

Jersey Retail Prices Index

December 2012

Statistics Unit: www.gov.je/statistics



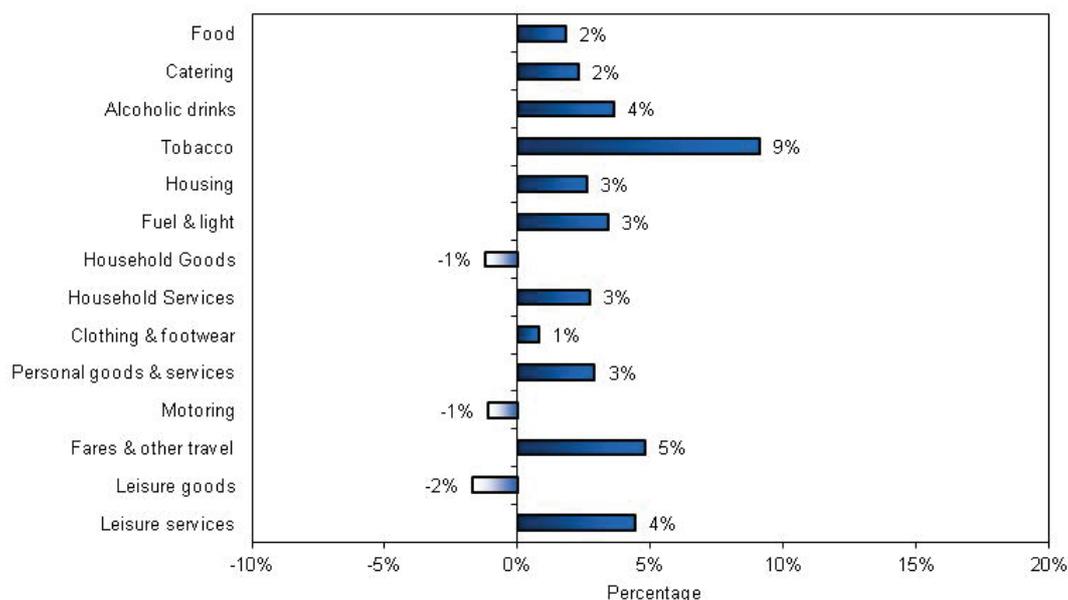
Summary

- During the twelve months to December 2012 the All Items Retail Prices Index (RPI) for Jersey **increased by 2.1%** to stand at 153.5 (June 2000 = 100).
- The change in the RPI during the twelve months to September 2012 was 2.8%, implying that the **annual rate of inflation fell by 0.7 percentage points** (pp) in the latest quarter.
- The **Motoring group was the key contributor to the fall** in the annual rate of inflation.
- The largest contributors to the overall annual increase in the RPI were the Housing, Leisure services and Household services groups.
- **RPI(X)¹ increased by 2.2%, RPI Pensioners increased by 2.1% and RPI Low Income increased by 2.4%** over the twelve months to December 2012; each of these indices recorded lower annual rates of increase than in the previous quarter.
- **Underlying inflation² as measured by RPI(Y) increased by 2.1%** over the twelve months to December 2012, representing a fall of 1 percentage point in the annual rate of increase compared with the previous quarter.

Annual change

The annual percentage changes for each group of the all items RPI are shown in Figure 1, whilst Figure 2 shows the contribution of each group to the overall annual increase of 2.1%.

