



INFLATION RISES

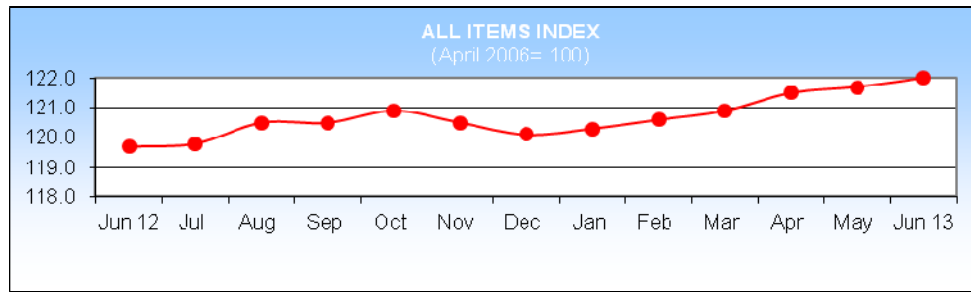
Consumers paid 1.9 per cent more in June 2013 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The rate of inflation increased 0.2 percentage points from the 1.7 per cent recorded in May 2013.

Between May and June 2013, the average cost of goods and services in the Consumer Price Index rose 0.3 per cent. The all-items index increased from 121.7 to 122.0 index points in June. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$122.00.

YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector had the strongest impact on the twelve-month increase in the Consumer Price Index. The total cost of the Health & Personal Care basket increased 9.1 per cent year-over-year.

The Transport & Vehicles and Food sectors also contributed to the rise in the annual rate of inflation, as price shifts in these sectors were 4.1 per cent and 2.5 per cent, respectively.



Inflation Rate
1.9%

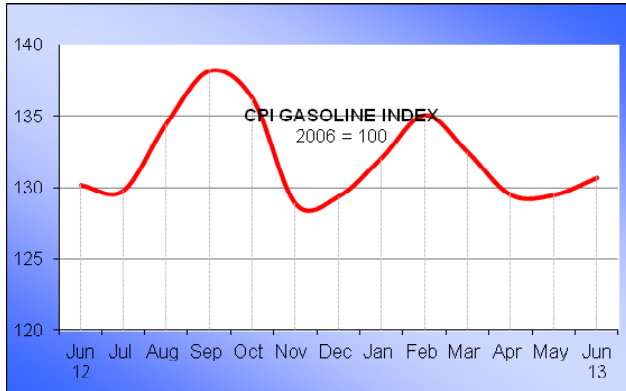
The compilation of the CPI involves the processing of several thousand price quotations. The Department of Statistics wishes to acknowledge the cooperation of the business community in supplying the required price data.

SUMMARY STATISTICS					
Period	Monthly		Period	Quarterly	
	Index	Annual per cent Change		Index	Annual per cent Change
2012			2011		
Jun	119.7	+2.7	Q1	115.0	+2.6
Jul	119.8	+2.5	Q2	116.5	+2.6
Aug	120.5	+3.1	Q3	117.4	+2.6
Sep	120.5	+1.9	Q4	118.3	+3.0
Oct	120.9	+1.7			
Nov	120.5	+1.9	2012		
Dec	120.1	+1.9	Q1	118.2	+2.8
			Q2	119.6	+2.7
2013			Q3	120.3	+2.5
Jan	120.3	+1.9	Q4	120.5	+1.8
Feb	120.6	+2.1			
Mar	120.9	+2.1	2013		
Apr	121.5	+1.7	Q1	120.6	2.0
May	121.7	+1.7	Q2	121.7	1.8
Jun	122.0	+1.9			

MONTH-TO-MONTH ANALYSIS

Transport & Vehicles

Price movement in the Transport & Vehicle sector increased 1.6 per cent in June following a 1.2 per cent increase in May. The increase was attributed to a seasonal rise in the average cost of airfares (19.4 per cent). In contrast, overseas hotel accommodations fell by 4.8 per cent.



Fuel & Power

The Fuel & Power sector rose 1.8 per cent in June, after a 2.7 per cent decrease in May. The cost of electricity increased 1.9 per cent.

Tobacco & Liquor

The Tobacco & Liquor sector increased for the third consecutive month, up 0.4 per cent May. The average price of beer and wine increased by 0.7 per cent and 0.6 per cent, respectively.

Food

Food prices in grocery stores were down 0.3 per cent in June. However, the price of food purchased from restaurants increased 2.1 per cent causing the Food sector to increase 0.1 per cent for the month.

Health

The Health and Personal Care sector increased 0.1 per cent in June following a 0.7 per cent increase in May. The average cost of prescribed medicines rose 2.6 per cent.

