

Summary

- during the twelve months to June 2018 the All Items Retail Prices Index (RPI) for Jersey **increased by 4.5%** to stand at **173.5** (June 2000 = 100)
- the **Housing, Household services, Leisure services** and **Motoring** groups were the largest contributors to the overall annual increase in the RPI
- the increase in the RPI over the twelve months to March 2018 was 3.2%; hence, the **annual rate of inflation rose by 1.3 percentage points** (pp) in the latest quarter
- this rise in the annual rate of inflation was due to the majority of groups of the RPI seeing greater rates of price increase over the twelve months to June 2018 than over the twelve months to March 2018, notably the **Household services, Motoring** and **Fuel & light** groups
- utility prices (electricity, gas and water) and the cost of domestic heating oil and motor fuels (petrol and diesel) increased in the latest quarter
- **underlying inflation, as measured by the annual change in RPI(Y), increased by 4.2%** over the twelve months to June 2018¹
- over the twelve months to June 2018:
 - RPI(X) increased by 4.2%²
 - RPI Pensioners increased by 4.3%
 - RPI Low Income increased by 4.1%
- in June 2018:
 - headline inflation, as measured by the annual change in the RPI, was the highest for more than six years, since March 2012
 - underlying inflation was the highest for almost ten years, since September 2008
 - the other consumer price indices, RPI(X), RPI Pensioners and RPI Low Income, recorded their highest annual rates of increase for more than six years, since March 2012

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 the rate of underlying inflation.

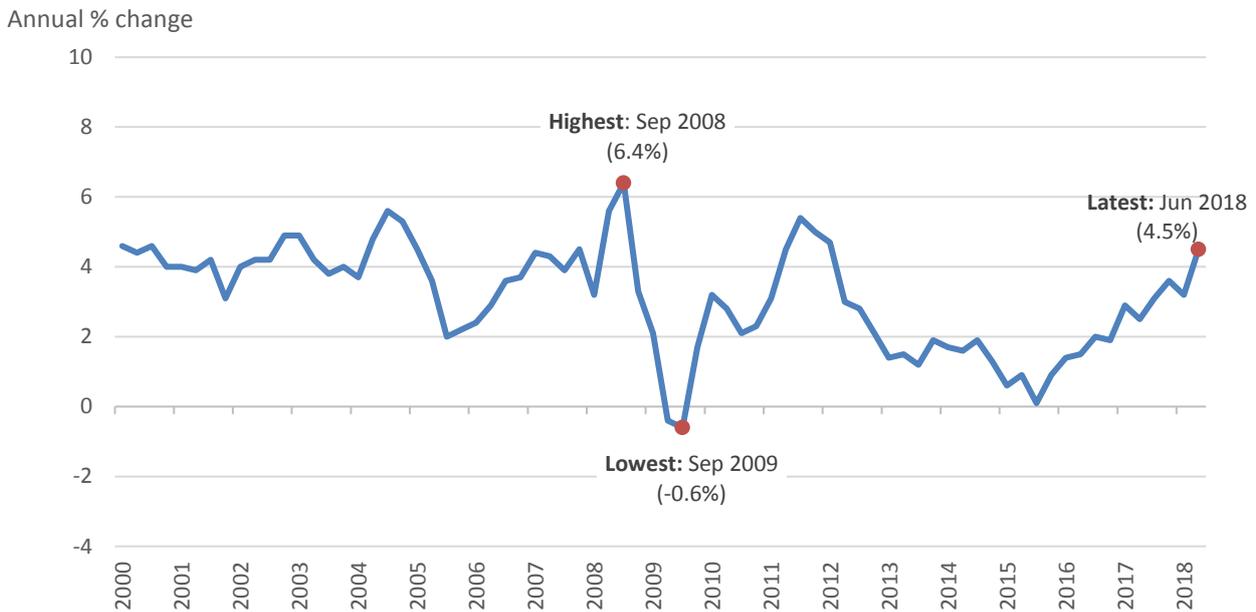
² RPI(X): the RPI excluding mortgage interest payments.

Annual change

The increase in the All Items Retail Prices Index (RPI) over the twelve months to June 2018 was 4.5%.

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 Jun 2018



In June 2018, the RPI recorded its greatest annual rate of increase for more than six years, since March 2012.

The annual percentage changes for each group of the RPI are shown in Figure 2. Over the twelve months to June 2018 all groups saw prices increase, on average, except for Clothing & footwear, which saw prices decrease, on average, over the period.

