

Summary - Jersey RPI September 2019

- **during the twelve months to September 2019 the All Items Retail Prices Index (RPI) for Jersey increased by 2.7% to stand at 179.7 (June 2000 = 100)**
- almost all groups saw prices increase, on average, on an annual basis
- the **Housing, Household services, Leisure services** and **Food** groups were the largest contributors to the overall annual increase in the RPI
- the increase in the RPI over the twelve months to June 2019 was 2.8%; hence, the **annual rate of inflation decreased by 0.1 percentage points (pp)** in the latest quarter
- this **slight fall in the annual rate of inflation** was the net result of several groups giving downward contributions to the overall rate of increase of the RPI and other groups giving upward contributions:
 - some groups, notably **Housing** and **Leisure goods**, saw lower rates of price increase over the twelve months to September 2019 than over the twelve months to June 2019, resulting in downward contributions from these groups to the inflation rate
 - the price of **Household goods** decreased, on average, over the twelve months to September 2019 but increased over the same time period to June 2019, also resulting in a downward contribution to the inflation rate
 - in contrast, other groups saw prices increase at a greater annual rate over the twelve months to September 2019 than over the same time period to June 2019, notably the cost of **Food** and of **Fares & other travel**, resulting in upward contributions to the inflation rate
- **underlying inflation, as measured by the annual change in RPI(Y), increased by 2.5%** over the twelve months to September 2019¹
- over the twelve months to September 2019:
 - RPI(X) increased by 2.6%²
 - RPI Pensioners increased by 2.5%
 - RPI Low Income increased by 2.6%
- the headline rate of inflation, as measured by the annual change in the RPI, was the lowest for more than two years, since June 2017
- the rate of inflation in Jersey over the twelve months to September 2019 was 0.8 pp greater than that of the comparable measure for the UK (1.9%)

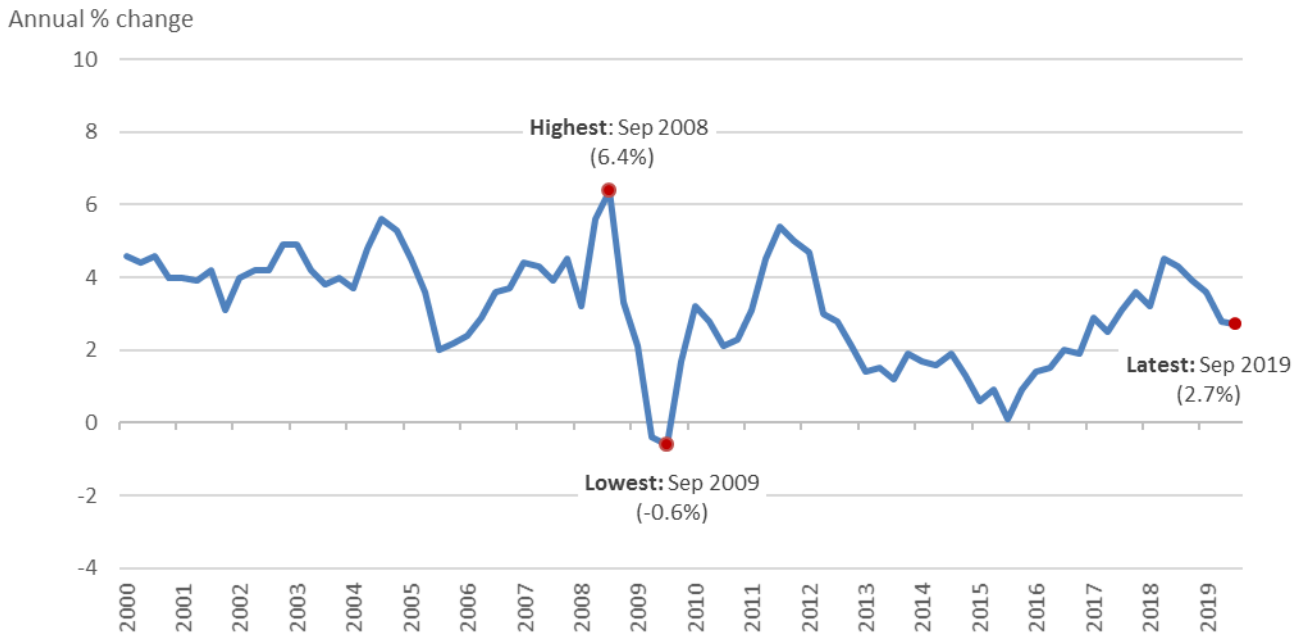
¹ RPI(Y): the RPI excluding mortgage interest payments and indirect taxes (e.g. GST and impôts). During periods involving the introduction of, or changes in, indirect taxes, the annual change in RPI(Y) is the pertinent measure of underlying inflation.

² RPI(X): the RPI excluding mortgage interest payments.

Annual change

The increase in the All Items Retail Prices Index (RPI) over the twelve months to September 2019 was 2.7%. The annual percentage changes in the RPI since March 2000 are shown in Figure 1.

Figure 1 - Jersey RPI annual inflation rate (percent) Mar 2000 to Sep 2019



In September 2019, the annual change in the RPI was 0.1 pp lower than for the previous quarter (June 2019) and was the lowest recorded for more than two years, since June 2017.

The annual percentage changes for each group of the RPI are shown in Figure 2. Over the twelve months to September 2019 prices in almost all groups increased, on average. The exception was **Household goods**, which saw prices decrease, on average, over the period.