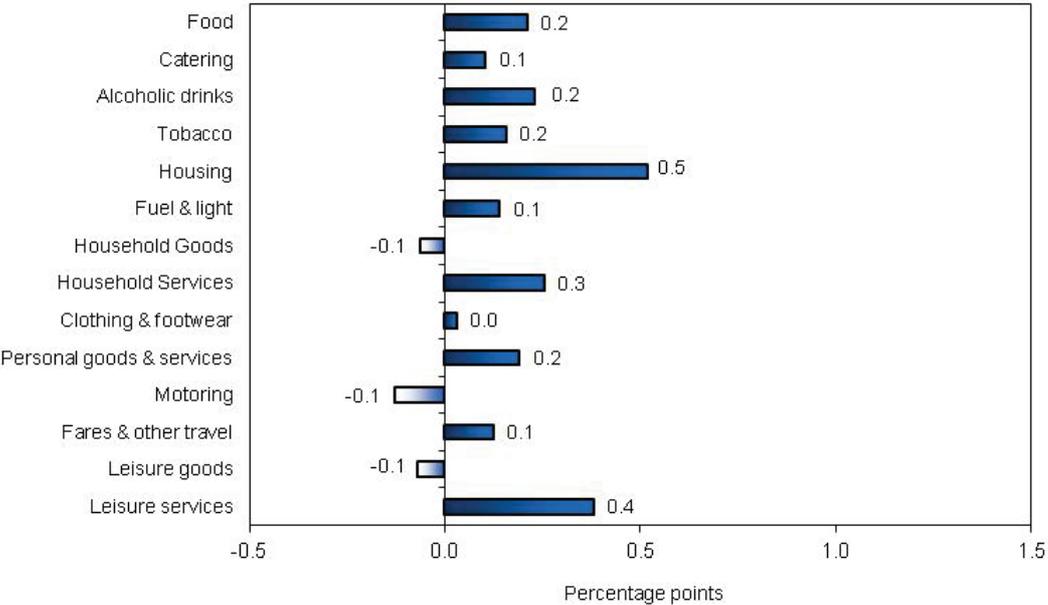
Figure 1 - Annual percentage changes for each group, December 2012



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).

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



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

As is apparent from Figures 1 and 2, price increases were seen for most groups on an annual basis. At group level, the largest upward contributors to the RPI were:

- **Housing:** costs rose by 3%, on average, over the year to December 2012, contributing 0.5 pp to the annual change of the RPI. Price increases were seen across the majority of the group, particularly for public sector rents and DIY materials;
- **Leisure services:** costs rose by 4%, on average, over the year to December 2012, contributing 0.4 pp to the annual change of the RPI. Price increases were seen across the group, notably the cost of foreign holidays;
- **Household services:** costs rose by 3%, on average, over the twelve months to December 2012, contributing 0.3 pp to the annual change of the RPI; the increase in postal charges on an annual basis was the largest contributor in this group.

In contrast, the cost of **Leisure goods** and **Household goods** fell by 2% and 1% on average, respectively, over the twelve months to December 2012; each group contributed a downward 0.1 pp to the annual change of the RPI.

The cost of **Motoring** fell by 1%, on average, over the twelve months to December 2012, contributing a downward 0.1 pp to the overall annual change of the RPI. In this group, on an annual basis: the purchase cost of motor vehicles increased by 3%; the cost of motor fuels (petrol and diesel) was essentially unchanged; whilst the cost of motor insurance decreased by 11%.

The remaining groups contributed between 0.0 and +0.2 pp to the annual change of the RPI.

Increased **impôts duties** in January 2012 accounted for 0.05 of the 0.2 pp contribution of the Alcohol group to the increase in the RPI and for 0.1 of the 0.2 pp of the Tobacco group.

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

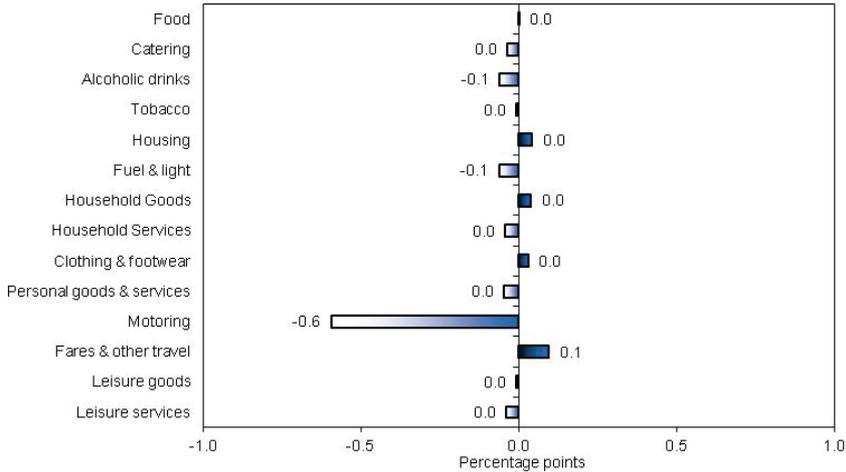
GROUP	2011 Dec	2012 Mar	2012 Jun	2012 Sep	2012 Dec	Annual change (percent)	Quarterly change (percent)
Food	158.4	163.1	161.5	162.3	161.2	1.8	-0.7
Catering	150.9	152.6	152.7	154.2	154.4	2.3	0.1
Alcoholic drinks	161.9	169.3	169.6	170.2	167.8	3.6	-1.4
Tobacco	212.5	228.9	231.9	232.1	231.8	9.1	-0.1
Housing	159.9	161.6	162.0	162.9	164.1	2.6	0.7
Fuel & light	226.3	234.3	229.7	236.2	233.9	3.4	-1.0
Household goods	106.7	108.1	105.9	104.7	105.4	-1.2	0.7
Household services	160.6	162.3	162.2	166.4	165.0	2.7	-0.8
Clothing & footwear	85.5	86.6	86.5	86.8	86.2	0.8	-0.7
Personal goods & services	145.8	148.1	148.6	150.8	150.1	2.9	-0.5
Motoring	159.0	159.5	161.5	163.3	157.3	-1.1	-3.7
Fares & other travel	165.0	180.4	193.7	181.6	173.0	4.8	-4.7
Leisure goods	86.3	84.3	83.7	83.4	84.8	-1.7	1.7
Leisure services	164.4	165.1	167.6	171.1	171.6	4.4	0.3
All items	150.4	153.0	153.3	154.5	153.5	2.1	-0.6

