



INFLATION DECLINES

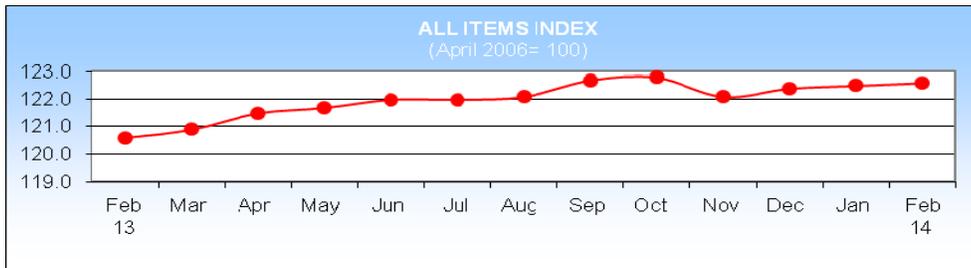
Consumers paid 1.7 per cent more in February 2014 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). This level of inflation decreased 0.1 percentage points from the 1.8 per cent measured in January 2014.

Between January 2014 and February 2014, the average cost of goods and services in the Consumer Price Index increased 0.1 per cent. The all-items index increased to 122.6 index points in February. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$122.60.

YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector remained the largest contributor to the twelve-month rate of price increase. The annual increase in February 2014 of 7.7 per cent year over year was the same as in January 2014.

The Food and Transport & Vehicles sectors also impacted strongly on the annual rate of inflation. Price shifts in these two sectors were 2.3 per cent and 1.4 per cent, respectively.



**Inflation
Rate
1.7%**

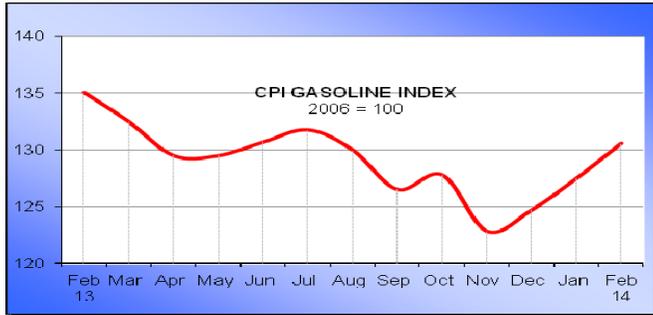
The compilation of the CPI involves the processing of several thousand price quotations. The Department of Statistics wishes to acknowledge the cooperation of the business community in supplying the required price data.

SUMMARY STATISTICS					
Period	Monthly		Period	Quarterly	
	Index	Annual per cent Change		Index	Annual per cent Change
2013			2011		
Feb	120.6	+2.1	Q2	116.5	+2.6
Mar	120.9	+2.1	Q3	117.4	+2.6
Apr	121.5	+1.7	Q4	118.3	+3.0
May	121.7	+1.7	2012		
Jun	122.0	+1.9	Q1	118.2	+2.8
Jul	122.0	+1.8	Q2	119.6	+2.7
Aug	122.1	+1.3	Q3	120.3	+2.5
Sep	122.7	+1.8	Q4	120.5	+1.8
Oct	122.8	+1.6	2013		
Nov	122.1	+1.3	Q1	120.6	+2.0
Dec	122.4	+1.9	Q2	121.7	+1.8
2014			Q3	122.3	+1.7
Jan	122.5	+1.8	Q4	122.4	+1.6
Feb	122.6	+1.7			

MONTH ANALYSIS

Transport & Vehicles

The Transport & Vehicle sector jumped 1.2 per cent in February, after a decrease of 1.7 per cent January. The average price of overseas hotel accommodations and premium fuel rose by 5.3 per cent and 2.5 per cent, respectively.



Food

Food prices in grocery stores inched up 0.3 per cent in February. Fresh pineapples (7.6 per cent), fresh calf liver (6.3 per cent) and potato chips (3.7 per cent) were some of the contributors to the increase.