Figure 2 - Annual percentage changes for each group, Sep 2019

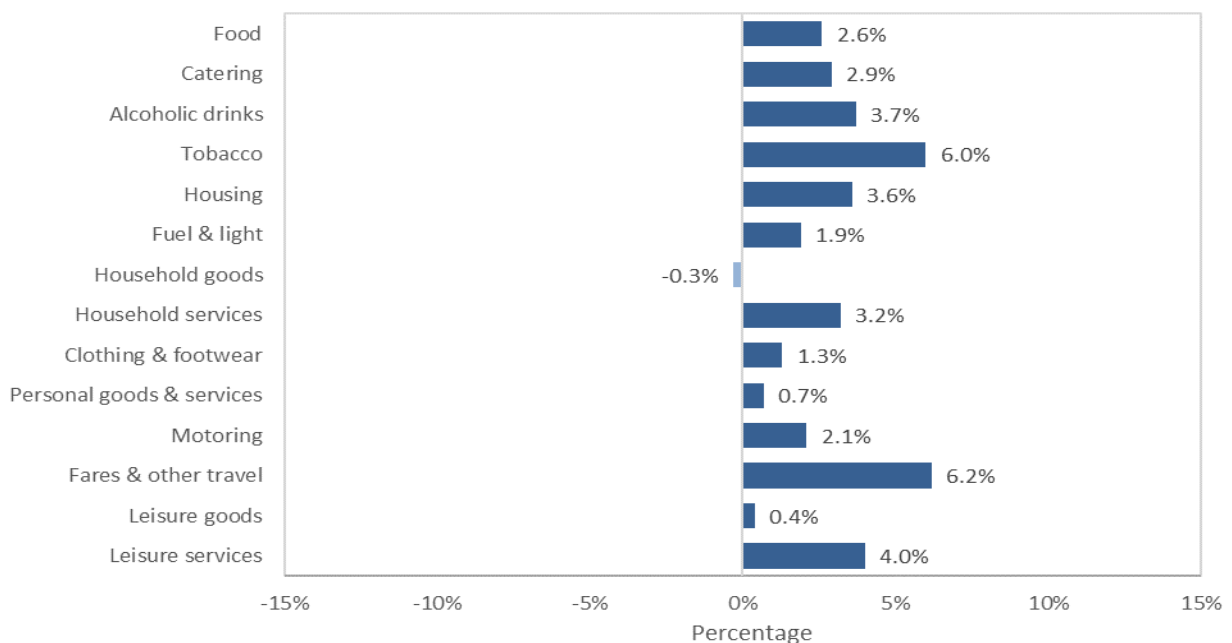
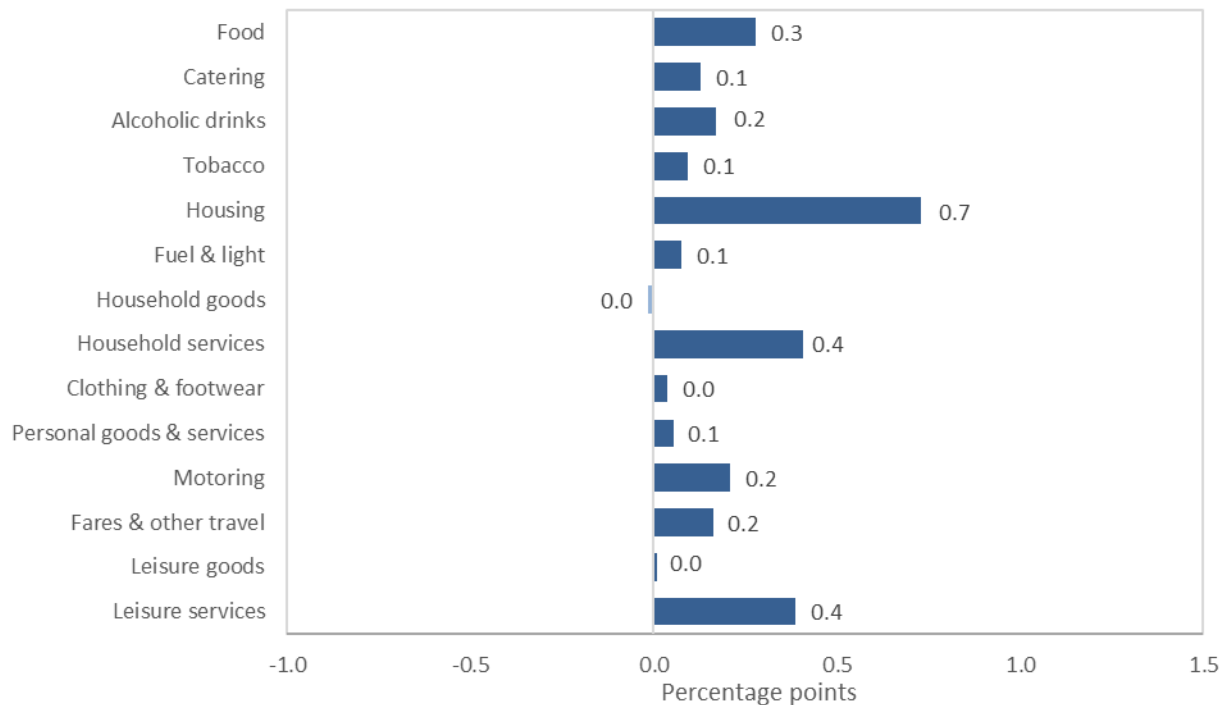


Figure 3 shows the contribution of each group of the RPI to the overall annual increase of 2.7%.

