

# Jersey Retail Prices Index

## December 2014

Statistics Unit: [www.gov.je/statistics](http://www.gov.je/statistics)



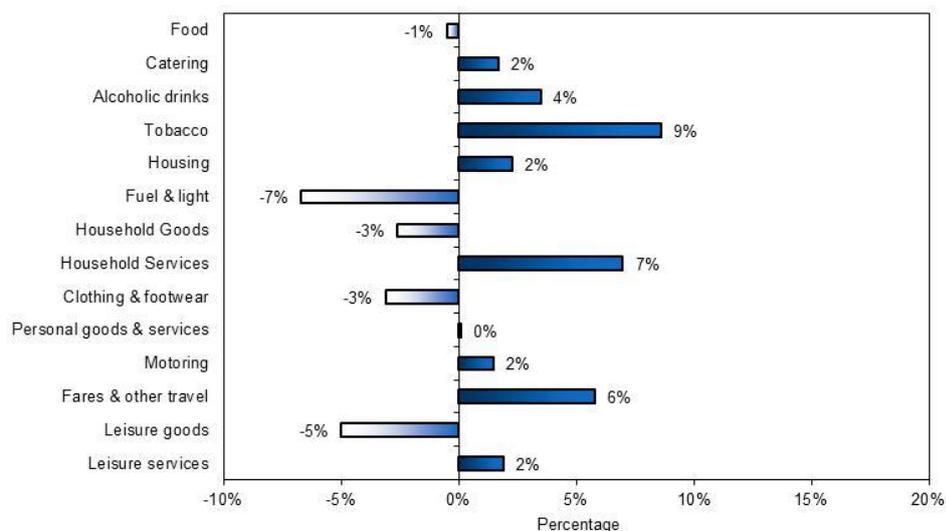
### Summary

- During the twelve months to December 2014 the All Items Retail Prices Index (RPI) for Jersey **increased by 1.3%** to stand at 158.5 (June 2000 = 100).
- The increase in the RPI over the twelve months to September 2014 was 1.9%; hence, the **annual rate of inflation decreased by 0.6 percentage points** in the latest quarter.
- This latest decrease in the annual rate of inflation was due to several groups giving small downward contributions to the annual rate of increase of the RPI.
- **RPI(X)<sup>1</sup> increased by 1.5%** over the twelve months to December 2014 and **underlying inflation<sup>2</sup>** as measured by **RPI(Y) increased by 1.3%** over the same period. In the latest quarter, both RPI(X) and RPI(Y) recorded their lowest annual rates of increase for more than a year, since September 2013.
- The annual rates of increase of **RPI Pensioners** and **RPI Low Income** over the twelve months to December 2014 were **0.9%** and **1.4%**, respectively; both indices recorded their lowest annual rates of increase since these measures were first published in 2007.

### Annual change

The annual percentage changes for each group of the all items RPI are shown in Figure 1.

**Figure 1 - Annual percentage changes for each group, December 2014**



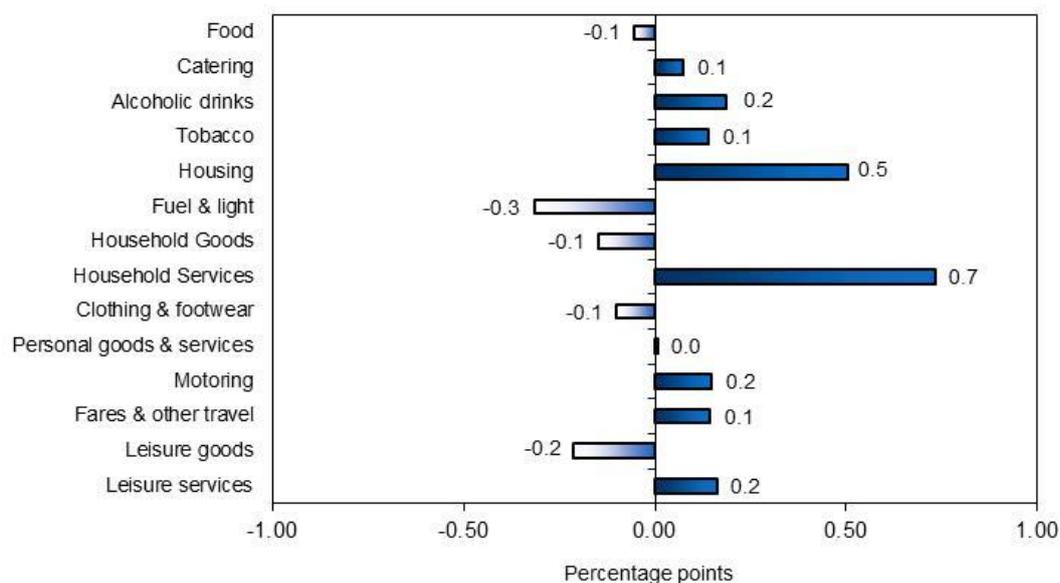
Price increases were seen on an annual basis for eight of the fourteen groups of the RPI, five groups saw decreases and one group was essentially unchanged on such a basis.

