

# Jersey Retail Prices Index

## December 2013

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



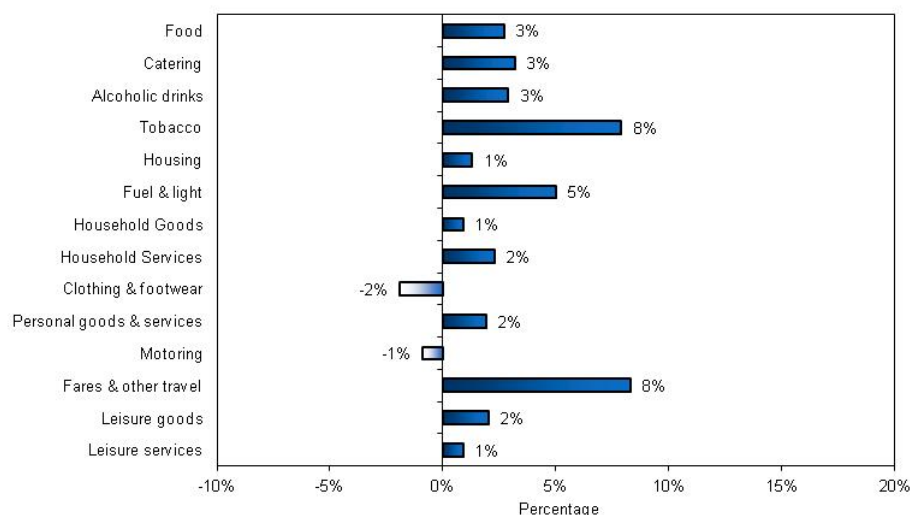
### Summary

- During the twelve months to December 2013 the All Items Retail Prices Index (RPI) for Jersey **increased by 1.9%** to stand at 156.4 (June 2000 = 100).
- The increase of the RPI over the twelve months to September was 1.2%; hence, the **annual rate of inflation increased by 0.7 percentage points (pp)** in the latest quarter.
- The **Motoring** group accounted for 0.4 pp of the 0.7 pp increase in the annual rate of inflation. This upward contribution from Motoring to the change in the rate of increase of the RPI was the result of a smaller decrease in average prices over the twelve months to December 2013 compared with that seen over the twelve months to September 2013.
- **RPI(X)<sup>1</sup> increased by 2.1%** over the twelve months to December 2013; the annual rate of increase of RPI(X) in December 2013 was 0.7 pp higher than in September 2013.
- The annual rates of increase of **RPI Pensioners** and **RPI Low Income** over the twelve months to December 2013 were **1.9%** and **2.3%**, respectively.
- **Underlying inflation<sup>2</sup>** as measured by **RPI(Y) increased by 2.0%** over the twelve months to December 2013.
- The annual rates of increase of RPI Pensioners, RPI Low Income and RPI(Y) in December 2013 were all higher than in September 2013.

### Annual change

The annual percentage changes for each group of the all items RPI are shown in Figure 1; price increases were seen for the majority of groups on an annual basis.