Figure 3 - Contribution of each group to the annual change in the RPI, Sep 2019



Individual contributions shown do not sum to the total change due to rounding

The groups which saw prices increase, over the twelve months to September 2019, gave **upward** contributions to the RPI, notably:

- **Housing:** costs rose by 3.6%, on average, over the year to September 2019, contributing +0.7 percentage points (pp) to the annual change of the RPI. Price increases were seen across the group, which includes house purchase costs, rents, Parish and Island-wide rates (increased in September 2019) and water charges (increased in April 2019). The largest upward contributions were from increased rents paid in both the public and private sectors and the increased cost of house purchase
- **Household services:** costs rose by 3.2%, on average, over the year to September 2019, contributing +0.4 pp to the annual change of the RPI. Price increases were seen across the group, which includes telephone and postal charges, domestic services and school fees (increased for some schools in September 2019)
- **Leisure services:** prices in this group increased by 4.0%, on average, over the twelve months to September 2019, contributing +0.4 pp to the annual change of the RPI. Higher average prices were seen across the group which includes foreign holidays, TV licences (increased in April 2019), entertainment and recreation activities
- **Food:** prices increased by 2.6%, on average, over the twelve months to September 2019, contributing +0.3 pp to the overall annual change in the RPI

In the **Fuel & light** group, the effect of increases in the prices of gas (in September 2019) and electricity (in April 2019) was partially offset by a decrease in the price of domestic heating oil on an annual basis.

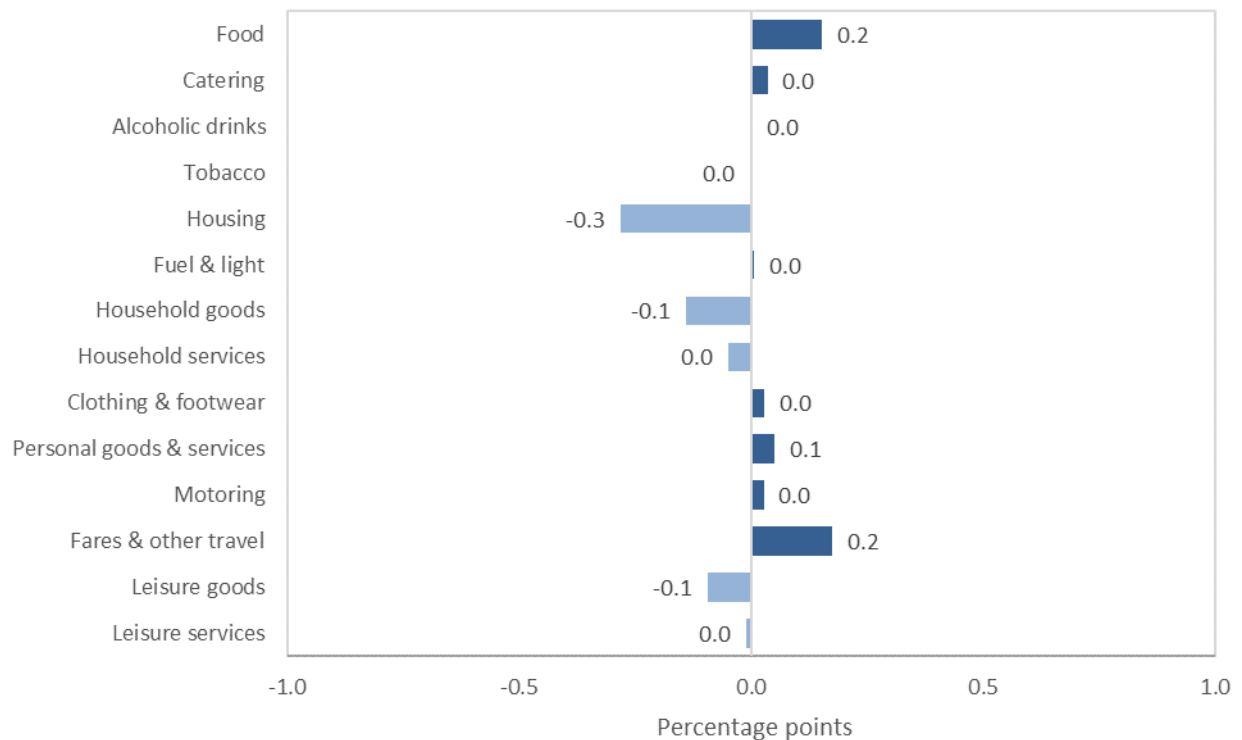
Impôts duties increased in January 2019, contributing +0.2 pp to the overall annual change in the RPI.

In contrast, prices in the **Household goods** group decreased by 0.3%, on average, over the twelve months to September 2019, giving a small downward contribution to the annual change in the RPI.

Group level indices are presented in Appendix Table A1, which also shows the most recent annual and quarterly percentage changes.

The annual rate of increase of Jersey's RPI was 0.1 pp lower in September 2019 (2.7%) than in June 2019 (2.8%). Figure 4 shows the contributions to the change in the annual rate of increase of the RPI.

Figure 4 - Contributions to change in annual rate of increase of RPI between Jun 2019 and Sep 2019 (-0.1 pp from 2.8% to 2.7%)



Individual contributions shown do not sum to the total change due to rounding

Several groups gave **downward** contributions to the **change** in the annual rate of increase of the RPI:

- **Housing:** contributed -0.3 pp to the change in the annual rate of increase. Prices in this group, increased at a lower rate over the twelve months to September 2019 (up 3.6%) than over the same period to June 2019 (up 5.0%). The effect of the most recent increase in the Bank of England base rate on mortgage interest payments had fallen out on an annual basis in the latest quarter³.
- **Household goods:** contributed -0.1 pp to the change in the annual rate of increase of the RPI. Prices in this group decreased, on average, over the twelve months to September 2019 (down 0.3%) whereas they had increased over the twelve months to June 2019 (up 2.0%)
- **Leisure goods:** contributed -0.1 pp to the change in the annual rate of increase of the RPI. On average, prices increased at a lower rate over the twelve months to September 2019 (up 0.4%) than over the twelve months to June 2019 (up 3.8%).

³ The Bank of England base rate increased by a quarter percentage point (from 0.5% to 0.75%) on 2 August 2018.

