



Annual Inflation Rate +4.2%

INFLATION DOWN SLIGHTLY

Consumers paid 4.2 per cent more in February than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). This level of inflation was down 0.3 percentage points from the January 2023 annual inflation rate of 4.5 per cent.

Between January 2023 and February 2023, the average cost of goods and services in the CPI increased 0.1 per cent. The all-items index rose from 113.7 to 113.8. This means that the basket of goods and services that cost \$100.00 in April 2015 now costs \$113.80.

YEAR-TO-YEAR ANALYSIS

Food

The Food sector was the largest contributor to the twelve-month increase in the CPI (+9.2 per cent). Factoring primarily into the annual increase was the average cost of eggs (+67.7 per cent), lettuce (+55.3 per cent) and dry breakfast cereals (+17.7 per cent). The largest year-to-year average price decrease was reported for red grapes (-9.8 per cent) and spare ribs (-7.8 per cent).

Transport & Foreign Travel

In the twelve months to February 2023, the Transport & Foreign Travel sector increased 7.4 per cent. On average, annual increases were reported in the price of

overseas accommodations (+39.7 per cent), airfares (+21.7 per cent) and new cars (+1.5 per cent). In contrast, the annual average cost of premium and mixed fuels fell 2.9 per cent and 2.7 per cent, respectively.

Education, Recreation, Entertainment & Reading

Year-over-year, the Education, Recreation, Entertainment & Reading sector rose by 4.0 per cent. The average cost of pleasure boats (+14.3 per cent) and televisions (+11.8 per cent) increased.

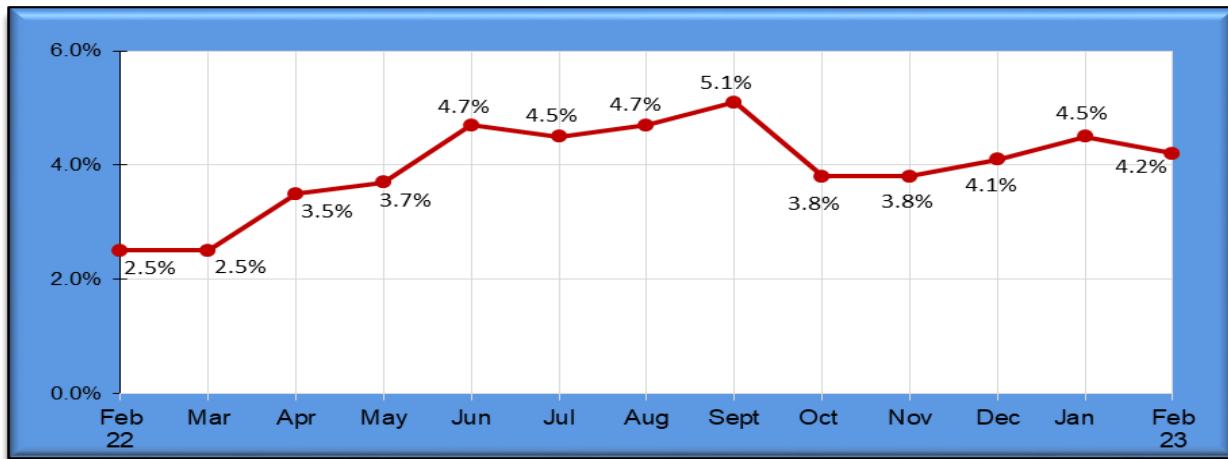
Household Goods, Services & Supplies

The annual increase in the Household Goods, Services & Supplies sector was 4.2 per cent. On average, the cost of minor electrical appliances such as irons and toasters rose 7.8 per cent. In addition, power tool prices increased 7.4 per cent.

Health & Personal Care

The annual increase in the Health & Personal Care sector was 3.2 per cent. The average cost of toiletries, cosmetics and perfumes climbed 5.0 per cent, while self-prescribed medicines and household medical supplies increased 4.2 per cent.

YEAR-TO-YEAR INFLATION RATES
(April 2015 = 100)



MONTH-TO-MONTH ANALYSIS

Education, Recreation, Entertainment & Reading

The Education, Recreation, Entertainment & Reading sector was up 0.5 per cent. The rise in this sector was fueled by increases in the average cost of pleasure boats (+6.6 per cent) and pet care (+0.8 per cent).

