

Summary - Jersey RPI June 2020

- **during the twelve months to June 2020 the All Items Retail Prices Index (RPI) for Jersey increased by 0.5% to stand at 179.3 (June 2000 = 100)**
- the increase in the RPI over the twelve months to March 2020 was 2.7%; hence the **annual rate of inflation decreased by 2.2 percentage points (pp)** in the latest quarter
- this **decrease in the annual rate of inflation** was largely the result of several groups giving downward contributions to the overall rate of increase of the RPI:
 - the **Housing** group saw prices increase at a lower rate over the twelve months to June 2020 than over the twelve months to March 2020, on average, driven by lower house purchase costs following reductions in the Bank of England Bank Rate
 - **Personal goods & services** saw prices decrease, on average, over the twelve months to June 2020 having seen prices increase over the twelve months to March 2020, and the **Fares & other travel** group saw prices decrease at a greater rate, on average, over the same time periods
 - key downward contributors in each of these groups were the result of policies implemented in response to the COVID-19 pandemic: the lower cost of GP fees; and the suspension of parking charges in Government owned car parks, respectively
 - the **Fuel & light** and **Motoring** groups saw prices decrease, on average, over the twelve months to June 2020 having seen prices increase over the twelve months to March 2020
 - **Household services** and **Leisure services** saw prices increase at a lower rate, on average, over the twelve months to June 2020 than over the same period to March 2020
- **underlying inflation, as measured by the annual change in RPI(Y), increased by 0.6%** over the twelve months to June 2020¹
- the rate of underlying inflation decreased by 1.7 pp since March 2020 (down from 2.3%)
- over the twelve months to June 2020:
 - RPI(X) increased by 0.8%²
 - RPI Pensioners increased by 0.3%
 - RPI Low Income increased by 0.8%
- all indices of retail prices recorded their lowest annual rates of increase since September 2015
- the RPI recorded its largest quarterly decrease for more than 11 years, since December 2008
- the rate of inflation in Jersey over the twelve months to June 2020, as measured by the RPI, was 0.3 pp lower than the broadly comparable headline rate of inflation for the UK

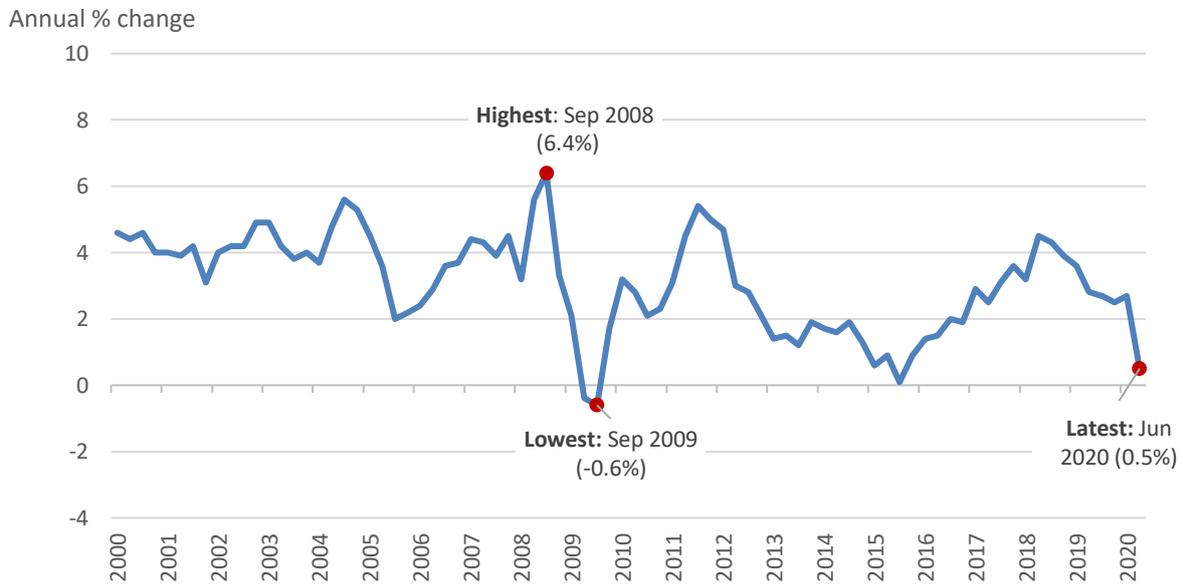
¹ RPI(Y): the RPI excluding mortgage interest payments and indirect taxes (e.g. GST and impôts). During periods involving the introduction of, or changes in, indirect taxes, the annual change in RPI(Y) is the pertinent measure of underlying inflation.