In contrast, several groups gave small upward contributions to the change in the annual rate of increase of the RPI:

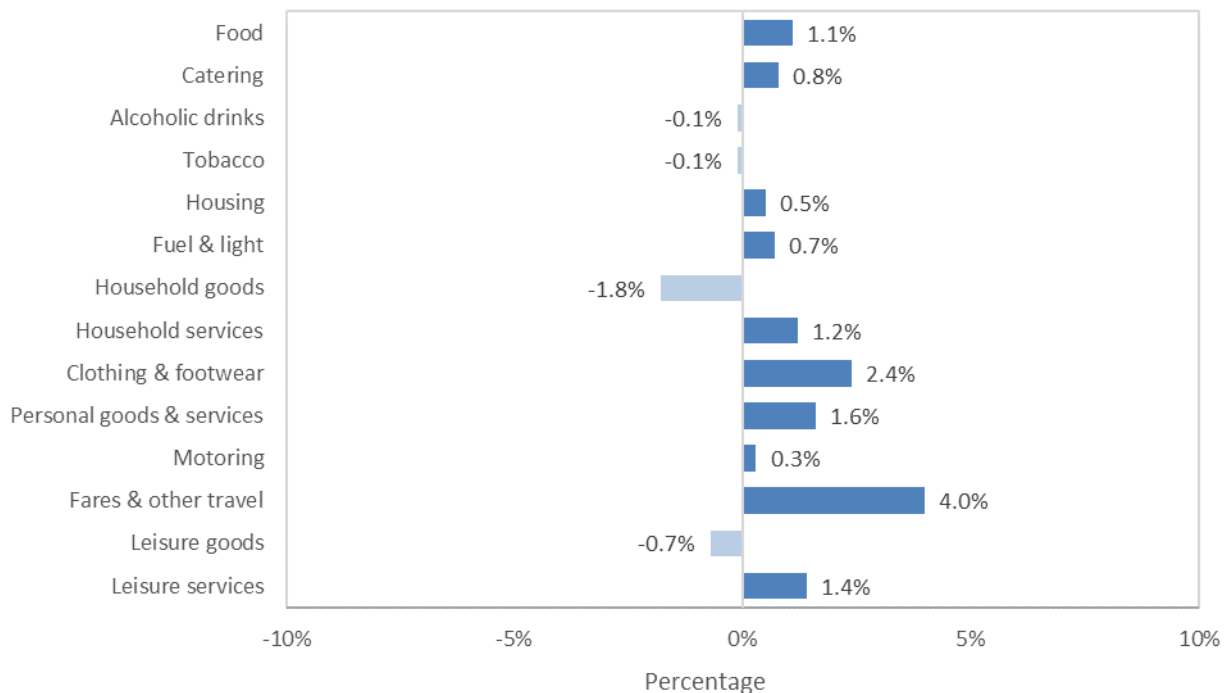
- **Food:** contributed +0.2 pp to the change in the annual rate of increase. The rate of price increase for this group was greater over the twelve months to September 2019 (up 2.6%) than over the twelve months to June 2019 (up 1.2%)
- **Fares and other travel:** contributed +0.2 pp to the change in the annual rate of increase. Prices in this group, which includes air, bus, ferry and taxi fares, increased, on average, over the twelve months to September 2019 (up 6.2%) whereas they had decreased over the twelve months to June 2019 (down 0.5%)
- **Personal goods and services:** contributed +0.1 pp to the change in the annual rate of increase. Prices in this group increased over the twelve months to September 2019 (up 0.7%). Over the same time period to June 2019 prices in this group had been essentially unchanged (0.0%).

Quarterly change

On a quarterly basis, the RPI increased by 0.7% between June 2019 and September 2019.

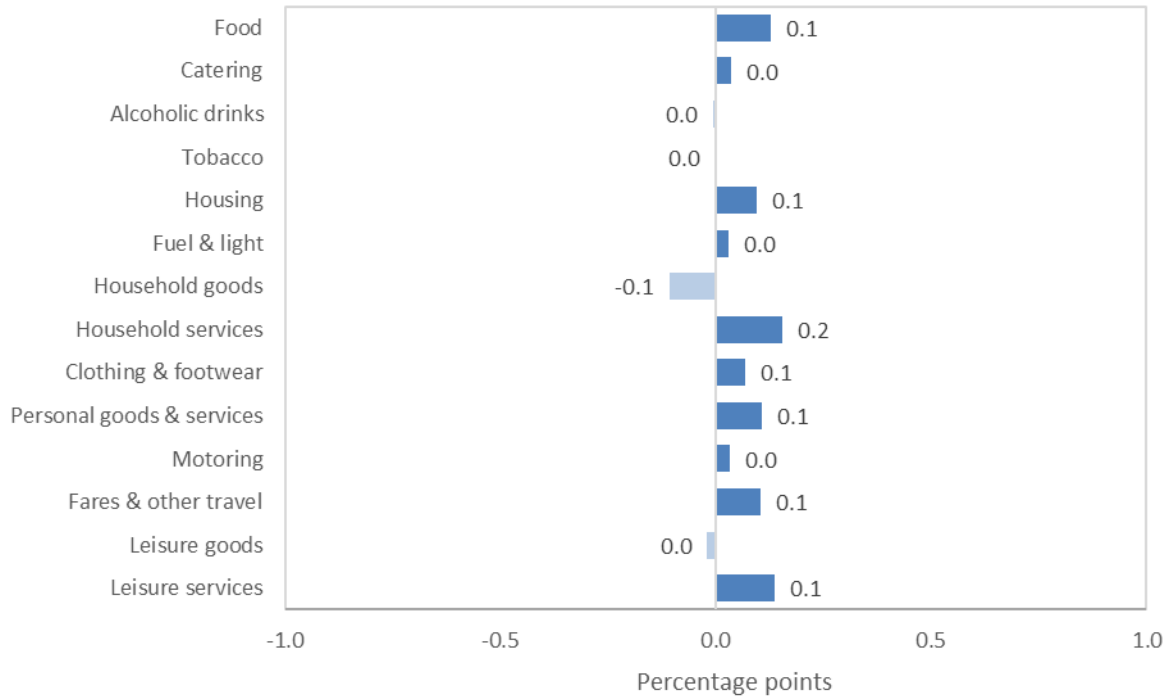
Figure 5 shows the percentage changes over the latest quarter for each group of the RPI.