**Figure 1 - Annual percentage changes for each group, Dec 2013**

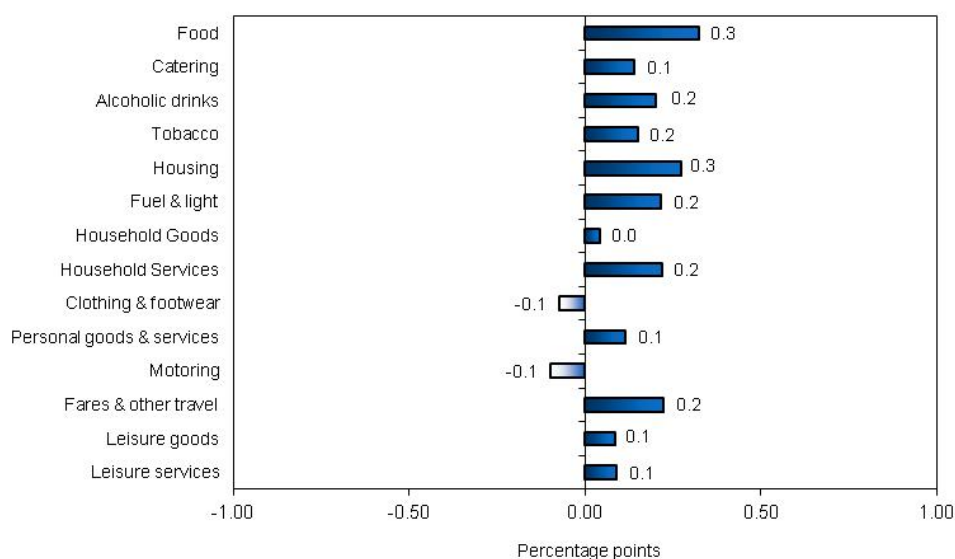


<sup>1</sup> RPI(X): the RPI excluding mortgage interest payments.

<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 1.9%.

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



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

The majority of groups gave small upward contributions to the RPI of between +0.1 and +0.3 pp, including:

- **Food:** costs rose by 2.7%, on average, over the year to December 2013, contributing +0.3 pp to the annual change of the RPI. Notable price increases were seen for the average prices of fresh meat and potatoes (processed and fresh), whilst eggs, bread and bacon recorded decreases in average prices on an annual basis;
- **Housing:** costs rose by 1%, on average, over the year to December 2013, contributing +0.3 pp to the annual change of the RPI; the increase recorded by this group was driven by increased average rents (in both the public and private sectors);
- **Fares & other travel:** costs rose by 8%, on average, over the year to December 2013, contributing +0.2 pp to the annual change of the RPI;
- **Fuel and light:** costs rose by 5%, on average, over the twelve months to December 2013, contributing +0.2 pp to the annual change of the RPI. The increases in electricity prices (up by more than 9% in January 2013) and gas prices (up in January and August 2013) were the largest contributors to the increase recorded by this group;
- increased **impôts duties** in January 2013 accounted for almost half of the +0.2 pp contribution of the **Alcohol** group to the increase in the RPI and for most of the +0.2 pp contribution of the **Tobacco** group.

In contrast, the cost of **Motoring** decreased by almost 1%, on average, over the twelve months to December 2013, contributing a downward 0.1 pp to the RPI. The decrease recorded by this group was driven by the reduced cost of motor insurance, on average, on an annual basis. Petrol prices were more than 1 pence per litre higher, on average, in December 2013 than in December 2012 whilst diesel prices were essentially unchanged over the same time 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>2012 Dec</b>	<b>2013 Mar</b>	<b>2013 Jun</b>	<b>2013 Sep</b>	<b>2013 Dec</b>	<b>Annual change (percent)</b>	<b>Quarterly change (percent)</b>
Food	161.2	165.0	165.9	165.1	165.6	2.7	0.3
Catering	154.4	156.1	157.0	158.5	159.4	3.2	0.6
Alcoholic drinks	167.8	175.0	175.5	175.7	172.7	2.9	-1.7
Tobacco	231.8	250.9	252.0	252.0	250.2	7.9	-0.7
Housing	164.1	163.6	164.2	164.5	166.2	1.3	1.0
Fuel & light	233.9	252.4	242.9	248.7	245.5	5.0	-1.3
Household goods	105.4	105.1	106.3	107.1	106.3	0.9	-0.7
Household services	165.0	166.3	166.7	168.3	168.8	2.3	0.3
Clothing & footwear	86.2	85.7	83.8	86.4	84.6	-1.9	-2.1
Personal goods & services	150.1	151.3	151.6	152.7	152.9	1.9	0.1
Motoring	157.3	155.7	155.4	156.8	155.9	-0.9	-0.6
Fares & other travel	173.0	183.2	194.0	191.6	187.4	8.3	-2.2
Leisure goods	84.8	81.2	84.1	86.2	86.5	2.0	0.3
Leisure services	171.6	173.2	172.9	170.8	173.1	0.9	1.3
<b>All items</b>	<b>153.5</b>	<b>155.2</b>	<b>155.6</b>	<b>156.4</b>	<b>156.4</b>	<b>1.9</b>	<b>0.0</b>

There was an increase of 0.7 percentage points in the annual rate of increase of Jersey's RPI between September 2013 and December 2013, from 1.2% to 1.9 %.

