



## INFLATION DECLINES SLIGHTLY

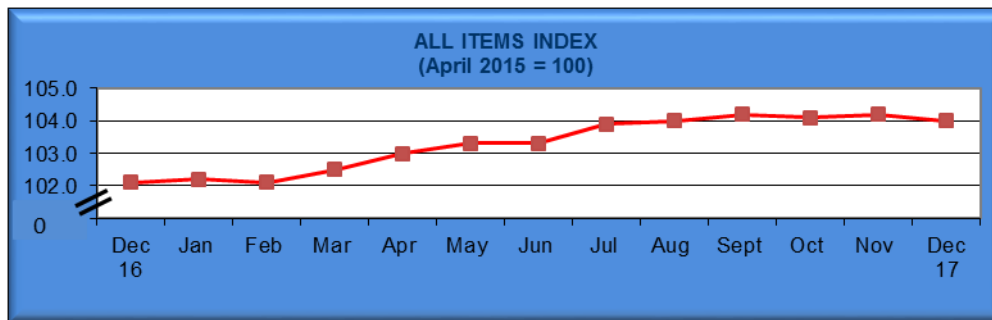
Consumers paid 1.9 per cent more in December 2017 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The level of inflation decreased 0.1 percentage point from the 2.0 per cent measured in November 2017.

Between November 2017 and December 2017, the average cost of goods and services in the CPI decreased 0.2 per cent. The all-items index slipped to 104.0 in December. This means that the basket of goods and services that cost \$100.00 in April 2015 now costs \$104.00.

## YEAR-TO-YEAR ANALYSIS

The year-over-year increase in the average cost of premium fuels (4.6 per cent), continues to be the driving force behind the Transport & Foreign Travel sector being the largest contributor to CPI (+3.1 per cent).

In addition, the Food sector and the Tobacco & Liquor sector rose 3.3 per cent and 9.8 per cent, respectively.



**Inflation Rate**  
**1.9%**

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>2016</b>			<b>2015</b>		
Dec	102.1	+1.6	Q2	100.2	+1.7
<b>2017</b>			Q3	100.6	+1.5
Jan	102.2	+1.9	Q4	100.5	+1.2
Feb	102.1	+1.9	<b>2016</b>		
Mar	102.5	+2.4	Q1	100.2	+1.3
Apr	102.8	+1.7	Q2	101.2	+1.0
May	103.3	+2.4	Q3	102.2	+1.6
Jun	103.3	+1.8	Q4	102.3	+1.8
Jul	103.9	+1.7	<b>2017</b>		
Aug	104.0	+2.3	Q1	102.3	+2.1
Sept	104.2	+1.5	Q2	103.1	+1.9
Oct	104.1	+1.4	Q3	104.0	+1.8
Nov	104.2	+2.0	Q4	104.1	+1.8
Dec	104.0	+1.9			

**MONTH-TO-MONTH ANALYSIS**

**Education, Recreation, Entertainment & Reading**

The Education, Recreation, Entertainment & Reading sector recorded a 0.1 per cent increase in December. The average cost of magazines increased 2.1 per cent.

**Rent**

The Rent sector remained stable.

**Household Goods, Services & Supplies**

For the third consecutive month, the Household Goods, Services & Supplies sector reported no price movement.

**Tobacco & Liquor**

The increase in the average cost of spirits (+1.1 per cent) led to a 0.1 per cent rise in the Tobacco & Liquor sector.

**Health & Personal Care**

Despite increases in the average cost of self-prescribed medicines (+0.4 per cent) and prescribed medicines (+0.1 per cent), the Health & Personal Care sector remained unchanged for the month.

**Clothing & Footwear**

There was no price movement in the Clothing & Footwear sector for December.