Figure 5 - Quarterly percentage changes for each group, Sep 2019



The groups which saw prices increase, on average, in the latest quarter gave upward contributions to the RPI (see Figure 6). In contrast, groups recording price decreases in the last quarter gave downward contributions to the overall quarterly change.

Figure 6 - Contribution of each group to the quarterly change in the RPI, Sep 2019

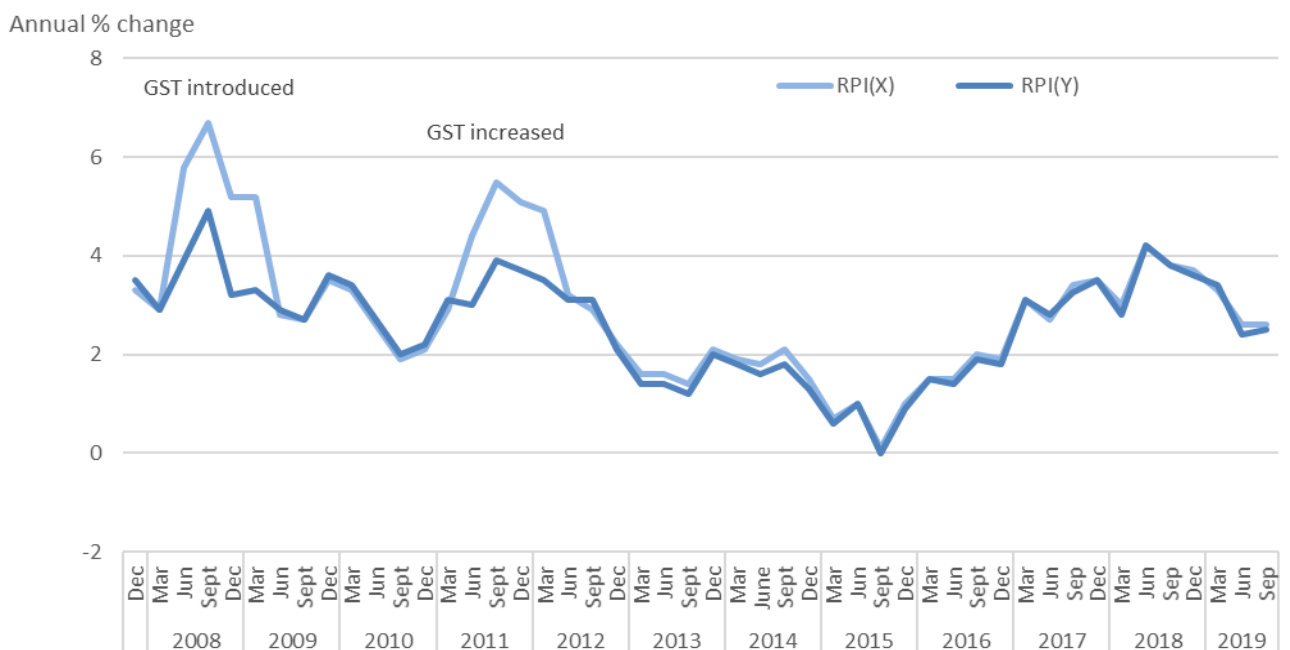


RPI(X) and RPI(Y) - underlying rate of inflation

RPI(X) is defined as the all items RPI excluding the cost of mortgage interest payments. RPI(Y) provides a measure of underlying inflation by removing the effect not only of mortgage interest payments but also of indirect taxes such as GST and impôts. During periods involving the introduction of, or changes in, indirect taxes, the annual change in RPI(Y) is the pertinent measure of underlying inflation.

Over the twelve months to September 2019, RPI(X) increased by 2.6% and RPI(Y) increased by 2.5%. Figure 7 shows the annual rates of change of both RPI(X) and RPI(Y) since 2007, when RPI(Y) was first published for Jersey (see Appendix Tables A3 and A4).

