

Summary - Jersey RPI December 2020

- **during the twelve months to December 2020 the All Items Retail Prices Index (RPI) for Jersey increased by 0.9% to stand at 181.4 (June 2000 = 100)**
- the increase in the RPI over the twelve months to September 2020 was 0.9%; hence the **annual rate of inflation remained the same** as the latest quarter
- **the annual rate of inflation** remained unchanged from September 2020 due to small downward contributions from several groups being offset by small upward contributions from others, notably:
 - **Fuel & light** saw prices decrease over the twelve months to December 2020 by less than they had to September 2020
 - **Fares & other travel** saw prices increase slightly over the twelve months to December 2020, whereas they had decreased over the twelve months to September 2020
- **underlying inflation, as measured by the annual change in RPI(Y), increased by 0.9%** over the twelve months to December 2020¹
- the rate of underlying inflation, RPI(Y), decreased by 0.1 pp since September 2020 (down from 1.0%)
- over the twelve months to December 2020:
 - RPI(X) increased by 1.2%²
 - RPI Pensioners increased by 1.1%
 - RPI Low Income increased by 1.9%
- all indices of retail prices recorded similar annual rates of increase to September 2020
- the rate of inflation in Jersey over the twelve months to December 2020, as measured by the RPI, was 0.1 pp higher than the broadly comparable headline rate of inflation for the UK

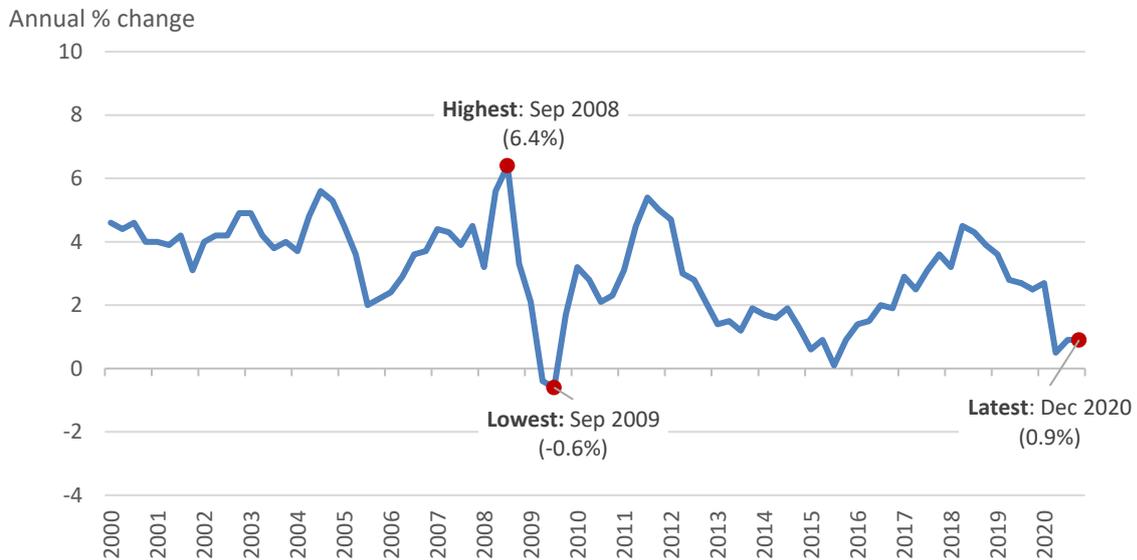
¹ RPI(Y): the RPI excluding mortgage interest payments and indirect taxes (e.g. GST and impôts). During periods involving the introduction of, or changes in, indirect taxes, the annual change in RPI(Y) is the pertinent measure of underlying inflation.

² RPI(X): the RPI excluding mortgage interest payments.

Annual change

The increase in the All Items Retail Prices Index (RPI) over the twelve months to December 2020 was 0.9%. The annual percentage changes in the RPI since March 2000 are shown in Figure 1.

Figure 1 - Jersey RPI annual inflation rate (percent) Mar 2000 to Dec 2020



In December 2020, the annual change in the RPI was essentially unchanged from the previous quarter (September 2020).

The annual percentage changes for each group of the RPI are shown in Figure 2.

