



INFLATION DECREASES

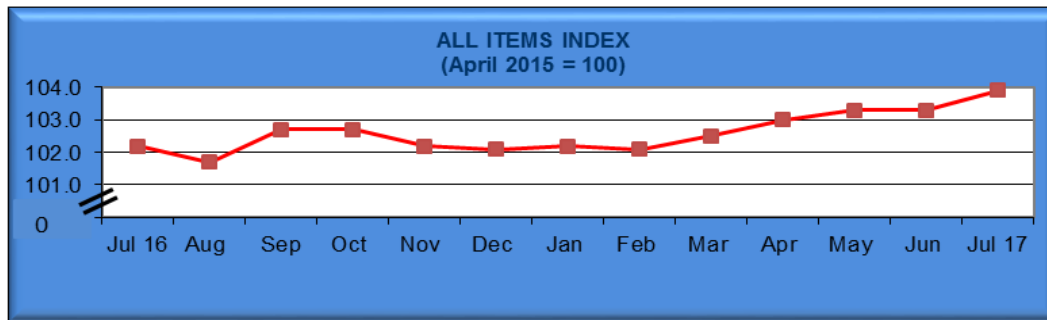
Consumers paid 1.7 per cent more in July 2017 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The level of inflation decreased 0.1 percentage point from the 1.8 per cent measured in June 2017.

Between June 2017 and July 2017, the average cost of goods and services in the CPI increased by 0.6 percent. The all-items index rose to 103.9 in July. This means that the basket of goods and services that cost \$100.00 in April 2015 now costs \$103.90.

YEAR-TO-YEAR ANALYSIS

The Transport & Foreign Travel sector was the largest contributor to the year-over-year increase in July. Increased prices of premium fuels caused this sector to rise 3.0 per cent.

In addition, the Fuel & Power sector and the Food sector rose 9.7 per cent and 2.6 per cent, respectively.



**Inflation
Rate
1.7%**

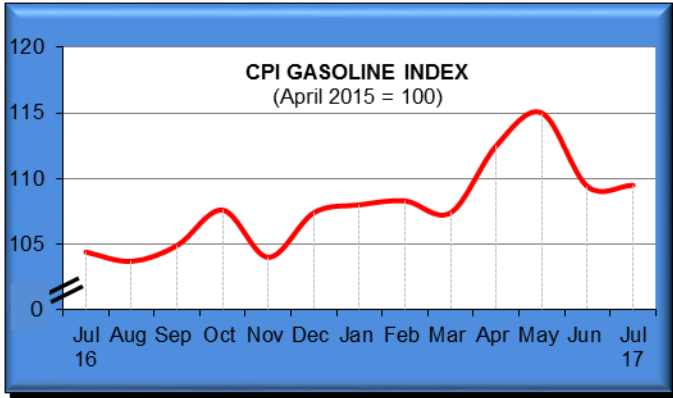
The compilation of the CPI involves the processing of several thousand price quotations. The Department of Statistics wishes to acknowledge the cooperation of the business community in supplying the required price data.

| SUMMARY STATISTICS | | | | | |
|--------------------|---------|------------------------|-------------|-----------|------------------------|
| Period | Monthly | | Period | Quarterly | |
| | Index | Annual per cent Change | | Index | Annual per cent Change |
| 2016 | | | 2015 | | |
| Jul | 102.2 | +1.6 | Q1 | 98.9 | +1.5 |
| Aug | 101.7 | +1.3 | Q2 | 100.2 | +1.7 |
| Sep | 102.7 | +2.0 | Q3 | 100.6 | +1.5 |
| Oct | 102.7 | +2.1 | Q4 | 100.5 | +1.2 |
| Nov | 102.2 | +1.7 | 2016 | | |
| Dec | 102.1 | +1.6 | Q1 | 100.2 | +1.3 |
| 2017 | | | Q2 | 101.2 | +1.0 |
| Jan | 102.2 | +1.9 | Q3 | 102.2 | +1.6 |
| Feb | 102.1 | +1.9 | Q4 | 102.3 | +1.8 |
| Mar | 102.5 | +2.4 | 2017 | | |
| Apr | 102.8 | +1.7 | Q1 | 102.3 | +2.1 |
| May | 103.3 | +2.4 | Q2 | 103.1 | +1.9 |
| Jun | 103.3 | +1.8 | | | |
| Jul | 103.9 | +1.7 | | | |

MONTH-TO-MONTH ANALYSIS

Transport & Foreign Travel

The Transport & Foreign Travel sector increased 2.4 per cent in July. The average cost of airfares and overseas hotels increased 8.3 per cent and 5.6 per cent, respectively.