**Motoring** was the largest upward contributor to the change in the annual rate of inflation, accounting for 0.4 pp of the overall change of 0.7 pp (see Figure 3). This upward contribution from the Motoring group to the change in the rate of increase of the RPI was the result of a smaller decrease in average prices over the twelve months to December 2013 (down by almost 1%) compared with that recorded over the twelve months to September 2013 (down by 4%).

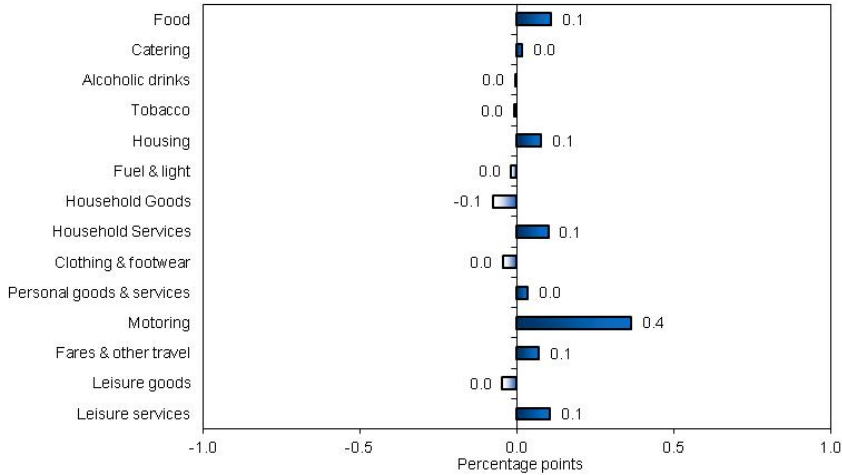
Within the Motoring group, the average cost of motor insurance saw a smaller decrease over the twelve months to December 2013 than over the twelve months to September 2013, whilst the average cost of motor vehicles and motor fuels increased over the twelve months to December 2013 compared with decreases over the twelve months to September 2013.

The **Food** and **Household services** groups saw greater rates of increase over the twelve months to December 2013 compared with the twelve months to September 2013, such that each group contributed an upward 0.1 pp to the change in the annual rate of inflation.

The **Leisure services** group also contributed an upward 0.1 pp to the change in the annual rate of inflation; prices in this group increased by 1% over the twelve months to December 2013 compared with a small decrease over the twelve months to September 2013.

In contrast, the **Household goods** group contributed a downward 0.1 pp to the change in the annual rate of inflation; prices in this group increased at a lower rate over the twelve months to December 2013 (up by almost 1%) than over the twelve months to September 2013 (up by 2%).

**Figure 3 - Contributions to change in annual rate of change of RPI between Sep 2013 and Dec 2013 (0.7 pp from 1.2% to 1.9%)**