Figure 2 - Annual percentage changes for each group, Dec 2020

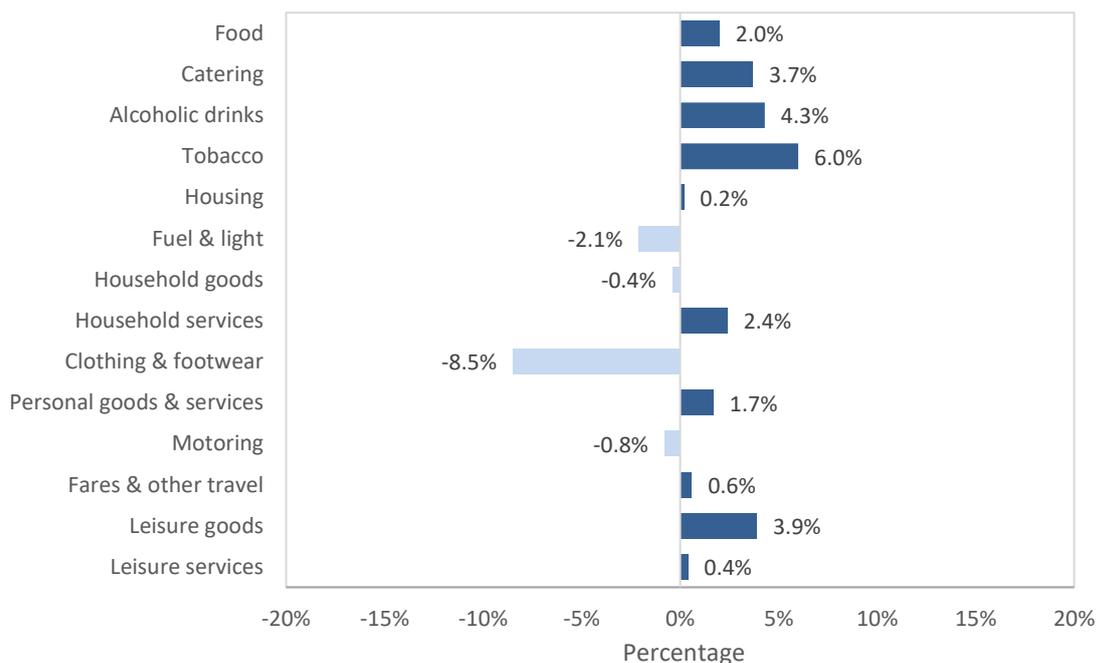
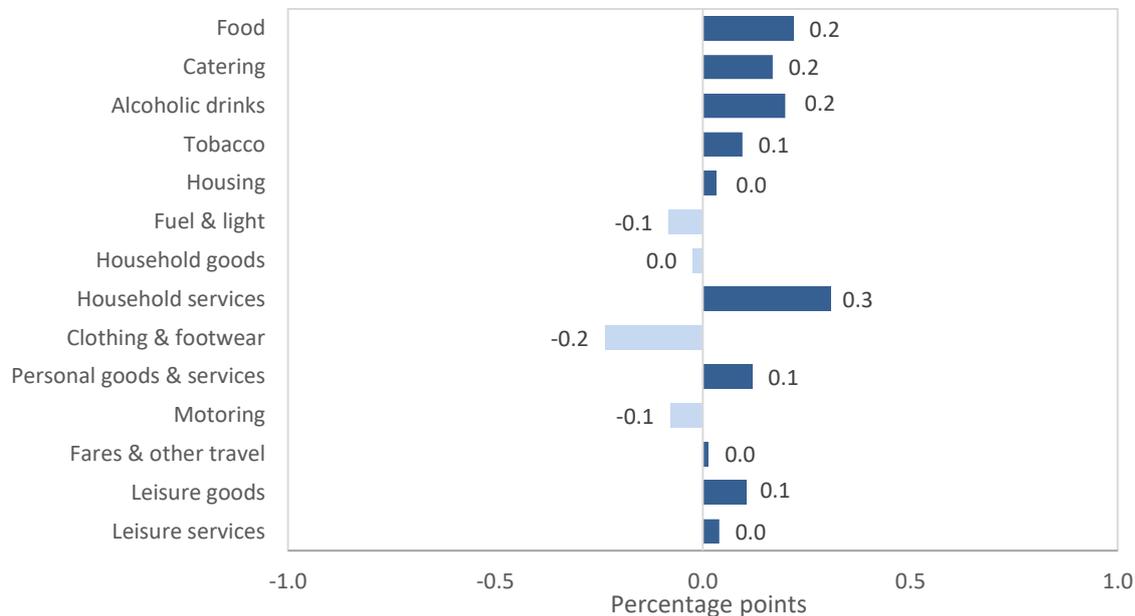


Figure 3 shows the contribution of each group of the RPI to the overall annual increase of 0.9%.

