



RATE OF INFLATION

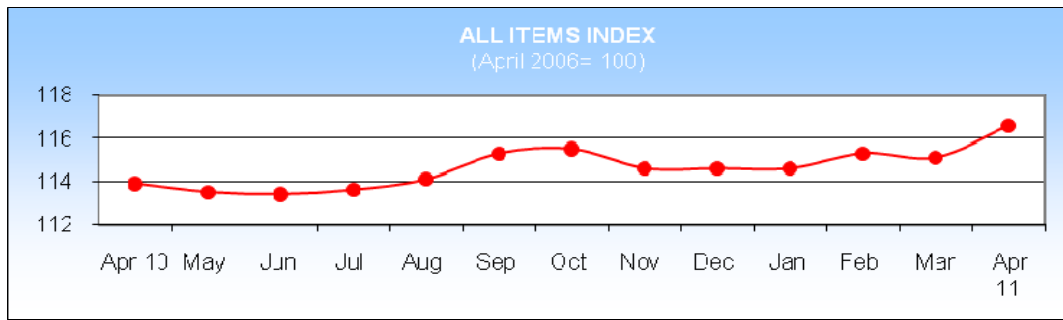
Consumers paid 2.4 per cent more in April 2011 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The annual rate of inflation slipped 0.1 per cent from the 2.5 per cent measured in March 2011.

Between March 2011 and April 2011, the average cost of goods and services in the Consumer Price Index rose 1.3 per cent. The all-items index increased from 115.2 to 116.6 index points in April. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$116.60.

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 8.2 per cent year-over-year. This rise was attributed to higher health insurance premiums that came into effect in April.

The Rent and Fuel & Power sectors also had a strong influence on the annual rate of inflation, as price shifts in these sectors were 1.5 per cent and 8.1 per cent, respectively.



**Inflation
Rate
2.4%**

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
2010			2009		
Apr	113.9	+2.9	Q1	110.3	+4.1
May	113.5	+2.8	Q2	110.5	+1.5
Jun	113.4	+2.6	Q3	111.5	+1.0
Jul	113.7	+2.3	Q4	111.9	+0.8
Aug	114.1	+2.0	2010		
Sep	115.3	+3.4	Q1	112.1	+1.6
Oct	115.5	+3.0	Q2	113.6	+2.8
Nov	114.6	+2.3	Q3	114.4	+2.6
Dec	114.6	+2.7	Q4	114.9	+2.7
2011			2011		
Jan	114.6	+2.2	Q1	115.0	+2.6
Feb	115.3	+3.2			
Mar	115.2	+2.5			
Apr	116.6	+2.4			

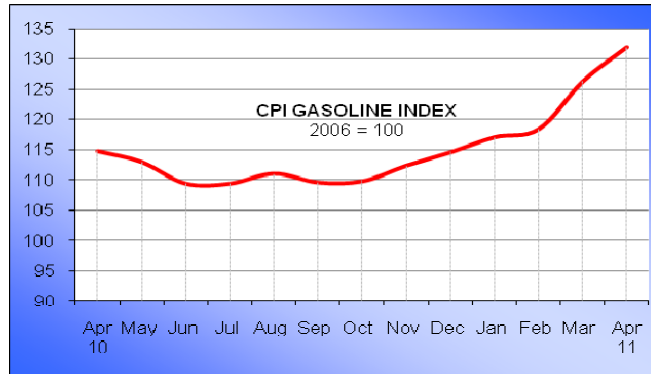
MONTH-TO-MONTH ANALYSIS

Health & Personal Care

The Health & Personal Care sector was up 6.6 per cent in April, in response to a 10.8 per cent increase in the average price of health insurance premiums.

Transport & Vehicles

The Transport & Vehicle sector rose 3.8 per cent in April as premium and mixed blend fuels rose 4.5 per cent and 4.7 per cent, respectively. Airfare costs increased 8.4 per cent along with hotel accommodation prices which rose 12.5 per cent. In contrast, the capital cost of motor cycles and cars fell by 3.4 per cent and 1.3 per cent, respectively.



Clothing & Footwear

Average price movement in the Clothing & Footwear sector edged up 4.7 per cent for the month. The increase was triggered by a rise of 4.7 per cent, and 3.9 per cent in the cost of women's and men's clothing, respectively. Jewelry prices also increased by 15.4 per cent.

Rent

The Rent sector was unchanged in April. Rental units subject to rent control and those not subject to rent control remained unchanged.