Figure 2 - Annual percentage changes for each group, Jun 2018

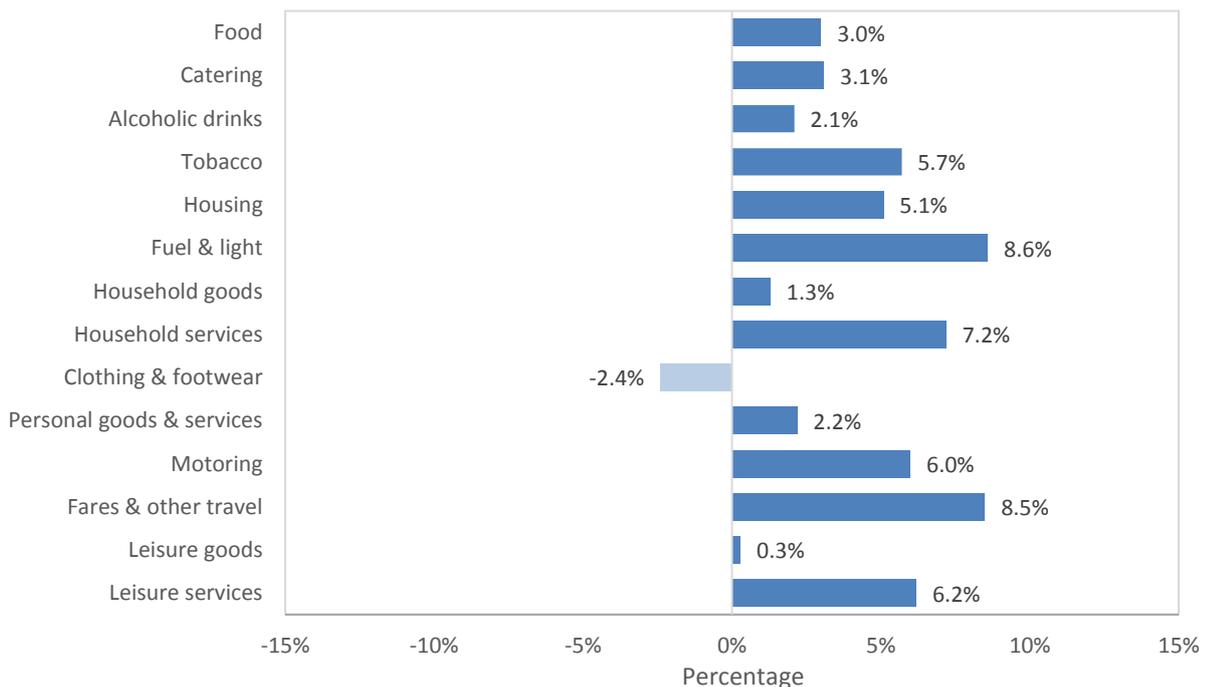
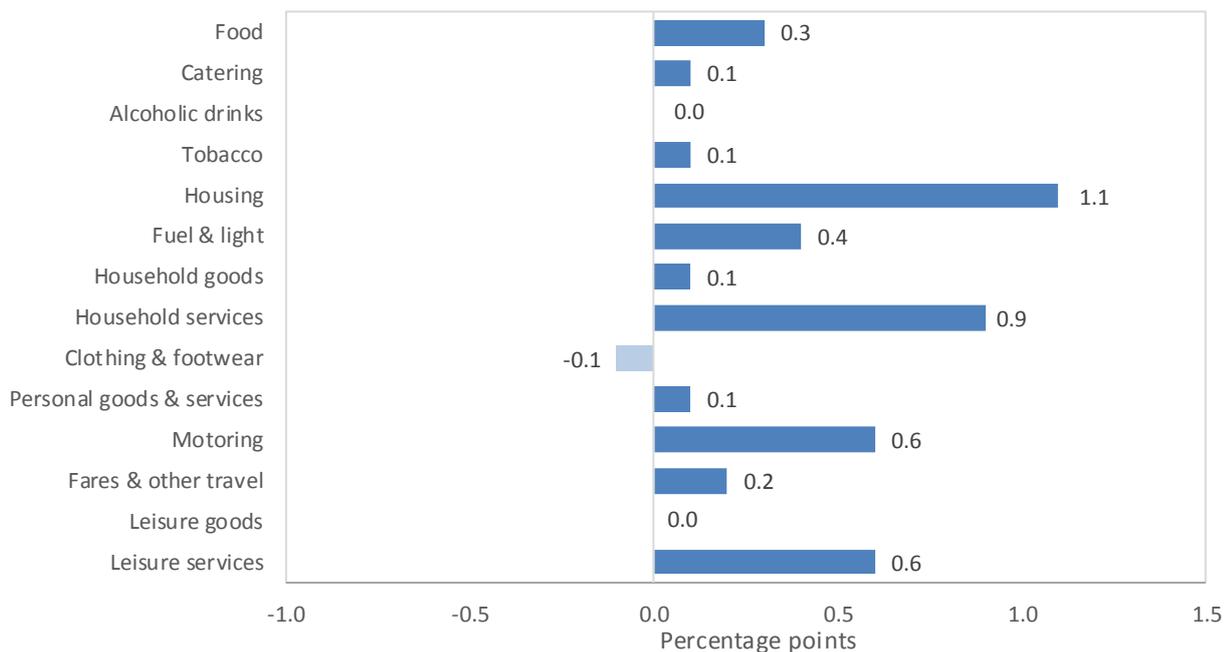


Figure 3 shows the contribution of each group of the RPI to the overall annual increase of 4.5%.