Figure 3 - Contribution of each group to the annual change in the RPI, Dec 2020



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

The groups that saw prices increase over the twelve months to December 2020 gave **upward** contributions to the RPI, notably:

- **Household services:** costs rose by 2.4%, on average, over the twelve months to December 2020, contributing +0.3 percentage points (pp) to the annual change of the RPI. Among other items, this group includes school fees (increased for some schools in January 2020), postal charges and domestic services
- **Food:** costs rose by 2.0%, on average, over the year to December 2020, contributing +0.2 pp to the annual change of the RPI
- **Catering:** on average, prices in this group increased by 3.7% over the twelve months to December 2020, contributing +0.2 pp to the annual change of the RPI
- **Alcoholic drinks:** prices in this group increased by 4.3%, on average, over the twelve months to December 2020, contributing +0.2 pp to the annual change of the RPI

In contrast, prices in several groups saw prices decrease, on average, over the twelve months to December 2020:

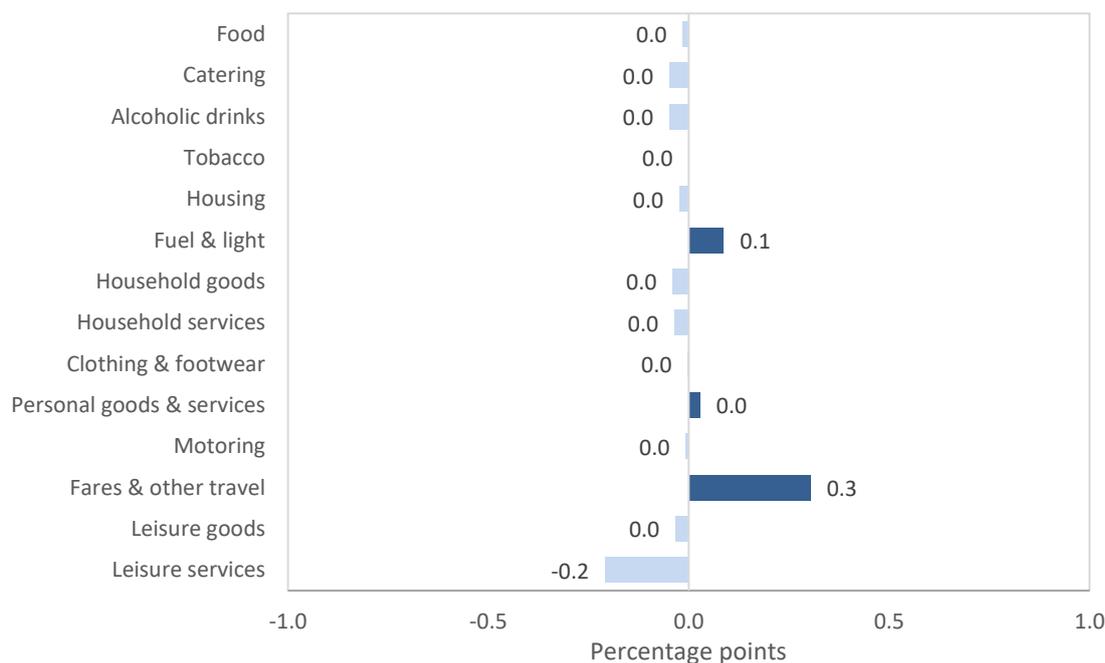
- **Fuel & light:** overall, prices in this group decreased by 2.1%, on average, contributing -0.1 pp to the annual change of the RPI
- **Clothing & footwear:** prices in this group decreased by 8.5% over the twelve months to December 2020, contributing -0.2 pp to the annual change of the RPI
- **Motoring:** prices in this group decreased by 0.8% on average over the twelve months to December 2020, contributing -0.1 pp to the annual change of the RPI

The **Housing** group's contribution to the annual change of the RPI was small. An increase in rents was partially offset by a net decrease in the cost of house purchase following the reductions in the Bank of England Bank Rate in March 2020³.

