



## NEGATIVE ANNUAL INFLATION REMAINS

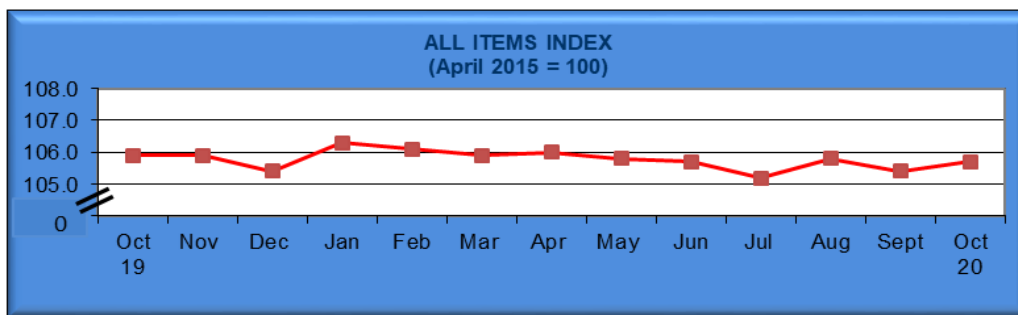
Consumers paid 0.2 per cent less than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The annual rate of inflation remains negative for a fourth consecutive month.

Between September and October 2020, the average cost of goods and services in the CPI increased 0.3 per cent. The all-items index rose from 105.4 to 105.7 in October. This means that the basket of goods and services that cost \$100.00 in April 2015 now costs \$105.70.

## YEAR-TO-YEAR ANALYSIS

The Transport & Foreign Travel sector was the largest contributor to the twelve-month decrease in the CPI (-5.9 per cent). The average price of overseas hotels was down 20.2 per cent year-over year.

The Rent and Fuel & Power sectors also impacted strongly on the annual rate of inflation as price reductions in these sectors were 2.2 per cent and 1.5 per cent, respectively.



**Annual Inflation Rate -0.2%**

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>2019</b>			<b>2018</b>		
Oct	105.9	+0.7	Q1	104.1	+1.8
Nov	105.9	+0.9	Q2	105.0	+1.8
Dec	105.4	+0.5	Q3	105.2	+1.2
			Q4	105.0	+0.9
<b>2020</b>			<b>2019</b>		
Jan	106.3	+1.0	Q1	105.3	+1.2
Feb	106.1	+0.9	Q2	105.7	+0.7
Mar	105.9	+0.3	Q3	106.4	+1.1
Apr	106.0	+0.0	Q4	105.7	+0.7
May	105.8	+0.4			
June	105.7	+0.0	<b>2020</b>		
Jul	105.2	-1.4	Q1	106.1	+0.8
Aug	105.8	-0.7	Q2	105.8	+0.1
Sept	105.4	-0.7	Q3	105.5	-0.8
Oct	105.7	-0.2			

**MONTH-TO-MONTH ANALYSIS**

**Rent**

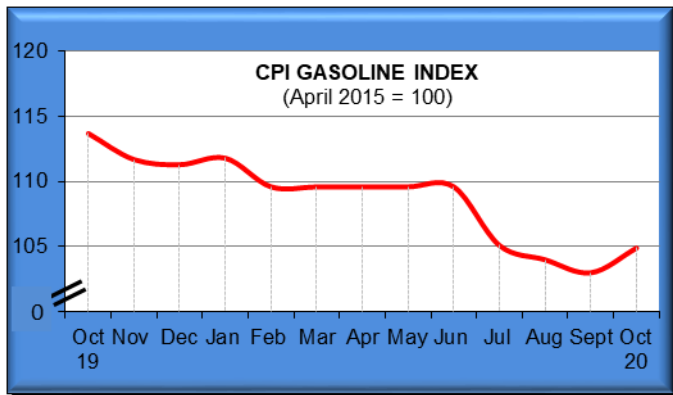
The Rent sector edged up 1.2 per cent for the month. The overall increase in this sector was a direct result of a 2.6 per cent rise in the average cost of rental units not subject to rent control.

**Household Goods, Services & Supplies**

The average cost of items in the Household Goods, Services & Supplies sector increased 0.3 per cent. Within the household goods sub-sector, living room and bedroom furniture prices advanced 10.3 per cent and 5.7 per cent, respectively.

**Transport & Foreign Travel**

The Transport & Foreign Travel sector moved up 0.1 per cent in October. The average cost of premium fuels and mixed fuels rose 1.8 per cent and 1.7 per cent, respectively.



**Education, Recreation, Entertainment & Reading**

The Education, Recreation, Entertainment & Reading sector climbed 0.1 per cent. The average cost of pet food rose 0.8 per cent

**Food**

On average, food prices rose 0.1 per cent in October. Among the main items contributing to the increase were fresh & frozen spare ribs (+8.6 per cent), roast beef (+6.8 per cent) and imported lettuce (+4.2 per cent).

**Clothing & Footwear**

The Clothing & Footwear sector edged up 0.2 per cent. The average cost of watches and jewelry increased 7.7 per cent and 3.2 per cent, respectively.

**Fuel & Power**

There were no price movement in the Fuel & Power sector.

**Health & Personal Care**

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

**Tobacco & Liquor**

The Tobacco & Liquor sector declined 0.6 per cent in response to a 2.1 per cent decrease in the average price of wines.

**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 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>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>2018</b>	+1.4	+2.1	+0.2	+1.5	+4.3	+5.8	-0.2	+0.3	+2.1	+3.1
<b>2019</b>	+1.0	+2.7	+0.9	+1.9	+3.8	+1.1	Nil	-3.0	+0.4	+3.4
<b>MONTHLY ( per cent)</b>										
<b>2018</b>										
Sept	+0.4	+0.3	Nil	Nil	+0.2	+1.5	+0.2	+1.3	+0.5	Nil
Oct	-0.1	+0.4	+0.1	-0.1	-0.1	Nil	-0.1	-1.0	Nil	Nil
Nov	-0.2	-0.1	+0.1	Nil	Nil	-0.6	Nil	-1.5	-0.1	Nil
Dec	-0.1	+0.3	Nil	Nil	+0.3	-1.8	Nil	-0.3	Nil	Nil
<b>2019</b>										
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
<b>2020</b>										
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
<b>Oct '20</b>	<b>105.7</b>	<b>114.1</b>	<b>99.8</b>	<b>106.9</b>	<b>126.1</b>	<b>106.8</b>	<b>103.6</b>	<b>91.8</b>	<b>110.9</b>	<b>115.3</b>
<b>Oct '20</b>	<b>-0.2</b>	<b>+3.6</b>	<b>-2.2</b>	<b>+0.7</b>	<b>+1.4</b>	<b>-1.5</b>	<b>+0.5</b>	<b>-5.9</b>	<b>+2.2</b>	<b>+2.2</b>
<b>Oct '19</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

	2016	2017	2018	2019	Oct 20
<b>Bermuda</b>	+1.5	+1.9	+1.4	+1.0	-0.2
<b>United States<sup>1</sup></b>	+1.3	+2.1	+2.4	+1.8	+1.2
<b>Canada<sup>2</sup></b>	+1.4	+1.6	+2.3	+1.9	+0.7
<b>United Kingdom<sup>3</sup></b>	+1.8	+3.6	+3.3	+2.6	+1.3

#### Sources:

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

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