

Bermuda

A: Identification

Title of the CPI: Bermuda Consumer Price Index

Organisation responsible: Department of Statistics, Government of Bermuda

Periodicity: Monthly

Price reference period: 01/04/2006

Index reference period: 01/04/2006

Weights reference period: 01/05/2004

Main uses of CPI: Indexation of wages, pensions and/or social security payment, indexation of rents, contracts and/or other payments, main inflation indicator used for monetary policy and deflate household expenditures in national accounts.

B: CPI Coverage

Geographical Coverage

Weights: Nation-wide

Price collection: Urban areas

Population coverage: Resident households of nationals and resident households of foreigners in the country.

Population groups excluded: Institutional households, low income households and high income households.

Consumption expenditure includes:

- Food consumed away from home;
- Purchase of owner-occupied housing;
- Mortgage repayments;
- Housing maintenance, minor repairs;
- Major repairs, conversions and extensions to owner occupied housing;
- Purchase of gifts of goods and services given to others outside the household;
- Luxury goods;
- Non-life insurance premiums (e.g. vehicle, housing, other property, medical), gross of claims;
- Life insurance premiums;
- Licences and fees (e.g. driver's licence, hunting licence, vehicle registration);
- Gambling expenditure, gross of winnings;

- Social transfers in-kind of goods and services from government and No-profit institutions serving households;
- Expenditures abroad

Consumption expenditure excludes:

- Foods produced for own final consumption;
- Other goods produced for own final consumption;
- Services produced for own final consumption;
- Income in-kind receipts of goods;
- Income in-kind receipts of services;
- In-kind goods received as gifts;
- In-kind services received as gifts;
- Mortgage interest;
- Financial services (including fees for financial advice, brokerage fees);
- Interest payments (excluding mortgage interest payments);
- Investment-related expenditures (e.g. purchase of shares/stocks);
- Occupational expenditures;
- Second hand goods purchased;
- Other business-related expenditures

C: Concepts, definitions, classifications and weights

Definition of the CPI and its objectives: 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 index is used to index wages, salaries and rents and to deflate household expenditure in national accounts and in the value of retail sales.

Definition of consumption expenditures: The purchase of goods and services that households use directly or indirectly to satisfy their own needs and or wants.

Classification: COICOP (Classification of individual consumption by purpose)

Weights include value of consumption from own production: No

Sources of weights: Household expenditure surveys.

Frequency of weight updates: Above 5 years

Price updating of weight reference period to the index reference period: No. There was a two year lag between the development of weights and implementing them without adjustment into the Bermuda CPI.

Weights for different population groups or regions: No.

D: Sample design

Sampling methods:

Localities: Judgmental sampling

Outlets: Judgmental sampling

Products: Cut-off sampling (the elements with the highest sales or value of other auxiliary variable are included into the sample)

Frequency of sample updates:

Outlets: At the time of conducting HES, every ten years. Outlets and products/services replaced as required due to outlet closure or products/services being discontinued.

Products: At the time of conducting HES, every ten years. Outlets and products/services replaced as required due to outlet closure or products/services being discontinued.

Criteria used for determining the optimal sample sizes and the coverage of localities, outlets, items and variety samples: Subjective sampling is used to select outlets for pricing goods and services. The department of statistics applies its judgement and knowledge. The main sources of information are the retail sales data and the business register which serves as a comprehensive frame from which to retail outlets.

Volume sellers are selected within the outlets. Where consumers have a range of purchase options pricing officers select the top three or four items based on sales volume information from the outlet manager. Item specifications are noted and print on the survey sheets.

E: Data Collection

Approximate number of localities, outlets and price observations: Outlets: 90 per year, Price observations: 4,000 per year

Frequency with which prices are collected: Food – monthly, Rents – monthly, Clothing & footwear – quarterly, Tobacco & liquor – monthly, Fuel & power – monthly, Household goods (furniture, electronics) semi-annually and quarterly, Household services – annually, Household supply products – monthly, Transport & vehicles (auto/vehicle costs and repair costs) – monthly and semi-annually, Transport & vehicles (fuel) – monthly, Transport & vehicles (government vehicle license, postage rates) – per change, Transport & vehicles (taxi, bus and ferry fares) – per change, Transport & vehicles (airfares and hotel lodging) – monthly, Education, recreation & Reading (cinema) – monthly, Education, recreation & Reading (local schools and overseas university tuition) – annually, Education, recreation & Reading (sporting entry fees, club subscriptions) – annually, Education, recreation & Reading (recreational equipment) – quarterly, Education, recreation & Reading (pet-care) – monthly, Education, recreation & Reading (pleasure boats, fuel and boat repairs) – quarterly, monthly and semi-annually, Education, recreation & Reading (Newspapers and magazines) – quarterly, Health & personal care (Health insurance, doctor, dentist, optician visits) – annually, Health & personal care (Over-the-counter medicines) – monthly, Health & personal care (Prescribed medicines) – quarterly, Health & personal care (Toiletries and cosmetics) – monthly, Health & personal care (Men's, ladies hairstyling, facial, manicure, body massage) – monthly.

