## INFLATION DOWN SLIGHTLY

Consumers paid 0.7 per cent more in October 2019 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The level of inflation declined 0.1 percentage point from September 2019.

Between September 2019 and October 2019, the average cost of goods and services in the CPI decreased 0.2 per cent. The all-items index was 105.9 in October. This means that the basket of goods and services that cost $100.00 in April 2015 now costs $105.90.

YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector was the largest contributor to the year-over-year change, increasing 4.1 per cent. The average cost of health insurance premiums continues to be the main contributor to the annual increase.

In addition, the Food and Rent sectors contributed to the rise in the annual rate of inflation as price shifts in these sectors were 2.3 per cent and 0.7 per cent, respectively. The average cost of dinning in restaurants (+2.4 per cent) was the main contributor to the annual increase in the Food sector.

ALL ITEMS INDEX
(April 2015 = 100)
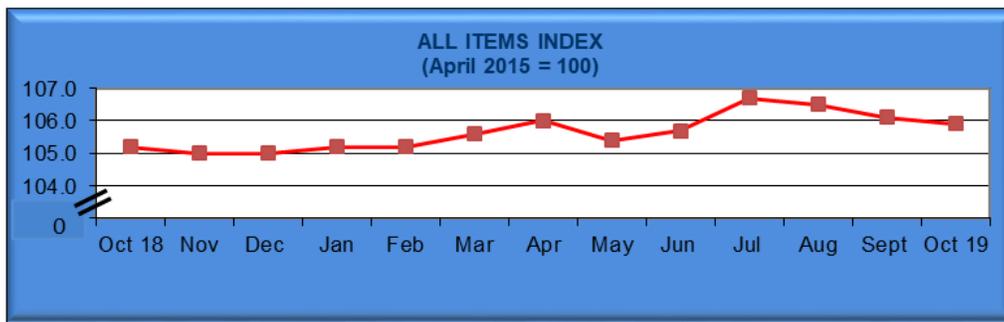
Inflation Rate 0.7%

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

	Monthly				Quarterly	
Period	**Index**	**Annual per cent Change**		**Period**	**Index**	**Annual per cent Change**
2018				**2017**		
Oct	105.2	+1.1		Q3	104.0	+1.8
Nov	105.0	+0.8		Q4	104.1	+1.8
Dec	104.9	+0.9				
				2018		
2019				Q1	104.1	+1.8
Jan	105.2	+1.3		Q2	105.0	+1.8
Feb	105.2	+1.1		Q3	105.2	+1.2
Mar	105.6	+1.2		Q4	105.0	+0.9
Apr	106.0	+1.0				
May	105.4	+0.3		**2019**		
Jun	105.7	+0.7		Q1	105.3	+1.2
Jul	106.7	+1.2		Q2	105.7	+0.7
Aug	106.5	+1.5		Q3	106.4	+1.1
Sept	106.1	+0.8				
Oct	105.9	+0.7				

MONTH-TO-MONTH ANALYSIS

Transport & Foreign Travel

The Transport & Foreign Travel sector jumped 0.8 per cent for the month. Fuelling the increase were the average cost of overseas hotels (+5.4 per cent) and premium fuels (+1.2 per cent).

CPI GASOLINE INDEX
(April 2015 = 100)
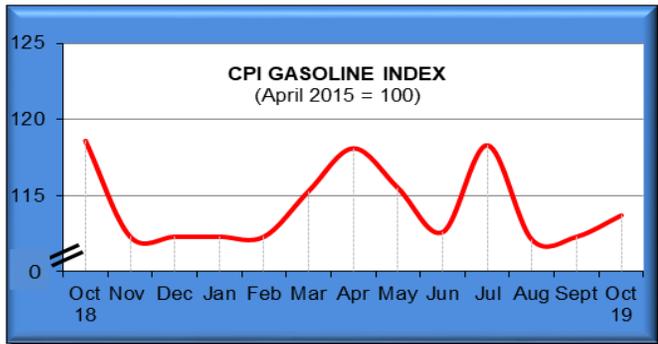
Education, Recreation, Entertainment & Reading

The Education, Recreation, Entertainment & Reading sector rose 0.1 per cent in October. The average cost of pet food increased 1.8 per cent.