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

The annual rate of increase of the RPI in December 2020 was essentially unchanged from September 2020 (0.9%). Figure 4 shows the contributions to the change in the annual rate of increase of the RPI.

Figure 4 - Contributions to change in annual rate of increase of RPI between Sep 2020 and Dec 2020 (+0.0 pp, both 0.9%)



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

Many groups gave small downward contributions to the change in the annual rate of increase of the RPI. Most notably:

- **Leisure services:** contributed -0.2 pp to the change in annual rate of increase. Prices in this group increased over the twelve months to December 2020 (up 0.4%), whereas they had increased by more over the twelve months to September 2020 (up 2.5%)

Some groups gave upward contributions to the change in the annual rate of increase of the RPI:

- **Fares & other travel** contributed +0.3 pp to the change in the annual rate of increase of the RPI. Prices over the twelve months to December 2020 increased, whereas they had decreased over the same time period to September 2020.

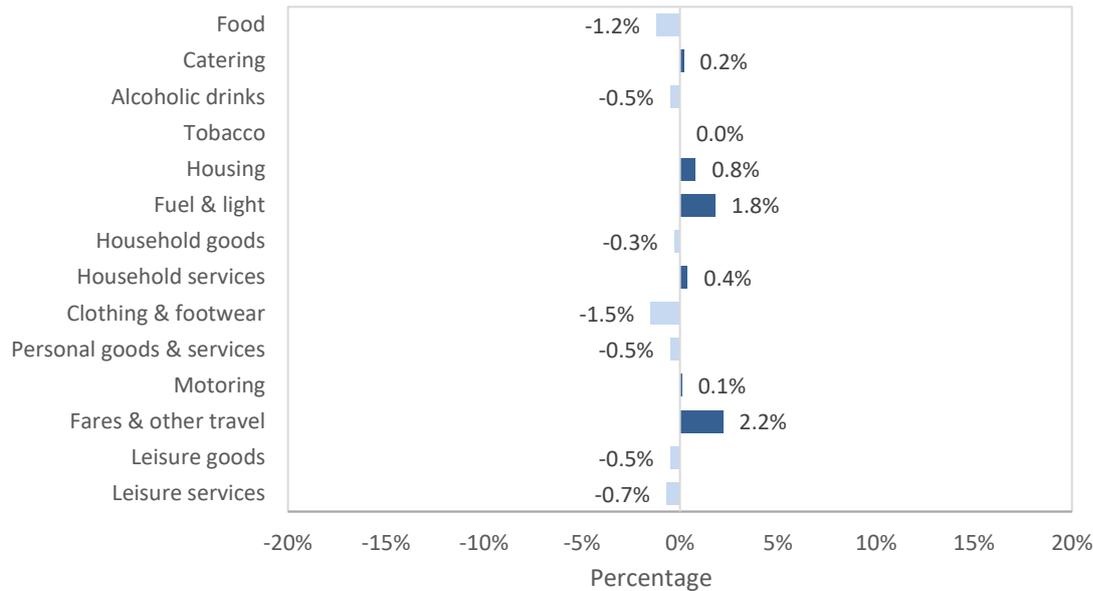
³ The Bank of England Bank Rate decreased from 0.75% to 0.25% on 11 March 2020, then to 0.10% on 19 March 2020.

- **Fuel & light:** contributed +0.1 pp to the change in the overall annual rate of increase. Prices in this group decreased, on average, by 2.1% over the twelve months to December 2020, whereas they had decreased by a greater amount (4.3%) over the twelve months to September 2020

Quarterly change

On a quarterly basis, the RPI remained the same between September 2020 and December 2020. Figure 5 shows the percentage changes over the latest quarter for each group of the RPI.