<sup>1</sup> RPI(X): the RPI excluding mortgage interest payments.

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

Figure 2 shows the contribution of each group of the all items RPI to the overall annual increase of 1.3%.

**Figure 2 - Contribution of each group to the annual change of the RPI**



Eight of the fourteen groups gave upward contributions to the RPI, notably:

- **Household services:** costs rose by 7%, on average, over the year to December 2014, contributing +0.7 percentage points (pp) to the annual change of the RPI; price increases were seen across the group which includes school fees (increased in September 2014), telephone charges and domestic services;
- **Housing:** costs rose by 2%, on average, over the year to December 2014, 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;
- **Leisure services:** costs increased by 2%, on average, over the twelve months to December 2014, contributing +0.2 pp to the RPI. Price increases were seen across the group which includes entertainment, sports, recreation and leisure activities and holidays;
- increased **impôts duties** in January 2014 accounted for less than half of the contribution from the **Alcoholic drinks** group to the increase of the RPI and for essentially all of the contribution from the **Tobacco** group;
- **Motoring:** costs rose by 2%, overall, over the twelve months to December 2014, contributing +0.2 pp to the increase of the RPI. The cost of motor insurance, motor vehicles and motoring sundries rose on an annual basis; in contrast, the mean price of petrol and diesel fell by 13 and 14 pence per litre, respectively, over the twelve months to December 2014;
- **Fares & other travel:** costs increased by 6%, on average, and contributed +0.1 pp to the annual change of the RPI. Price increases were seen across the group, including the cost of parking which increased in February 2014.

In contrast, several groups saw prices decrease, on average, on an annual basis:

- **Fuel & light:** the decrease in the cost of domestic heating oil on an annual basis (down by 14p per litre) offset increases recorded for electricity and gas over the same period (up by 1.5% in April 2014 and by 2.9% in September 2014, respectively);

- **Leisure goods:** costs decreased by 5%, on average, over the year to December 2014, contributing -0.2 pp to the annual change of the RPI; lower average prices were seen across the group which includes audio-visual equipment, toys, sports equipment and gardening products;
- **Household goods and Clothing & footwear:** prices were down 3%, on average, on an annual basis, such that each group contributed -0.1 pp to the overall change;
- **Food:** prices in this group fell by 0.5%, on average, over the twelve months to December 2014, contributing -0.1 pp to the annual change of the RPI. Lower prices were seen for bread, cheese and some fresh meats on an annual basis, whilst the price of biscuits and cakes, butter and fresh fruit increased, on average, over the same period.

Individual group indices are presented in Table 1, which also includes the most recent annual and quarterly percentage changes.

**Table 1: Group indices (June 2000 = 100) and percentage changes**

<b>GROUP</b>	<b>2013 Dec</b>	<b>2014 Mar</b>	<b>2014 Jun</b>	<b>2014 Sep</b>	<b>2014 Dec</b>	<b>Annual change (percent)</b>	<b>Quarterly change (percent)</b>
Food	165.6	170.3	166.5	166.9	164.8	-0.5	-1.3
Catering	159.4	158.0	159.3	161.8	162.1	1.7	0.2
Alcoholic drinks	172.7	179.6	181.8	182.3	178.7	3.5	-2.0
Tobacco	250.2	268.2	270.1	269.3	271.7	8.6	0.9
Housing	166.2	166.3	166.7	167.8	170.1	2.3	1.4
Fuel & light	245.5	241.8	240.6	240.8	229.1	-6.7	-4.9
Household goods	106.3	105.4	104.8	104.3	103.5	-2.6	-0.8
Household services	168.8	172.8	176.1	180.5	180.7	7.0	0.1
Clothing & footwear	84.6	82.6	84.3	84.3	82.0	-3.1	-2.7
Personal goods & services	152.9	152.4	152.4	153.9	153.1	0.1	-0.5
Motoring	155.9	158.8	157.7	158.7	158.2	1.5	-0.3
Fares & other travel	187.4	194.0	203.5	210.8	198.3	5.8	-5.9
Leisure goods	86.5	85.9	84.7	84.0	82.2	-5.0	-2.1
Leisure services	173.1	173.1	173.3	175.6	176.4	1.9	0.5
<b>All items</b>	<b>156.4</b>	<b>157.9</b>	<b>158.1</b>	<b>159.3</b>	<b>158.5</b>	<b>1.3</b>	<b>-0.5</b>

