



INFLATION DROPS

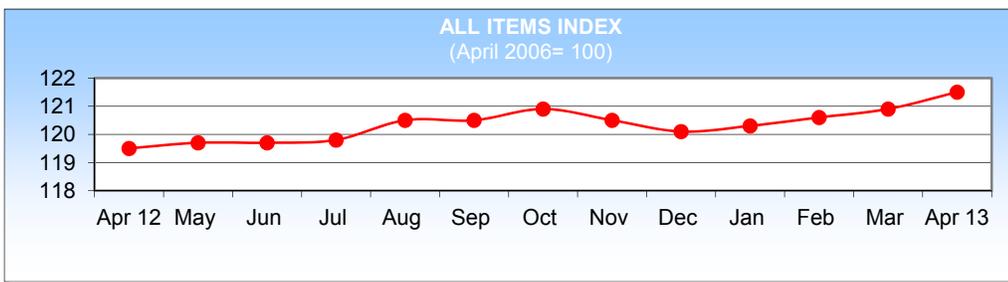
Consumers paid 1.7 per cent more in April 2013 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The annual rate of inflation slipped 0.4 of a per cent from the 2.1 per cent measured in March 2013.

Between March 2013 and April 2013, the average cost of goods and services in the Consumer Price Index rose 0.5 per cent. The all-items index increased from 120.9 to 121.5 index points in April. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$121.50.

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

The Food and Education, Recreation & Reading sectors also impacted strongly on the annual rate of inflation, advancing by 3.6 per cent and 3.0 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		
Apr	119.5	+2.5	Q1	115.0	+2.6
May	119.7	+2.9	Q2	116.5	+2.6
Jun	119.7	+2.7	Q3	117.4	+2.6
Jul	119.8	+2.5	Q4	118.3	+3.0
Aug	120.5	+3.1			
Sep	120.5	+1.9	2012		
Oct	120.9	+1.7	Q1	118.2	+2.8
Nov	120.5	+1.9	Q2	119.6	+2.7
Dec	120.1	+1.9	Q3	120.3	+2.5
			Q4	120.5	+1.8
2013			2013		
Jan	120.3	+1.9	Q1	120.6	2.0
Feb	120.6	+2.1			
Mar	120.9	+2.1			
Apr	121.5	+1.7			

MONTH-TO-MONTH ANALYSIS

Health & Personal Care

The Health & Personal Care sector was up 6.3 per cent in April following a 0.1 per cent increase in March. On average, health insurance premiums rose by 9.8 per cent.

Food

The Food sector increased 0.4 per cent for the second consecutive month. Key contributors to the increase were fresh fruit (6.5 per cent), all types of pork (5.9 per cent) and spices (5.7 per cent).

Tobacco & Liquor

The Tobacco & Liquor sector rose 1.7 per cent in April following no changes in March. The 10% increase in import duty led cigarettes and spirits to increase by 2.3 per cent and 4.4 per cent, respectively.

Clothing & Footwear

Average prices in the Clothing & Footwear sector edged up 0.8 per cent. The increase was triggered by a rise of 4.5 per cent and 1.4 per cent in the cost of women's and men's clothing, respectively.

Fuel & Power

The Fuel & Power sector recorded no movement during the month of April following a 2.8 per cent rise in March. The fuel adjustment rate remained unchanged from March.

Household Goods, Services & Communications

The Household Goods, Services & Communications sector was static at the sector level for the third successive month. Within the sub-sectors, the cost of

furniture decreased 1.2 per cent, but this was offset by a 1.6 per cent increase in floor coverings such as rugs.

Education, Recreation & Reading

The Education, Recreation & Reading sector was unchanged in April as it was in both March and February.

Rent

The Rent sector dropped 0.3 percent in April. Rental units subject to rent control increased by 0.1 per cent. In contrast, properties not subject to rent control declined 0.9 per cent. The average land tax bill for residential properties rose by 7.1 per cent in response to an increase in the tax rates that apply to the portion of annual rental value above \$90,000.

Transport & Vehicles

The Transport & Vehicle sector fell 1.9 per cent in April following a 1.4 per cent increase in March. Premium fuel prices fell 2.3 per cent while mixed gas fell 1.7 per cent. However, the licensing and insuring of cars and cycles increased by 1.6 per cent and 1.3 per cent, respectively, while the average price of 1, 3 and 7 day bus passes rose by 25 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.

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										
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
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
Apr' 13	121.5	129.8	110.3	120.2	131.7	158.3	111.0	107.7	129.5	163.6
<u>Apr'13</u> Apr'12	+1.7	+3.6	-0.5	-1.8	+3.5	+1.3	+0.1	+0.6	+3.0	+8.4

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	Apr 13
Bermuda	1.8	2.4	2.7	2.4	+1.7
United States¹	2.7	1.5	3.0	1.7	+1.1
Canada²	0.3	1.8	2.9	1.5	+0.4
United Kingdom³	-0.5	4.6	5.2	3.2	+2.9

Sources:

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

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The Cabinet Office
Department of Statistics
Cedar Park Centre,
48 Cedar Avenue, Hamilton HM 11
P.O. Box HM 3015
Hamilton HM MX, Bermuda
Tel: (441) 297-7761, Fax: (441) 295-8390
E-mail: statistics@gov.bm
Website: www.statistics.gov.bm