Figure 3 - 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 groups which saw prices increase, on average, over the twelve months to June 2018 gave **upward** contributions to the RPI, notably:

- **Housing** costs rose by 5.1%, on average, over the year to June 2018, contributing +1.1 pp to the annual change of the RPI. Price increases were seen across the group, which includes house purchase costs, rents, dwelling insurance, water charges (increased in April 2018) and Island-wide and Parish rates (increased in September 2017). The key driver was the increased cost of house purchase due to higher mortgage interest payments following the increase in the Bank of England base rate in November 2017³
- **Household services** costs rose by 7.2%, on average, over the year to June 2018, contributing +0.9 percentage points (pp) to the annual change of the RPI. Price increases were seen across the group, which includes school fees (increased in September 2017), telephone charges, postal charges (increased from 31 March 2018) and domestic services
- **Leisure services:** prices in this group increased by 6.2%, on average, over the twelve months to June 2018, contributing +0.6 pp to the annual change of the RPI. Higher average prices were seen across the group which includes foreign holidays, TV licences (increased in April 2018), entertainment and recreation activities
- **Motoring:** prices in this group were 6.0% greater, on average, than twelve months earlier, contributing +0.6 pp to the annual change of the RPI. Higher prices were seen, on average, across most of the group which includes motor fuels, motor insurance and the purchase of motor vehicles. The mean prices of petrol and diesel were 12 p and 13 p per litre higher in June 2018 than a year earlier
- **Fuel & light:** prices in this group, comprising domestic energy costs, increased by 8.6% over the twelve months to June 2018, contributing +0.4 pp to the overall annual change. Price increases were seen across the group: electricity and gas tariffs both increased from 1 June 2018; and the cost of domestic heating oil was 14 p per litre higher, on average, on an annual basis
- **Food:** prices in this group increased by 3.0%, on average, over the twelve months to June 2018, contributing +0.3 pp to the annual change of the RPI. Higher prices were seen for bread, fish, fresh

³ The Bank of England base rate was increased by a quarter percentage point (from 0.25% to 0.5%) on 2 November 2017.

meat, and some dairy products (cheese and milk products but not milk), whilst the price of sweets, chocolate and soft drinks decreased over the same period, largely due to special offers

- Increased **impôts duties** in January 2018 contributed +0.15 pp to the overall annual change in the RPI, accounting for almost all of the contribution from the Tobacco group, less than half of the contribution from Alcoholic drinks, and around a quarter of the price increase recorded by motor fuels

In contrast, the **Clothing & footwear** group saw prices decrease by 2.4% on average over the twelve months to June 2018, giving a downward contribution of -0.1 pp to the RPI. Lower prices were seen, on average, for men’s and women’s outerwear and also for footwear.

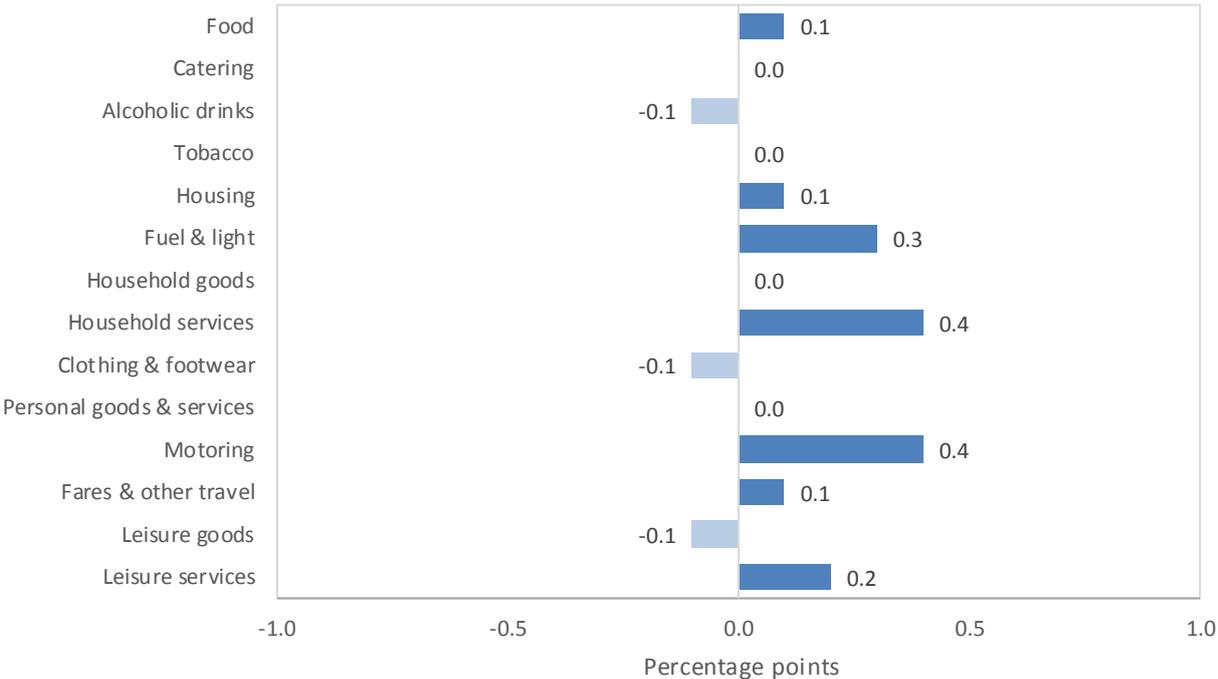
Group level indices are presented in Appendix Table A1, which also shows the most recent annual and quarterly percentage changes.