Education, Recreation & Reading

The Education, Recreation & Reading sector advanced 0.2 per cent for the month. This was due to a 4.5 per cent rise in the cost of boat fuel and a 1.0 per cent increase in pet cost and up-keep.

Tobacco & Liquor

The Tobacco & Liquor sector remained unchanged for the month.

Fuel & Power

The Fuel & Power sector recorded no movement for the month, as the fuel adjustment rate remained unchanged.

Household Goods, Services & Communications

The Household Goods, Services & Communications sector slipped 0.1 per cent due to a 2.4 per cent decrease in the cost of furniture.

Food

The Food sector declined fractionally by 0.6 per cent in April, in response to price decreases in grocery stores. Consumers paid lower prices for frozen spare ribs, eggs and pastas which fell 8.5 per cent, 6.0 per cent and 4.4 per cent, respectively.

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, 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
2004 WEIGHT	1000	146	325	37	20	30	140	139	71	92
ANNUAL AVERAGE (per cent)										
2005	+3.1	+3.0	+2.8	+2.1	+2.6	+5.6	+1.4	+5.1	+5.1	+2.4
2006	+3.1	+2.0	+3.9	+3.3	+2.1	+9.5	+1.4	+1.2	+3.8	+5.7
2007	+3.8	+3.5	+2.6	+0.2	+1.9	+5.5	+2.2	+6.6	+4.8	+6.8
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
MONTHLY (per cent)										
2009										
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
June	+0.1	-0.1	-0.1	Nil	+0.3	Nil	+Nil	+0.3	+0.7	+0.2
July	+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
Sept	-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
Dec	-0.3	-0.7	+0.1	Nil	+1.1	Nil	+0.3	-2.2	-0.1	-0.1
2010										
Jan	+0.5	+2.1	+0.1	-2.6	-0.1	+0.2	+0.1	+1.9	+0.1	Nil
Feb	-0.5	-0.8	+0.1	Nil	-0.5	+0.2	-0.1	-2.8	Nil	+0.1
Mar	+0.7	+1.2	+0.1	Nil	-0.1	Nil	Nil	+3.4	+0.1	Nil
Apr	+1.3	+0.2	+0.2	+6.0	Nil	Nil	Nil	+3.1	+0.1	+6.0
May	-0.3	-1.0	+0.2	Nil	-0.1	Nil	Nil	-1.8	+0.2	Nil
June	-0.1	+0.1	+0.2	Nil	+0.1	Nil	-0.5	-1.2	Nil	+0.6
July	+0.2	+0.1	+0.1	+0.3	+0.2	Nil	Nil	+1.1	Nil	+0.1
Aug	+0.4	+2.0	+0.3	Nil	+0.2	+4.0	+1.0	-2.4	+0.1	Nil
Sept	+1.1	-0.4	+0.2	Nil	-0.1	Nil	+0.2	+7.1	+1.5	+0.2
Oct	+0.2	+0.5	+0.1	-0.7	+0.3	+3.9	-0.1	-0.9	+0.6	+0.4
Nov	-0.8	+0.1	+0.1	Nil	+0.2	Nil	Nil	-6.3	Nil	Nil
Dec	Nil	-1.6	Nil	Nil	+0.5	Nil	Nil	+1.5	+0.1	Nil
2011										
Jan	Nil	+0.8	+0.1	-0.1	+0.6	Nil	+0.7	-1.4	+0.1	Nil
Feb	+0.6	+0.8	+0.1	Nil	+0.7	Nil	Nil	+3.4	-0.1	Nil
Mar	-0.1	Nil	+0.2	Nil	+0.2	Nil	-0.1	-1.3	+0.1	+0.1
Apr	+1.3	-0.6	Nil	+4.7	Nil	Nil	-0.1	+3.8	+0.2	+6.6
Apr '11	116.6	120.0	110.6	115.5	124.0	137.8	108.5	108.8	122.9	142.5
<u>Apr'11</u> Apr'10	+2.4	+0.8	+1.5	+4.3	+3.0	+8.1	+1.1	+0.9	+2.8	+8.2

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

	2007	2008	2009	2010	Apr 11
Bermuda	3.8	4.8	1.8	2.4	+2.4
United States¹	2.8	3.8	2.7	1.6	+3.2
Canada²	2.2	2.3	0.3	1.8	+3.3
United Kingdom³	2.3	3.6	-0.5	4.6	+5.2

Sources:

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

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