Clothing & Footwear

After two months of no price movement, the Clothing & Footwear sector surged in October increasing 0.5 per cent. Price increases were reported in the average cost of female's pants (+3.4 per cent), men's shirts (+3.1 per cent) and children shoes (+2.0 per cent).

Health & Personal Care

The Health & Personal Care sector was up 0.4 per cent for the month. The average cost of dentist visits jumped 10.3 per cent.

Household Goods, Services & Supplies

The 0.7 per cent rise in the average cost of bedroom furniture caused the Household Goods, Services & Supplies sector to rise 0.1 per cent.

Tobacco & Liquor

The Tobacco & Liquor sector dipped 0.3 per cent for the month. The average cost of wines declined 1.1 per cent.

Food

Following the 0.2 per cent increase in September, the Food sector fell 0.1 per cent in October. Lower prices were reported in the average cost of onions (-14.7 per cent), pineapples (-10.4 per cent) and spare ribs (-6.1 per cent).

Fuel & Power

The Fuel & Power sector was down 4.2 per cent, due in part of the fuel adjustment clause declining 12.7 per cent in October.

Rent

The Rent sector slid 0.9 per cent for the month as the average cost of rental properties not subject to rent control decreased 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.

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:

$$= \frac{\text{Jan 16 index} - \text{Apr 14 index}}{\text{Apr 14 index}} \times 100$$

$$= \frac{100.3 - 98.3}{98.3} \times 100$$

$$= 2.0\%$$

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
2013 WEIGHT	1000	115	267	25	31	39	116	130	147	130
ANNUAL AVERAGE (per cent)										
2014	+2.0	+3.1	+0.8	+2.0	+2.4	-2.4	+0.8	+1.7	+1.9	+6.7
2015	+1.5	+2.7	+0.6	+1.3	+1.2	-8.9	+2.1	-1.3	+0.9	+7.8
2016	+1.5	+1.9	+1.0	+0.4	+5.1	-3.3	+1.6	-2.2	+3.3	+4.5
2017	+1.9	+2.2	+0.1	+1.5	+7.8	+7.8	+0.5	+3.6	+2.0	+1.3
2018	+1.4	+2.1	+0.2	+1.5	+4.3	+5.8	-0.2	+0.3	+2.1	+3.1
MONTHLY (per cent)										
2017										
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
2018										
Jan	-0.2	+1.2	Nil	Nil	+0.3	-1.5	-0.1	-1.9	+0.1	Nil
Feb	+0.3	-0.7	Nil	Nil	Nil	Nil	+0.2	+2.6	-0.1	Nil
Mar	+0.2	+0.2	Nil	Nil	-0.2	Nil	Nil	+0.8	+0.5	Nil
Apr	+0.6	+0.3	Nil	+0.1	+0.6	Nil	-1.0	+1.4	+0.4	+2.9
May	+0.2	+1.0	Nil	Nil	+0.2	+3.8	Nil	-1.2	+0.4	Nil
Jun	-0.1	+0.2	Nil	Nil	+0.8	+1.4	Nil	-1.8	-0.1	Nil
Jul	+0.4	+0.1	Nil	+2.5	Nil	+3.9	-0.1	+1.5	-0.1	Nil
Aug	-0.5	-0.3	-0.4	Nil	+0.2	-1.4	+0.2	-2.3	-0.1	Nil
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
2019										
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
Oct '19	**105.9**	**110.1**	**102.0**	**106.2**	**124.4**	**108.5**	**103.1**	**97.5**	**108.5**	**112.7**
Oct '19 / Oct '18	+0.7	+2.3	+0.7	+1.2	+4.6	-4.8	+0.1	-3.2	Nil	+4.1

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 & 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

	2015	2016	2017	2018	Oct 19
Bermuda	1.5	1.5	1.9	1.4	+0.7
United States[1]	0.1	1.3	2.1	2.4	+1.8
Canada[2]	1.1	1.4	1.6	2.3	+1.9
United Kingdom[3]	1.0	1.8	3.6	3.3	+2.1

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

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