There was a decrease of 0.7 percentage points in the annual rate of increase of Jersey's RPI between September and December 2012, from 2.8% to 2.1%.

Figure 3 shows that the **Motoring** group was the key contributor to the fall in the overall annual rate of inflation in the latest quarter; this group had recorded an increase in prices of 4% over the twelve months to September 2012 compared with a decrease of 1% over the twelve months to December 2012.

In particular, the cost of motor fuels increased by 6%, on average, over the twelve months to September 2012 but saw essentially no change over the twelve months to December 2012, whilst the cost of motor insurance increased by 9% over the twelve months to September 2012 but decreased by 11% over the twelve months to December 2012.

Figure 3 - Contributions to change in annual rate of change of RPI between Sep 2012 and Dec 2012 (-0.7 pp from 2.8% to 2.1%)



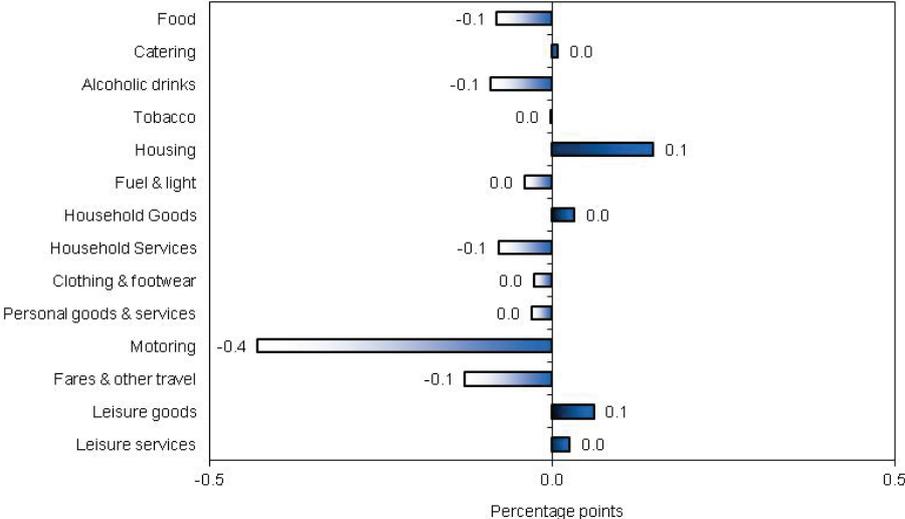
Individual contributions shown do not sum to the total annual change due to rounding

All other groups were small influences on the change in the rate of increase of the RPI.

Quarterly change

On a quarterly basis, the RPI decreased by 0.6% between September and December 2012.

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



As Figure 4 shows, the **Motoring** group was the largest contributor to the quarterly decrease of the RPI. Falls in average prices were seen across the group in the latest quarter, notably for the purchase of motor vehicles (down by 2%), of motor insurance (down by 6%) and of petrol and diesel, down by 10 p and 6 p per litre, respectively.