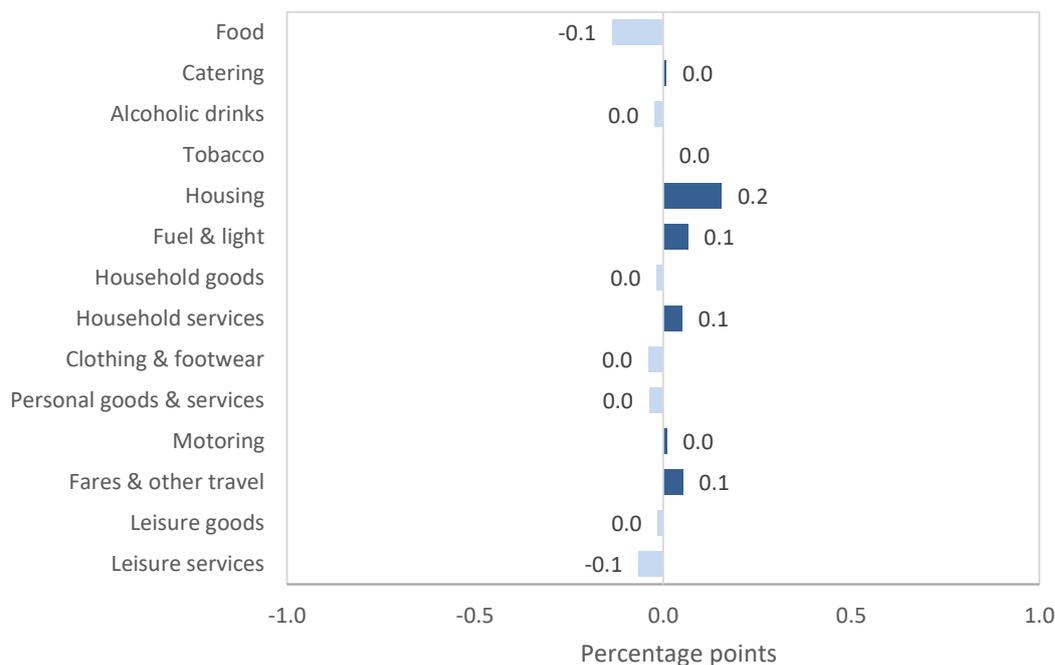
Figure 5 - Quarterly percentage changes for each group, Dec 2020



A number of groups saw small price increases over the three months to December 2020. This was balanced by other groups experiencing small price decreases.

Figure 6 shows the contributions of these groups to the quarterly change in the RPI.

Figure 6 - Contribution of each group to the quarterly change in the RPI, Dec 2020



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

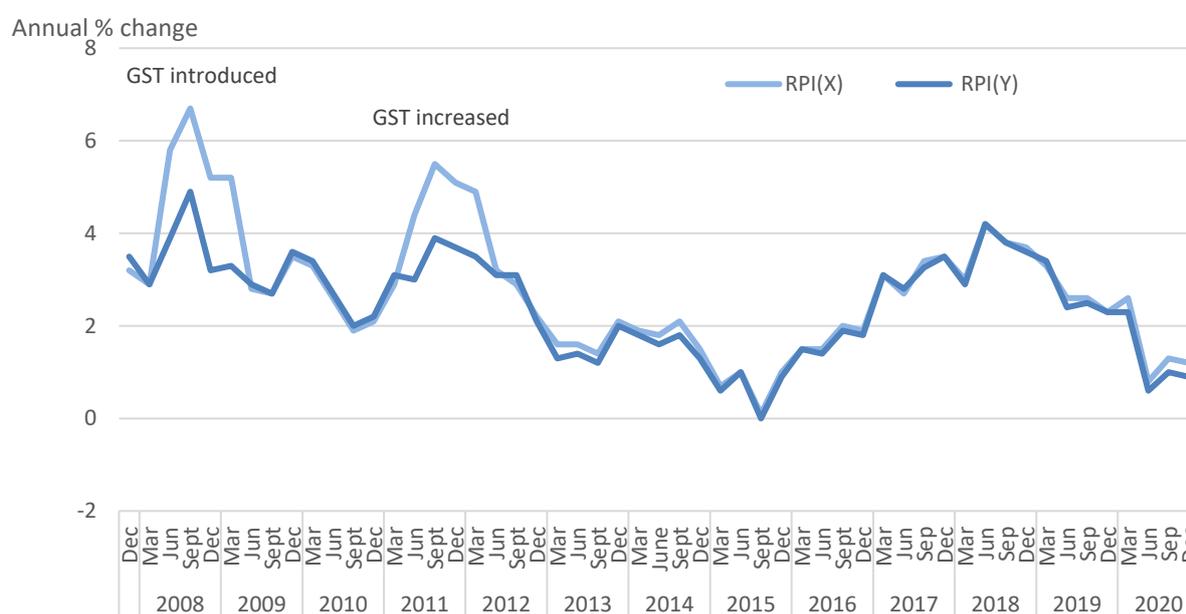
RPI(X) and RPI(Y) - underlying rate of inflation

RPI(X) is defined as the all items RPI excluding the cost of mortgage interest payments. RPI(Y) provides a 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) provides a measure of underlying inflation.