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

**Quarterly change**

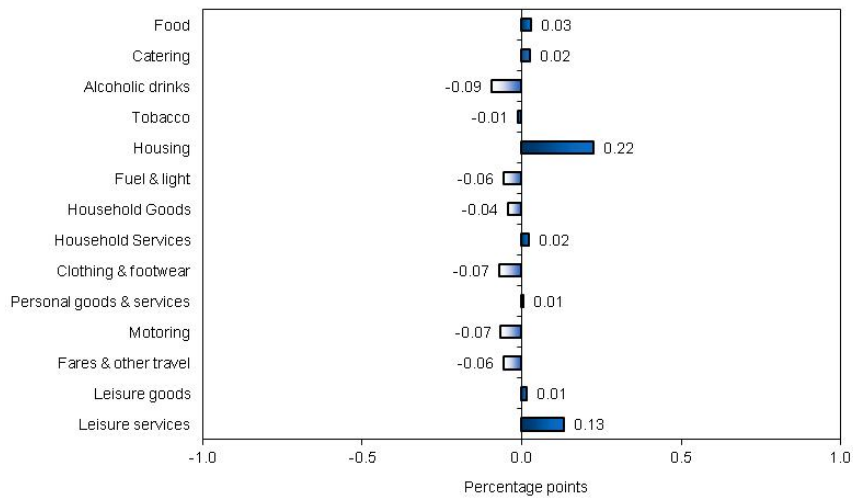
On a quarterly basis, the RPI was unchanged between September and December 2013.

Figure 4 shows that all groups were small contributors to the overall no net change in the RPI on a quarterly basis. Over the latest quarter:

- **Housing** costs rose by 1% between September and December 2013, predominantly due to increased average rents in both the public and private sectors;
- **Leisure services** costs increased by 1% over the three months to December 2013, the increased cost of entertainment and recreational activities being the largest factor;

- the cost of **Clothing & footwear**, **Alcoholic drinks** and **Fares & other travel** all decreased by approximately 2%, on average, over the three months to December 2013.

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



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

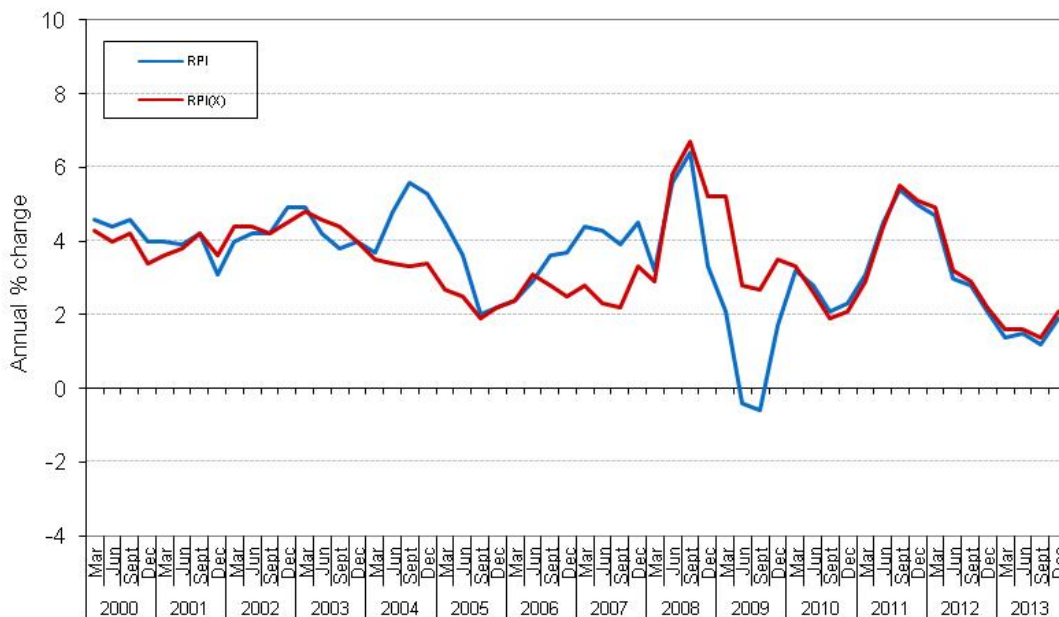
### Excluding house purchase costs: RPI(X)

RPI(X) is the RPI excluding the cost of mortgage interest payments. During the twelve months to December 2013, RPI(X) increased by 2.1% to 155.7.