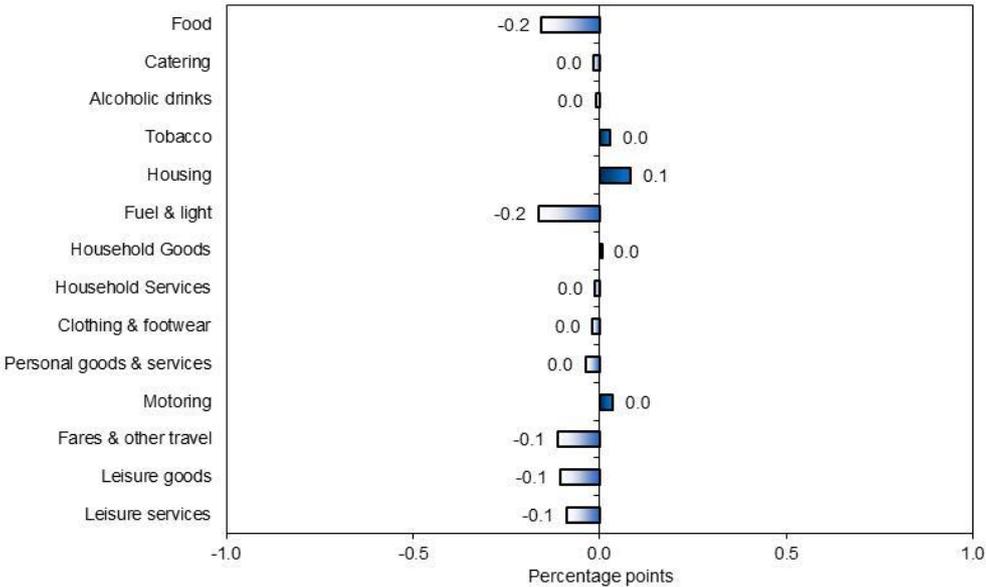
There was a fall of 0.6 pp in the annual rate of increase of Jersey's RPI between September 2014 and December 2014, from 1.9% to 1.3%.

Several groups gave small downward contributions to the change in the annual rate of increase of the RPI (Figure 3):

- prices decreased, overall and on average, at a greater rate in the **Fuel & light** group over the twelve months to December 2014 (down by almost 7%) than over the twelve months to September 2014 (down by 3%);
- prices also decreased at a greater rate in the **Leisure goods** group over the twelve months to December 2014 (down by 5%) than over the twelve months to September 2014 (down by 3%);
- prices decreased, on average, by -0.5%, in the **Food** group over the twelve months to December 2014 but increased by 1.1% over the twelve months to September 2014;
- prices in the **Fare & other travel** and **Leisure services** groups saw lower rates of increase over the twelve months to December 2014 (up by 6% and 2%, respectively) than over the twelve months to September 2014 (up by 10% and 3%, respectively).

In contrast, some groups gave small upward contributions to the change in the annual rate of increase of the RPI, notably the **Housing** group which saw a slightly greater rate of price increase over the twelve months to December 2014 (2.3%) than over the twelve months to September 2014 (2.0%).

