

Jersey Retail Prices Index

December 2010

Statistics Unit: www.gov.je/statistics



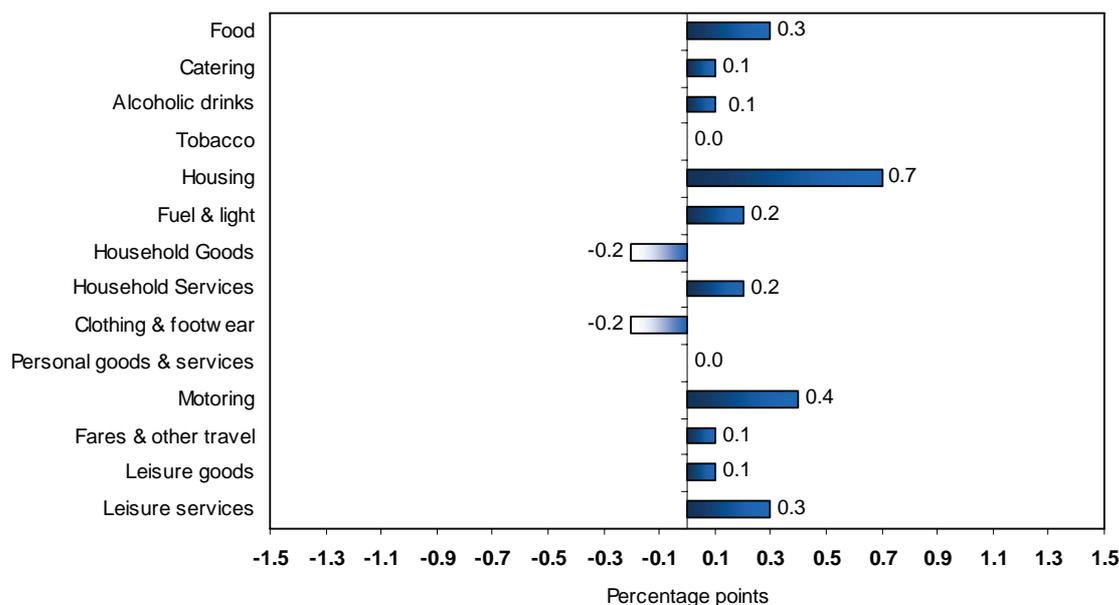
Summary

- During the twelve months to December 2010 the All-Items Retail Prices Index (RPI) for Jersey **increased by 2.3%** to stand at 143.2 (June 2000 = 100).
- The change in the RPI during the twelve months to September 2010 was 2.1%, implying that the **annual rate of inflation rose by 0.2 percentage points** in the latest quarter.
- **RPI(X)¹ and RPI(Y)² increased by 2.1% and 2.2%, respectively**, over the twelve months to December 2010.
- Both measures of **underlying inflation**, the annual increases in RPI(X) and RPI(Y), rose by 0.2 percentage points in the latest quarter.
- The annual rates of increase of **RPI Pensioners** and **RPI Low Income** over the twelve months to December 2010 were 2.1% and 2.2%, respectively. The annual increases in both RPI Pensioners and RPI Low income rose by 0.1 percentage points compared to September 2010.

Annual change

Figure 1 shows the contribution by each group of the all-items RPI to the overall annual increase of 2.3%.