Figure 7 - Annual percentage changes in RPI(X) and RPI(Y), Dec 2007 to Sep 2019

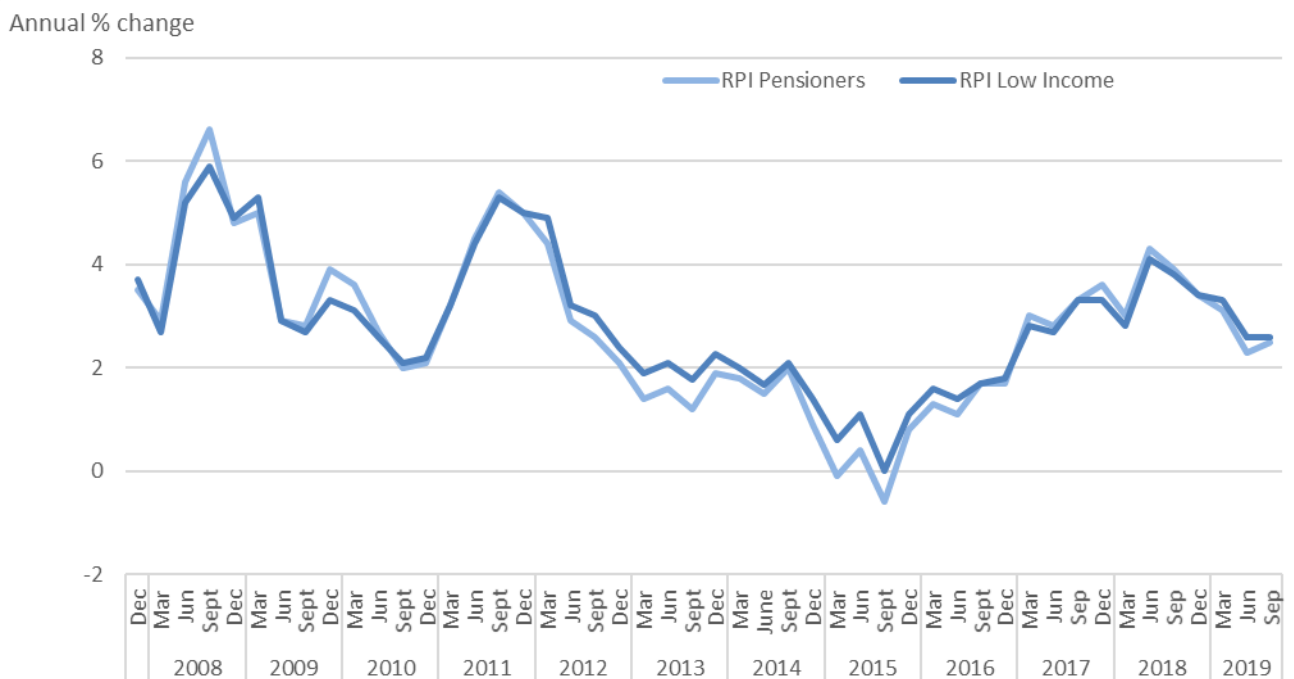


Other inflation measures

In December 2007, two further consumer price indices were introduced for Jersey: **RPI Pensioners**, for pensioner households; and **RPI Low Income**, for households in the lowest quintile of household income. Over the twelve months to September 2019, RPI Pensioners increased by 2.5% and RPI Low Income increased by 2.6%.

Figure 8 shows the annual rates of change of both RPI Pensioners and RPI Low Income since December 2007, when annual changes in these indices were first published (see Appendix Table A4).

Figure 8 - Annual percentage changes in RPI Pensioners and RPI Low Income, Dec 2007 to Sep 2019



Comparison with the UK

The annual rates of increase of the RPI in Jersey and the UK are shown in Table 1. The annual rate of increase of the UK RPI adjusted for the formula effect (see Note 4) is also shown. The appropriate comparison is that of the Jersey RPI and the UK RPI adjusted for the formula effect.

Table 1: Annual percentage changes in RPI for Jun 2019 and Sep 2019

	RPI	
	Jun 2019	Sep 2019
Jersey	2.8	2.7
UK	2.9	2.4
UK adjusted	2.3	1.9

Over the twelve months to September 2019, the annual increase of the RPI in Jersey was 2.7% and that of the UK adjusted RPI was 1.9%. Hence, the rate of inflation in Jersey over the twelve months to September 2019 was 0.8 pp greater than the comparable measure for the UK.

There was a decrease of 0.1 pp in the annual rate of increase of the Jersey RPI between June 2019 and September 2019 (from 2.8% to 2.7%) compared to a decrease of 0.4 pp in the annual rate of increase of the UK adjusted RPI over the same period (from 2.3% to 1.9%).

Over the twelve months to September 2019:

- several groups increased at a greater annual rate in Jersey than in the UK, including the cost of **Food** and **Alcoholic drinks**, **Motoring** and **Fares & other travel**, and the cost of **Housing**
- in contrast, other groups increased at a lower annual rate in Jersey than in the UK, including **Fuel & light** and **Clothing & footwear**, whilst the price of **Household goods** decreased in Jersey, on average, but rose in the UK

Notes

1. The Retail Prices Index (RPI) is the main measure of inflation in Jersey. It measures the change from quarter to quarter in the price of the goods and services purchased by an “average household” in Jersey. The spending pattern on which the index is based is revised at intervals, using information from the Jersey Household Spending Survey (HSS). An HSS was conducted in 2014-15, the results of which were published in May 2016; these results have been used to conduct a commodity review and the introduction of new weights for all consumer prices indices in March 2018.
2. The RPI is compiled using a large and representative selection of over 500 separate goods and services. The price movements for each of these are measured at a representative range of outlets. Around 2,500 separate price quotations are used each quarter in compiling the index. Prices are measured on or around the 15th day of March, June, September and December.
3. Full details of the Jersey Retail Prices Index and its movements since 2000 are set out in the Appendix, along with details of the Jersey figures for RPI(X).
4. In 2012 a consultation exercise on the UK RPI was conducted by the UK National Statistician. The principal outcomes of this consultation were that the UK RPI did not meet current international standards and that a new index (RPIJ) should be published. From March 2013 to January 2017 the UK Office for National Statistics (ONS) published RPIJ.

The annual percentage change in the UK RPI was systematically greater than that of RPIJ; the upward bias was predominantly due to the “formula effect”. The Jersey RPI is not susceptible to such an upward bias.

Prior to February 2017 the appropriate comparison with the UK was that of the Jersey RPI and the UK RPIJ. However, in February 2017, the UK Office for National Statistics discontinued publication of RPIJ.

A direct estimate of the formula effect continues to be published by the ONS, enabling comparison between the annual rates of change of the Jersey and UK RPIS by adjusting for the formula effect.