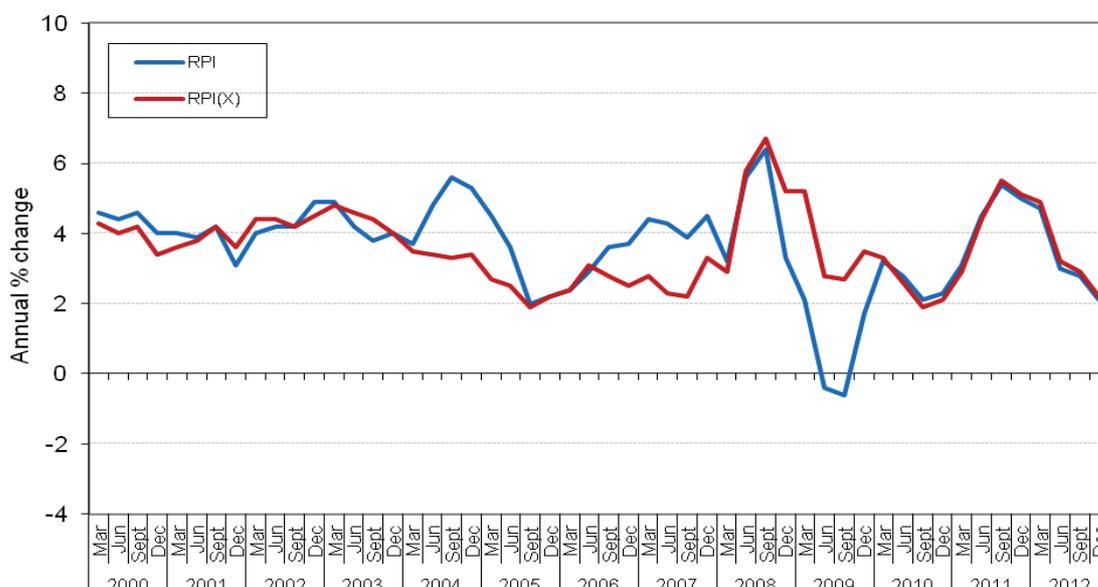
Excluding house purchase costs: RPI(X)

RPI(X) is the RPI excluding the cost of mortgage interest payments. During the twelve months to December 2012 RPI(X) increased by 2.2% to 152.5.

There was a fall of 0.7 percentage points in the annual rate of increase of RPI(X) between September and December 2012. As in the case of the RPI, the key contributor to the fall in the annual rate of increase of RPI(X) was the **Motoring** group.

The annual rates of change of both RPI and RPI(X) since 2000 are shown in Figure 5; the effect of the introduction of GST in May 2008 and of the increase in the rate of GST in June 2011 are apparent.

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



On a quarterly basis, RPI(X) decreased by 0.7% between September 2012 and December 2012, the Motoring group being the key downward contributor.

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-08	5.2	3.2	4.8	4.9
Mar-09	5.2	3.3	5.0	5.3
Jun-09	2.8	2.9	2.9	2.9
Sep-09	2.7	2.7	2.8	2.7
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

The annual increase of RPI(Y) in December 2012 was 2.1%, representing an annual rate of increase which was 1.0 pp lower than in the previous quarter. As in the case of the RPI and RPI(X), this decrease was largely due to the Motoring group.

The annual rates of increase of RPI Pensioners and RPI Low Income in December 2012 were 2.1% and 2.4%, respectively. In the latest quarter, these indices recorded annual rates of increase which were 0.5 pp and 0.6 pp lower, respectively, than in the previous quarter.

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.

