

Jersey Retail Prices Index

March 2016

Summary

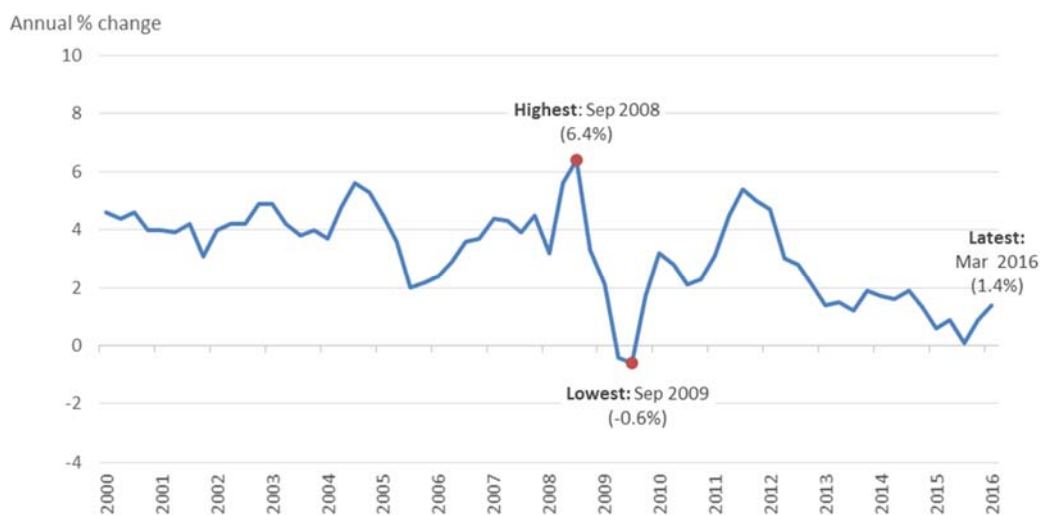
- During the twelve months to March 2016 the All Items Retail Prices Index (RPI) for Jersey **increased by 1.4%** to stand at 161.2 (June 2000 = 100)
- The increase in the RPI over the twelve months to December 2015 was 0.9%; hence, the **annual rate of inflation increased by 0.5 percentage points (pp)** in the latest quarter
- This latest increase in the annual rate of inflation was the result of several groups of the RPI giving small upward contributions to the annual rate of change
- **RPI(X)¹ increased by 1.5%** and **underlying inflation**, as measured by **RPI(Y)²**, increased by **1.5%** over the twelve months to March 2016
- The annual rates of increase of **RPI Pensioners** and **RPI Low Income** over the twelve months to March 2016 were **1.3%** and **1.6%**, respectively
- In March 2016 all indices recorded their greatest annual rates of increase for 18 months, since September 2014
- Increased **impôts duties** in January 2016 accounted for 0.1 pp of the latest annual rate of inflation and for 0.0 pp of the increase in the annual rate of inflation

Annual change

The increase in the all items retail prices index (RPI) over the twelve months to March 2016 was 1.4%.

Figure 1 shows the annual percentage changes in the RPI since March 2000.

Figure 1 - Jersey RPI annual inflation rate (percent) Mar 2000 to Mar 2016



The change in the RPI over the twelve months to March 2016 was the greatest annual increase of the RPI for 18 months, since September 2014.

¹ RPI(X): the RPI excluding mortgage interest payments.

² RPI(Y): the RPI excluding mortgage interest payments and indirect taxes (e.g. GST and impôts).

The annual percentage changes for each group of the RPI are shown in Figure 2. Over the twelve months to March 2016: eight of the fourteen groups saw prices increase, on average; three groups saw prices decrease; and three groups saw prices essentially unchanged over the period.