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 June 2020 was 0.5%. 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 2020



In June 2020, the annual change in the RPI was 2.2 pp lower than for the previous quarter (March 2020).

The headline rate of inflation in June 2020, as measured by the annual change in the RPI, was the lowest for almost five years, since September 2015.

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

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

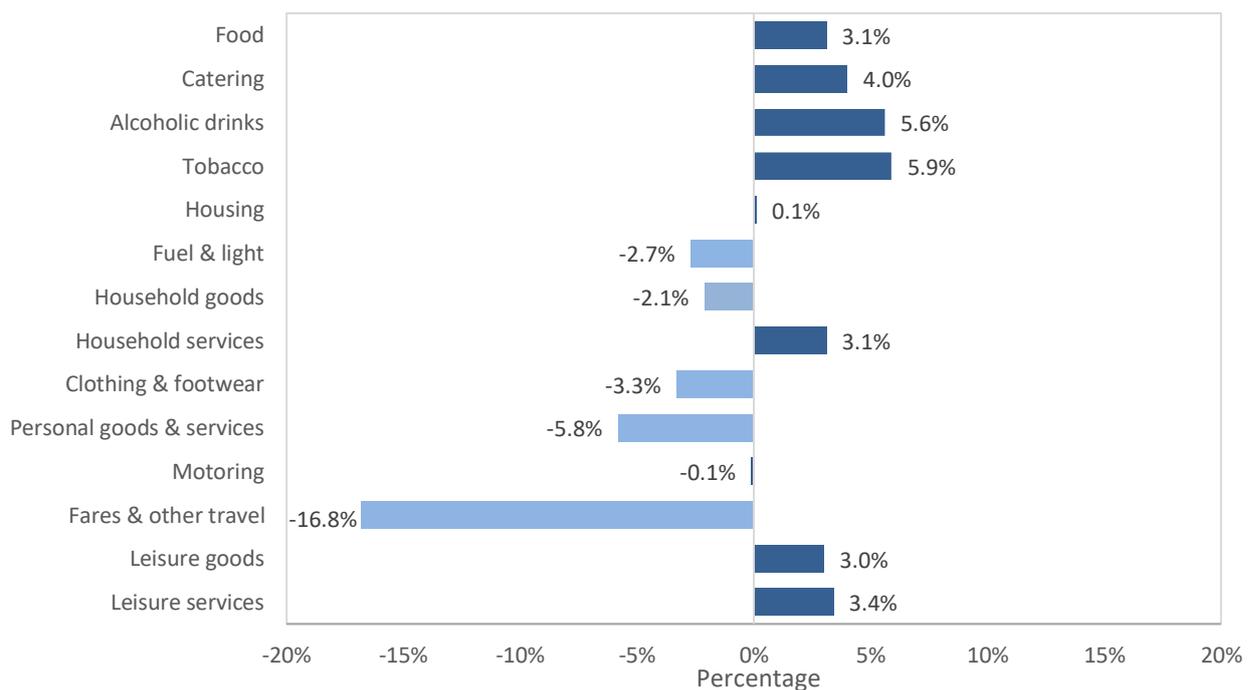
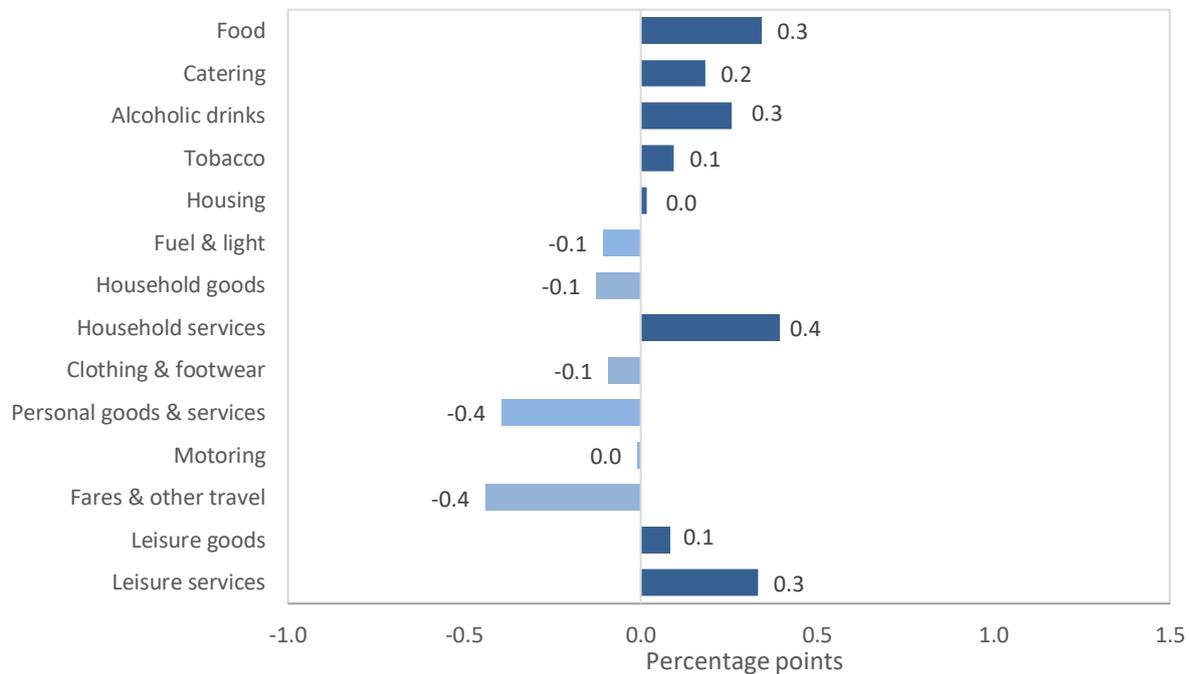


