GOVERNMENT OF BERMUDA
The Cabinet Office
**Department of Statistics**

# CONSUMER PRICE INDEX

**MARCH 2012**

## INFLATION RISES

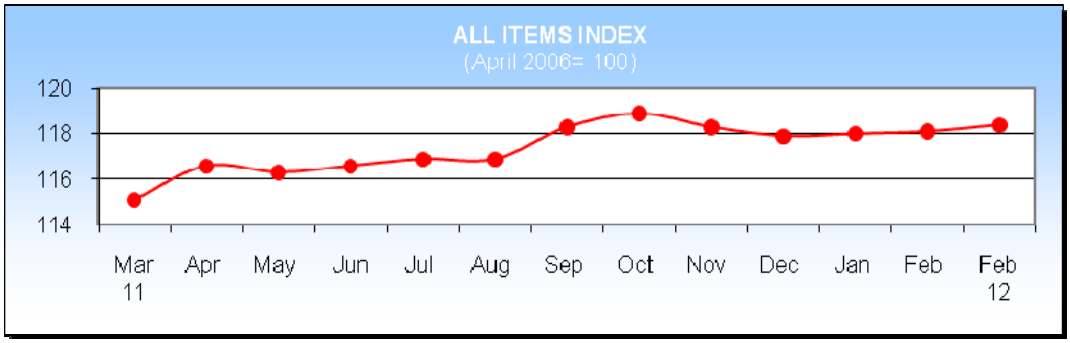
Consumers paid 2.8 per cent more in March 2012 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). This level of inflation increased from the 2.4 per cent measured in February 2012.

Between February 2012 and March 2012, the average cost of goods and services in the Consumer Price Index rose 0.2 per cent. The all-items index increased from 118.1 to 118.4 index points in March. This means that the basket of goods and services that cost $100.00 in April 2006 now cost $118.40.

## 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. This sector contains items such as the cost of doctor's visits, health insurance, prescribed & self-prescribed drugs and toiletries. The annual increase for this sector was 6.9 per cent.

The Food and Fuel & Power sectors also impacted strongly on the annual rate of inflation, advancing by 3.8 per cent and 13.4 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 Index | Monthly Annual per cent Change | Period | Quarterly Index | Quarterly Annual per cent Change |
|---|---|---|---|---|---|
| **2011** | | | **2010** | | |
| Mar | 115.2 | +2.5 | Q1 | 112.1 | +1.6 |
| Apr | 116.6 | +2.4 | Q2 | 113.6 | +2.8 |
| May | 116.3 | +2.5 | Q3 | 114.4 | +2.6 |
| Jun | 116.6 | +2.8 | Q4 | 114.9 | +2.7 |
| Jul | 116.9 | +2.8 | | | |
| Aug | 116.9 | +2.5 | **2011** | | |
| Sep | 118.3 | +2.6 | Q1 | 115.0 | +2.6 |
| Oct | 118.9 | +2.9 | Q2 | 116.5 | +2.6 |
| Nov | 118.2 | +3.1 | Q3 | 117.4 | +2.6 |
| Dec | 117.9 | +2.9 | Q4 | 118.3 | +3.0 |
| | | | | | |
| **2012** | | | **2012** | | |
| Jan | 118.0 | +3.0 | Q1 | 118.2 | +2.8 |
| Feb | 118.1 | +2.4 | | | |
| Mar | 118.4 | +2.8 | | | |

## MONTH-TO-MONTH ANALYSIS

### Food

Food prices increased 0.9 per cent in March. Leading contributors to the increase were peanut butter (3.8 per cent), roasting chicken (3.8 per cent), and pork loins (1.9 per cent).

### Transport & Vehicles

The Transport & Vehicles sector rose 0.4 per cent in March. The main contributor to the increase was higher fuel prices (4.7 per cent). In contrast, the capital costs of cycles and airfare rates fell 3.6 per cent and 2.9 per cent, respectively.

### Rent

The Rent sector edged up 0.1 per cent. The increase was attributed to the 0.2 per cent rise in rent-controlled properties. Rental units not subject to rent control remained unchanged for the month.

### Household Goods, Services & Communications

The Household Goods, Services & Communications sector increased 0.1 per cent. Household furnishings & textiles increased by 0.8 per cent.

### Health & Personal Care

The Health & Personal Care sector advanced 0.1 per cent in March. On average, the cost of self-prescribed medicine & household medical supplies climbed by 1.2 per cent.

### Tobacco & Liquor

The Tobacco & Liquor sector increased 0.2 per cent for the month in response to a 0.5 per cent and 0.4 per cent rise in the average price of wines and spirits, respectively.

### Clothing & Footwear

The Clothing & Footwear sector was unchanged in March.

### Fuel & Power

The Fuel & Power sector recorded no price movement for the month.

### Education, Recreation & Reading

The Education, Recreation & Reading sector fell by 0.1 per cent for the month. This was caused by a 2.3 per cent decrease in the price of sports equipment and pet costs.

## 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, 2009 is calculated as follows:

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

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

$$= -0.3\%$$

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

The price change between December, 2008 and December, 2009 is calculated as follows:

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

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

$$= 1.0\%$$

# 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 |
|---|---|---|---|---|---|---|---|---|---|---|
| **2004 WEIGHT** | 1000 | 146 | 325 | 37 | 20 | 30 | 140 | 139 | 71 | 92 |
| **ANNUAL AVERAGE ( per cent)** | | | | | | | | | | |
| **2006** | +3.1 | +2.0 | +3.9 | +3.3 | +2.1 | +9.5 | +1.4 | +1.2 | +3.8 | +5.7 |
| **2007** | +3.8 | +3.5 | +2.6 | +0.2 | +1.9 | +5.5 | +2.2 | +6.6 | +4.8 | +6.8 |
| **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 |
| **MONTHLY ( per cent)** | | | | | | | | | | |
| **2010** | | | | | | | | | | |
| 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 |
| **2011** | | | | | | | | | | |
| 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 |
| 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 |
| **Mar '12** | **118.4** | **125.3** | **110.8** | **120.6** | **126.4** | **156.2** | **110.9** | **105.7** | **125.4** | **142.9** |
| $\frac{\text{Mar'12}}{\text{Mar'11}}$ | **+2.8** | **+3.8** | **+0.2** | **+9.3** | **+1.9** | **+13.4** | **+2.1** | **+0.9** | **+2.2** | **+6.9** |

# DEPARTMENT OF STATISTICS

## 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

| | 2008 | 2009 | 2010 | 2011 | Mar 12 |
|---|---|---|---|---|---|
| **Bermuda** | 4.8 | 1.8 | 2.4 | 2.7 | +2.8 |
| **United States**[1] | 3.8 | 2.7 | 1.5 | 3.0 | +2.7 |
| **Canada**[2] | 2.3 | 0.3 | 1.8 | 1.8 | +1.9 |
| **United Kingdom**[3] | 3.6 | -0.5 | 4.6 | 5.2 | +3.6 |

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

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