Figure 2 - Annual percentage changes for each group, March 2016

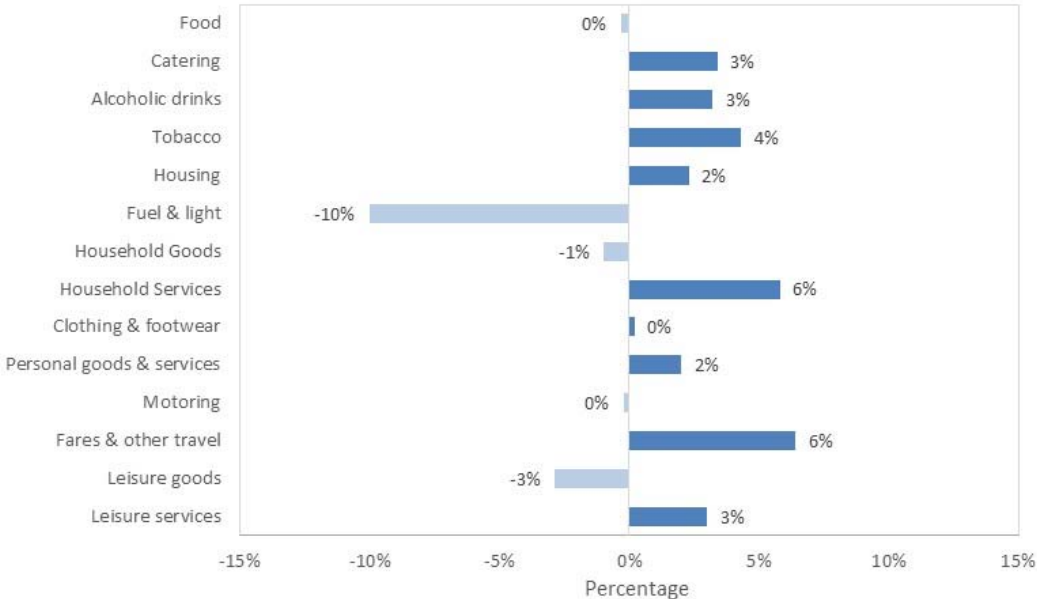
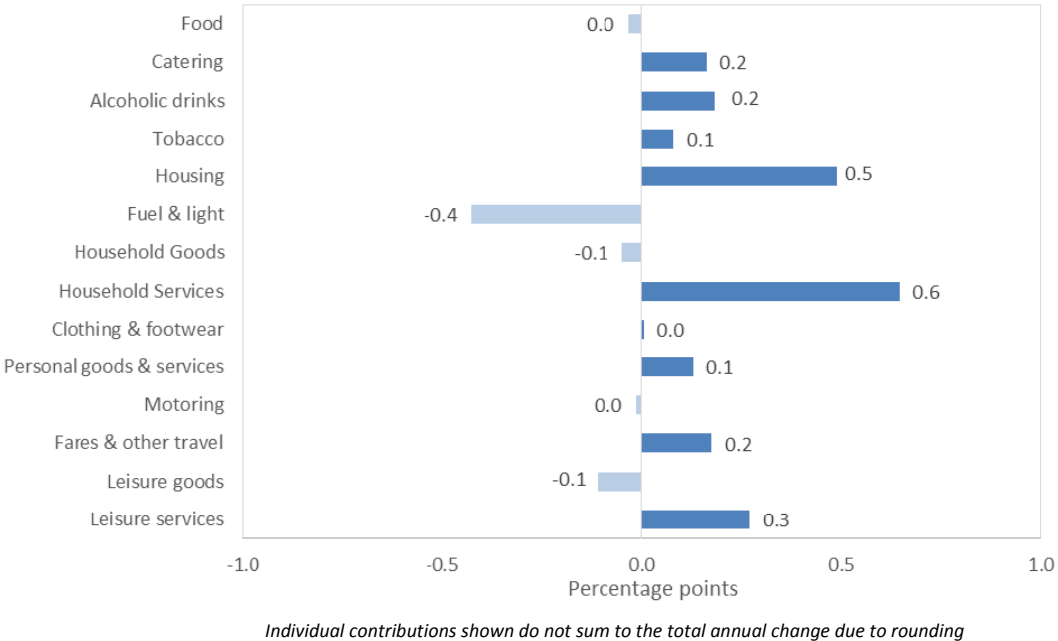


Figure 3 shows the contribution of each group of the RPI to the overall annual increase of 1.4%.

Figure 3 - Contribution of each group to the annual change of the RPI



The groups which saw prices increase, on average, over the twelve months to March 2016 gave upward contributions to the RPI; notably:

- **Household services:** costs rose by 6%, on average, over the year to March 2016, contributing +0.6 percentage points (pp) to the annual change of the RPI; price increases were seen across the group which includes school fees (increased in September 2015), postal charges (increased in April 2015), telephone charges and domestic services

- **Housing:** costs rose by 2%, on average, over the year to March 2016, contributing +0.5 pp to the annual change of the RPI. The increase recorded by this group was driven by increased average rents paid in both the public and private sectors
- increased impôts duties in January 2016 contributed +0.1 pp to the annual change of the RPI, and accounted for less than a fifth of the overall contribution from the Alcoholic drinks group to the increase of the RPI and for three-quarters of the contribution from the Tobacco group

In contrast, the groups which saw prices decrease, on average, over the twelve months to March 2016 gave downward contributions to the RPI:

