



## INFLATION DECLINES SLIGHTLY

Consumers paid 0.6 per cent more in November 2009 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). This rate of inflation declined by 0.1 per cent compared to October 2009.

Between October and November of 2009, the average cost of goods and services in the Consumer Price Index fell 0.1 per cent. The all-items index decreased from 112.1 in October, to 112.0 index points in November. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$112.00.

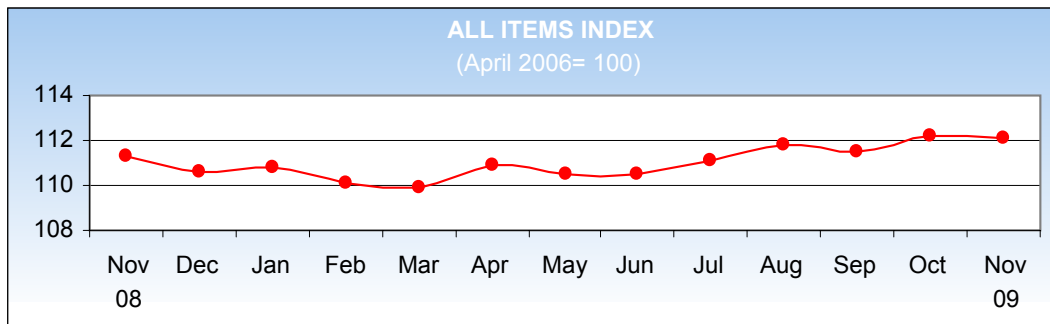
## YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector was the largest contributor to the twelve-month increase in the Consumer Price Index. The average cost of Health & Personal care items increased 7.3 per cent year-over-year.

The Food and Rent sectors also impacted heavily on the annual rate of inflation; as the measured increases in these sectors were 2.7 per cent and 1.1 per cent, respectively.

## COMPARISON INFLATION RATES

November marked the first month since February 2009 that the annual inflation rates in the U.S., Canada and the U.K. increased in the same month.



**Inflation  
Rate  
0.6%**

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
<b>2008</b>			<b>2007</b>		
Nov	111.3	+5.2	Q3	105.0	+4.0
Dec	110.5	+4.9	Q4	105.5	+4.2
<b>2009</b>			<b>2008</b>		
Jan	110.8	+5.2	Q1	106.0	+3.8
Feb	110.2	+4.4	Q2	108.9	+4.8
Mar	109.9	+2.7	Q3	110.4	+5.1
Apr	110.6	+1.9	Q4	111.0	+5.2
May	110.5	+1.4	<b>2009</b>		
Jun	110.5	+1.2	Q1	110.3	+4.1
Jul	111.1	+1.2	Q2	110.5	+1.5
Aug	111.8	+1.6	Q3	111.5	+1.0
Sep	111.5	+0.2			
Oct	112.1	+0.7			
Nov	112.0	+0.6			

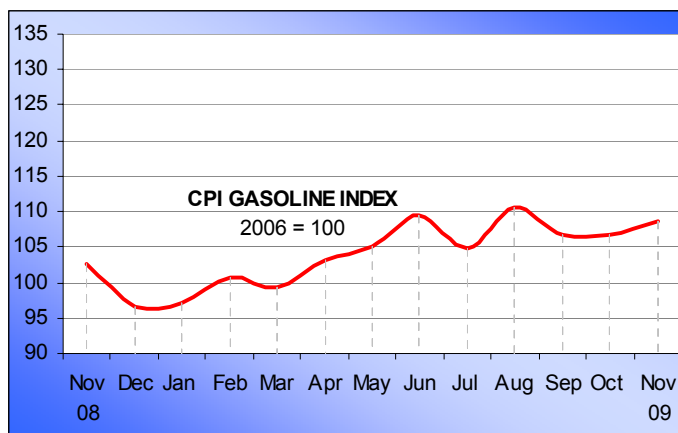
## MONTH-TO-MONTH ANALYSIS

### Food

The Food sector edged up 0.3 per cent during November. Among the main items contributing to the increase were canned vegetables (+5.8 per cent), pork loin (+5.5 per cent), apples (+6.8 per cent) and cantaloupe (+8.0 per cent).

### Tobacco & Liquor

The Tobacco & Liquor sector increased marginally by 0.3 per cent, reflecting a 1 per cent increase in the price of alcohol spirits.



### Household Goods, Services & Communications

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

### Health & Personal Care

The Health & Personal Care sector remained unchanged in November.

### Fuel & Power

The Fuel & Power sector advanced 0.1 per cent in November. This reflects an increase to households in the price of a cylinder of propane gas.

### Education, Recreation & Reading

The Education, Recreation & Reading remained unchanged for the month.

### Clothing & Footwear

Price movement in the Clothing & Footwear sector was relatively static during the month of November.

### Rent

The Rent sector increased by 0.1 per cent due mainly to a rise in rent for controlled properties.

### Transport & Vehicles

The Transport and Vehicle sector declined 1.8 per cent. Consumers enjoyed both reduced airfares and hotels accommodation rates during their travel. In contrast, the price of gasoline increased 1.7 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](http://www.statistics.gov.bm).