Figure 1 - Contribution of each group to annual change in the RPI



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

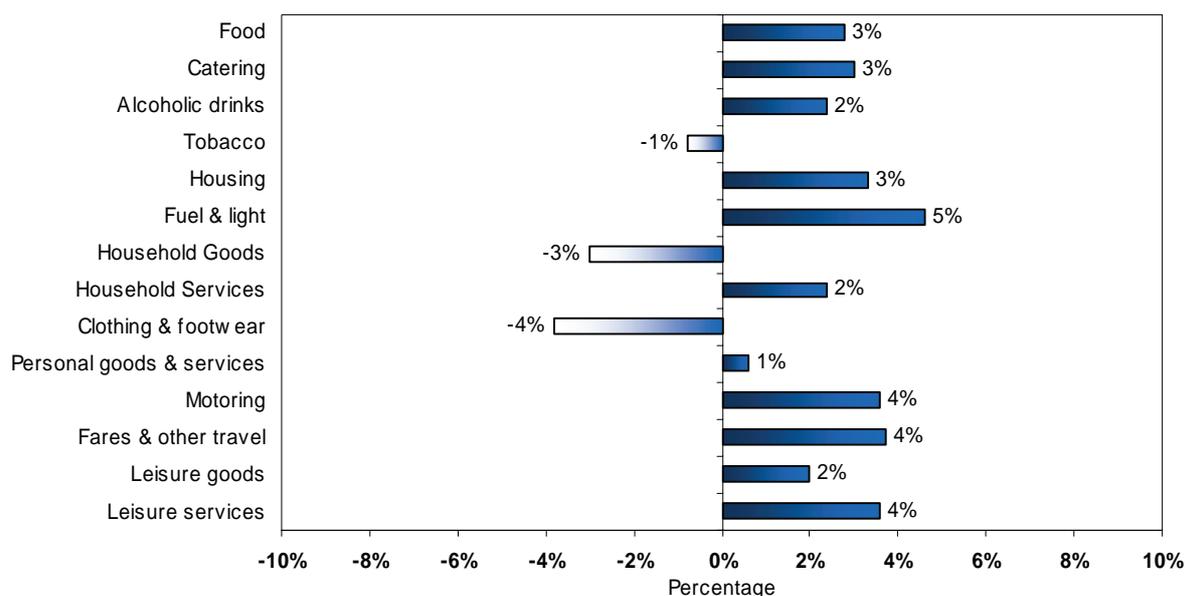
¹ RPI(X): the RPI excluding mortgage interest payments.

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

On an **annual** basis the largest upward contributors to the Retail Prices Index were (see Figure 1):

- **Housing costs:** rose by 3% over the year to December 2010 (see Figure 2) contributing 0.7 percentage points to the overall increase in the RPI. Price rises were seen across the majority of the group, which includes rent (private and public sector), DIY materials and repair and maintenance costs, as well as mortgage interest payments. In contrast, rates and insurance costs were marginally lower in December 2010, on average, than a year earlier.
- **Motoring costs:** rose by 4% over the twelve months to December 2010, contributing 0.4 percentage points to the overall annual change. Within the Motoring group, the average prices of petrol and diesel rose by 11p and 12p per litre, respectively, on an annual basis.
- **Food costs:** rose by 3% over the year to December 2010 and contributed 0.3 percentage points to the overall annual change in the RPI. Notable price increases were recorded for tea and processed meat products such as sausages, meat pies and canned meats.
- **Leisure services:** contributed 0.3 percentage points to the annual change in the RPI. The cost of foreign holidays rose by 5% over the twelve months to December 2010, whilst the £3 rise in the price of television licences in April 2010 also contributed to the annual increase recorded by this group.
- **Fuel & light costs:** rose by 5%, overall, between December 2009 and December 2010, contributing 0.2 percentage points to the annual change in the RPI. The cost of domestic heating oil rose by more than a quarter (26%) over the year to December 2010. In contrast, electricity prices were reduced by 5% in January 2010.
- **Household services:** also contributed 0.2 percentage points to the annual change, with prices increasing by 2% in the twelve months to December 2010. This group includes school fees, which rose in September 2010.

Figure 2 - Annual percentage changes for each group, Dec 2010



The **Household goods** and **Clothing & footwear** groups recorded decreases in average prices over the twelve months to December 2010, resulting in each contributing -0.2 percentage points to the annual change in the RPI:

- Household goods saw prices fall by 3% on average over the year to December 2010, with decreases occurring across the majority of the group which includes furniture, furnishings, electrical appliances and pet care products.
- Clothing & footwear saw prices fall by 4% on average over the same period, with the largest price decreases being recorded for men's and women's outerwear.

The remaining groups contributed between 0.0 and 0.1 percentage points to the overall annual change in the RPI.

There were no changes in excise duties (impôts) on alcohol, tobacco or motor fuels over the twelve months to December 2010.

