



## INFLATION STABILIZES

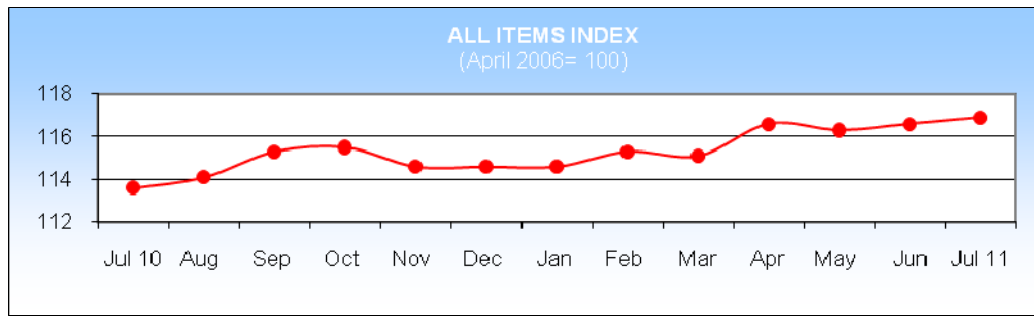
Consumers paid 2.8 per cent more in July 2011 than they did a year ago for the CPI basket of goods and services. This rate was the same inflation level as measured in June 2011.

Between June and July 2011, the average cost of goods and services in the Consumer Price Index rose 0.2 per cent. The all-items index increased from 116.6 to 116.9 index points. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$116.90.

## 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 7.5 per cent year-over-year.

The Household Goods, Services & Communications and the Fuel & Power sectors also impacted strongly on the annual rate of inflation, as price shifts in these sectors were 2.9 per cent and 13.0 per cent, respectively.



**Inflation  
Rate  
2.8 %**

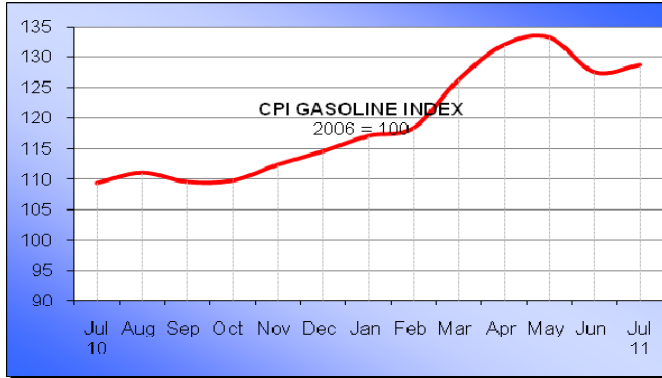
The compilation of the CPI involves the processing of several thousand price quotations. The Department of Statistics wishes to acknowledge the cooperation of the business community in supplying the required price data.

SUMMARY STATISTICS					
Period	Monthly		Period	Quarterly	
	Index	Annual per cent Change		Index	Annual per cent Change
<b>2010</b>			<b>2009</b>		
Jul	113.7	+2.3	Q1	110.3	+4.1
Aug	114.1	+2.0	Q2	110.5	+1.5
Sep	115.3	+3.4	Q3	111.5	+1.0
Oct	115.5	+3.0	Q4	111.9	+0.8
Nov	114.6	+2.3	<b>2010</b>		
Dec	114.6	+2.7	Q1	112.1	+1.6
<b>2011</b>			Q2	113.6	+2.8
Jan	114.6	+2.2	Q3	114.4	+2.6
Feb	115.3	+3.2	Q4	114.9	+2.7
Mar	115.2	+2.5	<b>2011</b>		
Apr	116.6	+2.4	Q1	115.0	+2.6
May	116.3	+2.5	Q2	116.5	+2.6
Jun	116.6	+2.8			
Jul	116.9	+2.8			

**MONTH-TO-MONTH ANALYSIS**

**Transport & Vehicles**

Transport & Vehicles sector prices advanced 1.1 per cent on average as increases in hotel accommodation rates (+6.7 per cent), and cycle repair & maintenance cost (+3.6 per cent) were partially offset by a 3.2 per cent drop in the cost of mix fuel.