- **Fuel & light:** costs decreased by 10%, on average, contributing -0.4 pp to the annual change of the RPI. The decrease recorded by this group was largely due to the lower cost of domestic heating oil, which was 18 p per litre lower in March 2016 than a year earlier. The cost of gas was also lower over the twelve months³ to March 2016 whilst electricity prices were unchanged
- **Leisure goods:** costs decreased by 3%, on average, over the twelve months to March 2016, contributing -0.1 pp to the annual change of the RPI. Lower average prices were seen across this group which includes audio-visual equipment, toys, sports equipment and gardening products

The groups which saw prices remain essentially unchanged, on average, over the twelve months to March 2016 gave very small contributions to the change in the RPI:

- **Food:** prices in this group fell by 0.3%, on average, over the twelve months to March 2016. Lower prices were seen for fresh vegetables, sugar and preserves, and fish whilst the price of sweets and chocolate, cheese and some meats increased, on average, over the same period
- **Motoring:** prices in this group were 0.2% lower, on average, than twelve months earlier. In this group, the mean prices of petrol and diesel were 9 p and 12 p per litre lower, respectively, in March 2016 than a year earlier. Lower average prices were also seen for motor insurance on an annual basis, whilst the cost of purchasing a motor vehicle and other motoring costs increased over the same period.

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

There was an increase of 0.5 pp in the annual rate of increase of Jersey's RPI between December 2015 and March 2016, from 0.9% to 1.4%. Several groups gave small **upward** contributions to the change in the annual rate of increase of the RPI (see Figure 4), notably:

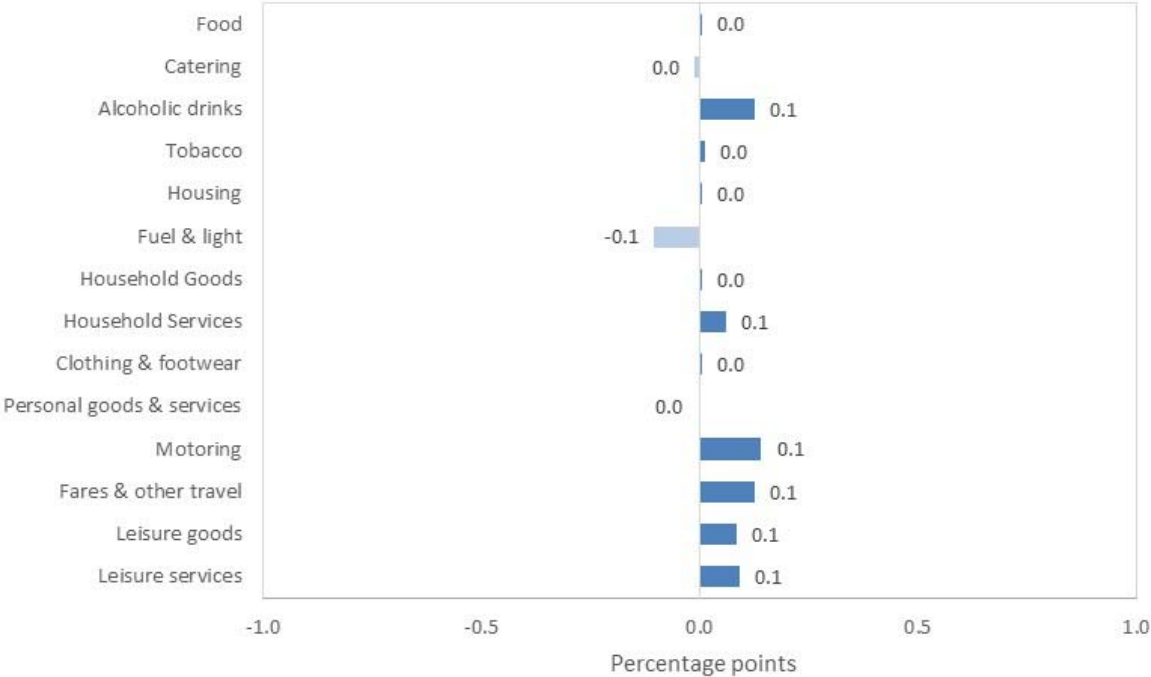
- the **Motoring group** contributed +0.1 pp to the change in the annual rate of increase of the RPI. Prices in this group, on average, were essentially unchanged over the twelve months to March 2016 (down by 0.2%) having seen a decrease over the twelve months to December 2015 (down by 1.5%)
- the **Fare & other travel, Alcoholic drinks** and **Leisure services** groups all saw greater rates of increase over the twelve months to March 2016 than over the twelve months to December 2015, resulting in each group giving an upward contribution of +0.1 pp to the change in the annual rate of increase of the RPI

In contrast, the **Fuel & Light** group gave a small **downward** contribution of -0.1 pp to the change in the annual rate of increase of the RPI. Prices in this group, on average, saw a greater decrease over the twelve months to March 2016 (down by 10%) than over the twelve months to December 2015 (down by 7%).