**Fuel & Power**

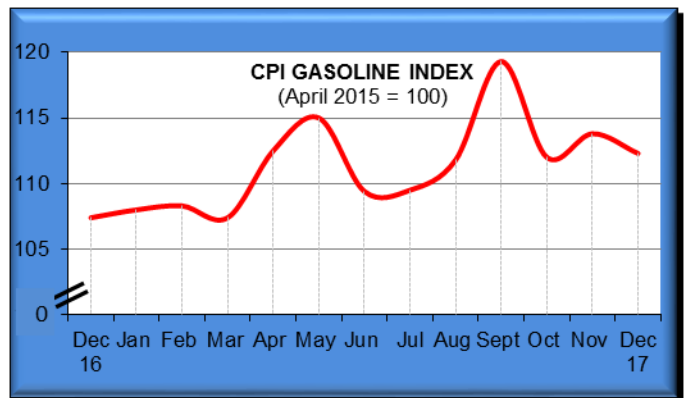
Following a 2.1 per cent decrease in November, the Fuel & Power sector reported no change in December.

**Food**

The Food sector dipped 0.7 per cent in December. Reduced prices were reported for potatoes (-6.9 per cent), pasta (-6.6 per cent) and fresh wahoo (-2.4 per cent).

**Transport & Foreign Travel**

After a 1.2 per cent increase in November, the Transport & Foreign Travel sector contracted 1.4 per cent in December. Significant declines were reported in the average cost of overseas hotels (-15.5 per cent), overseas car rentals (-4.8 per cent) and motorcycles (-1.8 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 [www.gov.bm](http://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
<b>2013 WEIGHT</b>	1000	115	267	25	31	39	116	130	147	130
<b>ANNUAL AVERAGE ( per cent)</b>										
<b>2013</b>	+1.8	+3.0	-0.3	+0.1	+4.4	-1.9	+0.5	+1.4	+2.5	+8.3
<b>2014</b>	+2.0	+3.1	+0.8	+2.0	+2.4	-2.4	+0.8	+1.7	+1.9	+6.7
<b>2015</b>	+1.5	+2.7	+0.6	+1.3	+1.2	-8.9	+2.1	-1.3	+0.9	+7.8
<b>2016</b>	+1.5	+1.9	+1.0	+0.4	+5.1	-3.3	+1.6	-2.2	+3.3	+4.5
<b>2017</b>	+1.9	+2.2	+0.1	+1.5	+7.8	+7.8	+0.5	+3.6	+2.0	+1.3
<b>MONTHLY ( per cent)</b>										
<b>2015</b>										
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
<b>2016</b>										
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
Sept	+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
<b>2017</b>										
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
Aug	+0.1	+0.1	+0.1	Nil	Nil	Nil	Nil	Nil	+0.2	+0.5
Sept	+0.2	-0.1	Nil	Nil	+0.1	+0.2	+0.1	+0.2	+0.8	Nil
Oct	-0.1	+0.1	+0.1	+0.1	+0.2	Nil	Nil	-1.4	-0.2	+0.5
Nov	+0.1	+0.1	Nil	Nil	+0.1	-2.1	Nil	+1.2	+0.5	Nil
Dec	-0.2	-0.7	Nil	Nil	+0.1	Nil	Nil	-1.4	+0.1	Nil
<b>Dec '17</b>	<b>104.0</b>	<b>104.7</b>	<b>101.3</b>	<b>102.3</b>	<b>116.6</b>	<b>106.0</b>	<b>103.5</b>	<b>101.5</b>	<b>106.9</b>	<b>105.1</b>
<u>Dec '17</u> Dec '16	<b>+1.9</b>	<b>+3.3</b>	<b>-0.4</b>	<b>+1.5</b>	<b>+9.8</b>	<b>+8.1</b>	<b>+0.5</b>	<b>+3.1</b>	<b>+1.7</b>	<b>+1.3</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 & 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

	2014	2015	2016	2017	Dec 17
<b>Bermuda</b>	2.0	1.5	1.5	1.9	+1.9
<b>United States<sup>1</sup></b>	0.8	0.7	2.1	2.1	+2.1
<b>Canada<sup>2</sup></b>	2.0	1.1	1.4	1.6	+1.9
<b>United Kingdom<sup>3</sup></b>	2.4	1.0	1.8	3.6	+4.1

#### Sources:

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

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