



RATE OF INFLATION

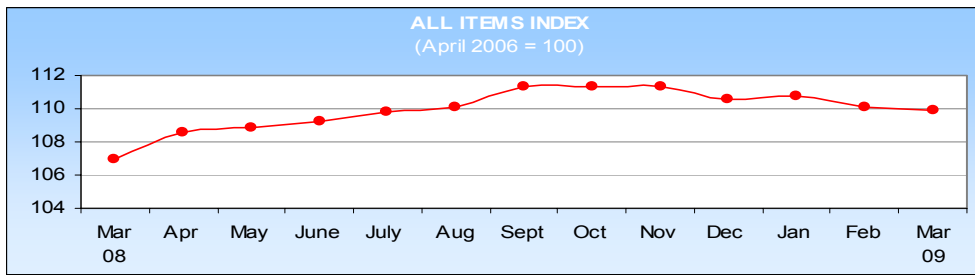
Consumers paid 2.7% more in March 2009 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). This was considerably lower than the 4.4% measured in February 2009, as consumers began to experience the full effect of the sharp drop in world oil prices that occurred during late summer 2008.

Between February 2009 and March of 2009, the average cost of goods and services in the Consumer Price Index fell 0.3%. The all-items index decreased from 110.2 to 109.9 index points in March. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$109.90.

YEAR-TO-YEAR ANALYSIS

Since December 2008, the Food sector has been the largest contributor to the twelve-month increase in the Consumer Price Index. On average, the cost of food items increased 7.5% year-over-year.

The Rent, and Health and Personal Care sectors also had a strong influence on the annual rate of inflation, as price shifts in these sectors were 2.6% and 7.1%, respectively.



**Inflation
Rate
2.7%**

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 % Change		Index	Annual % Change
2008			2007		
Mar	107.0	+4.2	Q1	102.1	+3.2
Apr	108.6	+5.3	Q2	103.9	+3.9
May	108.9	+4.7	Q3	105.0	+4.0
June	109.2	+4.4	Q4	105.5	+4.2
July	109.8	+4.7			
Aug	110.1	+5.0	2008		
Sept	111.3	+5.9	Q1	106.0	+3.8
Oct	111.3	+5.6	Q2	108.9	+4.8
Nov	111.3	+5.2	Q3	110.4	+5.1
Dec	110.5	+4.9	Q4	111.0	+5.2
2009			2009		
Jan	110.8	+5.2	Q1	110.3	+4.1
Feb	110.2	+4.4			
Mar	109.9	+2.7			

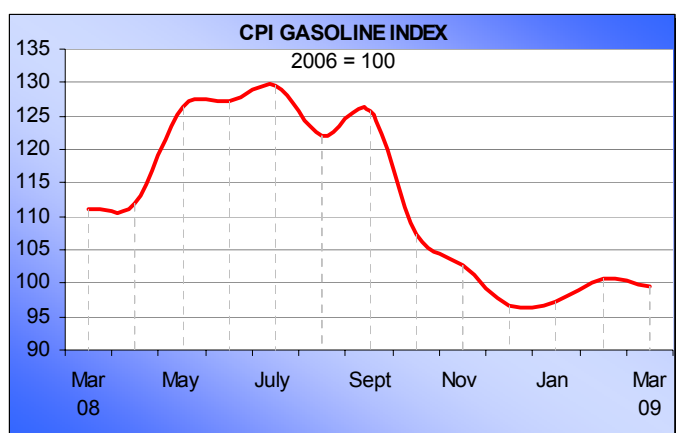
MONTH-TO-MONTH ANALYSIS

Rent

The Rent sector rose 0.2%. The increase was attributed to the 0.5% rise in rent-controlled properties as home owners continued to make improvements to the housing stock. Rental units not subject to rent control increased 0.1%.

Health & Personal Care

The Health & Personal Care sector reared up 0.3% in March, in response to a 2.8% increase in the average price of prescribed medicines.



Household Goods, Services & Communications

The Household Goods, Services & Communications sector edged up 0.1% for the month. This growth was spurred by a 1.5% rise in the price of household furnishings and textiles.

Education, Recreation & Reading

The Education, Recreation & Reading sector advanced 0.2% for the month. This was due to a 0.4% increase in prices for magazines and boat repair & maintenance. Pet care costs rose 1.6% for the month.

Tobacco & Liquor

The Tobacco & Liquor sector increased 0.1% reflecting increases in the average price of beer (+0.1%) and spirits (+0.2%).

Clothing & Footwear

The Clothing & Footwear sector was unchanged in March.

Food

On average, food prices fell 0.3% in March. Among the main items contributing to the decrease were oranges and bananas, down 0.1% and 3.6%, respectively.

Transport & Vehicles

Gasoline prices continued to decline in March as the premium and mixed blends fell 1.2% and 1.3% respectively due to lower world oil prices. Foreign travel costs including airfare and hotel accommodation, recorded a 3.0% price decrease as the Transport and Vehicles sector decreased by 1.3%.

Fuel & Power

The Fuel & Power sector decelerated 5.3% in March as a direct result of lower electricity costs (-5.5%). The fuel adjustment clause fell 10.7% for the month due to lower fuel prices.