The increase in impôts duties in January 2016 contributed 0.0 pp to the change in the annual rate of increase of the RPI.

³ Gas tariffs decreased with effect from 23 March 2015.

Figure 4 - Contributions to change in annual rate of increase of RPI between Dec 2015 and Mar 2016 (+0.5 pp from 0.9% to 1.4%)



Quarterly change

On a quarterly basis, the RPI increased by 0.8% between December 2015 and March 2016. Figure 5 shows the percentage changes over the latest quarter for each group of the RPI.

Figure 5 - Quarterly percentage changes for each group, March 2016

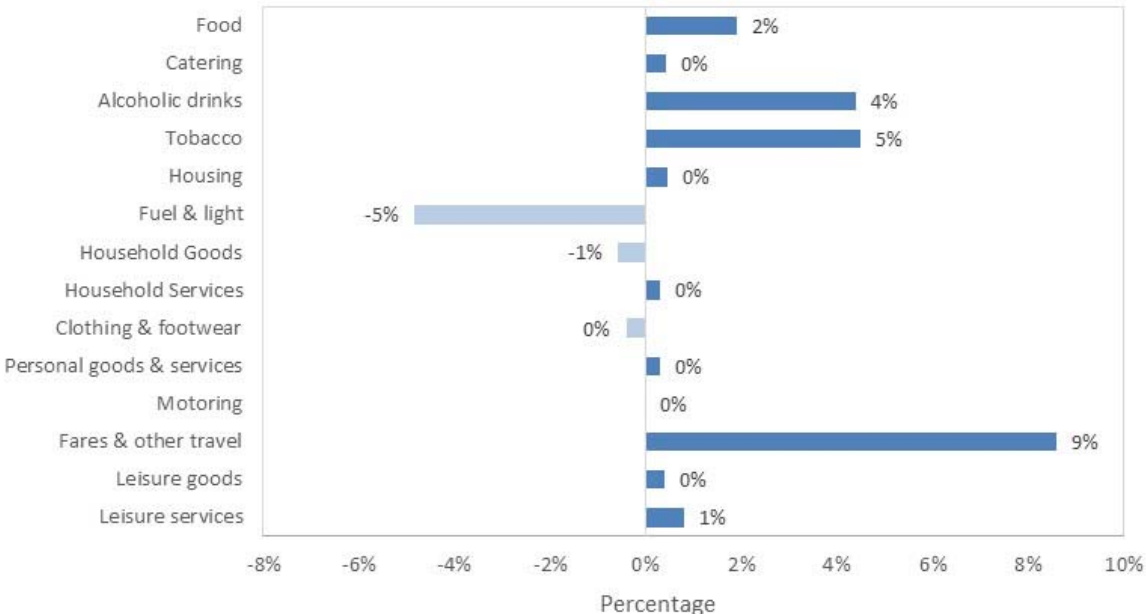
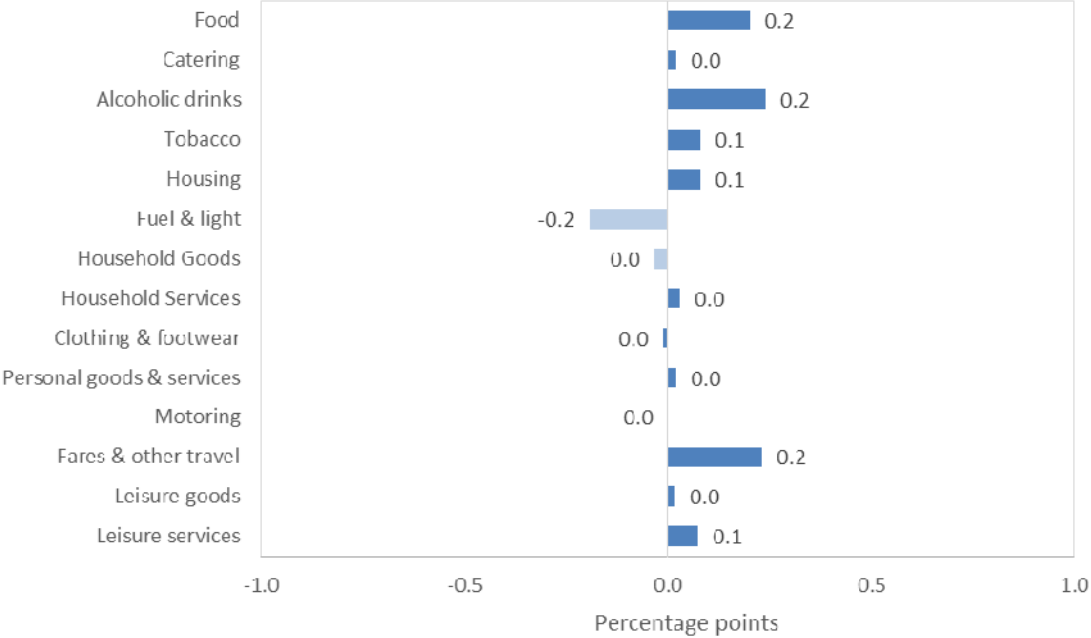