Table 3: Annual % increases in RPI, RPI(X) and RPI(Y) for Sep 2012 and Dec 2012

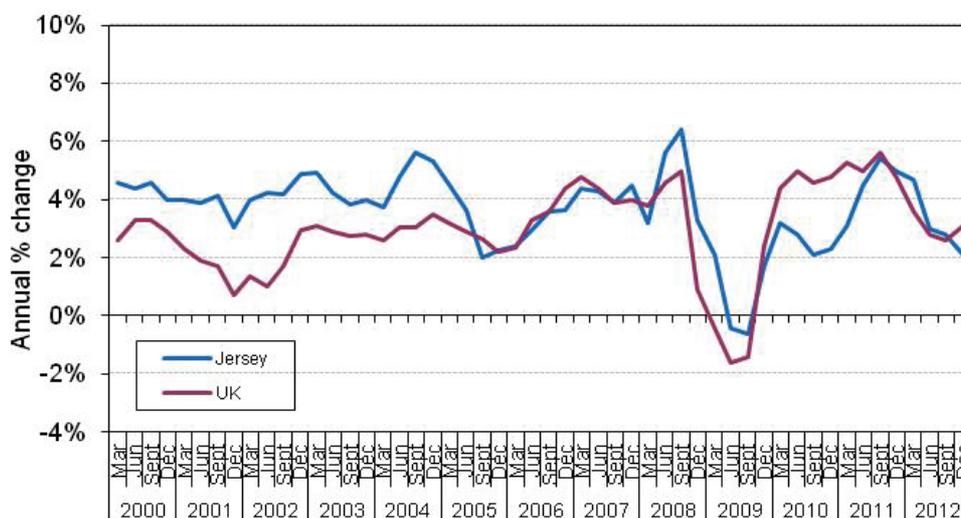
	RPI		RPI(X)		RPI(Y)	
	Sep 12	Dec 12	Sep 12	Dec 12	Sep 12	Dec 12
Jersey	2.8	2.1	2.9	2.2	3.1	2.1
UK	2.6	3.1	2.6	3.0	2.6	3.1
Guernsey	3.0	3.2	3.0	3.0	2.9	-

Despite the fact that global factors influence all three jurisdictions, local trends and issues in each location dictate the full extent of such factors. In particular, several groups gave notably different contributions to the annual rates of increase of the RPI in Jersey and the UK:

- **Clothing & footwear** contributed 0.3 pp less to the increase of Jersey's RPI than that of the UK; with prices increasing by 1% on an annual basis in Jersey and by 7% in the UK;
- **Food** prices increased by less in Jersey (1.8%) than in the UK (3.6%), such that this group contributed 0.2 pp less to the increase of the RPI in Jersey than in the UK;
- **Household services** group contributed 0.2 pp less to the increase of the RPI in Jersey than in the UK, with costs rising by less in Jersey (3%) than in the UK (7%);
- **Household goods** contributed 0.2 pp less to the increase of the RPI in Jersey than in the UK; prices in this group decreased by 1%, on average, in Jersey on an annual basis but rose by 2% in the UK;

In contrast, the cost of **Alcoholic drinks** and of **Fares and other travel** saw larger increases in Jersey than in the UK, such that these groups each contributed 0.1 pp more to the increase of the RPI in Jersey than in the UK.

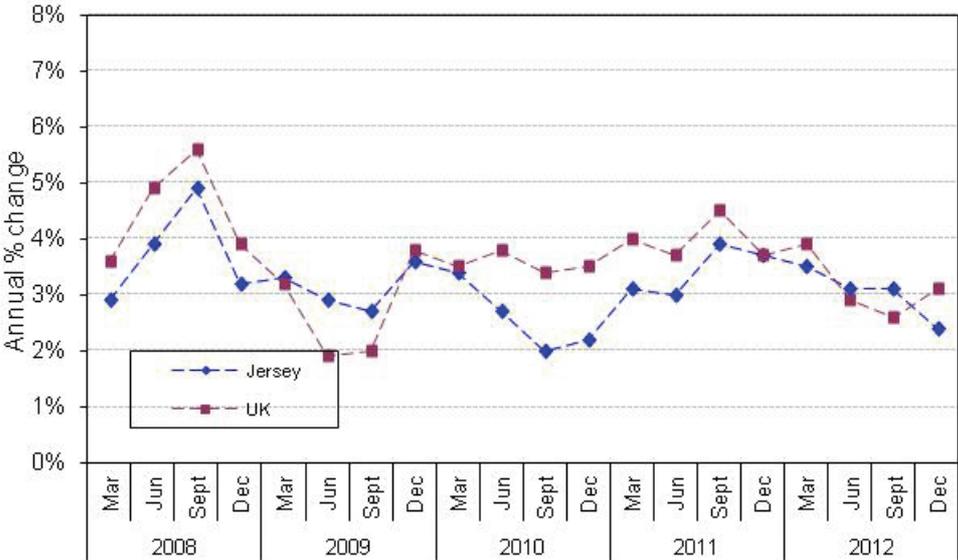
Figure 6 – Annual percentage change in RPI: Jersey and UK 2000 - 2012



Due to the series of changes in the rate of VAT in the UK and the introduction and subsequent increase of GST in Jersey, the pertinent comparative measure of underlying inflation in the two jurisdictions in recent years is that afforded by RPI(Y) – see Figure 7.

