



NEGATIVE ANNUAL INFLATION RETURNS

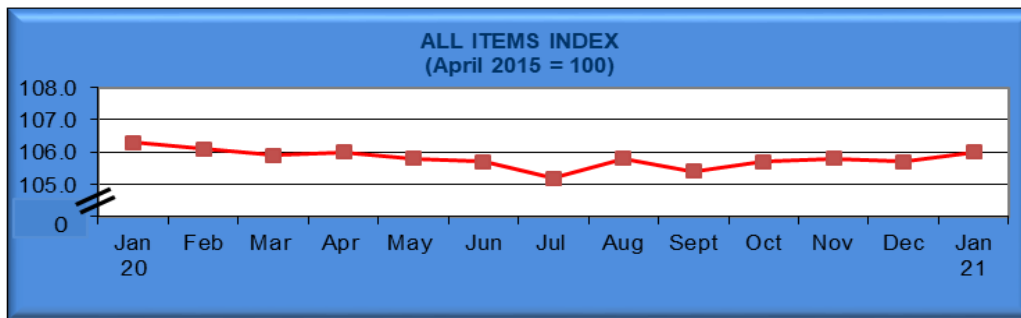
Following a 0.3 per cent increase in annual inflation for December 2020, consumers paid -0.3 per cent less than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI).

Between December 2020 and January 2021 the average cost of goods and services in the CPI increased 0.3 per cent. The all-items index rose from 105.7 to 106.0 in January. This means that the basket of goods and services that cost \$100.00 in April 2015 now costs \$106.00.

YEAR-TO-YEAR ANALYSIS

The Transport & Foreign Travel sector was the largest contributor to the twelve-month decline in the CPI (-5.3 per cent). Year-over-year, residents paid less for overseas hotel accommodations (-20.4 per cent) and airfare (-13.7 per cent).

The Fuel & Power and Rent sectors also impacted strongly on the annual rate of inflation, sliding 2.4 per cent and 2.1 per cent, respectively.



Annual Inflation Rate -0.3%

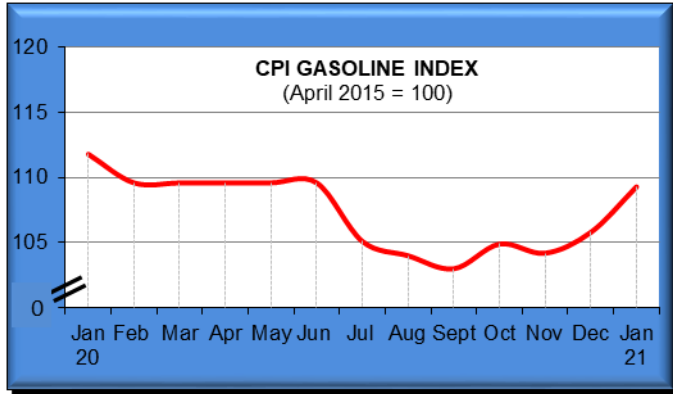
The compilation of the CPI involves the processing of several thousand price quotations. The Department of Statistics wishes to acknowledge the cooperation of the business community in supplying the required price data.

SUMMARY STATISTICS					
Period	Monthly		Period	Quarterly	
	Index	Annual per cent Change		Index	Annual per cent Change
2020			2018		
Jan	106.3	+1.0	Q1	104.1	+1.8
Feb	106.1	+0.9	Q2	105.0	+1.8
Mar	105.9	+0.3	Q3	105.2	+1.2
Apr	106.0	+0.0	Q4	105.0	+0.9
May	105.8	+0.4	2019		
June	105.7	+0.0	Q1	105.3	+1.2
Jul	105.2	-1.4	Q2	105.7	+0.7
Aug	105.8	-0.7	Q3	106.4	+1.1
Sept	105.4	-0.7	Q4	105.7	+0.7
Oct	105.7	-0.2	2020		
Nov	105.8	-0.1	Q1	106.1	+0.8
Dec	105.7	+0.3	Q2	105.8	+0.1
2021			Q3	105.5	-0.8
Jan	106.0	-0.3	Q4	105.7	+0.0

MONTH-TO-MONTH ANALYSIS

Transport & Foreign Travel

The Transport & Foreign Travel sector advanced 1.5 per cent in January. Factoring into the increase was a 3.6 per cent rise in the average cost of overseas car rentals and a 3.4 per cent jump in the average price of premium fuels.