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, 2007 is calculated as follows:

$$= \frac{\text{Dec 07 index number} - \text{Nov 07 index number}}{\text{Nov 07 index number}} \times 100$$

$$= \frac{105.3 - 105.8}{105.8} \times 100$$

$$= -0.5\%$$

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

The price change between December, 2006 and December, 2007 is calculated as follows:

$$= \frac{\text{Dec 07 index number} - \text{Dec 06 index number}}{\text{Dec 06 index number}} \times 100$$

$$= \frac{105.3 - 101.6}{101.6} \times 100$$

$$= 3.6\%$$

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 (%)										
2003	+3.2	+2.0	+1.8	+1.9	+1.4	+4.8	+2.2	+4.5	+5.8	+7.0
2004	+3.6	+2.5	+2.2	+1.9	+5.2	+1.9	+1.6	+4.0	+6.2	+9.1
2005	+3.1	+3.0	+2.8	+2.1	+2.6	+5.6	+1.4	+5.1	+5.1	+2.4
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
MONTHLY (%)										
2007										
Feb	+0.7	+0.5	+0.1	+0.1	Nil	-0.6	Nil	+4.0	+0.3	+0.1
Mar	+0.6	+0.3	+0.1	Nil	Nil	-0.7	Nil	+3.6	+0.3	+0.2
Apr	+0.4	+0.6	+0.1	+0.7	+0.5	+0.2	+1.6	-3.4	+0.1	+5.0
May	+0.9	-0.6	+0.1	Nil	Nil	+7.6	Nil	+5.4	+0.2	+0.2
June	+0.6	+1.1	+0.1	Nil	+0.1	+4.5	+0.4	+1.0	+0.3	+0.2
July	+0.3	-0.2	+0.2	+2.3	Nil	+1.9	+0.1	+0.9	Nil	Nil
Aug	Nil	-0.2	+0.1	Nil	+0.4	+4.6	Nil	-2.1	+0.4	+0.1
Sept	+0.2	+0.6	+0.3	Nil	+0.1	+1.5	+0.3	-1.7	+2.4	Nil
Oct	+0.3	+0.4	+0.1	-4.9	+0.1	Nil	+0.1	+1.9	Nil	+0.5
Nov	+0.4	+0.1	+0.2	+0.2	+0.5	+1.5	-0.1	+1.5	+0.2	+0.1
Dec	-0.5	-0.7	+0.2	Nil	+1.1	+4.6	Nil	-4.5	+0.1	Nil
2008										
Jan	+0.1	+1.5	+0.2	-0.6	+1.0	+0.1	+0.1	-1.3	-0.1	-0.1
Feb	+0.2	+0.4	+0.2	Nil	-0.2	+2.8	+0.1	-0.2	-0.1	Nil
Mar	+1.3	+0.5	+0.2	Nil	+2.8	+1.2	Nil	+7.6	+0.8	+0.1
Apr	+1.5	+1.0	+0.4	+7.3	+2.9	Nil	+1.0	+2.5	+0.1	+5.1
May	+0.3	-0.1	+0.3	Nil	+1.1	+2.0	-0.1	+0.4	+0.3	+0.2
June	+0.3	+1.5	+0.1	Nil	+0.4	+0.4	+0.5	-0.5	Nil	+0.4
July	+0.5	Nil	+0.3	-0.2	Nil	+8.9	+0.7	Nil	+0.2	+0.1
Aug	+0.3	+1.0	+0.3	Nil	+0.5	Nil	+0.6	-0.4	Nil	+0.1
Sept	+1.1	+0.4	+0.1	Nil	+0.5	+14.0	+0.3	-0.1	+4.4	+0.3
Oct	Nil	+2.0	+0.2	+1.1	+0.2	Nil	+0.1	-3.4	+0.6	+0.6
Nov	Nil	+0.4	+0.2	Nil	+0.9	-0.1	+0.1	-1.1	+0.5	Nil
Dec	-0.7	+0.1	+0.3	Nil	0.5	-3.5	-2.7	-2.7	+0.2	Nil
2009										
Jan	+0.3	+0.9	+0.2	-1.2	+0.5	-2.1	+0.3	+1.5	+0.2	Nil
Feb	-0.5	+0.3	+0.2	Nil	+0.3	-10.1	+0.2	-1.4	-0.4	Nil
Mar	-0.3	-0.3	+0.2	Nil	+0.1	-5.3	+0.1	-1.3	+0.2	+0.3
Mar '09	109.9	114.9	107.9	104.9	117.4	131.9	104.5	102.0	116.3	116.1
<u>Mar'09</u> Mar'08	+2.7	+7.5	+2.6	+7.0	+8.2	+1.9	+1.0	-6.4	+6.2	+7.1

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

	2005	2006	2007	2008	Mar 09
Bermuda	3.1	3.1	3.8	4.8	2.7
United States ¹	3.4	3.2	2.8	3.8	0.2
Canada ²	2.2	2.0	2.2	2.3	1.2
United Kingdom ³	2.1	2.3	2.3	3.6	-0.4

Sources:

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

Published by the Government of Bermuda
May 2009

The Cabinet Office
Department of Statistics
Cedar Park Centre,
48 Cedar Avenue, Hamilton HM 11
P.O. Box HM 3015
Hamilton HM MX, Bermuda
Tel: (441) 297-7761, Fax: (441) 295-8390
E-mail: statistics@gov.bm
Website: www.statistics.gov.bm