Figure 3 shows the contribution of each group of the RPI to the overall annual increase of 0.5%.

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



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

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

- **Household services:** costs rose by 3.1%, on average, over the twelve months to June 2020, contributing +0.4 percentage points (pp) to the annual change of the RPI. Price increases were seen across most of the group, which includes school fees (increased for some schools in September 2019 and for others in January 2020), telephone charges and domestic services
- **Food:** costs rose by 3.1%, on average, over the year to June 2020, contributing +0.3 pp to the annual change of the RPI
- **Alcoholic drinks:** prices in this group increased by 5.6%, on average, over the twelve months to June 2020, contributing +0.3 pp to the annual change of the RPI
- **Leisure services:** prices over the twelve months to June 2020 increased by 3.4% in this group, on average, contributing +0.3 pp to the annual change in the RPI

In contrast, prices in several groups decreased, on average, over the twelve months to June 2020:

- **Fares & other travel:** for the group overall, prices decreased by 16.8%, contributing -0.4 pp to the annual change in the RPI. A key downward contributor in this group was the suspension of parking charges in Government owned car parks as a Covid-19 related policy
- **Personal goods & services:** prices in this group decreased by 5.8% on average, contributing -0.4 pp to the annual change in the RPI. This group includes services such as GP fees which reduced in price due to Covid-19 related policies
- **Fuel & light:** overall, this group saw prices decrease by 2.7%, contributing -0.1 pp to the annual change in the RPI. This decrease was driven by the lower cost of domestic heating oil on an annual basis, down by almost 9 p per litre compared with twelve months earlier