**Figure 3 - Contributions to change in annual rate of increase of RPI between Sep 2014 and Dec 2014 (-0.6 pp from 1.9% to 1.3%)**



**Quarterly change**

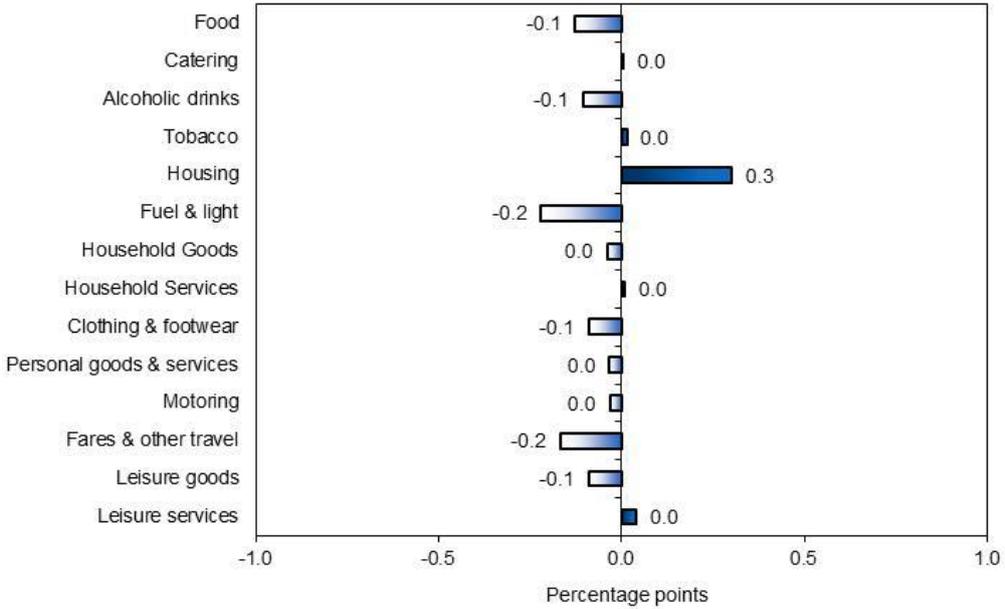
On a quarterly basis, the RPI decreased by 0.5% between September and December 2014. Figure 4 shows that most groups were small downward contributors to the overall change of the RPI on a quarterly basis.

The **Fuel & light** and **Fares & other travel** groups each contributed -0.2 pp to the overall quarterly change, with prices in these groups decreasing by almost 5% and 6%, respectively, over the quarter. The fall recorded by the Fuel & light group was driven by the cost of domestic heating oil decreasing by 9 pence per litre, on average, over the quarter.

The **Food** and **Alcoholic drinks** groups each contributed -0.1 pp to the overall quarterly change, prices in these groups decreasing by 1% and 2%, respectively, over the quarter. Lower prices on a quarterly basis were seen for fresh meat and for wines and spirits bought in off-licence premises. In the **Motoring** group the average price of petrol and diesel decreased by 14 pence and 11 pence per litre, respectively, over the quarter.

The largest upward contribution on a quarterly basis was from the **Housing** group. Prices in this group rose by more than 1%, overall, during the latest quarter, driven by increased rents paid and contributing +0.3 pp to the overall quarterly change.

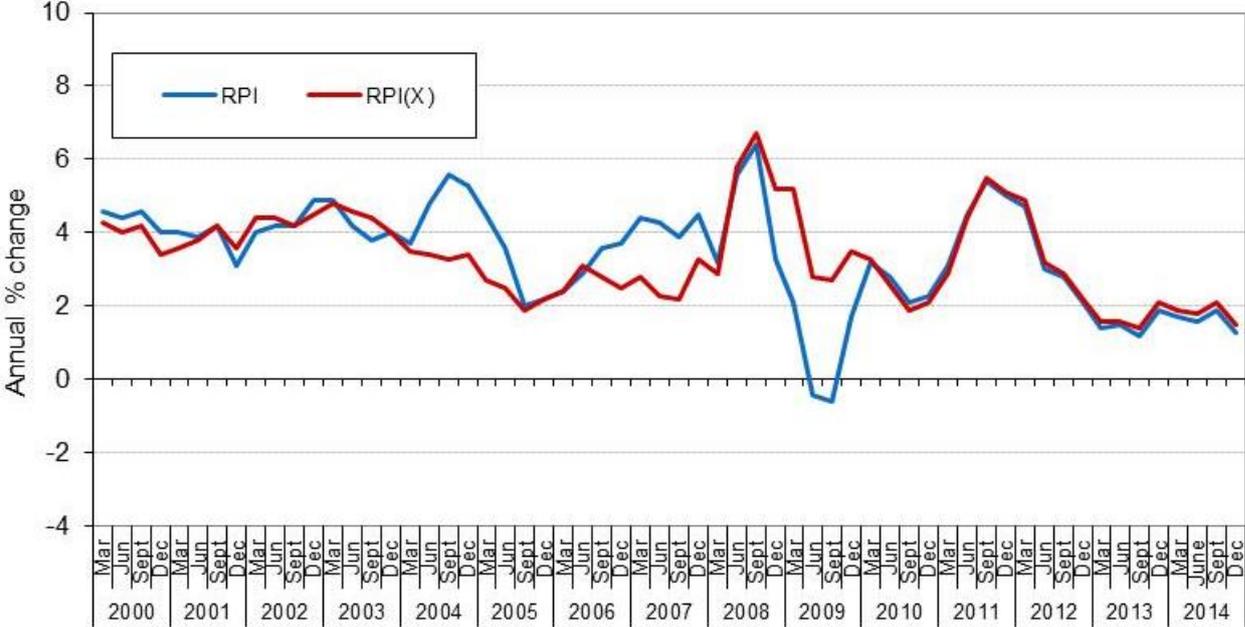
**Figure 4 - Contribution of each group to the quarterly change in the RPI**