Over the twelve months to December 2020, RPI(X) increased by 1.2% and RPI(Y) increased by 0.9%.

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), Dec 2007 to Dec 2020



In December 2020, the annual rate of increase of RPI(X) was 0.1 pp lower than in September 2020 (down from 1.3%).

For RPI(Y), the annual rate of increase in December 2020 was also 0.1 pp lower than in September 2020 (down from 1.0%).

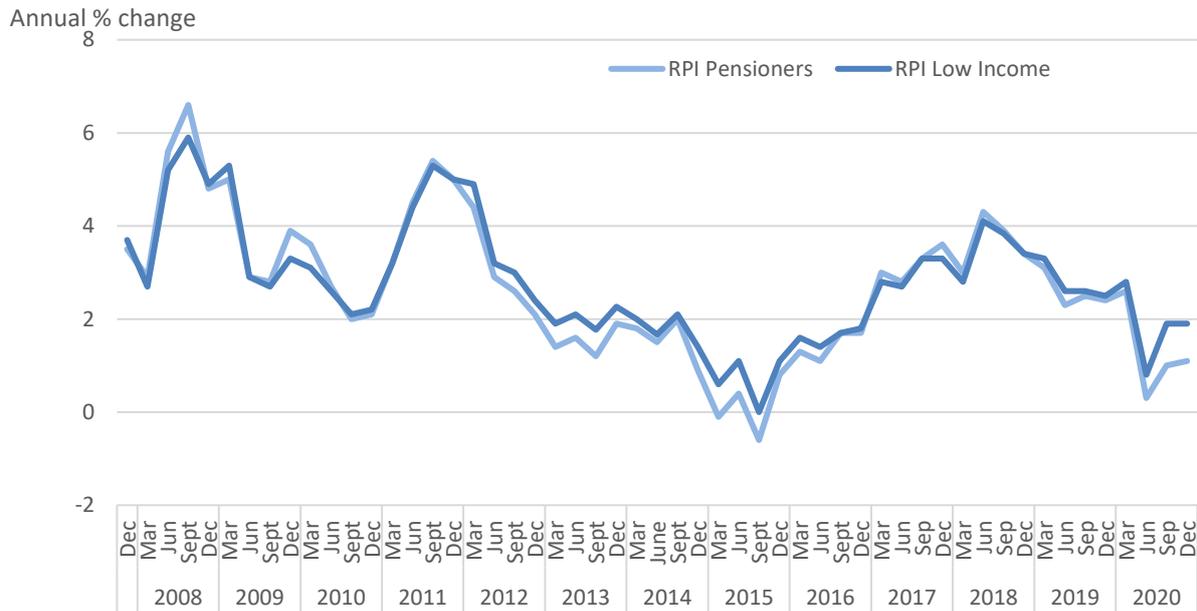
Other inflation measures

In December 2007, two further price indices were introduced for Jersey: **RPI Pensioners**, for pensioner households; and **RPI Low Income**, for households in the lowest quintile of household income.

Over the twelve months to December 2020, RPI Pensioners increased by 1.1% and RPI Low Income increased by 1.9%.

Figure 8 shows the annual rates of change of both RPI Pensioners and RPI Low Income since December 2007, when annual changes in these indices were first published (see Appendix Table A4).

Figure 8 - Annual percentage changes in RPI Pensioners and RPI Low Income, Dec 2007 to Dec 2020



Comparison with the UK

The annual measures of the headline rates of inflation for Jersey and the UK are shown in Table 1. The headline annual rate of inflation for the UK is that of CPIH, which is broadly comparable with the Jersey RPI - see Note 4 for more information.

