



## RATE OF INFLATION

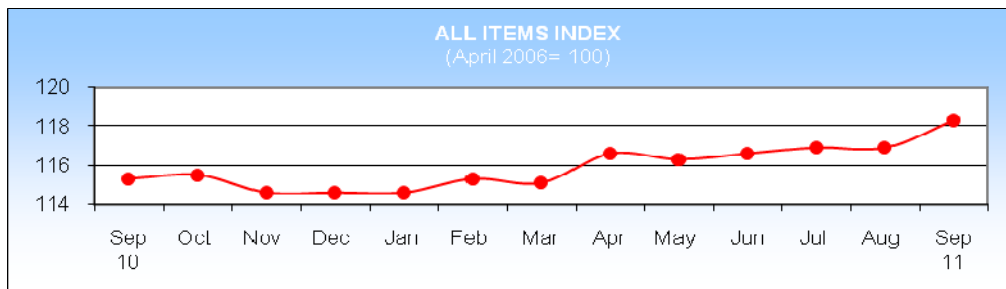
Consumers paid 2.6 per cent more in September 2011 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). This was slightly higher than the 2.5 per cent recorded in August 2011.

Between August and September 2011, the average cost of goods and services in the Consumer Price Index jumped 1.2 per cent. The all-items index increased from 116.9 to 118.3 index points in September. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$118.30.

## YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector was the largest contributor to the twelve-month increase in the Consumer Price Index. The average cost of prescribed and over-the-counter medicines increased. As a result, there was a 7.4 per cent increase in average prices, year over year, in the sector.

The Fuel & Power and Food sectors also impacted strongly on the annual rate of inflation, as price shifts in these sectors were 17.0 per cent and 2.9 per cent, respectively.



**Inflation  
Rate  
2.6%**

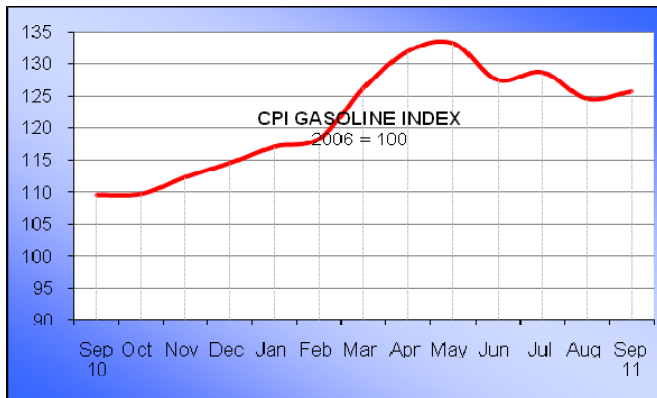
The compilation of the CPI involves the processing of several thousand price quotations. The Department of Statistics wishes to acknowledge the cooperation of the business community in supplying the required price data.

SUMMARY STATISTICS					
Period	Monthly		Period	Quarterly	
	Index	Annual per cent Change		Index	Annual per cent Change
<b>2010</b>			<b>2009</b>		
Sep	115.3	+3.4	Q2	110.5	+1.5
Oct	115.5	+3.0	Q3	111.5	+1.0
Nov	114.6	+2.3	Q4	111.9	+0.8
Dec	114.6	+2.7			
<b>2011</b>			<b>2010</b>		
Jan	114.6	+2.2	Q1	112.1	+1.6
Feb	115.3	+3.2	Q2	113.6	+2.8
Mar	115.2	+2.5	Q3	114.4	+2.6
Apr	116.6	+2.4	Q4	114.9	+2.7
May	116.3	+2.5			
Jun	116.6	+2.8	<b>2011</b>		
Jul	116.9	+2.8	Q1	115.0	+2.6
Aug	116.9	+2.5	Q2	116.5	+2.6
Sep	118.3	+2.6	Q3	117.4	+2.6

## MONTH-TO-MONTH ANALYSIS

### Transport & Vehicles

Rising airfares among major carriers and higher hotel rates in gateway cities led to foreign travel costs surging 26.8 per cent. In addition, gasoline prices increased by two cents in September representing a 1.2 per cent increase for both the premium and mixed blends. As a result, the Transport & Vehicles sector rose sharply by 8.0 per cent.



### Education, Recreation & Reading

The Education, Recreation & Reading sector rose 2.0 per cent due to the seasonal rise in educational costs. Average fees for local private school tuition rose 3.5 per cent, while overseas college tuition in the U.S. and Canada increased 4.3 per cent.

### Fuel & Power

The Fuel & Power sector increased 3.7 per cent in September due to a 7.8 per cent increase in the fuel adjustment rate. As a result, householders paid 3.8 per cent more for electricity costs in September.