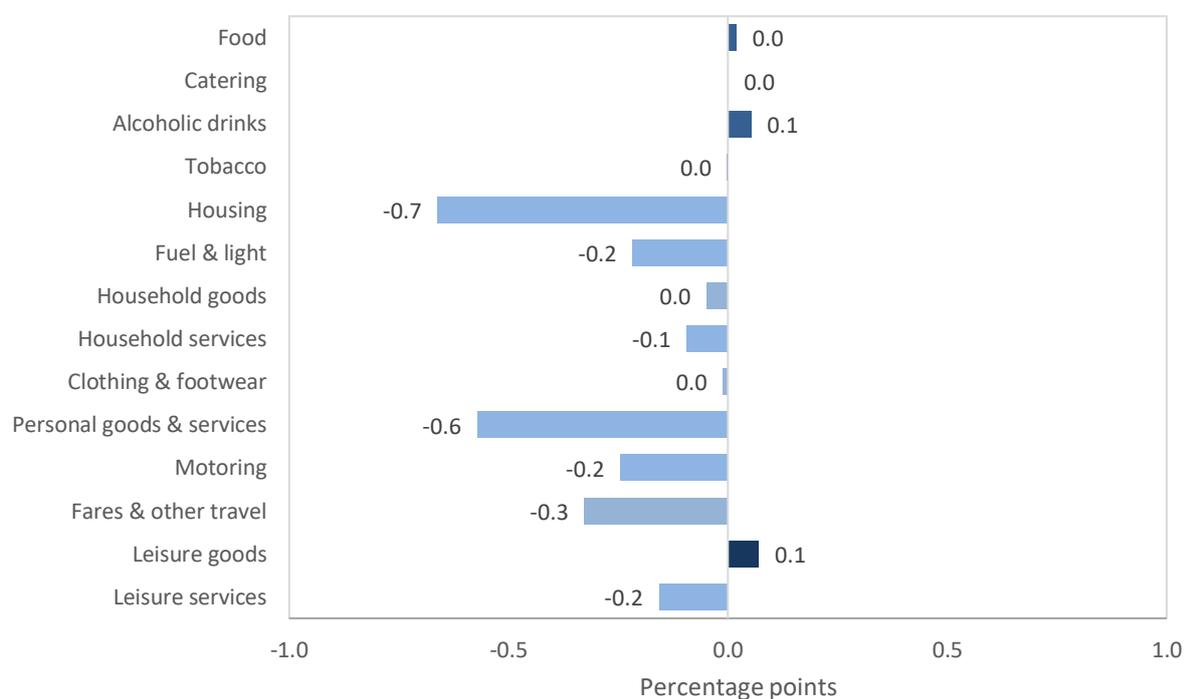
In the **Motoring** group, the lower cost of petrol and diesel (down by 8 p and 7 p per litre, respectively, on an annual basis) was almost offset by higher costs seen across this group, which includes the purchase of motor vehicles and motor insurance.

Impôts duties increased in January 2020, contributing +0.3 pp to the overall annual change in the RPI.

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 Jersey's RPI was 2.2 pp lower in June 2020 (0.5%) than in March 2020 (2.7%). 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 Mar 2020 and Jun 2020 (-2.2 pp from 2.7% to 0.5%)



Most groups gave downward contributions to the change in the annual rate of the RPI, notably:

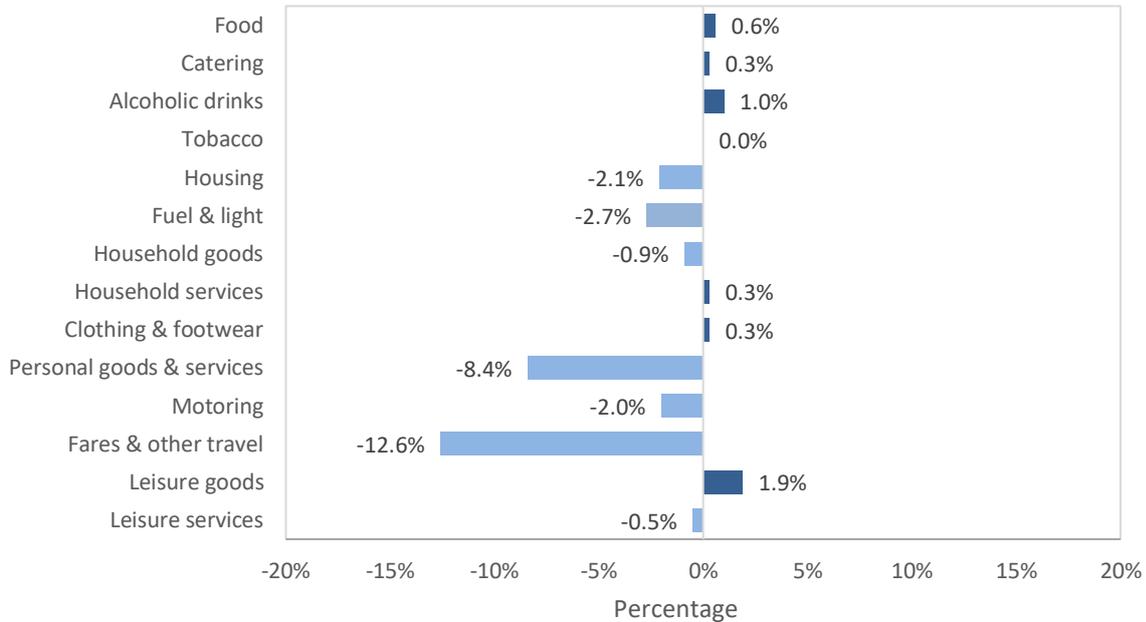
- **Housing:** contributed -0.7 pp to the change in the overall annual rate of increase. Prices in this group increased at a lower rate over the twelve months to June 2020 (up 0.1%) than over the same time period to March 2020 (up 3.3%). This group includes the cost of house purchase, which was influenced by the reductions in the Bank of England Bank Rate in March 2020³
- **Personal goods & services:** contributed -0.6 pp to the change in the annual rate of increase of the RPI. Prices in this group decreased over the twelve months to June 2020 (down 5.8%) and had increased over the same period to March 2020 (up 2.5%)
- **Fuel & light** and **Motoring** saw prices decrease, on average, over the twelve months to June 2020 having seen prices increase over the twelve months to March 2020; **Household services** and **Leisure services** saw prices increase at a lower rate, on average, over the twelve months to June 2020 than over the same period to March 2020

³ The Bank of England Bank Rate decreased from 0.75% to 0.25% on 11 March 2020, then to 0.1% on 19 March 2020.

Quarterly change

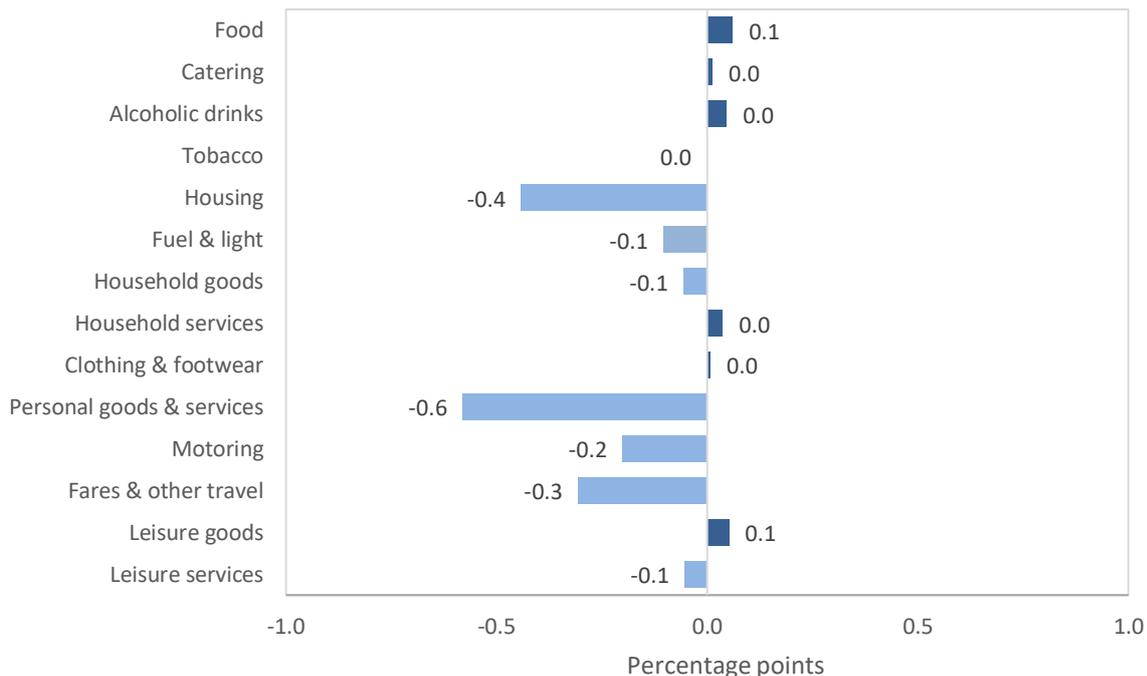
On a quarterly basis, the RPI decreased by 1.5% between March 2020 and June 2020. This was the largest quarterly decrease recorded for more than 11 years, since December 2008. Figure 5 shows the percentage changes over the latest quarter for each group of the RPI.