There was a rise of 1.3 pp in the annual rate of increase of Jersey’s RPI between March 2018 and June 2018 (from 3.2% to 4.5%, respectively).

Figure 4 shows that the majority of groups gave **upward** contributions to this **change** in the annual rate of increase of the RPI:

- **Motoring** contributed +0.4 pp to the change in the annual rate of increase of the RPI. Prices in this group increased at a greater rate, on average, over the twelve months to June 2018 (up 6.0%) than over the twelve months to March 2018 (up 2.1%). Petrol and diesel prices increased, on average, by 12 p and 13 p per litre, respectively, over the twelve months to June 2018 compared with an average increase of around 6 p per litre for each motor fuel over the twelve months to March 2018
- **Fuel & light** contributed +0.3 pp to the change in the annual rate of increase of the RPI. Prices in this group increased at a greater rate, on average, over the twelve months to June 2018 (up 8.6%) than over the twelve months to March 2018 (up 2.8%)
- **Household services** contributed +0.4 pp to the change in the annual rate of increase of the RPI. Prices in this group increased at a greater rate, on average, over the twelve months to June 2018 (up 7.2%) than over the twelve months to March 2018 (up 4.1%)

Figure 4 - Contributions to change in annual rate of increase of RPI between Mar 2018 and Jun 2018 (+1.3 pp from 3.2% to 4.5%)



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

In contrast, several groups gave small **downward** contributions to the **change** in the annual rate of inflation. **Clothing & footwear** contributed -0.1 pp due to greater falls in prices, on average, over the year to June 2018 than over the year to March 2018, whilst prices in the **Leisure goods** and **Alcoholic drinks** groups saw lower rates of price increase, on average, over the two respective periods.

Quarterly change

On a quarterly basis, the RPI increased by 1.3% between March 2018 and June 2018.

Figure 5 shows the percentage changes over the latest quarter for each group of the RPI.

Figure 5 - Quarterly percentage changes for each group, Jun 2018

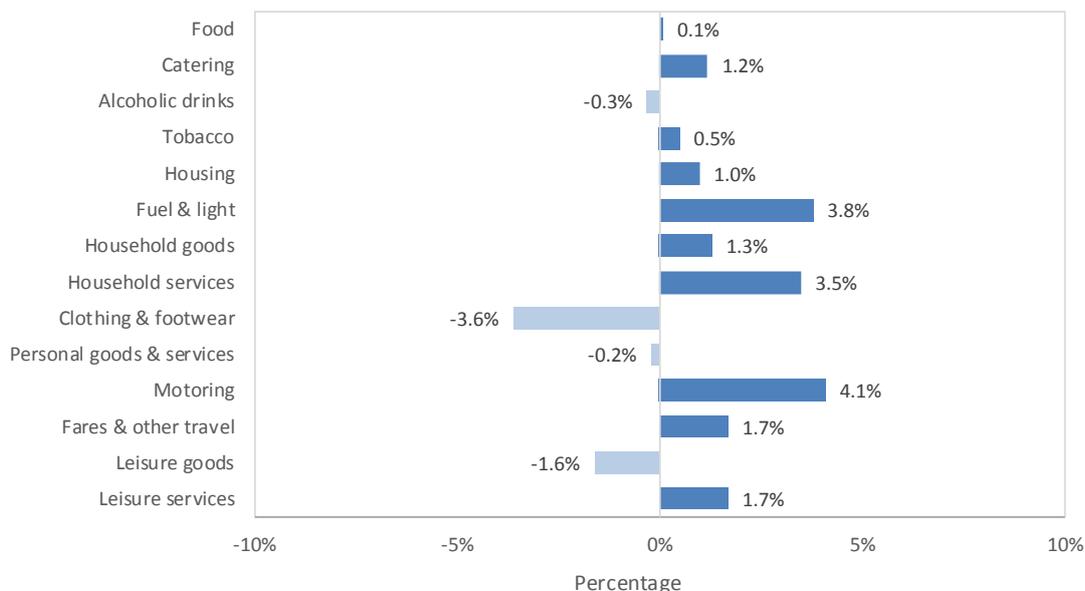
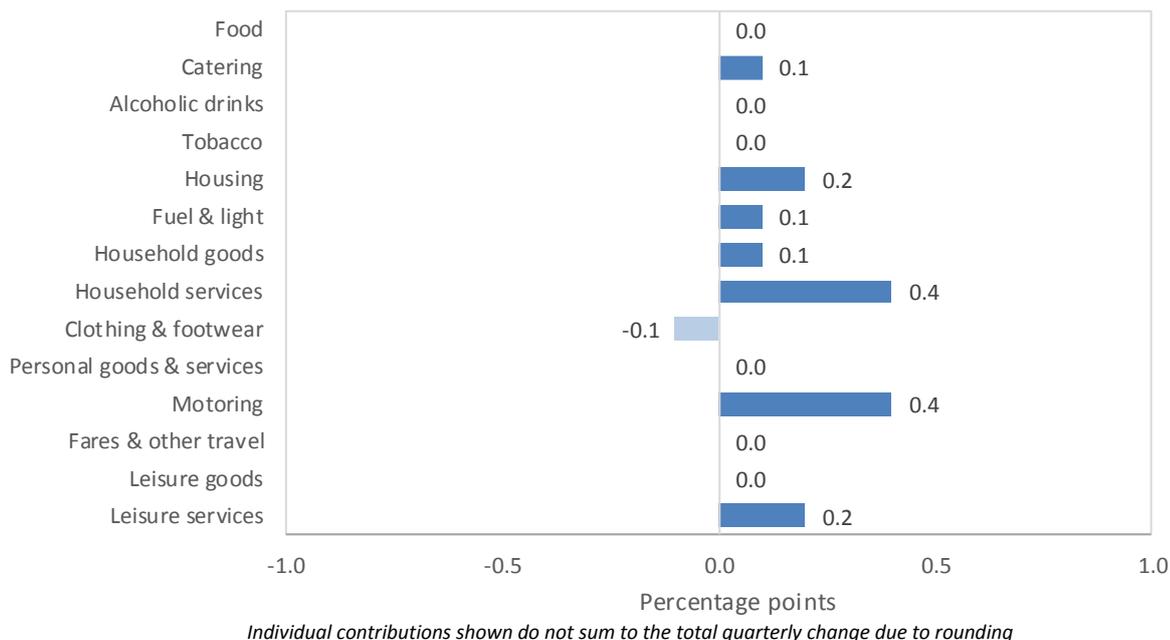