5. RPI(Y) excludes mortgage interest payments and indirect taxes. For Jersey, the indirect taxes excluded are Parish rates and all taxes and duties that directly affect retail prices, namely impôts (on tobacco, alcohol and motor fuels), the Goods and Services Tax (GST), Air Passenger Duty and Vehicle Emissions Duty.
6. Group and section weights for RPI Pensioners and RPI Low Income are derived from information on expenditure collected by the 2014/15 Household Spending Survey (HSS). Section and item weights therefore differ from those in the Jersey RPI due to the different expenditure patterns for these households compared to all households.
7. The Jersey RPI for December 2019 will be published on 17 January 2020.
8. The Jersey Retail Prices Index is compiled by Statistics Jersey; (enquiries to Statistics Jersey: 01534-440465 e-mail: statistics@gov.je).

Statistics Jersey

18 October 2019

Table A1: Group indices (June 2000 = 100) and percentage changes

GROUP	2018 Sep	2018 Dec	2019 Mar	2019 Jun	2019 Sep	Annual change (percent)	Quarterly change (percent)
Food	172.1	170.8	173.8	174.5	176.5	2.6	1.1
Catering	181.0	182.3	184.3	184.8	186.2	2.9	0.8
Alcoholic drinks	197.8	198.0	205.8	205.5	205.2	3.7	-0.1
Tobacco	329.1	329.1	349.5	349.5	349.0	6.0	-0.1
Housing	191.2	193.5	195.2	197.1	198.0	3.6	0.5
Fuel & light	238.1	235.3	234.1	240.9	242.6	1.9	0.7
Household goods	105.7	107.0	107.5	107.3	105.4	-0.3	-1.8
Household services	226.7	227.4	228.9	231.2	234.0	3.2	1.2
Clothing & footwear	79.7	78.2	78.3	78.8	80.7	1.3	2.4
Personal goods & services	162.4	161.2	161.7	161.1	163.6	0.7	1.6
Motoring	176.0	176.1	178.5	179.2	179.7	2.1	0.3
Fares & other travel	221.6	221.2	225.0	226.3	235.3	6.2	4.0
Leisure goods	81.6	81.3	83.0	82.5	81.9	0.4	-0.7
Leisure services	196.8	199.2	199.7	201.8	204.6	4.0	1.4
All items	175.0	175.4	177.3	178.4	179.7	2.7	0.7

Table A2: Jersey Retail Prices Index RPI, 2000-2019 (Jun 2000 = 100)

		RPI	Annual change (%)	Quarterly change (%)			RPI	Annual change (%)	Quarterly change (%)
2000	Mar	99.0	4.6	1.3	2010	Mar	141.7	3.2	1.2
	Jun	100.0	4.4	1.0		Jun	142.4	2.8	0.5
	Sep	101.1	4.6	1.1		Sep	142.6	2.1	0.1
	Dec	101.6	4.0	0.5		Dec	143.2	2.3	0.4
2001	Mar	103.0	4.0	1.4	2011	Mar	146.1	3.1	2.0
	Jun	103.9	3.9	0.9		Jun	148.8	4.5	1.8
	Sep	105.3	4.2	1.3		Sep	150.3	5.4	1.0
	Dec	104.7	3.1	-0.6		Dec	150.4	5.0	0.1
2002	Mar	107.1	4.0	2.3	2012	Mar	153.0	4.7	1.7
	Jun	108.3	4.2	1.1		Jun	153.3	3.0	0.2
	Sep	109.7	4.2	1.3		Sep	154.5	2.8	0.8
	Dec	109.8	4.9	0.1		Dec	153.5	2.1	-0.6
2003	Mar	112.4	4.9	2.4	2013	Mar	155.2	1.4	1.1
	Jun	112.9	4.2	0.4		Jun	155.6	1.5	0.3
	Sep	113.9	3.8	0.9		Sep	156.4	1.2	0.5
	Dec	114.2	4.0	0.3		Dec	156.4	1.9	0.0
2004	Mar	116.6	3.7	2.1	2014	Mar	157.9	1.7	1.0
	Jun	118.3	4.8	1.5		Jun	158.1	1.6	0.1
	Sep	120.3	5.6	1.7		Sep	159.3	1.9	0.8
	Dec	120.3	5.3	0.0		Dec	158.5	1.3	-0.5
2005	Mar	121.9	4.5	1.3	2015	Mar	158.9	0.6	0.3
	Jun	122.6	3.6	0.6		Jun	159.6	0.9	0.4
	Sep	122.7	2.0	0.1		Sep	159.5	0.1	-0.1
	Dec	123.0	2.2	0.2		Dec	160.0	0.9	0.3
2006	Mar	124.8	2.4	1.5	2016	Mar	161.2	1.4	0.8
	Jun	126.2	2.9	1.1		Jun	162.0	1.5	0.5
	Sep	127.1	3.6	0.7		Sep	162.7	2.0	0.4
	Dec	127.5	3.7	0.3		Dec	163.0	1.9	0.2
2007	Mar	130.3	4.4	2.2	2017	Mar	165.9	2.9	1.8
	Jun	131.6	4.3	1.0		Jun	166.1	2.5	0.1
	Sep	132.1	3.9	0.4		Sep	167.8	3.1	1.0
	Dec	133.3	4.5	0.9		Dec	168.8	3.6	0.6
2008	Mar	134.5	3.2	0.9	2018	Mar	171.2	3.2	1.4
	Jun	139.0	5.6	3.3		Jun	173.5	4.5	1.3
	Sep	140.5	6.4	1.1		Sep	175.0	4.3	0.9
	Dec	137.7	3.3	-2.0		Dec	175.4	3.9	0.2
2009	Mar	137.3	2.1	-0.3	2019	Mar	177.3	3.6	1.1
	Jun	138.5	-0.4	0.9		Jun	178.4	2.8	0.6
	Sep	139.6	-0.6	0.8		Sep	179.7	2.7	0.7
	Dec	140.0	1.7	0.3					

Table A3: Jersey Retail Prices Index excluding house purchase costs, RPI(X), 2000-2019 (Jun 2000 = 100)