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



Some groups saw small increases in prices over the three months to June 2020, giving small upward contributions to the RPI. In contrast, other groups saw relatively larger net price decreases over the same time period. 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, Jun 2020



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

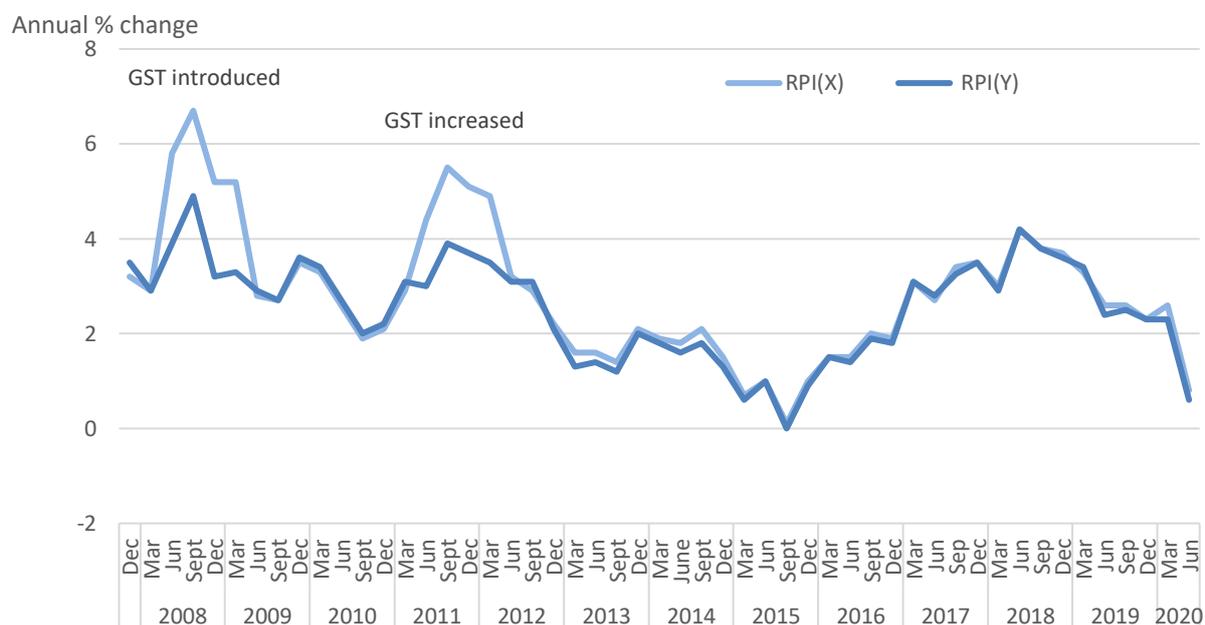
RPI(X) and RPI(Y) - underlying rate of inflation

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) is the pertinent measure of underlying inflation.

Over the twelve months to June 2020, RPI(X) increased by 0.8% and RPI(Y) increased by 0.6%.

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 2020



In June 2020, the annual rate of increase of RPI(X) decreased by 1.8 pp (down from 2.6% in March 2020) and the annual rate of increase of RPI(Y) decreased by 1.7 pp (down from 2.3% in March 2020).

In the latest quarter, both RPI(X) and RPI(Y) recorded their lowest annual rates of increase since September 2015.