Over the twelve months to December 2012 the annual change of RPI(Y) in Jersey (2.1%) was 1 pp lower than that in the UK (3.1%).

Figure 7 – Annual percentage change in RPI(Y): Jersey and UK 2008 - 2012



Comparing price indices with Guernsey, over the twelve months to December 2012 the annual change of the RPI in Guernsey (3.2%) was more than 1 pp greater than in Jersey (2.1%).

The difference in the rates of increase of the RPI in Guernsey and Jersey was largely due to the Housing and Motoring groups: price increases in the Housing group contributed 0.9 pp to the increase of the RPI in Guernsey compared with 0.5 pp in Jersey; whilst the Motoring group contributed an upward 0.4 pp to the RPI in Guernsey but a downward 0.1 pp in Jersey.

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 Household Expenditure Survey (HES). An HES was conducted in 2004-05, the results of which were published in July 2006 and used to conduct the RPI commodity review in March 2007. A further round of the survey was held in 2009-10; analysis of the data collected is currently being undertaken by the Statistics Unit.
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 for the past nine 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 2000 to date.
4. The Bank of England base rate has remained at 0.5% since 5 March 2009.
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. Full details can be found in the December 2007 RPI report on the website www.gov.je/statistics.
6. Group and section weights for RPI Pensioners and RPI Low Income are derived from information on expenditure collected by the 2004/05 Household Expenditure Survey (HES). 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. Full details of the methodology behind these new indices can be found in the December 2007 RPI report on the website www.gov.je/statistics.
7. The March 2013 Index will be released in 24 April 2013.
8. The Jersey Retail Prices Index is compiled by the Statistics Unit, The Parade, St. Helier, Jersey, JE4 8QT; (enquiries to Helen Hale – 01534 440465 e-mail: statistics@gov.je).

Statistics Unit
25 January 2013

ALL ITEMS RETAIL PRICES INDEX: 2000 - 2012								
Jersey RPI (June 2000=100)			Annual Movements %			Quarterly Movements %		
			Jersey	UK	Guernsey	Jersey	UK	Guernsey
2001	Mar	103.0	4.0	2.3	3.3	1.4	0.0	0.6
	Jun	103.9	3.9	1.9	2.3	0.9	1.3	0.8
	Sep	105.3	4.2	1.7	2.6	1.3	0.1	0.8
	Dec	104.7	3.1	0.7	1.9	-0.6	-0.7	-0.1
2002	Mar	107.1	4.0	1.3	2.9	2.3	0.6	1.6
	Jun	108.3	4.2	1.0	3.3	1.1	1.0	1.0
	Sep	109.7	4.2	1.7	3.9	1.3	0.8	1.4
	Dec	109.8	4.9	2.9	4.4	0.1	0.5	0.4
2003	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
2004	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
2005	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
2006	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
2007	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
2008	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
2009	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
2010	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
2011	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
2012	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

RETAIL PRICES INDEX EXCLUDING HOUSE PURCHASE COSTS: 2000 - 2012						
Jersey RPI(X) (June 2000=100)			Annual Movements %			Quarterly Movements %
			Jersey	UK	Guernsey	Jersey
2001	Mar	102.8	3.6	1.9	2.9	1.4
	Jun	103.8	3.8	2.4	2.7	1.0
	Sep	105.3	4.2	2.3	3.1	1.4
	Dec	105.1	3.6	1.9	2.9	-0.2
2002	Mar	107.3	4.4	2.3	3.8	2.1
	Jun	108.4	4.4	1.5	3.6	1.0
	Sep	109.7	4.2	2.1	3.8	1.2
	Dec	109.8	4.5	2.7	3.8	0.1
2003	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
2004	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
2005	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
2006	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
2007	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
2008	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
2009	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
2010	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
2011	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
2012	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	3.1	3.0	-0.7