Reference period for data collection: Food – second week of each month.

Methods of Price Collection

- Personal data collection for food from grocery stores, household supply products, toiletries and cosmetics, clothing & footwear, tobacco & liquor
- Mailed questionnaires for rents, household goods and services, airfares and hotel lodging, overseas university tuition, prescribed and over-the-counter medicines, electricity costs.
- Telephone interviews for hairstyling, dry-cleaning and fuel.
- Official tariffs for vehicle licensing, postage fees and transportation fares.

Treatment of:

Discounts and sales prices: Specials and discounts prices are used for compilation of the index.

Black market prices: Not collected.

Second hand purchases: Not included.

Missing or faulty prices: Missing prices are handled by carrying forward the previous observation for no more than three pricing periods. The price of missing “seasonal” items is imputed for the period that they are not in season.

Period for allowing imputed missing prices: 3 months.

Disappearance of a given type or quality from the market: If product or service is discontinued a replacement of similar quality is incorporated into the index. Pricing does not continue for an item of a given type or quality which has disappeared from the market. Pricing officers are required to liaise with outlet representative to select a replacement that is of comparable quality to the item that disappeared.

Quality differences: No quality adjustment is made.

Appearance of new items: New items are incorporated into the index as replacement items.

Treatment of seasonal items and seasonality

Items that have a seasonal character and their treatment: Fresh fruits and vegetables, clothing.

Seasonal food items: Seasonal food items are included in the CPI using fixed weights approach: the weights are kept constant over the year, while prices of out-of season products are estimated or imputed.

Seasonal Clothing: Seasonal clothing items are included in the CPI using fixed weights approach: the weights are kept constant over the year, while prices of out-of season products are estimated or imputed.

Method to impute the price of seasonal items: The method used to impute price development in out-of season periods is carrying forward the last observed price.

Treatment of housing

Treatment of owner-occupied housing: Rent information is collected from a sample of residential rental management outlets. This information is used as a proxy for changes in the cost of owner-occupied housing.

Types of dwellings covered by the rent data: The residential rental management outlets report prices on a monthly basis. The sample of residences on which the outlets provide price information is a representative sample of no more than forty properties on the portfolio of properties under management when the rent price survey began and is stratified by the size of the residential unit, i.e. the number of bedrooms.

F: Computation

Formula used for calculation of elementary indices: The ratio of geometric mean prices (Jevons index) (Chained form)

Formula to aggregate elementary indices to higher level indices: Sum of the elementary indices for the current period calculated on the base weight.

Seasonally adjusted indices: No seasonal adjustment.

Software used for calculating the CPI: Microsoft Excel 2007

G: Editing and validation procedures

Control procedures used to ensure the quality of data collected: i) Specifications for priced items are included on every price survey sheet; ii) Pricing officers are trained in how to handle missing items, discounts, seasonal items and replacements; iii) Price data is reviewed by senior pricing officer before they are entered into the computer program; iv) Computerized price data is crosschecked against collected price data by two officers.

Control procedures used to ensure the quality of data processed: The computer programme is designed to flag price changes that exceed +/- 15% when comparing the current price to the previous price.

H: Documentation and dissemination

Timeliness of dissemination of the CPI data: 5 weeks after the end of the reference month.

Level of detailed CPI published

Paper publication: All items CPI, Division-level (12 Divisions)

Online: All items CPI, Division-level (12 Divisions)

Separate indices published for specific population groups: No

Type of products for which average prices are calculated and disseminated: None

Documentation

Publications and websites where indices can be found: Government of Bermuda, Department of Statistics – Consumer Price Index – Month/Year; Internet website: www.statistics.gov.bm

Publications and websites where methodological information can be found: Using the Consumer Price Index, www.statistics.gov.bm

I: Other Information

Reported by the country in 2012