Figure 6 shows the respective contribution of each group to the overall quarterly change in the RPI.

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



The groups which saw prices increase, on average, in the latest quarter gave **upward** contributions to the RPI, notably:

- **Household services:** prices increased by 3.5%, on average, contributing +0.4 pp to the overall quarterly change in the RPI
- **Motoring** costs increased by 4.1% over the latest quarter, contributing +0.4 pp to the overall quarterly change in the RPI. Petrol and diesel prices increased by around 6½ p per litre, on average, over the quarter.
- **Housing costs** increased by 1.0% on average, contributing +0.2 pp to the quarterly change. Costs rose, on average, across the group, including water rates which increased in April 2018.
- **Leisure services** costs increased by 1.7%, contributing +0.2 pp to the quarterly change. In this group, the cost of a TV licence increased in April 2018.
- **Fuel & light:** prices in this group increased by 3.8%, contributing +0.1 pp to the overall quarterly change in the RPI. Price increases were seen across the group in the latest quarter: electricity and gas tariffs both increased from 1 June 2018; and the cost of domestic heating oil was 5 p per litre higher, on average, than in March 2018

In contrast, the **Clothing & footwear** group saw prices decrease by -3.6%, on average, contributing -0.1 pp to the overall quarterly change in the RPI.

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

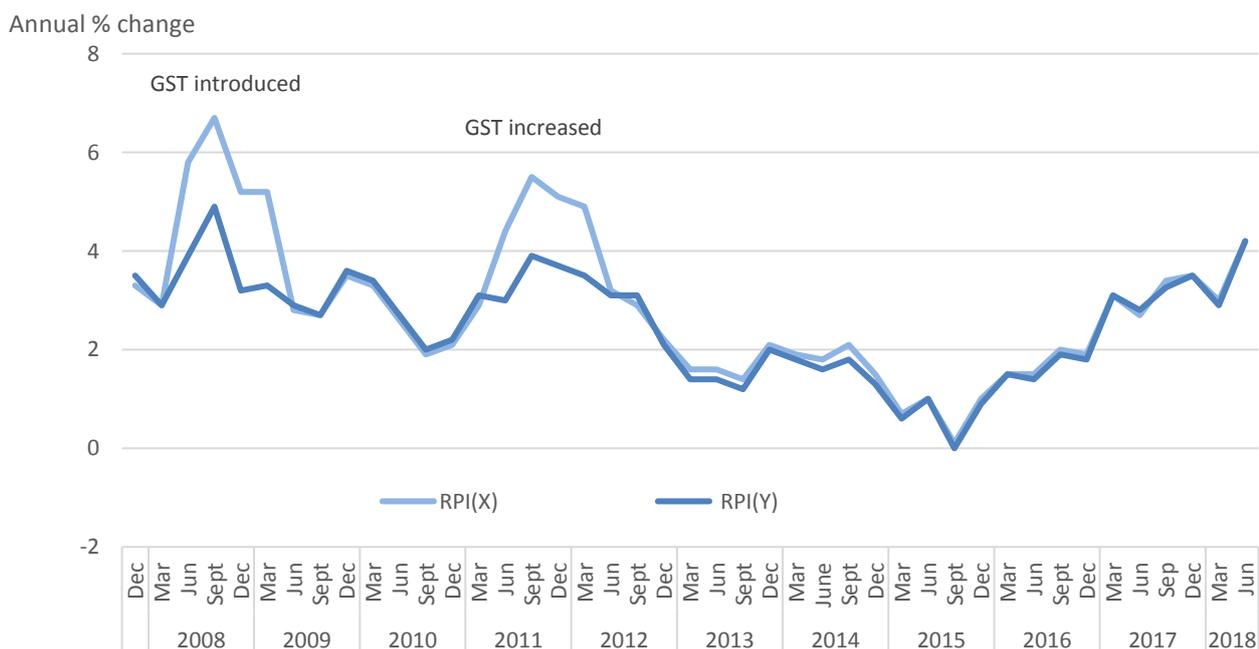
RPI(X) is defined as the all items RPI excluding the cost of mortgage interest payments.