Table 1: Annual percentage changes in Jersey and UK price indices, Sep 2020 and Dec 2020

	Sep 2020	Dec 2020
Jersey RPI	0.9	0.9
UK CPIH	0.7	0.8

Over the twelve months to December 2020, the annual increase of the Jersey RPI was 0.9% and that of the UK CPIH was 0.8%, hence, the headline rate of inflation in Jersey over the twelve months to December 2020 was 0.1 pp greater than the broadly comparable headline rate of inflation for the UK.

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 2014-15, the results of which were published in May 2016; these results have been used to conduct a commodity review and the introduction of new weights for all consumer prices indices in March 2018.
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. Around 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 did not meet current international standards and that a new index (RPIJ) should be published. From March 2013 to January 2017 the UK Office for National Statistics (ONS) published RPIJ. The annual percentage change in the UK RPI was systematically greater than that of RPIJ; the upward bias was predominantly due to the “formula effect”. The Jersey RPI is not susceptible to such an upward bias. Prior to February 2017 the appropriate comparison with the UK was that of the Jersey RPI and the UK RPIJ. However, in February 2017, the UK Office for National Statistics discontinued publication of RPIJ.

A direct estimate of the formula effect was published by the ONS, enabling comparison between the annual rates of change of the Jersey RPI and the UK RPI by adjusting for the formula effect. The ONS ceased publication of this in February 2020.

Thereafter, the annual change in the UK CPIH (the headline measure of inflation in the UK) is used for comparison with the Jersey RPI.

5. RPI(Y) excludes mortgage interest payments and indirect taxes. The indirect taxes excluded are Parish rates and all taxes and duties that directly affect retail prices: 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 2014/15 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. COVID-19 context: Government policies implemented in response to the COVID-19 pandemic has resulted in travel restrictions to and from Jersey, leading to a reduction in the number of prices collected in the Fares & other travel group. In June and December 2020 a small number of prices in other groups were not available at the time of price collection; any such unavailable prices were imputed using the most current that were available at the time.
8. The Jersey RPI for March 2021 is provisionally scheduled to be published on 23rd April 2021
9. The Jersey Retail Prices Index is compiled by Statistics Jersey;
(enquiries to Statistics Jersey: 07797 780488 e-mail: statistics@gov.je)

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

GROUP	2019 Dec	2020 Mar	2020 Jun	2020 Sep	2020 Dec	Annual change (percent)	Quarterly change (percent)
Food	174.5	178.9	179.9	180.2	178.0	2.0	-1.2
Catering	188.5	191.7	192.2	195.1	195.4	3.7	0.2
Alcoholic drinks	206.3	214.9	217.0	216.2	215.2	4.3	-0.5
Tobacco	349.0	370.2	370.1	370.1	370.1	6.0	0.0
Housing	199.8	201.6	197.3	198.6	200.1	0.2	0.8
Fuel & light	241.3	240.8	234.3	232.2	236.3	-2.1	1.8
Household goods	105.8	106.1	105.1	105.7	105.4	-0.4	-0.3
Household services	235.6	237.6	238.3	240.3	241.2	2.4	0.4
Clothing & footwear	79.7	76.0	76.2	74.0	72.9	-8.5	-1.5
Personal goods & services	162.1	165.8	151.8	165.8	164.9	1.7	-0.5
Motoring	180.0	182.7	179.0	178.4	178.6	-0.8	0.1
Fares & other travel	213.5	215.3	188.2	210.1	214.8	0.6	2.2
Leisure goods	82.4	83.4	85.0	86.0	85.6	3.9	-0.5
Leisure services	207.5	209.7	208.6	209.7	208.3	0.4	-0.7
All items	179.8	182.1	179.3	181.4	181.4	0.9	0.0

Table A2: Jersey Retail Prices Index RPI, 2000-2020 (Jun 2000 = 100)