### a) Month-to-Month Price Change

The price change between November and December, 2007 is calculated as follows:

$$= \frac{\text{Dec 07 index number} - \text{Nov 07 index number}}{\text{Nov 07 index number}} \times 100$$

$$= \frac{105.3 - 105.8}{105.8} \times 100$$

$$= -0.5\%$$

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

The price change between December, 2006 and December, 2007 is calculated as follows:

$$= \frac{\text{Dec 07 index number} - \text{Dec 06 index number}}{\text{Dec 06 index number}} \times 100$$

$$= \frac{105.3 - 101.6}{101.6} \times 100$$

$$= 3.6\%$$

# 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
<b>2004 WEIGHT</b>	1000	146	325	37	20	30	140	139	71	92
<b>ANNUAL AVERAGE ( per cent)</b>										
<b>2003</b>	+3.2	+2.0	+1.8	+1.9	+1.4	+4.8	+2.2	+4.5	+5.8	+7.0
<b>2004</b>	+3.6	+2.5	+2.2	+1.9	+5.2	+1.9	+1.6	+4.0	+6.2	+9.1
<b>2005</b>	+3.1	+3.0	+2.8	+2.1	+2.6	+5.6	+1.4	+5.1	+5.1	+2.4
<b>2006</b>	+3.1	+2.0	+3.9	+3.3	+2.1	+9.5	+1.4	+1.2	+3.8	+5.7
<b>2007</b>	+3.8	+3.5	+2.6	+0.2	+1.9	+5.5	+2.2	+6.6	+4.8	+6.8
<b>2008</b>	+4.8	+5.6	+2.4	+2.7	+9.3	+31.8	+2.6	+3.9	+5.1	+6.6
<b>MONTHLY ( per cent)</b>										
<b>2007</b>										
Oct	+0.3	+0.4	+0.1	-4.9	+0.1	Nil	+0.1	+1.9	Nil	+0.5
Nov	+0.4	+0.1	+0.2	+0.2	+0.5	+1.5	-0.1	+1.5	+0.2	+0.1
Dec	-0.5	-0.7	+0.2	Nil	+1.1	+4.6	Nil	-4.5	+0.1	Nil
<b>2008</b>										
Jan	+0.1	+1.5	+0.2	-0.6	+1.0	+0.1	+0.1	-1.3	-0.1	-0.1
Feb	+0.2	+0.4	+0.2	Nil	-0.2	+2.8	+0.1	-0.2	-0.1	Nil
Mar	+1.3	+0.5	+0.2	Nil	+2.8	+1.2	Nil	+7.6	+0.8	+0.1
Apr	+1.5	+1.0	+0.4	+7.3	+2.9	Nil	+1.0	+2.5	+0.1	+5.1
May	+0.3	-0.1	+0.3	Nil	+1.1	+2.0	-0.1	+0.4	+0.3	+0.2
June	+0.3	+1.5	+0.1	Nil	+0.4	+0.4	+0.5	-0.5	Nil	+0.4
July	+0.5	Nil	+0.3	-0.2	Nil	+8.9	+0.7	Nil	+0.2	+0.1
Aug	+0.3	+1.0	+0.3	Nil	+0.5	Nil	+0.6	-0.4	Nil	+0.1
Sept	+1.1	+0.4	+0.1	Nil	+0.5	+14.0	+0.3	-0.1	+4.4	+0.3
Oct	Nil	+2.0	+0.2	+1.1	+0.2	Nil	+0.1	-3.4	+0.6	+0.6
Nov	Nil	+0.4	+0.2	Nil	+0.9	-0.1	+0.1	-1.1	+0.5	Nil
Dec	-0.7	+0.1	+0.3	Nil	0.5	-3.5	-2.7	-2.7	+0.2	Nil
<b>2009</b>										
Jan	+0.3	+0.9	+0.2	-1.2	+0.5	-2.1	+0.3	+1.5	+0.2	Nil
Feb	-0.5	+0.3	+0.2	Nil	+0.3	-10.1	+0.2	-1.4	-0.4	Nil
Mar	-0.3	-0.3	+0.2	Nil	+0.1	-5.3	+0.1	-1.3	+0.2	+0.3
Apr	+0.7	Nil	+0.1	+1.7	+0.3	-0.1	+0.5	+1.6	+0.4	+2.8
May	-0.2	+0.3	+0.1	Nil	+0.1	Nil	+0.2	-3.4	-0.6	+2.1
Jun	+0.1	-0.1	-0.1	Nil	+0.3	Nil	+Nil	+0.3	+0.7	+0.2
Jul	+0.5	-0.3	-0.1	+0.9	+0.5	-3.6	+1.0	+4.4	+0.3	Nil
Aug	+0.6	+1.4	+0.1	Nil	+0.9	Nil	Nil	+2.6	+0.1	+0.1
Sep	-0.3	Nil	+0.3	Nil	+0.1	Nil	+0.4	-4.2	+1.8	+0.2
Oct	+0.5	Nil	Nil	-0.4	-0.3	Nil	+0.1	+3.1	Nil	+1.5
Nov	-0.1	0.3	0.1	Nil	0.3	0.1	Nil	-1.8	Nil	Nil
<b>Nov '09</b>	<b>112.0</b>	<b>116.8</b>	<b>108.4</b>	<b>107.3</b>	<b>119.9</b>	<b>127.1</b>	<b>106.8</b>	<b>104.3</b>	<b>119.4</b>	<b>124.2</b>
<u>Nov'09</u> <u>Nov'08</u>	<b>+0.6</b>	<b>+2.7</b>	<b>+1.3</b>	<b>+1.1</b>	<b>+3.6</b>	<b>-22.6</b>	<b>Nil</b>	<b>-1.8</b>	<b>+2.8</b>	<b>+7.3</b>

## 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 ( PER CENT) Selected Countries & Bermuda

	2005	2006	2007	2008	Nov 09
<b>Bermuda</b>	3.1	3.1	3.8	4.8	+0.6
<b>United States<sup>1</sup></b>	3.4	3.2	2.8	3.8	+0.4
<b>Canada<sup>2</sup></b>	2.2	2.0	2.2	2.3	+1.0
<b>United Kingdom<sup>3</sup></b>	2.1	2.3	2.3	3.6	+0.3

### Sources:

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

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