**Excluding house purchase costs: RPI(X)**

RPI(X) is the RPI excluding the cost of mortgage interest payments. During the twelve months to December 2014, RPI(X) increased by 1.5% to 158.0. The annual rates of change of both RPI and RPI(X) since 2000 are shown in Figure 5.

**Figure 5 - Annual percentage changes in RPI and RPI(X)**



The annual rate of increase of RPI(X) fell by 0.6 pp between September 2014 and December 2014, from 2.1% to 1.5%.

On a quarterly basis, RPI(X) decreased by 0.6% between September and December 2014.

### Other inflation measures

In December 2007, a further three consumer price indices were introduced for Jersey: **RPI Pensioners**, for pensioner households; **RPI Low Income**, for households in the lowest income quintile; and **RPI(Y)**.

RPI(Y) provides a measure of underlying inflation by removing the effect of mortgage interest payments and 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) may be considered to be the pertinent measure of the rate of underlying inflation.

The annual rates of change of these indices, and also of RPI(X), are shown in Table 2.

**Table 2: Annual % increases in RPI(X), RPI(Y), RPI Pensioners and RPI Low Income**

Date	RPI(X)	RPI(Y)	RPI Pensioners	RPI Low Income
Dec-09	3.5	3.6	3.9	3.3
Mar-10	3.3	3.4	3.6	3.1
Jun-10	2.6	2.7	2.7	2.6
Sep-10	1.9	2.0	2.0	2.1
Dec-10	2.1	2.2	2.1	2.2
Mar-11	2.9	3.1	3.2	3.2
Jun-11	4.4	3.0	4.5	4.4
Sep-11	5.5	3.9	5.4	5.3
Dec-11	5.1	3.7	5.0	5.0
Mar-12	4.9	3.5	4.4	4.9
Jun-12	3.2	3.1	2.9	3.2
Sep-12	2.9	3.1	2.6	3.0
Dec-12	2.2	2.1	2.1	2.4
Mar-13	1.6	1.3	1.4	1.9
Jun-13	1.6	1.4	1.6	2.1
Sep-13	1.4	1.2	1.2	1.8
Dec-13	2.1	2.0	1.9	2.3
Mar-14	1.9	1.8	1.8	2.0
Jun-14	1.8	1.6	1.5	1.7
Sep-14	2.1	1.8	2.0	2.1
Dec-14	1.5	1.3	0.9	1.4

In the latest quarter:

- RPI(X) and RPI(Y) recorded their lowest annual rates of increase for more than a year, since September 2013;
- the annual rates of increase of RPI Pensioners and RPI Low Income were the lowest recorded since these measures were first published for Jersey in 2007.

The lower annual rate of increase of RPI Pensioners compared with the other consumer price indices was primarily due to:

- the greater weight given in RPI Pensioners to domestic energy costs and motor fuels, both of which saw decreases in prices on an annual basis;
- the lower weight given in RPI Pensioners to rent paid, which increased, on average, on an annual basis.

### 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 3; for the UK the annual rate of increase of RPIJ<sup>3</sup> is also shown.

For methodological reasons (see Note 4), the appropriate comparison with the UK is that of the Jersey RPI and the UK RPIJ. Over the twelve months to December 2014 the annual increase of the RPI in Jersey (1.3%) was greater than that of RPIJ in the UK (1.0%).

