



RATE OF INFLATION

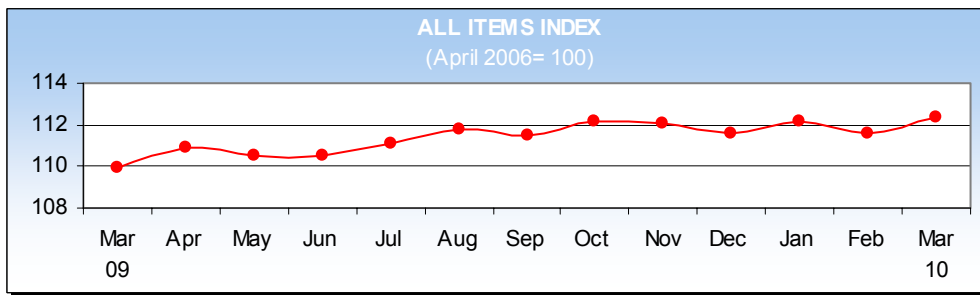
Consumers paid 2.3 per cent more in March 2010 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). This level of inflation jumped from the 1.3 per cent measured in February 2010.

Between February 2010 and March 2010, the average cost of goods and services in the Consumer Price Index rose 0.7 per cent. The all-items index increased from 111.7 to 112.4 index points in March. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$112.40.

YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector continued to be the largest contributor to the twelve-month increase in the Consumer Price Index. This sector contains items such as the cost of doctor's visits, health insurance, prescribed & self-prescribed drugs and toiletries. The average increase in cost in this sector was 7.1 per cent.

The Food and Household Goods, Services & Communications sectors also impacted strongly on the annual rate of inflation. Price shifts in the Food sector averaged 3.4 per cent. The Household Goods, Services & Communications sector; which contains items such as appliances, furniture and electronics averaged 2.7 per cent.



Inflation Rate
2.3%

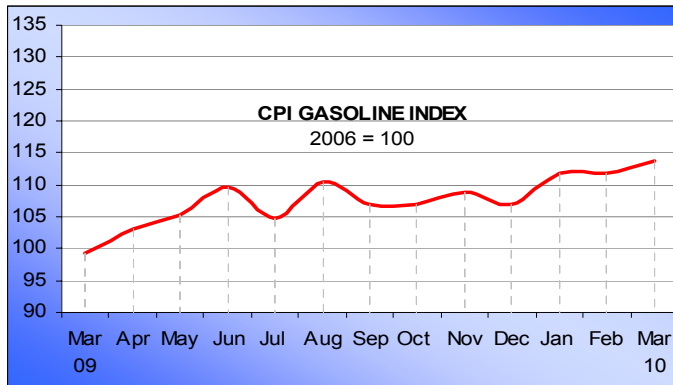
The compilation of the CPI involves the processing of several thousand price quotations. The Department of Statistics wishes to acknowledge the cooperation of the business community in supplying the required price data.

SUMMARY STATISTICS					
Period	Monthly		Period	Quarterly	
	Index	Annual per cent Change		Index	Annual per cent Change
2009			2008		
Mar	109.9	+2.7	Q1	106.0	+3.8
Apr	110.6	+1.9	Q2	108.9	+4.8
May	110.5	+1.4	Q3	110.4	+5.1
Jun	110.5	+1.2	Q4	111.0	+5.2
Jul	111.1	+1.2	2009		
Aug	111.8	+1.6	Q1	110.3	+4.1
Sep	111.5	+0.2	Q2	110.5	+1.5
Oct	112.1	+0.7	Q3	111.5	+1.0
Nov	112.0	+0.6	Q4	111.9	+0.8
Dec	111.6	+1.0	2010		
2010			Q1	112.1	+1.6
Jan	112.2	+1.2			
Feb	111.7	+1.3			
Mar	112.4	+2.3			

MONTH-TO-MONTH ANALYSIS

Transport & Vehicles

The Transport & Vehicles sector jumped 3.4 per cent in March. The main contributors to the increase were airfares and overseas hotel accommodation prices which rose 5.3 per cent and 11.8 per cent, respectively. The average cost of new motor vehicles also edged up by 1.0 per cent while gasoline prices rose 1.5 per cent.



Food

On average, food prices rose 1.2 per cent in March. Among the main items contributing to the increase were lettuce (+11.1 per cent), pork loins (+7.1 per cent) and oranges (+6.3 per cent).

Rent

The Rent sector edged up 0.1 per cent. The increase was attributed to the 0.4 per cent rise in rent-controlled properties. Rental units not subject to rent control remained unchanged for the month.

Household Goods, Services & Communications

The Household Goods, Services & Communications sector remained unchanged for the month.

Education, Recreation & Reading

The Education, Recreation & Reading sector grew by 0.1 per cent for the month. This was caused by a 1.2 per cent increase in the price of magazines and a 1.2 per cent rise in boat repairs and maintenance costs.

Fuel & Power

The Fuel & Power sector recorded no movement for the month.

Clothing & Footwear

The Clothing & Footwear sector was unchanged in March.

Health & Personal Care

The Health & Personal Care sector was static for the month of March. The 0.3 per cent increase in the average cost of prescribed drugs was offset as self-prescribed drugs decreased by 0.2 per cent.

Tobacco & Liquor

The Tobacco & Liquor sector decreased 0.1 per cent for the month. This reflected a decline in the average price of spirits (-0.4 per cent) and cigarettes (-0.2 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, 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 (per cent)										
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
2009	+1.8	+5.4	+1.9	+3.0	+5.9	-6.3	+0.7	-4.3	+5.3	+6.7
MONTHLY (per cent)										
2007										
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
Apr	+0.7	Nil	+0.1	+1.7	+0.3	-0.1	+0.5	+1.6	+0.4	+2.8
May	-0.2	+0.3	+0.1	Nil	+0.1	Nil	+0.2	-3.4	-0.6	+2.1
Jun	+0.1	-0.1	-0.1	Nil	+0.3	Nil	+Nil	+0.3	+0.7	+0.2
Jul	+0.5	-0.3	-0.1	+0.9	+0.5	-3.6	+1.0	+4.4	+0.3	Nil
Aug	+0.6	+1.4	+0.1	Nil	+0.9	Nil	Nil	+2.6	+0.1	+0.1
Sep	-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
2010										
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
Mar '10	112.4	118.8	108.8	104.5	120.4	127.5	107.3	104.6	119.5	124.3
Mar'10 Mar'09	+2.3	+3.4	+0.8	-0.4	+2.6	-3.3	+2.7	+2.5	+2.8	+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

	2006	2007	2008	2009	Mar 10
Bermuda	3.1	3.8	4.8	1.8	+2.3
United States¹	3.2	2.8	3.8	2.7	+2.3
Canada²	2.0	2.2	2.3	0.3	+1.4
United Kingdom³	2.3	2.3	3.6	-0.5	+4.4

Sources:

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

Published by the Government of Bermuda
May 2010

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