The annual rate of increase of RPI(X) increased by 0.7 pp between September and December 2013, from 1.4% to 2.1%. The key contributors to this change in the rate of increase of RPI(X) were the same as those for the all-items RPI.

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)**



On a quarterly basis, RPI(X) increased by 0.1% between September and December 2013.

## 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;
- 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
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
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

As Table 2 shows, RPI Pensioners, RPI Low Income and RPI(Y) each recorded higher annual rates of increase in December 2013 than in September 2013.

The greater annual increase of RPI Low Income compared with the other price indices was primarily due to the greater weight given to domestic energy costs and to housing rents (public and private sector) in this index; domestic heating costs increased by 5% over the twelve months to December 2013 and rents increased by almost 4%, on average, over the same period.

**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, which also includes, for the UK, the annual rate of increase of RPIJ<sup>3</sup>.

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 2013 the annual increase of the RPI in Jersey (1.9%) was similar to that of RPIJ in the UK (2.0%).

**Table 3: Annual % increases in RPI, RPI(X) and RPI(Y) for Sep 2013 and Dec 2013**

		RPI		RPI(X)		RPI(Y)	
		Sep 13	Dec 13	Sep 13	Dec 13	Sep 13	Dec 13
<b>Jersey</b>		1.2	1.9	1.4	2.1	1.2	2.0
<b>UK</b>	<b>RPI</b>	3.2	2.7	3.2	2.8	3.4	2.8
	<b>RPIJ</b>	2.5	2.0				
<b>Guernsey</b>		2.7	2.7	2.0	2.1	1.9	

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, some groups gave notably different annual rates of increase in the RPI in Jersey and the UK<sup>4</sup>:

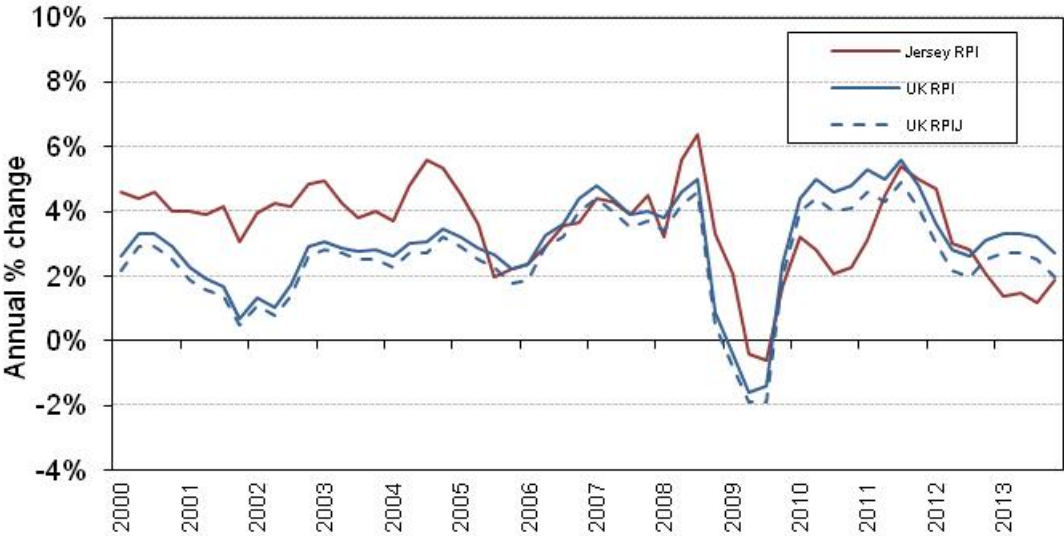
- o **Clothing and footwear** prices increased by 10% in the UK on an annual basis but decreased in Jersey (down by 2%) over the same period;
- o **Fares & other travel** prices rose by 1% on an annual basis in the UK compared with an increase of 8% in Jersey over the same period.

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

<sup>4</sup> Group level contributions are not published for the UK RPIJ. Acknowledging the upward bias of annual changes in the UK RPI compared with RPIJ (see Note 4), informative comparison can be made at the RPI group level, for which UK information is published.