Rent

The Rent sector edged up 0.6 per cent. Increases were reported in the average cost of properties not subject to rent control (+1.1 per cent), properties subject to rent control (+0.1 per cent) and household repair and maintenance costs (+0.1 per cent).

Household Goods, Services & Supplies

Despite the increase in the average cost of minor electrical appliances such as irons and toasters (+3.5 per cent), the Household Goods, Services & Supplies sector was unchanged for the month.

Clothing & Footwear

Following the 0.4 per cent increase in January, the Clothing & Footwear sector was unchanged in February.

Fuel & Power

The Fuel & Power was static for the month.

Tobacco & Liquor

The Tobacco & Liquor sector slid 0.1 per cent. The average price of wines (-0.5 per cent) was offset by the average price of beer (+0.5 per cent).

Health & Personal Care

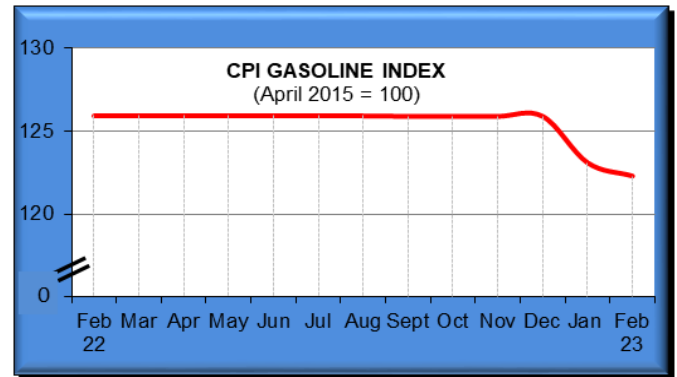
The Health & Personal Care sector dipped 0.1 per cent. The average cost of self-prescribed medicines and household medical supplies fell 2.3 per cent.

Food

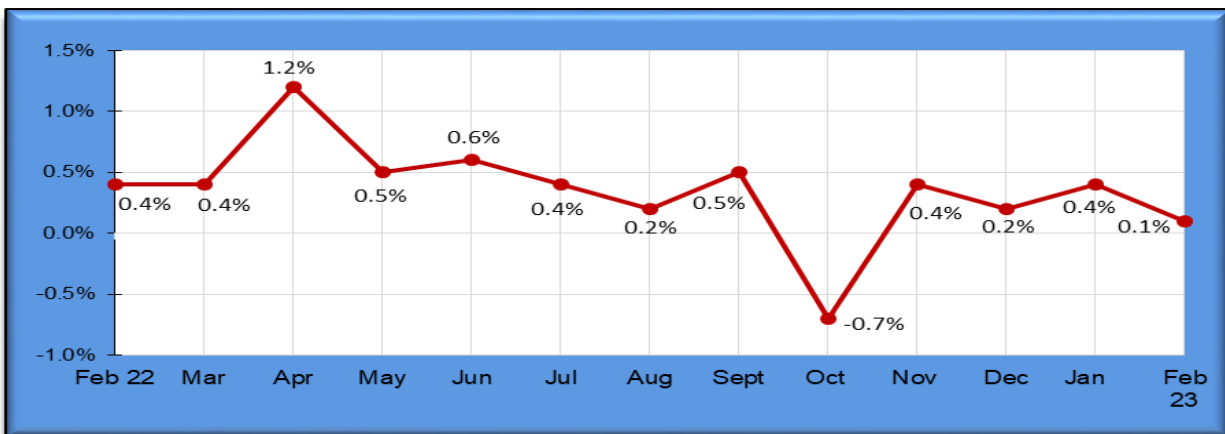
On average, prices within the Food sector contracted 0.2 per cent for the month. Price decreases were reported for lettuce (-17.7 per cent), red grapes (-13.0 per cent), onions (-4.5 per cent), potato chips (-4.0 per cent), tomatoes and broccoli (-3.4 per cent) and bread (-3.3 per cent).