Rent

The Rent sector edged up 0.5 per cent for the month. The increase was fuelled by a 0.1 per cent rise in rent-controlled properties and rental units not subject to rent control climbing 0.9 per cent.

Fuel & Power

Due to a 3.2 per cent increase in the fuel adjustment clause in January, the Fuel & Power sector rose 1.0 per cent.

Tobacco & Liquor

The Tobacco & Liquor sector climbed 0.3 per cent. Increases were reported in the average price of beer (+0.7 per cent) and wines (+0.3 per cent).

Clothing & Footwear

The Clothing & Footwear sector rose 0.5 per cent. On average, the price of men’s dress shirts and jackets, suits & blazers rose 6.4 per cent and 3.3 per cent, respectively

Health & Personal Care

The Health & Personal Care sector was static for the month.

Household Goods, Services & Supplies

The Household Goods, Services & Supplies sector was unchanged in January. The average cost of cleaning materials (-1.3 per cent) was offset by the average cost of food wraps & trash bags (+0.8 per cent).

Food

On average, prices within the Food sector fell 0.1 per cent for the month. Consumers paid less for local and imported potatoes (-7.4 per cent), fresh and frozen leg of lamb (-6.4 per cent) and fresh and frozen pork loins (-3.5 per cent).

Education, Recreation, Entertainment & Reading

The Education, Recreation, Entertainment & Reading sector declined 0.1 per cent, as the average cost of pet food fell 5.2 per cent.

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: <https://www.gov.bm/departments/statistics>.

A) Month-to-Month Price Change

The price change between January and February 2020 is calculated as follows:

$$= \frac{\text{Jan 20 index} - \text{Feb 20 index}}{\text{Feb 20 index}} \times 100$$

$$= \frac{106.3 - 106.1}{106.1} \times 100$$

$$= -0.2\%$$

B) Year-to-Year Price Change

The price change between March 2020 and March 2019 is calculated as follows:

$$= \frac{\text{Mar 20 index} - \text{Mar 19 index}}{\text{Mar 19 index}} \times 100$$

$$= \frac{105.9 - 105.6}{105.6} \times 100$$

$$= 0.3\%$$

C) Particular Period Price Change

The price change between February 2020 and March 2018 is calculated as follows:

$$= \frac{\text{Feb 20 index} - \text{Mar 18 index}}{\text{Mar 18 index}} \times 100$$