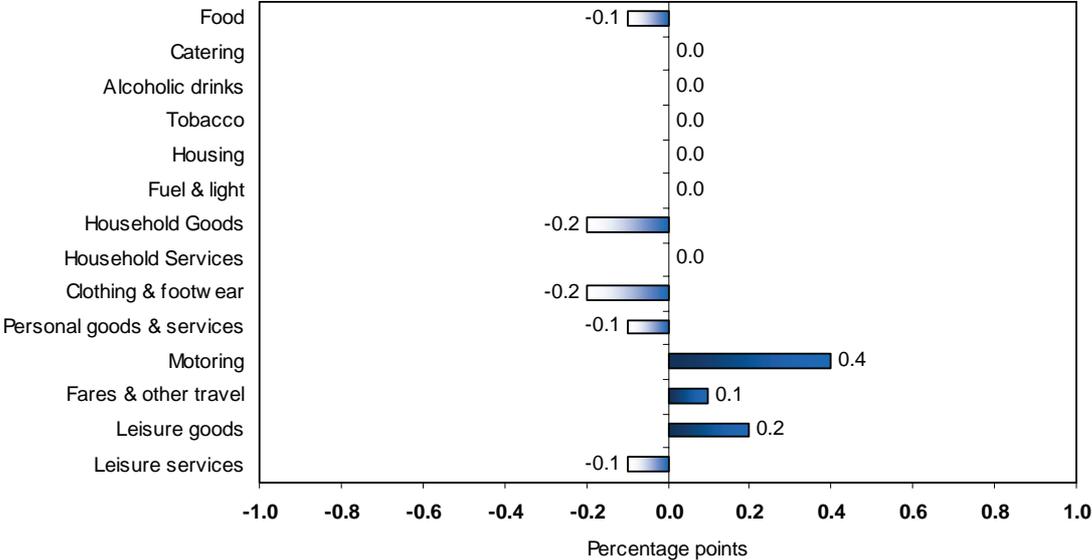
Individual group indices are presented in Table 1, which also includes the most recent annual and quarterly percentage changes.

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

GROUP	2009 Dec	2010 Mar	2010 Jun	2010 Sep	2010 Dec	Annual change (percent)	Quarterly change (percent)
Food	144.3	148.4	148.3	148.4	148.4	2.8	0.0
Catering	142.1	142.8	145.3	144.1	146.3	3.0	1.5
Alcoholic drinks	146.8	150.7	151.3	153.6	150.3	2.4	-2.1
Tobacco	196.0	195.8	194.1	194.1	194.5	-0.8	0.2
Housing	149.0	150.9	152.4	152.9	153.9	3.3	0.7
Fuel & light	197.8	200.7	202.2	199.6	206.9	4.6	3.7
Household goods	106.9	107.9	106.7	106.2	103.7	-3.0	-2.4
Household services	147.7	148.1	149.1	150.9	151.3	2.4	0.3
Clothing & footwear	84.6	82.8	81.1	83.3	81.4	-3.8	-2.3
Personal goods & services	138.9	139.7	140.4	140.7	139.7	0.6	-0.7
Motoring	140.3	144.1	144.3	141.6	145.3	3.6	2.6
Fares & other travel	171.5	173.8	184.0	180.4	177.9	3.7	-1.4
Leisure goods	84.0	83.4	83.0	81.9	85.7	2.0	4.6
Leisure services	154.6	155.9	157.5	159.8	160.2	3.6	0.3
All items	140.0	141.7	142.4	142.6	143.2	2.3	0.4

There was an increase of 0.2 percentage points in the annual rate of change of Jersey’s RPI between September and December 2010, from 2.1% to 2.3%. The contributions of each group to the change in the annual rate are shown in Figure 3.

Figure 3 - Contributions to change in annual rate of increase of RPI between Sept and Dec 2010 (+0.2pp from 2.1% to 2.3%)



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

The largest upward contribution to the change in the annual rate was from the **Motorring** group. Motorring costs were essentially stable between September 2009 and September 2010 whereas they recorded a 4% increase in the year to December 2010, resulting in an upward contribution of +0.4 percentage points to the change in the overall annual rate of increase of the RPI.

Whilst prices of **Leisure Goods** fell on average in the twelve months to September 2010 (down by 2%) they recorded an increase of 2% in the year to December 2010. As a result, this group contributed +0.2 percentage points to the change in the overall increase of the RPI.

Fares & other travel recorded an annual increase of 4% in December 2010 compared with an increase of less than 1% in September 2010, resulting in an upward contribution of +0.1 percentage points to the overall change.

In contrast, both **Household goods** and **Clothing & footwear** were downward contributors to the change in the overall annual rate of increase of the RPI. Both of these groups recorded greater falls in average price on an annual basis in December 2010 than in September 2010, resulting in each of these groups contributing -0.2 percentage points to the overall change.