Transport & Foreign Travel

The Transport & Foreign Travel sector was down 0.3 per cent. The decrease was attributed to lower average cost of overseas hotel accommodations (-6.8 per cent), overseas car rentals (-6.5 per cent) and new cars (-0.1 per cent). In contrast, the average cost of air fares rose 3.6 per cent.



MONTH-TO-MONTH INFLATION RATES (April 2015 = 100)



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, Entertainment & Reading | Health & Personal Care |
|--------------------|-----------|------|------|---------------------|------------------|--------------|--------------------------------------|----------------------------|--|------------------------|
| 2013 WEIGHT | 1,000 | 115 | 267 | 25 | 31 | 39 | 116 | 130 | 147 | 130 |

ANNUAL AVERAGE INFLATION RATE (per cent)

| | | | | | | | | | | |
|-------------|------|------|------|------|------|-------|------|------|------|------|
| 2018 | +1.4 | +2.1 | +0.2 | +1.6 | +4.2 | +5.9 | -0.2 | +0.2 | +2.1 | +3.1 |
| 2019 | +1.0 | +2.7 | +0.9 | +1.9 | +3.8 | +1.0 | Nil | -3.0 | +0.4 | +3.4 |
| 2020 | Nil | +3.0 | -1.8 | +0.9 | +2.4 | -1.8 | +0.3 | -4.5 | +1.1 | +2.9 |
| 2021 | +1.5 | +1.9 | -0.3 | +0.9 | -0.6 | -5.0 | +1.7 | +6.4 | +2.0 | +2.3 |
| 2022 | +4.0 | +7.9 | +0.3 | +2.2 | +0.5 | +10.5 | +2.9 | +7.6 | +4.4 | +4.0 |

MONTHLY INFLATION RATE (per cent)

2021

| | | | | | | | | | | |
|------|------|------|------|------|------|------|------|------|------|------|
| Jul | +0.5 | +0.1 | +0.2 | +1.1 | +0.1 | +2.8 | Nil | +1.5 | +0.1 | Nil |
| Aug | Nil | +0.5 | +0.6 | Nil | +0.3 | Nil | +0.1 | -1.8 | +0.1 | Nil |
| Sept | +0.2 | +0.3 | -0.4 | Nil | +0.2 | Nil | Nil | +0.2 | +1.2 | Nil |
| Oct | +0.6 | +0.2 | -0.4 | +0.3 | Nil | +6.9 | +0.5 | +3.1 | +0.1 | -0.2 |
| Nov | +0.5 | +1.7 | +0.1 | Nil | +2.3 | Nil | Nil | -1.1 | +0.4 | +1.5 |
| Dec | -0.2 | Nil | Nil | Nil | -0.3 | +0.2 | +0.1 | -1.4 | Nil | -0.1 |

2022

| | | | | | | | | | | |
|------|------|------|------|------|------|------|------|------|------|------|
| Jan | Nil | +0.8 | +0.1 | -0.1 | -0.1 | -2.0 | +0.2 | -0.8 | +0.1 | +0.1 |
| Feb | +0.4 | +0.6 | Nil | Nil | +0.1 | Nil | +0.1 | +2.2 | +0.4 | Nil |
| Mar | +0.4 | +0.2 | +0.1 | Nil | -0.2 | Nil | Nil | +0.7 | +1.7 | -0.1 |
| Apr | +1.2 | +0.4 | +0.2 | +0.2 | -1.0 | +9.2 | +2.0 | +1.7 | Nil | +2.2 |
| May | +0.5 | +0.8 | Nil | Nil | -0.1 | +0.2 | Nil | +3.2 | +0.3 | Nil |
| Jun | +0.6 | +2.0 | +0.1 | Nil | -0.2 | Nil | +0.1 | +1.5 | +0.2 | +1.0 |
| Jul | +0.4 | +1.1 | +0.1 | +2.1 | -0.1 | +1.5 | +0.1 | +0.5 | Nil | +0.1 |
| Aug | +0.2 | +1.0 | Nil | Nil | +0.6 | Nil | +0.5 | -0.9 | +0.4 | Nil |
| Sept | +0.5 | +1.3 | +0.3 | Nil | -0.1 | Nil | +0.2 | +0.9 | +0.9 | Nil |
| Oct | -0.7 | -0.1 | Nil | +1.6 | +0.2 | -4.1 | +0.5 | -4.6 | +0.1 | Nil |
| Nov | +0.4 | +1.8 | +0.1 | Nil | -0.2 | Nil | +0.1 | +0.7 | Nil | +0.1 |
| Dec | +0.2 | -0.1 | +0.1 | Nil | Nil | Nil | +0.5 | +1.3 | Nil | -0.1 |