Figure 6 - Contribution of each group to the quarterly change in the RPI



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

Several groups which saw prices increase, on average, over the latest quarter gave small upward contributions to the quarterly change in the RPI (see Figure 6):

- **Alcoholic drinks:** prices increased by 4%, on average, contributing +0.2 pp to the overall quarterly change
- **Fares & other travel** group increased by 9%, on average, over the latest quarter, contributing +0.2 pp to the overall quarterly change of the RPI
- **Food:** prices increased by almost 2%, on average, over the latest quarter, contributing +0.2 pp to the overall quarterly change of the RPI. Lower prices were seen for fresh vegetables, sugar and preserves, and fresh fish whilst the price of fresh fruits, cheese and some meats increased, on average, over the same period

In contrast, the **Fuel & light** group saw prices decrease, on average, by 5% over the latest quarter contributing -0.2 pp to the overall quarterly change. The decrease recorded by this group was largely due to the reduced cost of domestic heating oil, which was 7 p per litre lower in March 2016 than in December 2015.

Within the **Motoring** group the mean prices of both petrol and diesel were 4 p per litre lower in March 2016 than in December 2015.

Underlying rates of inflation: RPI(X) and RPI(Y)

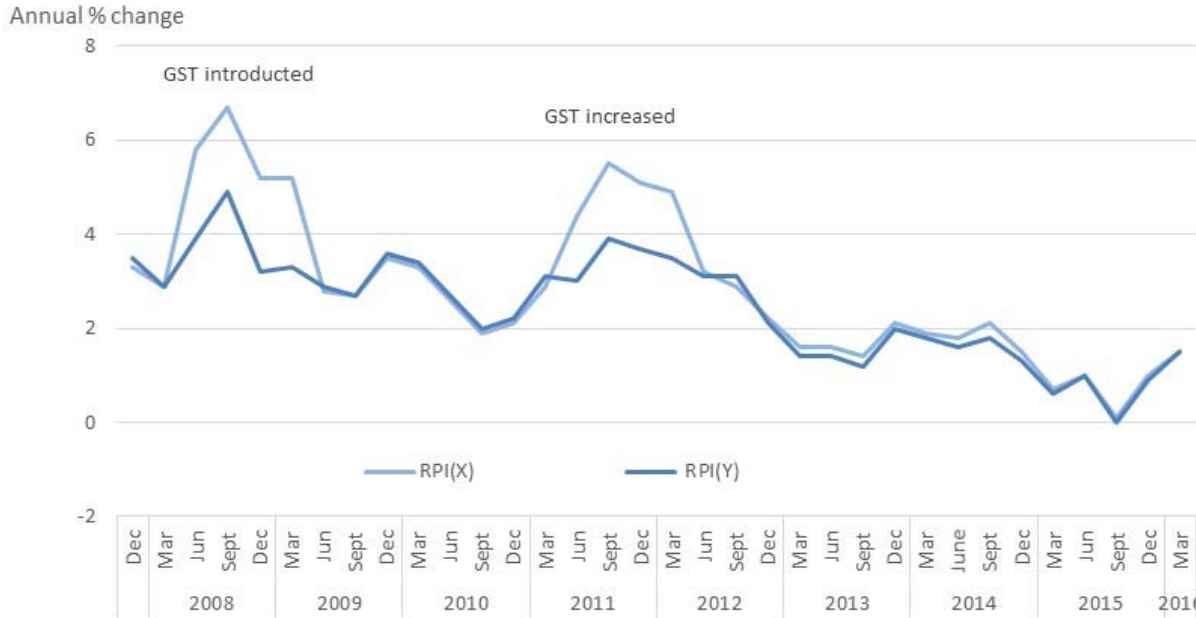
RPI(X) is the all items RPI excluding the cost of mortgage interest payments; the annual change in RPI(X) is often considered a measure of underlying inflation.

RPI(Y) provides a further 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 considered to be the pertinent measure of the rate of underlying inflation.

Over the twelve months to March 2016, both RPI(X) and RPI(Y) increased by 1.5%.

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)



The annual rates of increase of RPI(X) and RPI(Y) increased by 0.5 pp and 0.6 pp, respectively, between December 2015 and March 2016.