**Fuel & Power**

The Fuel & Power sector increased 1.8 per cent in July. Residential electricity costs rose by 1.9 per cent in response to a 3.9 per cent jump in the fuel adjustment rate.

**Education, Recreation & Reading**

Consumers paid more for outside recreational activities in July as the combined cost of boat fuel and sports admission fees increased 3.2 per cent. Price movement in this sub-sector pushed the Education, Recreation and Reading up 0.4 per cent.

**Tobacco & Liquor**

The Tobacco & Liquor sector rose 0.6 per cent

reflecting increases in the average price of spirits (+1.4 per cent) and wines (+0.1 per cent).

**Health & Personal Care**

The Health & Personal Care rose 0.1 per cent in July. This increase was due to a 0.9 per cent rise in the cost of self-prescribed medicines and household medical supplies.

**Household Goods, Services & Communications**

The Household Goods, Services & Communications sector increased 0.1 per cent for the month. The cost of funeral services rose by 1.7 per cent. Additionally, consumers paid more for cleaning materials, food wraps and trash bags (+2.3 per cent).

**Clothing & Footwear**

The Clothing & Footwear sector fell 0.3 per cent. Within the women’s clothing and children’s clothing sub-sectors, average costs declined 4.5 per cent and 2.7 per cent, respectively. In the accessories sub-sector of the Clothing & Footwear sector the price of curb link jewelry increased 5.2% reflecting rising gold prices.

**Rent**

The Rent sector slipped 0.1 per cent. The decrease was attributed to a 0.1 per cent fall in the average rent for units not subject to rent control. Controlled properties recorded no change for the month.

**Food**

The food sector dipped 0.2 per cent in July. Notable price changes for selected food items included: red grapes (-9.2 per cent), stewing beef (-6.4 per cent), and butter (-5.2 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:

$$= \frac{\text{Dec 09 index number} - \text{Nov 09 index number}}{\text{Nov 09 index number}} \times 100$$

$$= \frac{111.6 - 112.0}{112.0} \times 100$$

$$= -0.3\%$$

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

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

$$= \frac{\text{Dec 09 index number} - \text{Dec 08 index number}}{\text{Dec 08 index number}} \times 100$$

$$= \frac{111.6 - 110.5}{110.5} \times 100$$

$$= 1.0\%$$

# 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
<b>2004 WEIGHT</b>	1000	146	325	37	20	30	140	139	71	92
<b>ANNUAL AVERAGE ( per cent)</b>										
<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>2009</b>	+1.8	+5.4	+1.9	+3.0	+5.9	-6.3	+0.7	-4.3	+5.3	+6.7
<b>2010</b>	+2.4	+3.0	+1.3	+2.4	+1.9	-0.8	+1.6	+1.8	+2.5	+8.1
<b>MONTHLY ( per cent)</b>										
<b>2009</b>										
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
<b>2010</b>										
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
<b>2011</b>										
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
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
<b>Jul '11</b>	<b>116.9</b>	<b>120.9</b>	<b>111.0</b>	<b>115.2</b>	<b>125.0</b>	<b>144.1</b>	<b>109.9</b>	<b>105.7</b>	<b>122.8</b>	<b>142.7</b>
<u>Jul'11</u> Jul'10	<b>+2.8</b>	<b>+2.4</b>	<b>+1.5</b>	<b>+3.7</b>	<b>+3.5</b>	<b>+13.0</b>	<b>+2.9</b>	<b>-0.1</b>	<b>+2.4</b>	<b>+7.5</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

	2007	2008	2009	2010	Jul 11
<b>Bermuda</b>	3.8	4.8	1.8	2.4	+2.8
<b>United States<sup>1</sup></b>	2.8	3.8	2.7	1.6	+3.6
<b>Canada<sup>2</sup></b>	2.2	2.3	0.3	1.8	+2.7
<b>United Kingdom<sup>3</sup></b>	2.3	3.6	-0.5	4.6	+5.0

### Sources:

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

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