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) is considered to be the pertinent measure of the rate of underlying inflation.

Over the twelve months to June 2018, both RPI(X) and RPI(Y) increased by 4.2%

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 Jun 2018



The annual rates of increase of both RPI(X) and RPI(Y) over the twelve months to June 2018 were higher than over the twelve months to March 2018, by 1.2 pp and 1.3 pp, respectively.

The latest annual increase in RPI(X) is the highest seen for more than six years, since March 2012.

The latest annual increase in RPI(Y) is the highest seen for almost ten years, since September 2008.

Other inflation measures

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

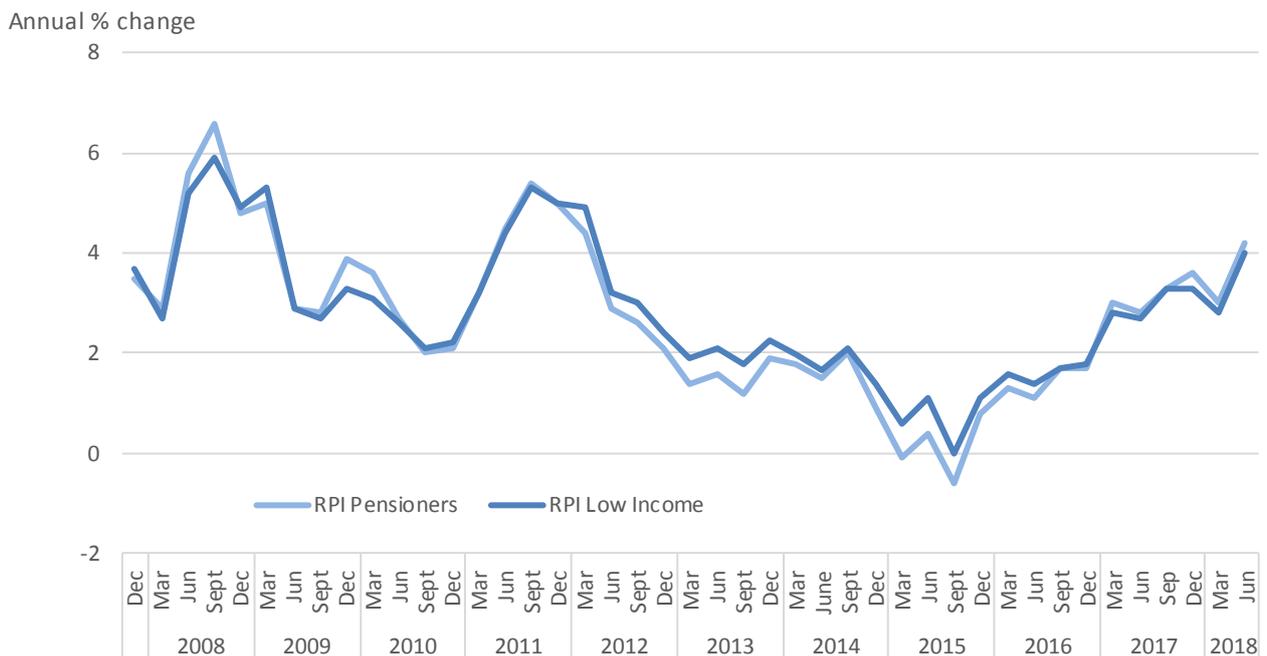
Over the twelve months to June 2018, RPI Pensioners increased by 4.3% and RPI Low Income increased by 4.1%.

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).

The annual rates of increase of both RPI Pensioners and RPI Low Income were 1.3 pp greater in June 2018 than in March 2018.

The latest annual increases in both RPI Pensioners and RPI Low Income are the highest seen for more than six years, since March 2012.

Figure 8 - Annual percentage changes in RPI Pensioners and RPI Low Income, Dec 2007 to Jun 2018



Comparison with the UK

The annual rates of increase of the RPI in Jersey and the UK are shown in Table 1. The annual rate of increase of the UK RPI adjusted for the formula effect (see Note 4) is also shown. The appropriate comparison is that of the Jersey RPI and the UK RPI adjusted for the formula effect.