		RPI(X) Jun 2000 =100)	Annual change (%)	Quarterly change (%)			RPI(X) (Jun 2000 =100)	Annual change (%)	Quarterly change (%)
2000	Mar	(99.2)	4.3	1.1	2010	Mar	140.7	3.3	1.2
	Jun	100.0	4.0	0.8		Jun	141.4	2.6	0.5
	Sep	101.1	4.2	1.1		Sep	141.4	1.9	0.0
	Dec	101.4	3.4	0.3		Dec	141.9	2.1	0.4
2001	Mar	102.8	3.6	1.4	2011	Mar	144.8	2.9	2.0
	Jun	103.8	3.8	1.0		Jun	147.6	4.4	1.9
	Sep	105.3	4.2	1.4		Sep	149.2	5.5	1.1
	Dec	105.1	3.6	-0.2		Dec	149.2	5.1	0.0
2002	Mar	107.3	4.4	2.1	2012	Mar	151.9	4.9	1.8
	Jun	108.4	4.4	1.0		Jun	152.3	3.2	0.3
	Sep	109.7	4.2	1.2		Sep	153.5	2.9	0.8
	Dec	109.8	4.5	0.1		Dec	152.5	2.2	-0.7
2003	Mar	112.5	4.8	2.5	2013	Mar	154.3	1.6	1.2
	Jun	113.4	4.6	0.8		Jun	154.8	1.6	0.3
	Sep	114.5	4.4	1.0		Sep	155.6	1.4	0.5
	Dec	114.2	4.0	-0.3		Dec	155.7	2.1	0.1
2004	Mar	116.4	3.5	1.9	2014	Mar	157.3	1.9	1.0
	Jun	117.3	3.4	0.8		Jun	157.6	1.8	0.2
	Sep	118.3	3.3	0.9		Sep	158.9	2.1	0.8
	Dec	118.1	3.4	-0.2		Dec	158.0	1.5	-0.6
2005	Mar	119.6	2.7	1.3	2015	Mar	158.4	0.7	0.3
	Jun	120.2	2.5	0.5		Jun	159.2	1.0	0.5
	Sep	120.6	1.9	0.3		Sep	159.1	0.1	-0.1
	Dec	120.7	2.2	0.1		Dec	159.6	1.0	0.3
2006	Mar	122.5	2.4	1.5	2016	Mar	160.8	1.5	0.8
	Jun	123.9	3.1	1.1		Jun	161.6	1.5	0.5
	Sep	124.0	2.8	0.1		Sep	162.3	2.0	0.4
	Dec	123.7	2.5	-0.2		Dec	162.7	1.9	0.2
2007	Mar	125.9	2.8	1.8	2017	Mar	165.8	3.1	1.9
	Jun	126.7	2.3	0.6		Jun	166.0	2.7	0.1
	Sep	126.7	2.2	0.0		Sep	167.8	3.4	1.1
	Dec	127.7	3.2	0.8		Dec	168.4	3.5	0.4
2008	Mar	129.5	2.9	1.4	2018	Mar	170.7	3.0	1.4
	Jun	134.0	5.8	3.5		Jun	173.0	4.2	1.3
	Sep	135.2	6.7	0.9		Sep	174.2	3.8	0.7
	Dec	134.3	5.2	-0.7		Dec	174.6	3.7	0.2
2009	Mar	136.2	5.2	1.4	2019	Mar	176.4	3.3	1.0
	Jun	137.8	2.8	1.2		Jun	177.5	2.6	0.6
	Sep	138.8	2.7	0.7		Sep	178.7	2.6	0.7
	Dec	139.0	3.5	0.1					

Table A4: Annual percentage changes in RPI(Y), RPI Pensioners and RPI Low Income

		RPI(Y)	RPI Pensioners	RPI Low Income
2007	Dec	3.5	3.5	3.7
2008	Mar	2.9	2.9	2.7
	Jun	3.9	5.6	5.2
	Sep	4.9	6.6	5.9
	Dec	3.2	4.8	4.9
2009	Mar	3.3	5.0	5.3
	Jun	2.9	2.9	2.9
	Sep	2.7	2.8	2.7
	Dec	3.6	3.9	3.3
2010	Mar	3.4	3.6	3.1
	Jun	2.7	2.7	2.6
	Sep	2.0	2.0	2.1
	Dec	2.2	2.1	2.2
2011	Mar	3.1	3.2	3.2
	Jun	3.0	4.5	4.4
	Sep	3.9	5.4	5.3
	Dec	3.7	5.0	5.0
2012	Mar	3.5	4.4	4.9
	Jun	3.1	2.9	3.2
	Sep	3.1	2.6	3.0
	Dec	2.1	2.1	2.4
2013	Mar	1.3	1.4	1.9
	Jun	1.4	1.6	2.1
	Sep	1.2	1.2	1.8
	Dec	2.0	1.9	2.3
2014	Mar	1.8	1.8	2.0
	Jun	1.6	1.5	1.7
	Sep	1.8	2.0	2.1
	Dec	1.3	0.9	1.4
2015	Mar	0.6	-0.1	0.6
	Jun	1.0	0.4	1.1
	Sep	0.0	-0.6	0.0
	Dec	0.9	0.8	1.1
2016	Mar	1.5	1.3	1.6
	Jun	1.4	1.1	1.4
	Sep	1.9	1.7	1.7
	Dec	1.8	1.7	1.8
2017	Mar	3.1	3.0	2.8
	Jun	2.8	2.8	2.7
	Sep	3.3	3.3	3.3
	Dec	3.5	3.6	3.3
2018	Mar	2.9	3.0	2.8
	Jun	4.2	4.3	4.1
	Sep	3.8	3.9	3.8
	Dec	3.6	3.4	3.4
2019	Mar	3.4	3.1	3.3
	Jun	2.4	2.3	2.6
	Sep	2.5	2.5	2.6