**Table 3: Annual % increases in RPI, RPI(X) and RPI(Y) for Sep 2014 and Dec 2014**

		RPI		RPI(X)		RPI(Y)	
		Sep 14	Dec-14	Sep 14	Dec-14	Sep 14	Dec-14
<b>Jersey</b>		1.9	1.3	2.1	1.5	1.8	1.3
<b>UK</b>	<b>RPI</b>	2.3	1.6	2.3	1.7	2.5	1.8
	<b>RPIJ</b>	1.6	1.0				
<b>Guernsey</b>		2.5	1.2	1.8	0.6	1.5	0.4

Despite the fact that global factors influence all three jurisdictions, local trends and issues in each location dictate the full effect of such factors. In particular:

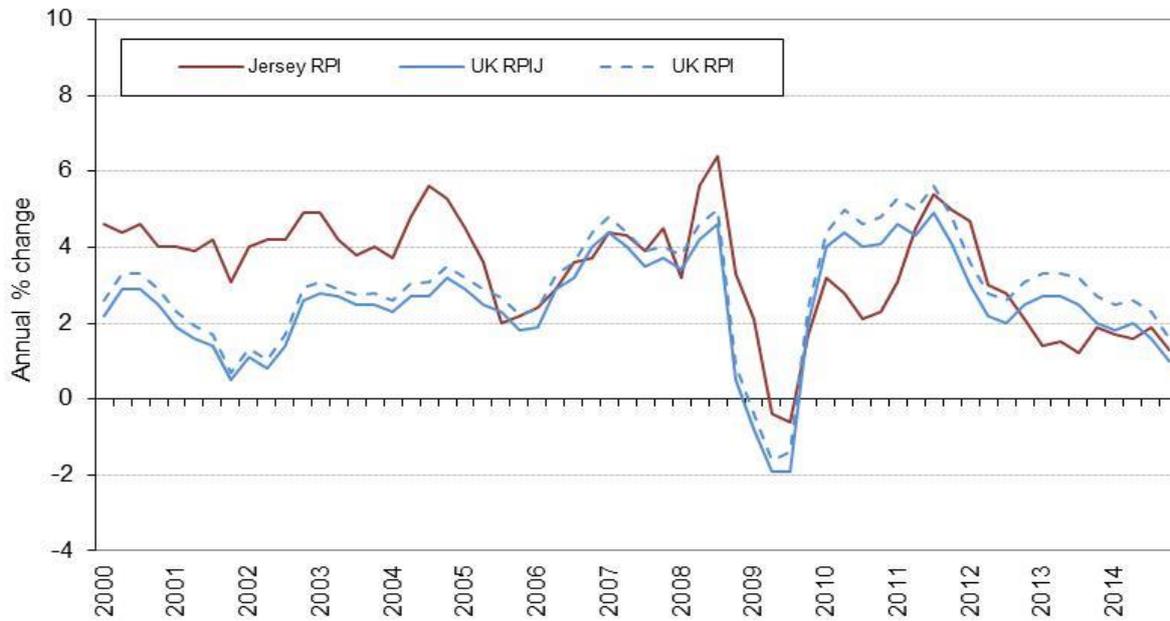
- **Motoring** costs increased in Jersey (up by 2%) over the twelve months to December 2014 but decreased in the UK (down by 3%) over the same period. This difference was due to several factors: the increase in the cost of motor insurance was greater in Jersey than in the UK; the cost of purchasing motor vehicles increased in Jersey but decreased in the UK; and the fall recorded for petrol and diesel prices is given greater weight in the UK RPI (petrol and diesel prices were down, on average, by 13 and 14 pence per litre, respectively, in Jersey over the twelve months to December 2014 and were down by 11 and 14 pence per litre, respectively, in the UK over the same period);
- the cost of **Household services** increased at a greater rate in Jersey (7%) over the twelve months to December 2014 than in the UK (3%);

<sup>3</sup> RPIJ was first published by the UK Office for National Statistics in March 2013.

- in contrast, **Clothing & footwear** prices increased by 6% in the UK on an annual basis but decreased by 3% in Jersey over the same period, whilst prices of **Leisure goods** increased by 1% in the UK but decreased by 5% in Jersey on an annual basis.

The annual percentage changes since 2000 of the Jersey RPI, the UK RPI and the UK RPIJ are shown in Figure 6.

**Figure 6 – Annual percentage changes of the RPI in Jersey and the UK and of the UK RPIJ, 2000 – 2014**



Comparing price indices with Guernsey, over the twelve months to December 2014 the annual change of the RPI in Jersey (1.3%) was slightly greater than that in Guernsey (1.2%).