Rent

The Rent sector remained unchanged in June as it did in May. Average rental prices for rent-controlled properties increased by 0.2 per cent, but were offset by an equal decrease (0.2 per cent) in the average rental costs for properties not subject to rent control.

Clothing & Footwear

The Clothing sector was static in June with no price movement.

Household Goods, Services & Communications

The Household Goods, Services & Communications Sector declined 0.1 per cent in June following three months of no change. The average price for household supplies, such as food wraps and cleaning materials fell 0.2 per cent.

Education, Recreation & Reading

The Education, Recreation & Reading sector decreased 0.1 per cent in June. The average cost pet food fell 0.6 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.

a) Month-to-Month Price Change

The price change between November and December, 2012 is calculated as follows:

$$= \frac{\text{Dec 12 index} - \text{Nov 12 index}}{\text{Nov 12 index}} \times 100$$

$$= \frac{120.1 - 120.5}{120.5} \times 100$$

$$= -0.3\%$$

b) Year-to-Year Price Change

The price change between December 2011 and December, 2012 is calculated as follows:

$$= \frac{\text{Dec 12 index} - \text{Dec 11 index}}{\text{Dec 11 index}} \times 100$$

$$= \frac{120.1 - 117.9}{117.9} \times 100$$

$$= 1.9\%$$

c) Particular Period Price Change

The price change between February 2010 and January, 2013 is calculated as follows:

$$= \frac{\text{Jan 13 index} - \text{Feb 10 index}}{\text{Feb 10 index}} \times 100$$

$$= \frac{120.3 - 111.7}{111.7} \times 100$$

$$= 7.7\%$$

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
2004 WEIGHT	1000	146	325	37	20	30	140	139	71	92
ANNUAL AVERAGE (per cent)										
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
2012	+2.4	+3.5	+0.2	+4.3	+2.5	+9.3	+1.0	+1.6	+2.7	+6.6
MONTHLY (per cent)										
2011										
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
Apr	+0.9	Nil	+0.1	+1.5	+0.7	Nil	Nil	+1.3	+0.2	+5.6
May	+0.2	+0.5	-0.1	+0.2	-0.1	Nil	Nil	+1.1	+0.2	Nil
Jun	Nil	+0.2	+0.2	Nil	+0.4	+5.3	-0.7	-1.8	+0.3	+0.1
Jul	+0.1	+0.2	-0.1	-1.8	+0.5	+2.4	+0.2	-0.5	Nil	-0.1
Aug	+0.6	+0.6	+0.3	Nil	+0.1	-1.8	+0.1	+4.1	-0.1	+0.1
Sep	Nil	+0.1	-0.2	Nil	+0.2	Nil	+0.3	-1.0	+2.1	+0.3
Oct	+0.3	+0.4	Nil	-2.0	+0.3	-1.9	+0.2	+1.3	+0.3	+1.5
Nov	-0.4	-0.4	+0.1	Nil	Nil	-7.8	Nil	Nil	+0.1	+0.1
Dec	-0.3	-1.0	Nil	Nil	+0.1	+2.9	Nil	-2.0	Nil	-0.1
2013										
Jan	+0.2	+2.3	-0.1	+1.1	+0.5	-1.4	+0.1	-1.2	+0.2	Nil
Feb	+0.2	Nil	+0.1	Nil	-0.2	+1.4	Nil	+1.3	Nil	Nil
Mar	+0.2	+0.4	-0.5	Nil	Nil	+2.8	Nil	+1.4	Nil	+0.1
Apr	+0.5	+0.4	-0.3	+0.8	+1.7	Nil	Nil	-1.9	Nil	+6.3
May	+0.1	-0.4	Nil	Nil	+2.0	-2.7	+0.1	+1.2	Nil	+0.7
Jun	+0.3	+0.1	Nil	Nil	+0.4	+1.8	-0.1	+1.6	-0.1	+0.1
Jun '13	122.0	129.4	110.3	120.2	134.8	156.8	111.0	110.7	129.4	164.8
<u>Jun '13</u> <u>Jun '12</u>	+1.9	+2.5	-0.6	-2.0	+5.6	-4.7	+0.8	+4.1	+2.5	+9.1

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

	2009	2010	2011	2012	Jun 13
Bermuda	1.8	2.4	2.7	2.4	+1.9
United States¹	2.7	1.5	3.0	1.7	+1.8
Canada²	0.3	1.8	2.9	1.5	+1.2
United Kingdom³	-0.5	4.6	5.2	3.2	+3.3

Sources:

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

Published by the Government of Bermuda
July 2013

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