The latest annual increases in both RPI(X) and RPI(Y) were the highest recorded for these indices for 18 months, since September 2014.

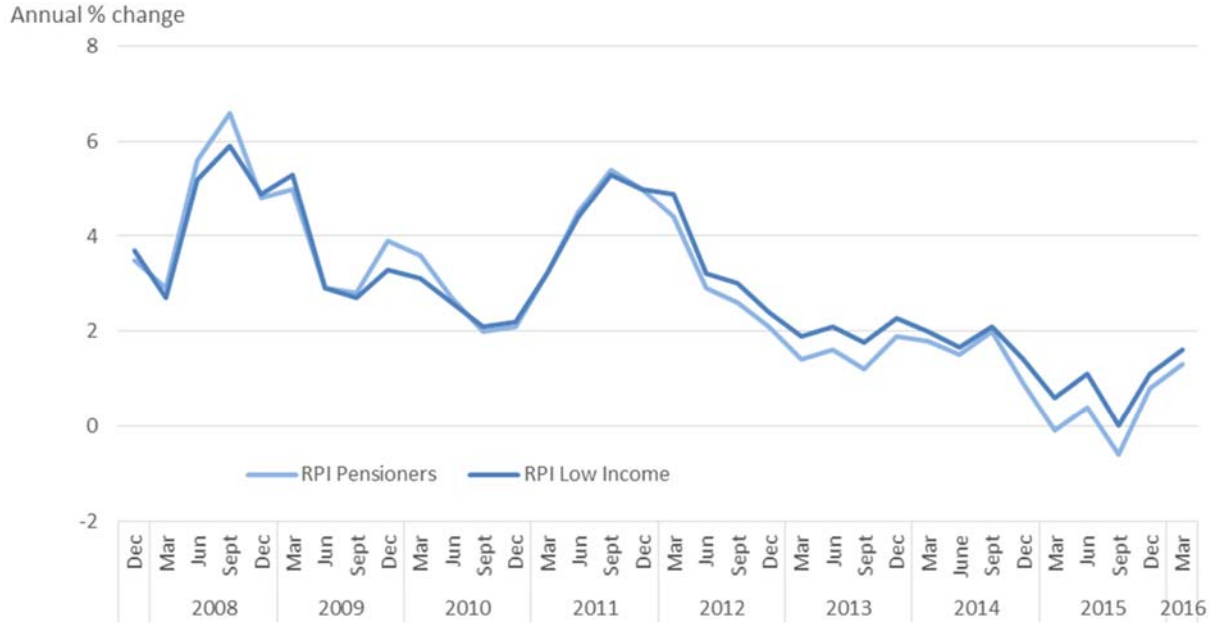
Other inflation measures

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 income quintile.

Over the twelve months to March 2016, RPI Pensioners increased by 1.3% and RPI Low Income increased by 1.6%.

As Figure 8 shows, the annual rates of changes of both RPI Pensioners and RPI Low Income over the twelve months to March 2016 were higher than over the twelve months to December 2015, by 0.5 pp. The annual rates of change of these indices since 2007 are shown in Appendix Table A4.

Figure 8 - Annual percentage changes in RPI Pensioners and RPI Low Income



The latest annual changes in both RPI Pensioners and RPI Low Income were the highest recorded for these indices for 18 months, since September 2014.

Comparison with other jurisdictions

The annual rates of increase of the RPI, RPI(X) and RPI(Y) in Jersey, Guernsey and the UK are shown in Table 1; the annual rate of increase of RPIJ for the UK is also shown⁴ (see Note 4). Over the twelve months to March 2016, the annual increase of the RPI in Jersey was 1.4% and that of RPIJ in the UK was 0.8%. The annual rates of increase of RPI in Jersey and RPIJ in the UK increased by 0.5 pp and 0.3 pp, respectively, between December 2015 and March 2016.

Table 1: Annual percentage changes in RPI, RPI(X) and RPI(Y) for Dec 2015 and Mar 2016

	RPI		RPI(X)		RPI(Y)	
	Dec-15	Mar-16	Dec-15	Mar-16	Dec-15	Mar-16
Jersey	0.9	1.4	1.0	1.5	0.9	1.5
UK	1.2	1.6	1.3	1.6	1.1	1.7
UK RPIJ	0.5	0.8				
Guernsey⁵	1.1	0.5	1.0	0.5	0.8	0.2