## BACKGROUND 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 15<sup>th</sup> day of March, June, September and December.
3. Full details of the Jersey Retail Prices Index and its movements for the past twelve years, together with the comparable UK and Guernsey indices, are set out in the Annex, along with details of the Jersey and UK figures for RPI(X) from 2002 to date.
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. The Bank of England base rate has remained at 0.5% since 5 March 2009.
6. 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.
7. 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.
8. The Jersey RPI for March 2015 will be published on 24<sup>th</sup> April 2015.
9. 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).

ALL ITEMS RETAIL PRICES INDEX: 2002 - 2014								
Jersey RPI (June 2000=100)			Annual Movements %			Quarterly Movements %		
			Jersey	UK	Guernsey	Jersey	UK	Guernsey
<b>2003</b>	Mar	112.4	4.9	3.1	4.7	2.4	0.8	1.9
	Jun	112.9	4.2	2.9	4.3	0.4	0.8	0.6
	Sep	113.9	3.8	2.8	3.3	0.9	0.7	0.4
	Dec	114.2	4.0	2.8	3.9	0.3	0.5	1.0
<b>2004</b>	Mar	116.6	3.7	2.6	4.2	2.1	0.6	2.2
	Jun	118.3	4.8	3.0	4.5	1.5	1.2	0.9
	Sep	120.3	5.6	3.1	5.2	1.7	0.7	1.1
	Dec	120.3	5.3	3.5	4.9	0.0	1.0	0.7
<b>2005</b>	Mar	121.9	4.5	3.2	4.6	1.3	0.3	1.9
	Jun	122.6	3.6	2.9	4.6	0.6	0.9	0.9
	Sep	122.7	2.0	2.7	3.8	0.1	0.5	0.3
	Dec	123.0	2.2	2.2	3.3	0.2	0.5	0.2
<b>2006</b>	Mar	124.8	2.4	2.4	3.1	1.5	0.5	1.7
	Jun	126.2	2.9	3.3	3.4	1.1	1.8	1.2
	Sep	127.1	3.6	3.6	3.5	0.7	0.8	0.4
	Dec	127.5	3.7	4.4	4.4	0.3	1.3	1.1
<b>2007</b>	Mar	130.3	4.4	4.8	4.8	2.2	0.8	2.1
	Jun	131.6	4.3	4.4	4.7	1.0	1.4	1.1
	Sep	132.1	3.9	3.9	4.9	0.4	0.3	0.6
	Dec	133.3	4.5	4.0	4.9	0.9	1.4	1.1
<b>2008</b>	Mar	134.5	3.2	3.8	4.8	0.9	0.6	2.0
	Jun	139.0	5.6	4.6	5.5	3.3	2.2	1.7
	Sep	140.5	6.4	5.0	5.8	1.1	0.7	0.9
	Dec	137.7	3.3	0.9	1.2	-2.0	-2.5	-3.4
<b>2009</b>	Mar	137.3	2.1	-0.4	-1.2	-0.3	-0.8	-0.4
	Jun	138.5	-0.4	-1.6	-1.3	0.9	1.0	1.6
	Sep	139.6	-0.6	-1.4	-1.2	0.8	0.9	1.1
	Dec	140.0	1.7	2.4	2.2	0.3	1.3	0.0
<b>2010</b>	Mar	141.7	3.2	4.4	3.4	1.2	1.2	0.7
	Jun	142.4	2.8	5.0	2.3	0.5	1.5	0.5
	Sep	142.6	2.1	4.6	1.6	0.1	0.5	0.4
	Dec	143.2	2.3	4.8	2.3	0.4	1.4	0.6
<b>2011</b>	Mar	146.1	3.1	5.3	2.9	2.0	1.8	1.4
	Jun	148.8	4.5	5.0	3.0	1.8	1.2	0.6
	Sep	150.3	5.4	5.6	3.5	1.0	1.1	0.9
	Dec	150.4	5.0	4.8	3.2	0.1	0.6	0.3
<b>2012</b>	Mar	153.0	4.7	3.6	3.5	1.7	0.6	1.7
	Jun	153.3	3.0	2.8	3.2	0.2	0.4	0.3
	Sep	154.5	2.8	2.6	3.0	0.8	1.0	0.7
	Dec	153.5	2.1	3.1	3.2	-0.6	1.1	0.4
<b>2013</b>	Mar	155.2	1.4	3.3	2.6	1.1	0.8	1.1
	Jun	155.6	1.5	3.3	2.7	0.3	0.4	0.4
	Sep	156.4	1.2	3.2	2.7	0.5	0.9	0.7
	Dec	156.4	1.9	2.7	2.7	0.0	0.6	0.5
<b>2014</b>	Mar	157.9	1.7	2.5	2.8	1.0	0.6	1.2
	Jun	158.1	1.6	2.6	2.6	0.1	0.6	0.2
	Sep	159.3	1.9	2.3	2.5	0.8	0.5	0.6
	Dec	158.5	1.3	1.6	1.2	-0.5	0.0	-0.8