Table 1: Annual percentage changes in RPI for March 2018 and June 2018

	RPI	
	Mar 2018	Jun 2018
Jersey	3.2	4.5
UK	3.3	3.4
UK adjusted	2.6	2.7

Over the twelve months to June 2018, the annual increase of the RPI in Jersey was 4.5% and that of the UK adjusted RPI was 2.7%.

Despite the fact that global factors influence both jurisdictions shown in Table 1, local trends and issues in each location dictate the full effect of such factors. In particular, for Jersey and the UK⁴ over the twelve months to June 2018:

- prices in the **Fares & other travel, Household services, Housing** and **Fuel & light** groups increased at a greater rate, on average, in Jersey than in the UK
- in contrast, prices in the **Leisure goods, Household goods** and **Tobacco** groups increased at lower rates, on average, in Jersey than in the UK whilst prices in the **Clothing & footwear** group decreased, on average, in Jersey but increased in the UK

There was an increase of 1.3 pp in the annual rate of increase of Jersey's RPI between March 2018 and June 2018 (from 3.2% to 4.5 %) compared to a small increase of 0.1 pp in the UK adjusted RPI over the same period (from 2.6% to 2.7%).

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

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 continues to be published by the ONS, enabling comparison between the annual rates of change of the Jersey and UK RPIs by adjusting for the formula effect.

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.
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. The Jersey RPI for September 2018 will be published on 19 October 2018.
8. The Jersey Retail Prices Index is compiled by Statistics Jersey, The Parade, St. Helier, Jersey, JE4 8QT; (enquiries to Statistics Unit: 01534-440465 e-mail: statistics@gov.je).

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

GROUP	2017 Jun	2017 Sep	2017 Dec	2018 Mar	2018 Jun	Annual change (percent)	Quarterly change (percent)
Food	167.5	167.0	168.7	172.4	172.5	3.0	0.1
Catering	175.5	176.2	176.4	178.8	181.0	3.1	1.2
Alcoholic drinks	194.2	192.8	188.5	198.8	198.3	2.1	-0.3
Tobacco	311.3	311.1	310.8	327.5	329.1	5.7	0.5
Housing	178.7	179.6	183.2	186.0	187.8	5.1	1.0
Fuel & light	218.1	219.1	222.9	228.1	236.8	8.6	3.8
Household goods	103.9	105.0	104.0	103.9	105.2	1.3	1.3
Household services	208.1	213.7	214.1	215.5	223.1	7.2	3.5
Clothing & footwear	80.4	82.6	83.1	81.4	78.5	-2.4	-3.6
Personal goods & services	157.7	157.5	159.0	161.4	161.1	2.2	-0.2
Motoring	166.0	167.7	169.7	169.1	176.0	6.0	4.1
Fares & other travel	209.6	224.7	212.2	223.7	227.5	8.5	1.7
Leisure goods	79.3	79.7	79.1	80.8	79.5	0.3	-1.6
Leisure services	182.5	186.5	189.2	190.6	193.9	6.2	1.7
All items	166.1	167.8	168.8	171.2	173.5	4.5	1.3

Table A2: Jersey Retail Prices Index RPI, 2000-2018 (Jun 2000 = 100)

Appendix

		RPI	Annual change (%)	Quarterly change (%)
2000	Mar	99.0	4.6	1.3
	Jun	100.0	4.4	1.0
	Sep	101.1	4.6	1.1
	Dec	101.6	4.0	0.5
2001	Mar	103.0	4.0	1.4
	Jun	103.9	3.9	0.9
	Sep	105.3	4.2	1.3
	Dec	104.7	3.1	-0.6
2002	Mar	107.1	4.0	2.3
	Jun	108.3	4.2	1.1
	Sep	109.7	4.2	1.3
	Dec	109.8	4.9	0.1
2003	Mar	112.4	4.9	2.4
	Jun	112.9	4.2	0.4
	Sep	113.9	3.8	0.9
	Dec	114.2	4.0	0.3
2004	Mar	116.6	3.7	2.1
	Jun	118.3	4.8	1.5
	Sep	120.3	5.6	1.7
	Dec	120.3	5.3	0.0
2005	Mar	121.9	4.5	1.3
	Jun	122.6	3.6	0.6
	Sep	122.7	2.0	0.1
	Dec	123.0	2.2	0.2
2006	Mar	124.8	2.4	1.5
	Jun	126.2	2.9	1.1
	Sep	127.1	3.6	0.7
	Dec	127.5	3.7	0.3
2007	Mar	130.3	4.4	2.2
	Jun	131.6	4.3	1.0
	Sep	132.1	3.9	0.4
	Dec	133.3	4.5	0.9
2008	Mar	134.5	3.2	0.9
	Jun	139.0	5.6	3.3
	Sep	140.5	6.4	1.1
	Dec	137.7	3.3	-2.0
2009	Mar	137.3	2.1	-0.3