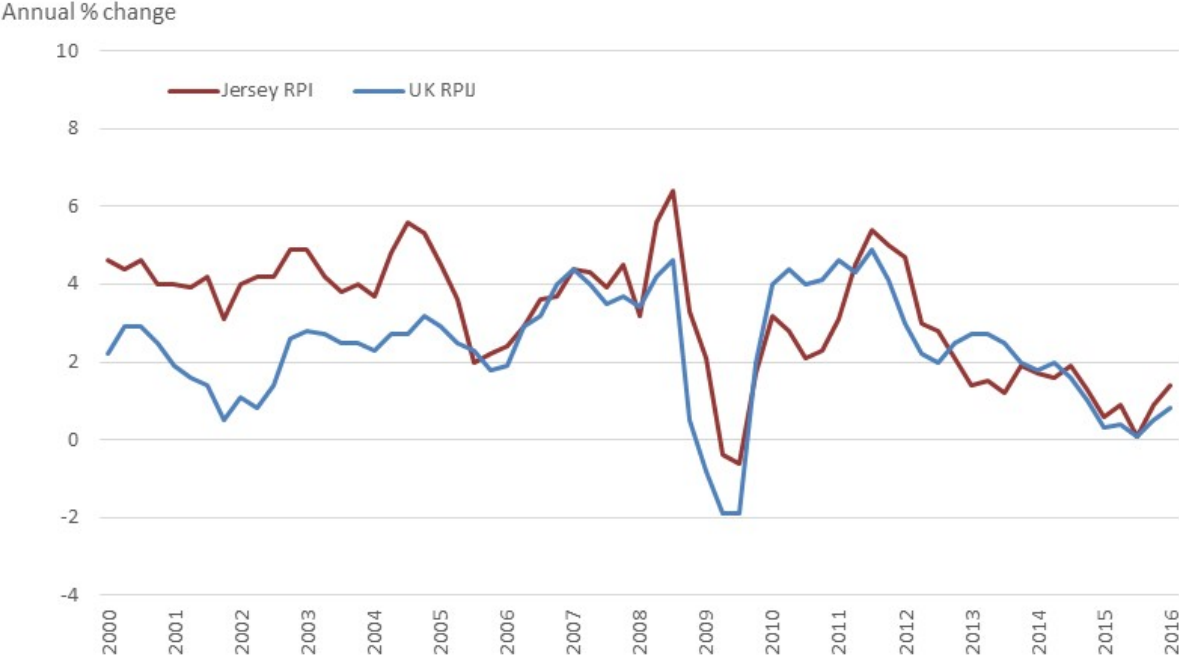
Despite the fact that global factors influence all three jurisdictions shown in Table 1, local trends and issues in each location dictate the full effect of such factors. In particular, for Jersey and the UK⁶ over the twelve months to March 2016:

- the cost of **Household services** increased at a greater rate in Jersey (6%) than in the UK (3%)
- **Food** prices decreased by less in Jersey (-0.3%) than in the UK (-2.3%)
- in contrast, the **Clothing & footwear** and **Housing** groups saw lower rates of price increase, on average, in Jersey than in the UK, and prices in the **Fares & other travel** group rose by less in Jersey (+6%) than in the UK (9%)

⁴ For methodological reasons, the appropriate comparison with the UK is that of the Jersey RPI and the UK RPIJ.
⁵ Consumer price information for Guernsey for March 2016 is due to be published at 09:30 Friday 15th April 2016.
⁶ Group level contributions are not published for the UK RPIJ. Acknowledging the upward bias of annual changes in the UK RPI compared with RPIJ, informative comparison can be made at the RPI group level, for which UK information is published.

The annual percentage changes since 2000 of the Jersey RPI and the UK RPIJ are shown in Figure 9.

Figure 9 – Annual percentage changes for the Jersey RPI and the UK RPIJ



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 2009-10, the results of which were published in July 2011; these results have been used to conduct a commodity review and the introduction of new weights for all consumer prices indices in September 2013.
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. About 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 does not meet current international standards; and that a new index (RPIJ) should be published; from March 2013 the UK have published RPIJ. The annual percentage change in the UK RPI is systematically greater (by an average of approximately 0.5 pp) than RPIJ; this upward bias is predominantly due to the “formula effect”. The Jersey RPI is not susceptible to such an upward bias.

It should also be acknowledged that the annual change of the UK indices RPI(X) and RPI(Y) are also susceptible, in principle, to an upward bias due to the formula effect. However, the upward biases of the UK RPI(X) and RPI(Y) are not quantified by the UK Office for National Statistics.

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 2009/10 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 June 2016 will be published on 22 July 2016.
8. The Jersey Retail Prices Index is compiled by the Statistics Unit, The Parade, St. Helier, Jersey, JE4 8QT; (enquiries to Statistics Unit: 01534-440465 e-mail: statistics@gov.je).