<b>RETAIL PRICES INDEX EXCLUDING HOUSE PURCHASE COSTS: 2002 - 2014</b>						
<b>Jersey RPI(X) (June 2000=100)</b>			<b>Annual Movements %</b>			<b>Quarterly Movements %</b>
			<b>Jersey</b>	<b>UK</b>	<b>Guernsey</b>	<b>Jersey</b>
<b>2003</b>	Mar	112.5	4.8	3.0	4.3	2.5
	Jun	113.4	4.6	2.8	3.8	0.8
	Sep	114.5	4.4	2.8	3.1	1.0
	Dec	114.2	4.0	2.6	3.4	-0.3
<b>2004</b>	Mar	116.4	3.5	2.1	3.2	1.9
	Jun	117.3	3.4	2.3	3.1	0.8
	Sep	118.3	3.3	1.9	2.9	0.9
	Dec	118.1	3.4	2.5	2.9	-0.2
<b>2005</b>	Mar	119.6	2.7	2.4	3.2	1.3
	Jun	120.2	2.5	2.2	3.3	0.5
	Sep	120.6	1.9	2.5	3.6	0.3
	Dec	120.7	2.2	2.0	3.0	0.1
<b>2006</b>	Mar	122.5	2.4	2.1	2.8	1.5
	Jun	123.9	3.1	3.1	3.1	1.1
	Sep	124.0	2.8	3.2	2.5	0.1
	Dec	123.7	2.5	3.8	2.8	-0.2
<b>2007</b>	Mar	125.9	2.8	3.9	3.1	1.8
	Jun	126.7	2.3	3.3	3.1	0.6
	Sep	126.7	2.2	2.8	2.9	0.0
	Dec	127.7	3.2	3.1	3.9	0.8
<b>2008</b>	Mar	129.5	2.9	3.5	4.3	1.4
	Jun	134.0	5.8	4.8	5.4	3.5
	Sep	135.2	6.7	5.5	6.2	0.9
	Dec	134.3	5.2	2.8	4.6	-0.7
<b>2009</b>	Mar	136.2	5.2	2.2	3.3	1.4
	Jun	137.8	2.8	1.0	2.7	1.2
	Sep	138.8	2.7	1.3	2.4	0.7
	Dec	139.0	3.5	3.8	2.9	0.1
<b>2010</b>	Mar	140.7	3.3	4.8	3.1	1.2
	Jun	141.4	2.6	5.0	2.4	0.5
	Sep	141.4	1.9	4.6	2.3	0.0
	Dec	141.9	2.1	4.7	2.7	0.4
<b>2011</b>	Mar	144.8	2.9	5.4	2.9	2.0
	Jun	147.6	4.4	5.0	2.6	1.9
	Sep	149.2	5.5	5.7	3.0	1.1
	Dec	149.2	5.1	5.0	2.8	0.0
<b>2012</b>	Mar	151.9	4.9	3.7	3.2	1.8
	Jun	152.3	3.2	2.8	3.1	0.3
	Sep	153.5	2.9	2.6	3.0	0.8
	Dec	152.5	2.2	3.0	3.0	-0.7
<b>2013</b>	Mar	154.3	1.6	3.2	2.3	1.2
	Jun	154.8	1.6	3.3	2.1	0.3
	Sep	155.6	1.4	3.2	2.0	0.5
	Dec	155.7	2.1	2.8	2.1	0.1
<b>2014</b>	Mar	157.3	1.9	2.5	2.2	1.0
	Jun	157.6	1.8	2.7	2.1	0.2
	Sep	158.9	2.1	2.3	1.8	0.8
	Dec	158.0	1.5	1.7	0.6	-0.6