Education, Recreation & Reading

The Education, Recreation & Reading sector increased 0.2 per cent in February. Pet cost & up-keep and the cost of pleasure boats & jet skis both increased 2.2 per cent. In contrast, average prices of personal computers fell 2.6 per cent.

Clothing & Footwear

The Clothing & Footwear sector was unchanged in February.

Household Goods, Services & Communications

The Household Goods, Services & Communications sector was unchanged. Average prices of cleaning materials increased 1.2 per cent, but was offset by a decreases in detergents & bleaches and food wraps & trash bags of 0.5 per cent and 0.2 per cent, respectively.

Rent

The Rent sector was static in February. Average rental prices for properties not subject to rent controls decreased by 0.2 per cent. Conversely, home repair & maintenance costs increased by 1.1 per cent.

Tobacco & Liquor

The Tobacco & Liquor sector fell 0.1 per cent in February, following an increase of 0.4 per cent in January. The average cost of spirits and wines decreased 0.5 and 0.1 per cent, respectively.

Health & Personal Care

The Health and Personal Care sector decreased 0.1 per cent in February. The average cost of toiletries, cosmetics & perfumes dropped 0.6 per cent while self-prescribed medicines & household medical supplies prices fell by 0.3 per cent.

Fuel & Power

The Fuel & Power sector declined 2.1 per cent in February following a 2.9 per cent decline in January. Residential consumers paid 2.2 per cent less for electricity as a result of the lower fuel adjustment rate.

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:

$$= \frac{\text{Dec 13 index} - \text{Nov 13 index}}{\text{Nov 13 index}} \times 100$$

$$= \frac{122.4 - 122.1}{122.1} \times 100$$

$$= -0.3\%$$

b) Year-to-Year Price Change

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

$$= \frac{\text{Dec 13 index} - \text{Dec 12 index}}{\text{Dec 12 index}} \times 100$$

$$= \frac{122.4 - 120.1}{120.1} \times 100$$

$$= 1.9\%$$

c) Particular Period Price Change

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

$$= \frac{\text{Jan 14 index} - \text{Feb 10 index}}{\text{Feb 10 index}} \times 100$$

$$= \frac{122.5 - 111.7}{111.7} \times 100$$

$$= 9.7\%$$

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)										
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
2013	+1.8	+3.0	-0.3	+0.1	+4.4	-1.9	+0.5	+1.4	+2.5	+8.3
MONTHLY (per cent)										
2012										
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
Jul	Nil	+0.3	+0.2	+0.2	+0.1	Nil	+0.1	-1.8	-0.1	+0.1
Aug	+0.1	+0.8	+0.1	Nil	+0.1	+0.9	+0.4	-0.5	+0.1	Nil
Sep	+0.4	+0.2	Nil	Nil	-0.1	+0.8	-0.1	+2.2	+1.6	Nil
Oct	+0.1	-0.1	+0.1	+1.0	Nil	-0.8	+0.1	+0.5	-0.1	+0.4
Nov	-0.6	-0.4	Nil	+0.2	+0.4	-2.7	Nil	-3.2	-0.1	Nil
Dec	+0.3	-0.8	+0.1	Nil	+0.1	Nil	Nil	+2.6	+0.1	+0.1
2014										
Jan	+0.1	+1.5	+0.5	+0.7	+0.4	-2.9	Nil	-1.7	-0.1	Nil
Feb	+0.1	+0.3	Nil	Nil	-0.1	-2.1	Nil	+1.2	+0.2	-0.1
Feb '14	122.6	131.8	111.3	122.9	136.0	146.4	111.5	109.8	131.5	165.6
<u>Feb'14</u> Feb'13	+1.7	+2.3	+0.2	+3.0	+5.0	-4.9	+0.5	+1.4	+1.5	+7.7

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

	2010	2011	2012	2013	Jan 14
Bermuda	2.4	2.7	2.4	1.8	+1.7
United States¹	1.5	3.0	1.7	1.5	+1.1
Canada²	1.8	2.9	1.5	0.9	+1.1
United Kingdom³	4.6	5.2	3.2	3.0	+2.7

Sources:

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

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