		RPI	Annual change (%)	Quarterly change (%)			RPI	Annual change (%)	Quarterly change (%)	
2000	Mar	99.0	4.6	1.3		Sep	142.6	2.1	0.1	
	Jun	100.0	4.4	1.0		Dec	143.2	2.3	0.4	
	Sep	101.1	4.6	1.1		2011	Mar	146.1	3.1	2.0
	Dec	101.6	4.0	0.5			Jun	148.8	4.5	1.8
2001	Mar	103.0	4.0	1.4	Sep	150.3	5.4	1.0		
	Jun	103.9	3.9	0.9	Dec	150.4	5.0	0.1		
	Sep	105.3	4.2	1.3	2012	Mar	153.0	4.7	1.7	
	Dec	104.7	3.1	-0.6		Jun	153.3	3.0	0.2	
2002	Mar	107.1	4.0	2.3	Sep	154.5	2.8	0.8		
	Jun	108.3	4.2	1.1	Dec	153.5	2.1	-0.6		
	Sep	109.7	4.2	1.3	2013	Mar	155.2	1.4	1.1	
	Dec	109.8	4.9	0.1		Jun	155.6	1.5	0.3	
2003	Mar	112.4	4.9	2.4	Sep	156.4	1.2	0.5		
	Jun	112.9	4.2	0.4	Dec	156.4	1.9	0.0		
	Sep	113.9	3.8	0.9	2014	Mar	157.9	1.7	1.0	
	Dec	114.2	4.0	0.3		Jun	158.1	1.6	0.1	
2004	Mar	116.6	3.7	2.1	Sep	159.3	1.9	0.8		
	Jun	118.3	4.8	1.5	Dec	158.5	1.3	-0.5		
	Sep	120.3	5.6	1.7	2015	Mar	158.9	0.6	0.3	
	Dec	120.3	5.3	0.0		Jun	159.6	0.9	0.4	
2005	Mar	121.9	4.5	1.3	Sep	159.5	0.1	-0.1		
	Jun	122.6	3.6	0.6	Dec	160.0	0.9	0.3		
	Sep	122.7	2.0	0.1	2016	Mar	161.2	1.4	0.8	
	Dec	123.0	2.2	0.2		Jun	162.0	1.5	0.5	
2006	Mar	124.8	2.4	1.5	Sep	162.7	2.0	0.4		
	Jun	126.2	2.9	1.1	Dec	163.0	1.9	0.2		
	Sep	127.1	3.6	0.7	2017	Mar	165.9	2.9	1.8	
	Dec	127.5	3.7	0.3		Jun	166.1	2.5	0.1	
2007	Mar	130.3	4.4	2.2	Sep	167.8	3.1	1.0		
	Jun	131.6	4.3	1.0	Dec	168.8	3.6	0.6		
	Sep	132.1	3.9	0.4	2018	Mar	171.2	3.2	1.4	
	Dec	133.3	4.5	0.9		Jun	173.5	4.5	1.3	
2008	Mar	134.5	3.2	0.9	Sep	175.0	4.3	0.9		
	Jun	139.0	5.6	3.3	Dec	175.4	3.9	0.2		
	Sep	140.5	6.4	1.1	2019	Mar	177.3	3.6	1.1	
	Dec	137.7	3.3	-2.0		Jun	178.4	2.8	0.6	
2009	Mar	137.3	2.1	-0.3	Sep	179.7	2.7	0.7		
	Jun	138.5	-0.4	0.9	Dec	179.8	2.5	0.1		
	Sep	139.6	-0.6	0.8	2020	Mar	182.1	2.7	1.3	
	Dec	140.0	1.7	0.3		Jun	179.3	0.5	-1.5	
2010	Mar	141.7	3.2	1.2	Sep	181.4	0.9	1.2		
	Jun	142.4	2.8	0.5	Dec	181.4	0.9	0.0		

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

		RPI(Y)	RPI Pensioners	RPI Low Income
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
	Jun	1.4	1.1	1.4
	Sep	1.9	1.7	1.7
	Dec	1.8	1.7	1.8
2017	Mar	3.1	3.0	2.8
	Jun	2.8	2.8	2.7
	Sep	3.3	3.3	3.3
	Dec	3.5	3.6	3.3
2018	Mar	2.9	3.0	2.8
	Jun	4.2	4.3	4.1
	Sep	3.8	3.9	3.8
	Dec	3.6	3.4	3.4
2019	Mar	3.4	3.1	3.3
	Jun	2.4	2.3	2.6
	Sep	2.5	2.5	2.6
	Dec	2.3	2.4	2.5
2020	Mar	2.3	2.6	2.8
	Jun	0.6	0.3	0.8
	Sep	1.0	1.0	1.9
	Dec	0.9	1.1	1.9