Food, Personal goods & services and **Leisure services** each recorded lower annual rates of increase over the twelve months to December 2010 compared with the twelve months to September 2010, resulting in a negative contribution of -0.1 percentage points from each of these groups to the change in the overall annual rate of increase of the RPI.

Quarterly changes

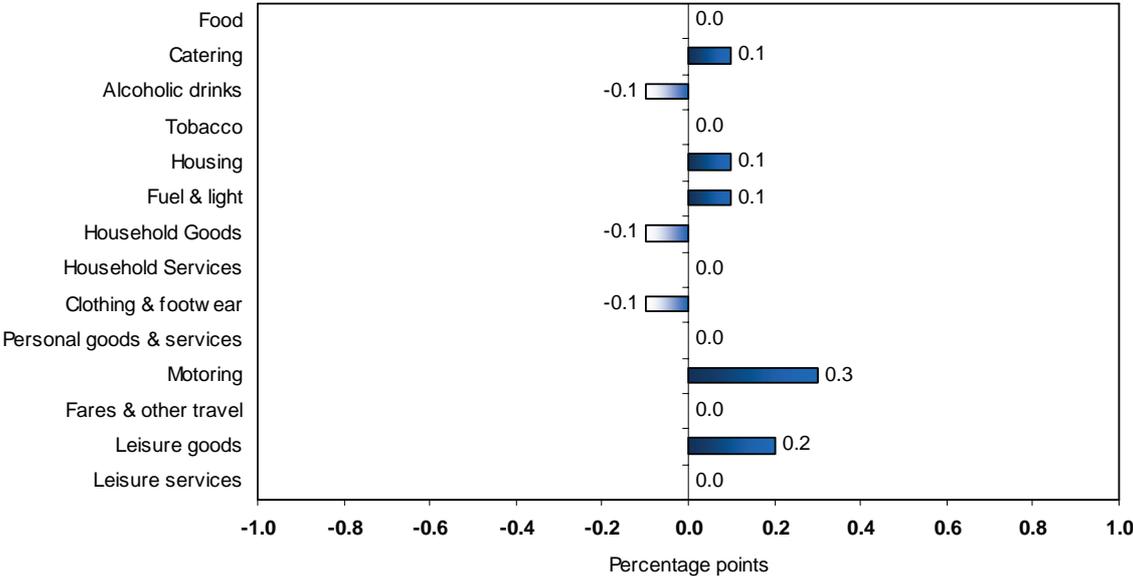
On a quarterly basis, the RPI increased by 0.4% between September and December 2010.

As shown by Figure 4, most groups contributed between ±0.1 percentage points to the overall quarterly change of the RPI.

The **Motoring** group contributed 0.3 percentage points to the quarterly change, predominantly due to higher prices for motor fuels, the average prices of petrol and diesel each rising by 7p per litre over the quarter.

The cost of **Leisure goods** rose by 5% on average over the quarter, with the price of CDs, DVDs and gardening products seeing notable increases.

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



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

Excluding house purchase costs: RPI(X)