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

GROUP	2015 Mar	2015 Jun	2015 Sep	2015 Dec	2016 Mar	Annual change (percent)	Quarterly change (percent)
Food	167.8	164.3	164.2	164.2	167.3	-0.3	1.9
Catering	163.2	165.4	167.5	168.1	168.8	3.4	0.4
Alcoholic drinks	182.6	182.3	183.6	180.6	188.5	3.2	4.4
Tobacco	282.6	282.6	282.2	282.0	294.7	4.3	4.5
Housing	170.9	171.8	172.1	174.0	174.8	2.3	0.5
Fuel & light	224.3	224.4	216.8	212.1	201.8	-10.0	-4.9
Household goods	102.8	102.6	100.9	102.4	101.8	-1.0	-0.6
Household services	180.2	183.7	186.9	190.2	190.7	5.8	0.3
Clothing & footwear	81.6	82.0	81.7	82.1	81.8	0.2	-0.4
Personal goods & services	153.6	154.8	153.3	156.2	156.6	2.0	0.3
Motoring	156.1	158.8	156.1	155.8	155.8	-0.2	0.0
Fares & other travel	206.5	216.2	210.9	202.1	219.7	6.4	8.7
Leisure goods	80.7	77.6	80.2	78.1	78.4	-2.9	0.4
Leisure services	176.1	177.7	179.2	179.9	181.4	3.0	0.8
All items	158.9	159.6	159.5	160.0	161.2	1.4	0.8

Table A2: Jersey Retail Prices Index RPI, 2000-2015 (Jun 2000 = 100)

		RPI	Annual change (%)	Quarterly change (%)
2000	Mar	99.0	4.6	1.3
	Jun	100.0	4.4	1.0
	Sep	101.1	4.6	1.1
	Dec	101.6	4.0	0.5
2001	Mar	103.0	4.0	1.4
	Jun	103.9	3.9	0.9
	Sep	105.3	4.2	1.3
	Dec	104.7	3.1	-0.6
2002	Mar	107.1	4.0	2.3
	Jun	108.3	4.2	1.1
	Sep	109.7	4.2	1.3
	Dec	109.8	4.9	0.1
2003	Mar	112.4	4.9	2.4
	Jun	112.9	4.2	0.4
	Sep	113.9	3.8	0.9
	Dec	114.2	4.0	0.3
2004	Mar	116.6	3.7	2.1
	Jun	118.3	4.8	1.5
	Sep	120.3	5.6	1.7
	Dec	120.3	5.3	0.0
2005	Mar	121.9	4.5	1.3
	Jun	122.6	3.6	0.6
	Sep	122.7	2.0	0.1
	Dec	123.0	2.2	0.2
2006	Mar	124.8	2.4	1.5
	Jun	126.2	2.9	1.1
	Sep	127.1	3.6	0.7
	Dec	127.5	3.7	0.3
2007	Mar	130.3	4.4	2.2
	Jun	131.6	4.3	1.0
	Sep	132.1	3.9	0.4
	Dec	133.3	4.5	0.9
2008	Mar	134.5	3.2	0.9
	Jun	139.0	5.6	3.3
	Sep	140.5	6.4	1.1
	Dec	137.7	3.3	-2.0

Appendix

		RPI	Annual change (%)	Quarterly change (%)
2009	Mar	137.3	2.1	-0.3
	Jun	138.5	-0.4	0.9
	Sep	139.6	-0.6	0.8
	Dec	140.0	1.7	0.3
2010	Mar	141.7	3.2	1.2
	Jun	142.4	2.8	0.5
	Sep	142.6	2.1	0.1
	Dec	143.2	2.3	0.4
2011	Mar	146.1	3.1	2.0
	Jun	148.8	4.5	1.8
	Sep	150.3	5.4	1.0
	Dec	150.4	5.0	0.1
2012	Mar	153.0	4.7	1.7
	Jun	153.3	3.0	0.2
	Sep	154.5	2.8	0.8
	Dec	153.5	2.1	-0.6
2013	Mar	155.2	1.4	1.1
	Jun	155.6	1.5	0.3
	Sep	156.4	1.2	0.5
	Dec	156.4	1.9	0.0
2014	Mar	157.9	1.7	1.0
	Jun	158.1	1.6	0.1
	Sep	159.3	1.9	0.8
	Dec	158.5	1.3	-0.5
2015	Mar	158.9	0.6	0.3
	Jun	159.6	0.9	0.4
	Sep	159.5	0.1	-0.1
	Dec	160.0	0.9	0.3
2016	Mar	161.2	1.4	0.8

Table A3: Jersey Retail Prices Index **Excluding** house purchase costs, RPI(X), 2000-2015 (Jun 2000 = 100)

Appendix

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

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

Appendix

		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