Fuel & Power

The Fuel & Power sector rose 3.0 per cent in July as the fuel adjustment rate increased 9.5 per cent for the month.

Food

The Food sector grew 0.2 percent in July. Fuelling the increase was the average cost of flour (+4.5 per cent), rice (+2.3 per cent) and fresh tenderloin (+2.0 per cent).

Tobacco & Liquor

The Tobacco & Liquor sector climbed 0.7 per cent in July following no movement in June. The average cost of wines increased 2.3 per cent.

Household Goods, Services & Supplies

The Household Goods, Services & Supplies sector edged up 0.2 per cent in July. The average cost of wedding planning services and funeral services increased 8.1 per cent and 2.9 per cent, respectively.

Rent

After a 0.1 percent increase in June, the Rent sector reported no price movement in July.

Education, Recreation, Entertainment & Reading

The Education, Recreation, Entertainment & Reading sector rose 0.1 per cent in July as the average cost for pet food climbed 0.5 per cent.

Clothing & Footwear

The Clothing & Footwear sector increased 0.2 per cent in July. Leading the increase were the average price of girl’s dresses (+2.9 per cent) and men’s dress pants (+1.3 per cent).

Health & Personal Care

The Health & Personal Care sector reported no price movement in July.

COMPUTING PRICE INCREASES

The Department of Statistics receives 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.gov.bm.

A) Month-to-Month Price Change

The price change between November and October, 2015 is calculated as follows:

$$= \frac{\text{Nov 15 index} - \text{Oct 15 index}}{\text{Oct 15 index}} \times 100$$

$$= \frac{100.5 - 100.6}{100.6} \times 100$$

$$= -0.1\%$$

B) Year-to-Year Price Change

The price change between December 2015 and December, 2014 is calculated as follows:

$$= \frac{\text{Dec 15 index} - \text{Dec 14 index}}{\text{Dec 14 index}} \times 100$$

$$= \frac{100.5 - 98.7}{98.7} \times 100$$

$$= 1.8\%$$

C) Particular Period Price Change

The price change between April 2014 and January, 2016 is calculated as follows:

$$= \frac{\text{Jan 16 index} - \text{Apr 14 index}}{\text{Apr 14 index}} \times 100$$