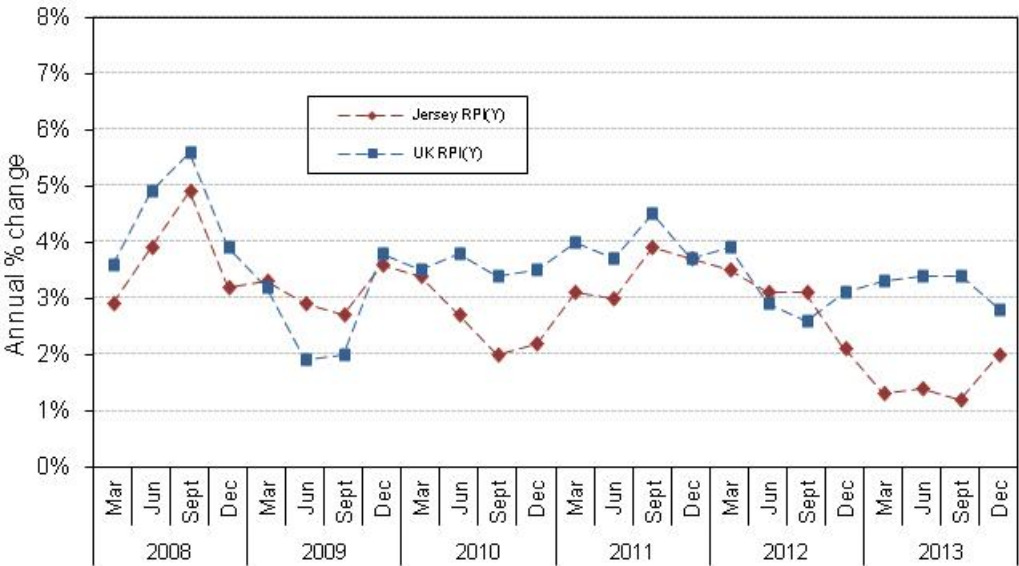
The annual percentage changes since 2000 in the Jersey RPI, the UK RPI and the UK RPIJ are shown in Figure 6.

**Figure 6 – Annual percentage change in RPI: Jersey and UK and UK RPIJ 2000 - 2013**



Due to the series of changes in recent years 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 is that afforded by RPI(Y) – see Figure 7.

**Figure 7 – Annual percentage change in RPI(Y): Jersey and UK 2008 - 2013**



Over the twelve months to December 2013 the annual change of RPI(Y) in Jersey (2.0%) was 0.8 pp lower than in the UK (2.8%)<sup>5</sup>.

<sup>5</sup> It should be acknowledged that the annual change of the UK RPI(Y) is also susceptible, in principle, to an upward bias due to the formula effect; however, the upward bias for the UK RPI(Y) has not been quantified by the Office for National Statistics.



## 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 15th 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 2000 to date.
4. In 2012 a UK RPI consultation 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 “experimental” index (called 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 due to the “formula effect”. The Jersey RPI is not susceptible to such an upward bias.
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. Full details can be found in the December 2007 RPI report on the website [www.gov.je/statistics](http://www.gov.je/statistics).
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 March 2014 Index will be released on 17 April 2014.
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](mailto:statistics@gov.je)).

## Annex A

ALL ITEMS RETAIL PRICES INDEX: 2000 - 2013								
Jersey RPI (June 2000=100)			Annual Movements %			Quarterly Movements %		
			Jersey	UK	Guernsey	Jersey	UK	Guernsey
<b>2002</b>	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
<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

RETAIL PRICES INDEX EXCLUDING HOUSE PURCHASE COSTS: 2000 - 2013						
Jersey RPI(X) (June 2000=100)			Annual Movements %			Quarterly Movements %
			Jersey	UK	Guernsey	Jersey
<b>2002</b>	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
<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