		RPI	Annual change (%)	Quarterly change
2009	Jun	138.5	-0.4	0.9
	Sep	139.6	-0.6	0.8
	Dec	140.0	1.7	0.3
2010	Mar	141.7	3.2	1.2
	Jun	142.4	2.8	0.5
	Sep	142.6	2.1	0.1
	Dec	143.2	2.3	0.4
2011	Mar	146.1	3.1	2.0
	Jun	148.8	4.5	1.8
	Sep	150.3	5.4	1.0
	Dec	150.4	5.0	0.1
2012	Mar	153.0	4.7	1.7
	Jun	153.3	3.0	0.2
	Sep	154.5	2.8	0.8
	Dec	153.5	2.1	-0.6
2013	Mar	155.2	1.4	1.1
	Jun	155.6	1.5	0.3
	Sep	156.4	1.2	0.5
	Dec	156.4	1.9	0.0
2014	Mar	157.9	1.7	1.0
	Jun	158.1	1.6	0.1
	Sep	159.3	1.9	0.8
	Dec	158.5	1.3	-0.5
2015	Mar	158.9	0.6	0.3
	Jun	159.6	0.9	0.4
	Sep	159.5	0.1	-0.1
	Dec	160.0	0.9	0.3
2016	Mar	161.2	1.4	0.8
	Jun	162.0	1.5	0.5
	Sep	162.7	2.0	0.4
	Dec	163.0	1.9	0.2
2017	Mar	165.9	2.9	1.8
	Jun	166.1	2.5	0.1
	Sep	167.8	3.1	1.0
	Dec	168.8	3.6	0.6
2018	Mar	171.2	3.2	1.4
	Jun	173.5	4.5	1.3

Table A3: Jersey Retail Prices Index **Excluding** house purchase costs, RPI(X), 2000-2018 (Jun 2000 = 100)

Appendix

	RPI(X)	Annual change (%)	Quarterly change (%)		RPI(X)	Annual change	Quarterly change		
2000	Mar	(99.2)	4.3	1.1	2009	Jun	137.8	2.8	1.2
	Jun	100.0	4.0	0.8		Sep	138.8	2.7	0.7
	Sep	101.1	4.2	1.1		Dec	139.0	3.5	0.1
	Dec	101.4	3.4	0.3	2010	Mar	140.7	3.3	1.2
2001	Mar	102.8	3.6	1.4		Jun	141.4	2.6	0.5
	Jun	103.8	3.8	1.0		Sep	141.4	1.9	0.0
	Sep	105.3	4.2	1.4		Dec	141.9	2.1	0.4
	Dec	105.1	3.6	-0.2	2011	Mar	144.8	2.9	2.0
2002	Mar	107.3	4.4	2.1		Jun	147.6	4.4	1.9
	Jun	108.4	4.4	1.0		Sep	149.2	5.5	1.1
	Sep	109.7	4.2	1.2		Dec	149.2	5.1	0.0
	Dec	109.8	4.5	0.1	2012	Mar	151.9	4.9	1.8
2003	Mar	112.5	4.8	2.5		Jun	152.3	3.2	0.3
	Jun	113.4	4.6	0.8		Sep	153.5	2.9	0.8
	Sep	114.5	4.4	1.0		Dec	152.5	2.2	-0.7
	Dec	114.2	4.0	-0.3	2013	Mar	154.3	1.6	1.2
2004	Mar	116.4	3.5	1.9		Jun	154.8	1.6	0.3
	Jun	117.3	3.4	0.8		Sep	155.6	1.4	0.5
	Sep	118.3	3.3	0.9		Dec	155.7	2.1	0.1
	Dec	118.1	3.4	-0.2	2014	Mar	157.3	1.9	1.0
2005	Mar	119.6	2.7	1.3		Jun	157.6	1.8	0.2
	Jun	120.2	2.5	0.5		Sep	158.9	2.1	0.8
	Sep	120.6	1.9	0.3		Dec	158.0	1.5	-0.6
	Dec	120.7	2.2	0.1	2015	Mar	158.4	0.7	0.3
2006	Mar	122.5	2.4	1.5		Jun	159.2	1.0	0.5
	Jun	123.9	3.1	1.1		Sep	159.1	0.1	-0.1
	Sep	124.0	2.8	0.1		Dec	159.6	1.0	0.3
	Dec	123.7	2.5	-0.2	2016	Mar	160.8	1.5	0.8
2007	Mar	125.9	2.8	1.8		Jun	161.6	1.5	0.5
	Jun	126.7	2.3	0.6		Sep	162.3	2.0	0.4
	Sep	126.7	2.2	0.0		Dec	162.7	1.9	0.2
	Dec	127.7	3.2	0.8	2017	Mar	165.8	3.1	1.9
2008	Mar	129.5	2.9	1.4		Jun	166.0	2.7	0.1
	Jun	134.0	5.8	3.5		Sep	167.8	3.4	1.1
	Sep	135.2	6.7	0.9		Dec	168.4	3.5	0.4
	Dec	134.3	5.2	-0.7	2018	Mar	170.7	3.0	1.4
2009	Mar	136.2	5.2	1.4		Jun	173.0	4.2	1.3

		RPI(Y)	RPI Pensioners	RPI Low Income
2007	Dec	3.5	3.5	3.7
2008	Mar	2.9	2.9	2.7
	Jun	3.9	5.6	5.2
	Sep	4.9	6.6	5.9
	Dec	3.2	4.8	4.9
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