$$= \frac{100.3 - 98.3}{98.3} \times 100$$

$$= 2.0\%$$

BERMUDA CONSUMER PRICE INDEX

APRIL 2015 = 100

| | All Items | Food | Rent | Clothing & Footwear | Tobacco & Liquor | Fuel & Power | Household Goods, Services & Supplies | Transport & Foreign Travel | Education, Recreation, Entertain. & Reading | Health & Personal Care |
|-----------------------------------|--------------|--------------|--------------|---------------------|------------------|--------------|--------------------------------------|----------------------------|---|------------------------|
| 2013 WEIGHT | 1000 | 115 | 267 | 25 | 31 | 39 | 116 | 130 | 147 | 130 |
| ANNUAL AVERAGE (per cent) | | | | | | | | | | |
| 2012 | +2.4 | +3.5 | +0.2 | +4.3 | +2.5 | +9.3 | +1.0 | +1.6 | +2.7 | +6.6 |
| 2013 | +1.8 | +3.0 | -0.3 | +0.1 | +4.4 | -1.9 | +0.5 | +1.4 | +2.5 | +8.3 |
| 2014 | +2.0 | +3.1 | +0.8 | +2.0 | +2.4 | -2.4 | +0.8 | +1.7 | +1.9 | +6.7 |
| 2015 | +1.5 | +2.7 | +0.6 | +1.3 | +1.2 | -8.9 | +2.1 | -1.3 | +0.9 | +7.8 |
| 2016 | +1.5 | +1.9 | +1.0 | +0.4 | +5.1 | -3.3 | +1.6 | -2.2 | +3.3 | +4.5 |
| MONTHLY (per cent) | | | | | | | | | | |
| 2015 | | | | | | | | | | |
| Jul | -0.1 | +0.1 | Nil | +0.7 | Nil | +4.0 | +2.1 | -3.6 | -0.1 | Nil |
| Aug | -0.2 | +0.3 | +0.1 | Nil | +0.1 | Nil | Nil | -1.6 | -0.2 | +0.1 |
| Sep | +0.3 | -0.1 | Nil | Nil | +0.2 | Nil | +0.3 | +0.9 | +0.9 | -0.1 |
| Oct | -0.1 | +0.2 | +0.1 | Nil | Nil | -1.3 | Nil | -1.2 | +0.2 | +0.5 |
| Nov | -0.1 | -0.5 | Nil | Nil | Nil | -1.3 | Nil | +0.1 | Nil | Nil |
| Dec | Nil | -0.2 | +0.1 | Nil | +0.3 | -2.0 | Nil | +0.4 | +0.1 | Nil |
| 2016 | | | | | | | | | | |
| Jan | -0.2 | +1.2 | -0.1 | +0.1 | +0.4 | -3.7 | +0.1 | -1.6 | Nil | Nil |
| Feb | -0.1 | +0.6 | +0.1 | Nil | +1.1 | Nil | Nil | -1.4 | -0.3 | +0.1 |
| Mar | -0.1 | -0.1 | Nil | Nil | Nil | -0.8 | +0.1 | -0.7 | +0.2 | Nil |
| Apr | +0.9 | +0.3 | Nil | -0.5 | +2.0 | -2.6 | Nil | +0.8 | +2.7 | +3.2 |
| May | -0.1 | -0.3 | +0.1 | Nil | +1.5 | -5.0 | Nil | -0.3 | +0.5 | Nil |
| Jun | +0.5 | +0.2 | Nil | Nil | +0.8 | +10.4 | Nil | +1.0 | Nil | -0.1 |
| Jul | +0.8 | +0.3 | +1.0 | +0.1 | Nil | +4.3 | +0.1 | +2.5 | -0.2 | Nil |
| Aug | -0.5 | +0.1 | +0.1 | Nil | Nil | Nil | Nil | -4.3 | Nil | Nil |
| Sep | +1.0 | +0.1 | Nil | Nil | +0.1 | +6.0 | +0.1 | +4.5 | +1.1 | Nil |
| Oct | Nil | +0.1 | Nil | +0.3 | Nil | -0.9 | +0.1 | Nil | +0.1 | +0.1 |
| Nov | -0.5 | -0.1 | Nil | +0.1 | Nil | -2.3 | Nil | -2.8 | -0.2 | Nil |
| Dec | -0.1 | -1.3 | +0.1 | Nil | -0.4 | -3.1 | Nil | +1.3 | +0.1 | Nil |
| 2017 | | | | | | | | | | |
| Jan | +0.1 | +2.0 | Nil | +1.2 | +0.8 | -2.3 | Nil | -1.2 | Nil | Nil |
| Feb | -0.1 | Nil | -0.8 | Nil | -0.1 | Nil | Nil | +0.8 | -0.1 | Nil |
| Mar | +0.4 | +0.4 | +0.1 | Nil | +0.1 | +3.9 | Nil | +1.9 | Nil | Nil |
| Apr | +0.3 | -1.1 | Nil | Nil | +2.8 | +0.5 | +0.1 | +1.9 | +0.2 | +0.2 |
| May | +0.4 | +1.7 | Nil | Nil | +4.7 | +1.8 | -0.1 | Nil | +0.1 | Nil |
| Jun | Nil | +0.6 | +0.1 | Nil | Nil | +3.3 | +0.2 | -1.2 | -0.1 | Nil |
| Jul | +0.6 | +0.2 | Nil | +0.2 | +0.7 | +3.0 | +0.2 | +2.4 | +0.1 | Nil |
| Jul '17 | 103.9 | 105.2 | 101.1 | 102.2 | 116.0 | 108.1 | 103.3 | 102.9 | 105.4 | 104.0 |
| <u>Jul '17</u> Jul '16 | +1.7 | +2.6 | -0.4 | +1.8 | +8.9 | +9.7 | +0.6 | +3.0 | +1.2 | +0.3 |

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 & Foreign Travel
- Household Goods, Services & Supplies
- Education, Recreation, Entertainment & 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 2015.

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 97.2 for January 2014 with 100.4 for January 2016, reveals that prices have increased by 3.3 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 2015.

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 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

| | 2013 | 2014 | 2015 | 2016 | Jul 17 |
|-----------------------------------|------|------|------|------|--------|
| Bermuda | 1.8 | 2.0 | 1.5 | 1.5 | +1.7 |
| United States¹ | 1.5 | 0.8 | 0.7 | 2.1 | +1.7 |
| Canada² | 0.9 | 2.0 | 1.1 | 1.4 | +1.2 |
| United Kingdom³ | 3.0 | 2.4 | 1.0r | 1.8 | +3.6 |

Sources:

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

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