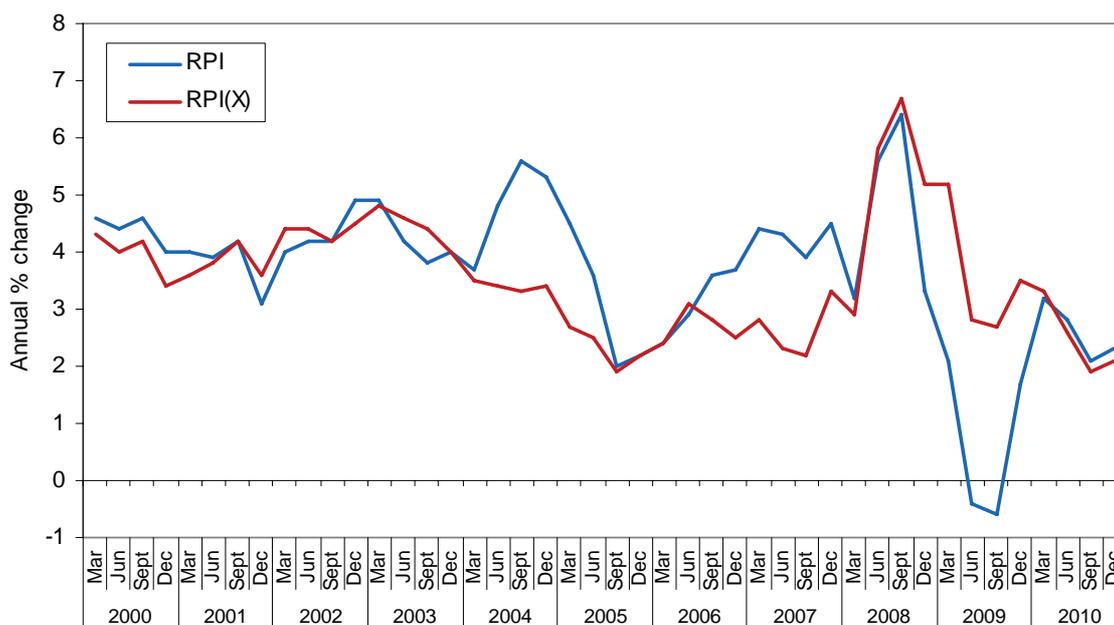
RPI(X) is the RPI excluding the cost of mortgage interest payments. The annual change in RPI(X) is often considered as a measure of underlying inflation.

In the twelve months to December 2010 **RPI(X) increased by 2.1%** to 141.9.

As shown in Figure 5, this latest annual increase in RPI(X) follows a rise of 1.9% in September 2010 which equalled the lowest recorded in the ten-year period that this index has been produced for Jersey.

On a quarterly basis, RPI(X) increased by 0.4% between September and December 2010.

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



Other inflation measures

In December 2007, a further three consumer price indices were introduced for Jersey, namely: RPI Pensioners for pensioner households; RPI Low Income for low income households (defined as those in the lowest quintile of household income), and RPI(Y). The latter provides a further measure of underlying inflation by removing the effect not only of mortgage interest payments but also of indirect taxes. Table 2 shows the latest annual increases for these indices.

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-07	3.2	3.5	3.5	3.7
Mar-08	2.9	2.9	2.9	2.7
Jun-08	5.8	3.9	5.6	5.2
Sep-08	6.7	4.9	6.6	5.9
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

Both measures of underlying inflation, the annual changes in RPI(X) and RPI(Y), were 0.2 percentage points higher in December 2010 than in September 2010.

The annual rates of increase of RPI Pensioners and RPI Low Income were also slightly higher (each by 0.1 percentage points) in the latest quarter compared to September 2010.

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 Sept and Dec 2010

	RPI		RPI(X)		RPI(Y)	
	Sep 10	Dec 10	Sep 10	Dec 10	Sep 10	Dec 10
Jersey	2.1	2.3	1.9	2.1	2.0	2.2
UK	4.6	4.8	4.6	4.7	3.4	3.5
Guernsey	1.6	2.3	2.3	2.7	~	~

Despite the fact that certain global factors influence all three jurisdictions, local trends and issues in each location dictate the full extent of such factors.

Motoring costs accounted for 0.9 percentage points of the total difference of 2.5 percentage points in the annual rates of change of the RPI in the UK (4.8%) and Jersey (2.3%). Prices in the Motoring group rose by 9% on average in the UK during the year to December 2010 compared with a 4% rise in Jersey over the same period.

Clothing & footwear saw prices rise by 10% on average in the UK in the twelve months to December 2010 compared with a decrease in Jersey (down by 4%) over the same period, meaning that this group accounted for 0.6 percentage points of the difference in the rates of increase of the RPIs.