### Household Goods, Services & Communications

The Household Goods, Services & Communications sector edged up 0.4 per cent for the month. The average cost of child daycare services for children increased 3.8 per cent. In contrast, the price of furniture, furnishings & textiles declined 0.5 per cent.

### Health & Personal Care

The Health & Personal Care sector climbed 0.1 per cent in September in response to higher costs of medical supplies. The average price of self-prescribed drugs and prescribed drugs increased 1.0 per cent and 0.1 per cent, respectively.

### Tobacco & Liquor

The average cost of beer increased by 0.2 per cent leading to a 0.1 per cent rise in the Tobacco & Liquor sector.

### Food

The food sector increased by 0.1 per cent between August and September.

### Clothing & Footwear

The Clothing & Footwear sector was static for the month.

### Rent

The rent sector dipped 0.4 per cent in September. Rent prices for properties not under rent control declined by 0.8 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](http://www.statistics.gov.bm).

### a) Month-to-Month Price Change

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

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

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

$$= -0.3\%$$

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

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

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

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

$$= 1.0\%$$

# BERMUDA CONSUMER PRICE INDEX

**APRIL 2006 = 100**

	All Items	Food	Rent	Clothing & Footwear	Tobacco & Liquor	Fuel & Power	Household Goods, Services & Communications	Transport & Vehicles	Education, Recreation & Reading	Health & Personal Care
<b>2004 WEIGHT</b>	1000	146	325	37	20	30	140	139	71	92
<b>ANNUAL AVERAGE ( per cent)</b>										
<b>2005</b>	+3.1	+3.0	+2.8	+2.1	+2.6	+5.6	+1.4	+5.1	+5.1	+2.4
<b>2006</b>	+3.1	+2.0	+3.9	+3.3	+2.1	+9.5	+1.4	+1.2	+3.8	+5.7
<b>2007</b>	+3.8	+3.5	+2.6	+0.2	+1.9	+5.5	+2.2	+6.6	+4.8	+6.8
<b>2008</b>	+4.8	+5.6	+2.4	+2.7	+9.3	+31.8	+2.6	+3.9	+5.1	+6.6
<b>2009</b>	+1.8	+5.4	+1.9	+3.0	+5.9	-6.3	+0.7	-4.3	+5.3	+6.7
<b>2010</b>	+2.4	+3.0	+1.3	+2.4	+1.9	-0.8	+1.6	+1.8	+2.5	+8.1
<b>MONTHLY ( per cent)</b>										
<b>2009</b>										
Aug	+0.6	+1.4	+0.1	Nil	+0.9	Nil	Nil	+2.6	+0.1	+0.1
Sept	-0.3	Nil	+0.3	Nil	+0.1	Nil	+0.4	-4.2	+1.8	+0.2
Oct	+0.5	Nil	Nil	-0.4	-0.3	Nil	+0.1	+3.1	Nil	+1.5
Nov	-0.1	+0.3	+0.1	Nil	+0.3	+0.1	Nil	-1.8	Nil	Nil
Dec	-0.3	-0.7	+0.1	Nil	+1.1	Nil	+0.3	-2.2	-0.1	-0.1
<b>2010</b>										
Jan	+0.5	+2.1	+0.1	-2.6	-0.1	+0.2	+0.1	+1.9	+0.1	Nil
Feb	-0.5	-0.8	+0.1	Nil	-0.5	+0.2	-0.1	-2.8	Nil	+0.1
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
<b>2011</b>										
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
<b>Sep '11</b>	<b>118.3</b>	<b>123.5</b>	<b>110.6</b>	<b>115.3</b>	<b>125.4</b>	<b>155.1</b>	<b>110.5</b>	<b>109.4</b>	<b>125.5</b>	<b>142.9</b>
<u>Sep'11</u> <u>Sep'10</u>	<b>+2.6</b>	<b>+2.9</b>	<b>+0.5</b>	<b>+3.8</b>	<b>+3.6</b>	<b>+17.0</b>	<b>+2.3</b>	<b>-1.1</b>	<b>+3.1</b>	<b>+7.4</b>

## 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

	2007	2008	2009	2010	Sep 11
<b>Bermuda</b>	3.8	4.8	1.8	2.4	+2.6
<b>United States<sup>1</sup></b>	2.8	3.8	2.7	1.6	+3.9
<b>Canada<sup>2</sup></b>	2.2	2.3	0.3	1.8	+3.2
<b>United Kingdom<sup>3</sup></b>	2.3	3.6	-0.5	4.6	+5.6

### Sources:

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

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