2023

| | | | | | | | | | | |
|-----|------|------|------|------|------|------|------|------|------|------|
| Jan | +0.4 | +0.6 | Nil | +0.4 | +1.3 | -3.9 | +0.3 | +2.7 | -0.1 | +0.1 |
| Feb | +0.1 | -0.2 | +0.6 | Nil | -0.1 | Nil | Nil | -0.3 | +0.5 | -0.1 |

ANNUAL INFLATION RATE (per cent)

| | | | | | | | | | | |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Feb '23 | +4.2 | +9.2 | +1.6 | +4.4 | +0.2 | +2.4 | +4.2 | +7.4 | +4.0 | +3.2 |
| Feb '22 | | | | | | | | | | |

MONTHLY INDEX

| | | | | | | | | | | |
|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Feb '22 | 109.2* | 119.4 | 100.0 | 108.2 | 126.4 | 106.8* | 106.1 | 103.4 | 114.1 | 119.1 |
| Jan '22 | 113.7 | 130.7 | 101.0 | 113.0 | 126.7 | 109.4 | 110.6 | 111.4 | 118.1 | 123.0 |
| Feb '23 | 113.8 | 130.4 | 101.6 | 113.0 | 126.6 | 109.4 | 110.6 | 111.1 | 118.7 | 122.9 |

* This is not a revision to the official series but rather an indicative calculation of what it would look like if revisions were made.

| SUMMARY STATISTICS | | | | | |
|---------------------------|----------------|-------------------------------|---------------|------------------|-------------------------------|
| Period | Monthly | | Period | Quarterly | |
| | Index | Annual Per Cent Change | | Index | Annual Per Cent Change |
| 2022 | | | 2020 | | |
| Feb | 109.0 | +2.5 | Q1 | 106.1 | +0.8 |
| Mar | 109.4 | +2.5 | Q2 | 105.8 | +0.1 |
| Apr | 110.7 | +3.5 | Q3 | 105.5 | -0.8 |
| May | 111.3 | +3.7 | Q4 | 105.7 | Nil |
| June | 112.0 | +4.7 | | | |
| July | 112.6 | +4.5 | 2021 | | |
| Aug | 112.8 | +4.7 | Q1 | 106.3 | +0.2 |
| Sept | 113.4 | +5.1 | Q2 | 107.1 | +1.2 |
| Oct | 112.6 | +3.8 | Q3 | 107.6 | +2.0 |
| Nov | 113.1 | +3.8 | Q4 | 108.6 | +2.7 |
| Dec | 113.3 | +4.1 | | | |
| 2023 | | | 2022 | | |
| Jan | 113.7 | +4.5 | Q1 | 109.0 | +2.5 |
| Feb | 113.8 | +4.2 | Q2 | 111.3 | +3.9 |
| | | | Q3 | 112.9 | +4.9 |
| | | | Q4 | 113.0 | +4.1 |

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/bermuda-business-statistics>.

A) Month-to-Month Price Change

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

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

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

$$= -0.2\%$$

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:

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

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

$$= 1.7\%$$

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, is 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 period 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. An index number alone 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

| | 2019 | 2020 | 2021 | 2022 | Feb 23 |
|-----------------------------------|------|------|------|-------|--------|
| Bermuda | +1.0 | Nil | +1.5 | +4.0 | +4.2 |
| United States¹ | +1.8 | +1.2 | +4.7 | +8.0 | +6.0 |
| Canada² | +1.9 | +0.7 | +3.4 | +6.8 | +5.2 |
| United Kingdom³ | +2.6 | +1.5 | +4.1 | +11.6 | +13.8 |

Sources:

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

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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>