$$= \frac{106.1 - 104.3}{104.3} \times 100$$

$$= 1.7\%$$

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, & Reading	Health & Personal Care
2013 WEIGHT	1000	115	267	25	31	39	116	130	147	130
ANNUAL AVERAGE (per cent)										
2016	+1.5	+1.9	+1.0	+0.4	+5.1	-3.3	+1.6	-2.2	+3.3	+4.5
2017	+1.9	+2.2	+0.1	+1.5	+7.8	+7.8	+0.5	+3.6	+2.0	+1.3
2018	+1.4	+2.1	+0.2	+1.5	+4.3	+5.8	-0.2	+0.3	+2.1	+3.1
2019	+1.0	+2.7	+0.9	+1.9	+3.8	+1.1	Nil	-3.0	+0.4	+3.4
2020	+0.0	+4.5	-1.8	+0.9	+2.3	-1.8	+0.3	-4.6	+1.1	+2.8
MONTHLY (per cent)										
2019										
Jan	+0.2	+1.0	+0.5	+0.4	+0.3	Nil	+0.1	-0.7	+0.1	Nil
Feb	Nil	-0.2	+0.5	Nil	+0.2	Nil	+0.1	-0.9	Nil	Nil
Mar	+0.4	-0.1	+0.9	Nil	+0.4	Nil	Nil	+2.1	-0.4	-0.1
Apr	+0.4	-0.2	-0.1	Nil	+1.0	Nil	Nil	+0.4	+0.1	+2.3
May	-0.6	+0.3	-2.0	Nil	+0.8	+1.0	-0.2	-1.6	+0.1	Nil
Jun	+0.3	+1.0	-0.4	Nil	+1.1	+0.8	Nil	+0.7	-0.2	+1.4
Jul	+0.9	+0.4	+2.1	+0.2	-0.6	Nil	Nil	+2.7	+0.2	+0.1
Aug	-0.2	-0.1	+0.2	Nil	+0.2	Nil	+0.1	-1.7	-0.3	Nil
Sept	-0.4	+0.2	-0.2	Nil	+1.1	Nil	Nil	-3.0	+0.4	Nil
Oct	-0.2	-0.1	-0.9	+0.5	-0.3	-4.2	+0.1	+0.8	+0.1	+0.4
Nov	Nil	+0.5	-0.2	Nil	-0.7	-2.7	Nil	+0.9	Nil	Nil
Dec	-0.5	-0.1	Nil	Nil	+0.2	-1.5	-0.4	-2.8	Nil	Nil
2020										
Jan	+0.9	+0.8	+0.9	Nil	-0.4	Nil	+0.3	+2.2	+0.1	Nil
Feb	-0.2	Nil	-0.5	Nil	+0.8	Nil	+0.1	-0.7	Nil	Nil
Mar	-0.2	-0.3	-0.4	Nil	+0.6	Nil	Nil	-0.6	-0.1	Nil
Apr	+0.1	+0.8	-0.3	+0.5	+0.8	Nil	+0.1	-1.7	+0.1	+1.2
May	-0.2	+0.7	-0.9	Nil	-0.5	Nil	Nil	+0.1	Nil	Nil
Jun	-0.1	+0.2	-0.5	Nil	+0.1	Nil	Nil	-0.4	+0.1	Nil
Jul	-0.5	+0.1	-0.4	Nil	-0.2	-3.4	+0.1	-1.9	Nil	Nil
Aug	+0.6	+0.5	+0.3	Nil	+0.3	Nil	+0.1	+0.2	+1.7	+0.8
Sept	-0.4	+0.3	-1.3	Nil	+0.9	Nil	+0.1	-1.3	+0.1	Nil
Oct	+0.3	+0.1	+1.2	+0.2	-0.6	Nil	+0.3	+0.1	+0.1	Nil
Nov	+0.1	-0.2	-0.2	Nil	+0.1	Nil	+0.2	+1.5	-0.2	Nil
Dec	-0.1	-0.3	+0.5	Nil	-0.6	Nil	+0.7	-2.2	-0.1	Nil
2021										
Jan	+0.3	-0.1	+0.5	+0.5	+0.3	+1.0	Nil	+1.5	-0.1	Nil
Jan '21	106.0	113.4	100.6	107.4	125.8	107.9	104.5	92.5	110.4	115.3
Jan '21	-0.3	+1.7	-2.1	+1.2	+2.1	-2.4	+1.5	-5.3	+1.5	+2.1
Jan '20										

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

	2017	2018	2019	2020	Jan 21
Bermuda	+1.9	+1.4	+1.0	+0.0	-0.3
United States¹	+2.1	+2.4	+1.8	+1.2	+1.4
Canada²	+1.6	+2.3	+1.9	+0.7	+1.0
United Kingdom³	+3.6	+3.3	+2.6	+1.5	+1.4

Sources:

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

March 2021

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

Website: <https://www.gov.bm/department/statistics>