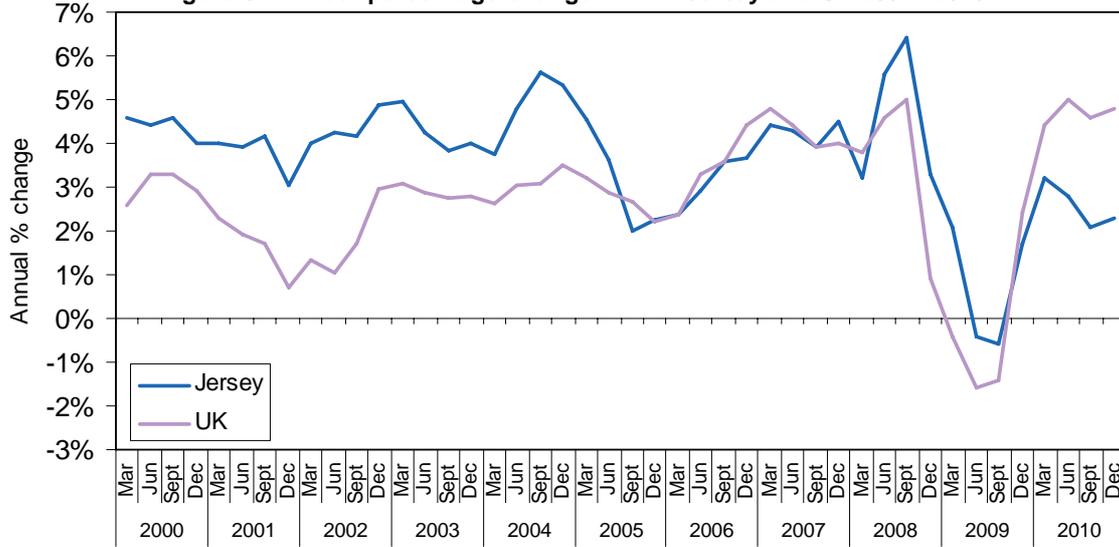
Both Food and Household goods accounted for 0.4 percentage points of the difference in the UK and Jersey RPI annual changes. Food prices recorded an average increase of 6% in the UK over the year to December 2010 compared to 3% in Jersey. Over the same period, the average cost of Household goods increased by 3% in the UK but fell by 3% in Jersey.

Personal goods & services saw prices rise by 4% in the UK on average compared to a change of less than 1% in Jersey in the year to December 2010. Consequently, this group accounted for 0.2 percentage points of the overall difference between the two jurisdictions.

Tobacco costs also accounted for 0.2 percentage points of the overall difference in the rates of increase of the RPIs, predominantly due to the fact that the UK has seen an increase in duties on tobacco over the year to December 2010 whilst Jersey impôts remained unchanged over the same period.

The longer term comparison of annual percentage changes of the RPI for Jersey and the UK, based on the data contained in the Annex, is shown in Figure 6.

Figure 6 - Annual percentage change in RPI: Jersey and UK 2001 - 2010



Due to the increase in the rate of VAT in the UK in January 2010 (reverting back to 17.5% from 15%), the pertinent comparative measure of underlying inflation is that afforded by RPI(Y). Over the twelve months to December 2010 the annual change in RPI(Y) for Jersey (2.2%) was less than that of the UK (3.5%).

Both Jersey and Guernsey reported an annual change of 2.3% in the RPI over the year to December 2010.

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 stood at 1.5% on 8th January 2009. It then fell, to 1.0% on 5th February 2009 and to 0.5% on 5th March 2009, and has remained at this level to date.
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 2011 Index will be released on Wednesday 20th April 2011.
8. The Jersey Retail Prices Index is compiled by the Statistics Unit, The Parade, St. Helier, JE4 8QT; (enquiries to Kim Guegan – 01534 440423 and Nicola Berry – 01534 440425; e-mail: statistics@gov.je).

ALL ITEMS RETAIL PRICES INDEX: 2000 - 2010								
Jersey RPI (June 2000=100)			Annual Movements %			Quarterly Movements %		
			Jersey	UK	Guernsey	Jersey	UK	Guernsey
2000	Mar	99.0	4.6	2.6	3.8	1.3	0.3	1.2
	Jun	100.0	4.4	3.3	4.4	1.0	1.6	1.6
	Sep	101.1	4.6	3.3	4.5	1.1	0.4	0.7
	Dec	101.6	4.0	2.9	3.9	0.5	0.3	0.5
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

RETAIL PRICES INDEX EXCLUDING HOUSE PURCHASE COSTS: 2000 - 2010						
Jersey RPI(X) (June 2000=100)			Annual Movements %			Quarterly Movements %
			Jersey	UK	Guernsey	Jersey
2000	Mar	(99.2)	4.3	2.0	3.1	1.1
	Jun	100.0	4.0	2.2	3.6	0.8
	Sep	101.1	4.2	2.2	3.5	1.1
	Dec	101.4	3.4	2.0	3.8	0.3
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