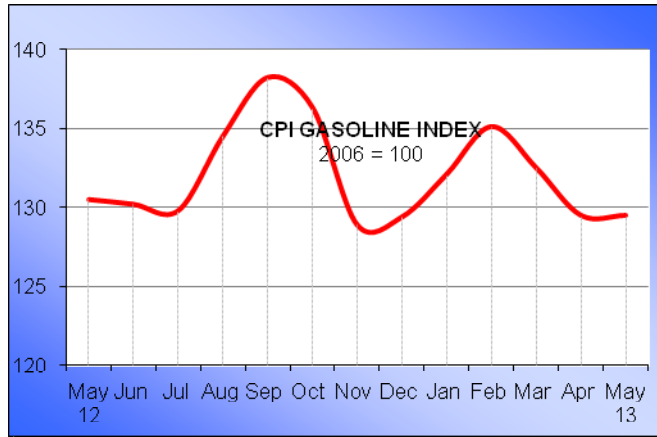
The compilation of the CPI involves the processing of several thousand price quotations. The Department of Statistics wishes to acknowledge the cooperation of the business community in supplying the required price data.

SUMMARY STATISTICS					
Period	Monthly		Period	Quarterly	
	Index	Annual per cent Change		Index	Annual per cent Change
2012			2011		
May	119.7	+2.9	Q1	115.0	+2.6
Jun	119.7	+2.7	Q2	116.5	+2.6
Jul	119.8	+2.5	Q3	117.4	+2.6
Aug	120.5	+3.1	Q4	118.3	+3.0
Sep	120.5	+1.9			
Oct	120.9	+1.7	2012		
Nov	120.5	+1.9	Q1	118.2	+2.8
Dec	120.1	+1.9	Q2	119.6	+2.7
			Q3	120.3	+2.5
2013			Q4	120.5	+1.8
Jan	120.3	+1.9			
Feb	120.6	+2.1	2013		
Mar	120.9	+2.1	Q1	120.6	2.0
Apr	121.5	+1.7			
May	121.7	+1.7			

MONTH-TO-MONTH ANALYSIS

Transport & Vehicles

Price movement in the Transport & Vehicle sector increased 1.2 per cent in May following a decrease of 1.9 per cent in April. The increase was attributed to a 10.2 per cent hike in the average cost of foreign travel accommodations. In contrast, the capital cost of cars decreased by 0.8 per cent.



Health & Personal Care

The Health & Personal Care sector rose 0.7 per cent in May, after a 6.3 per cent rise in April. The leading factor was a 10.9 per cent increase in the cost of ladies hairstyling.

Tobacco & Liquor

The Tobacco & Liquor sector continued rising due to the increase in import duty, increasing 2.0 per cent in May. The average price of spirits and cigarettes increased by 2.7 per cent and 2.2 per cent, respectively.

Household Goods, Services & Communications

During May the Household Goods, Services & Communications sector rose 0.1 per cent. Food wraps & trash bags increased by 2.2 per cent.

Rent

The Rent sector remained unchanged in May following a 0.3 per cent fall in April. However, repair & maintenance costs and properties not under rent control fell 2.2 per cent and 0.1 per cent, respectively.

Education, Recreation & Reading

The Education, Recreation & Reading sector reported no change in May. The average cost of personal computers rose 3.4 per cent. In contrast, pet foods fell 1.0 per cent.

Clothing & Footwear

The Clothing sector was static in May with no price movement following a 0.8 per cent rise in April.

Food

On average, food prices decreased 0.4 per cent in May. The main items contributing to the decline were fresh calf liver (-6.8 per cent), fresh pineapples (-6.6 per cent) and fresh roast beef (-4.1 per cent).

Fuel & Power

The Fuel & Power sector declined 2.7 per cent following no change in April. Consumers paid 2.8 per cent less for electricity in May than April.

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 & 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)										
2008	+4.8	+5.6	+2.4	+2.7	+9.3	+31.8	+2.6	+3.9	+5.1	+6.6
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
MONTHLY (per cent)										
2011										
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
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
May' 13	121.7	129.3	110.3	120.2	134.3	154.0	111.1	109.0	129.5	164.7
<u>May'13</u>	+1.7	+2.7	-0.5	-2.0	+5.6	-1.4	+0.2	+0.6	+2.9	+9.1
May'12										

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

	2009	2010	2011	2012	May 13
Bermuda	1.8	2.4	2.7	2.4	+1.7
United States¹	2.7	1.5	3.0	1.7	+1.4
Canada²	0.3	1.8	2.9	1.5	+0.7
United Kingdom³	-0.5	4.6	5.2	3.2	+3.1

Sources:

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

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