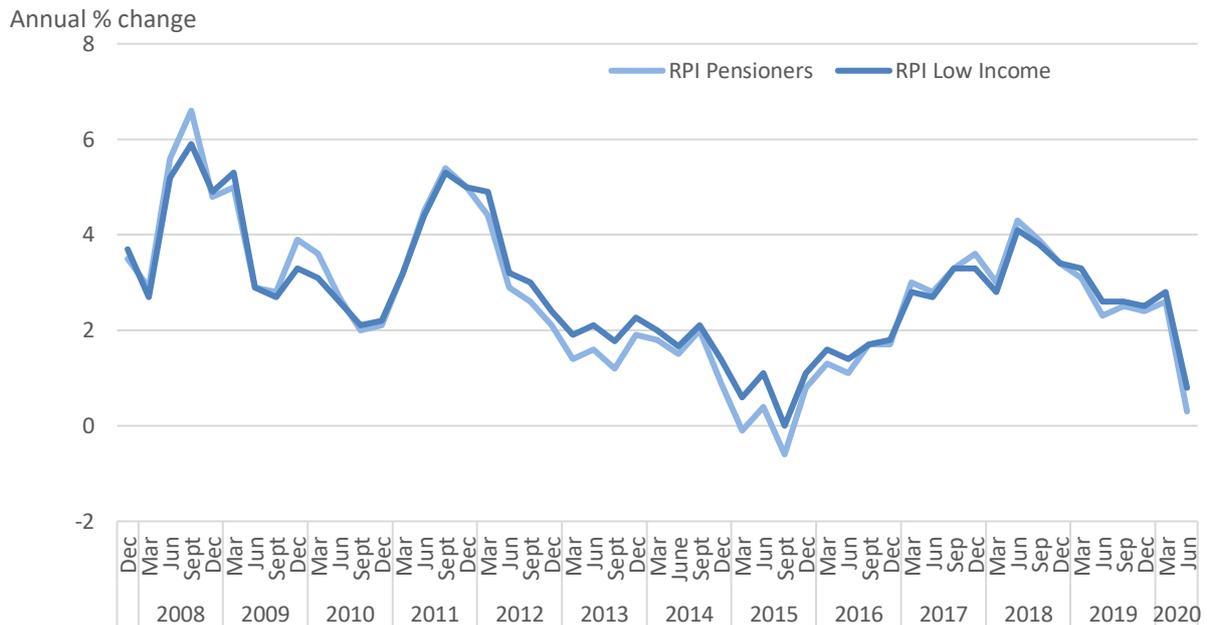
Other inflation measures

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 2020, RPI Pensioners increased by 0.3% and RPI Low Income increased by 0.8%, representing the lowest annual rates of increase for these indices since September 2015.

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 Jun 2020



Comparison with the UK

The annual measures of the Jersey and UK headline rates of inflation 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. The annual rate of increase of the UK CPI (also shown) is similarly broadly comparable to that of Jersey RPI(X) - see Note 4 for more information.

Table 1: Annual percentage changes in Jersey and UK consumer price indices
Mar 2020 and Jun 2020

	Mar 2020	Jun 2020
Jersey RPI	2.7	0.5
UK CPIH	1.5	0.8
Jersey RPI(X)	2.6	0.8
UK CPI	1.5	0.6

Over the twelve months to June 2020, the annual increase of the RPI in Jersey was 0.5% and that of the UK CPIH was 0.8%. Hence, the headline rate of inflation in Jersey over the twelve months to June 2020 was 0.3 pp below the broadly comparable headline rate of inflation for the UK.

The annual rate of increase of the Jersey RPI(X) during this period was 0.8%, compared with 0.6% for the UK CPI.

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. The UK CPI is the CPIH excluding owner occupiers’ housing costs and is the appropriate measure of inflation to compare with the Jersey RPI(X).

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 as a result of the COVID-19 pandemic resulted in travel restrictions, leading to some reduction in the number of prices collected in the Fares & other travel group. In other groups, a small number of prices for some items were not available at the time of price collection; prices were imputed using those from March 2020; as the most current prices, these were considered to best represent those particular unavailable items.
8. The Jersey RPI for September 2020 is provisionally scheduled to be published on 23rd October 2020
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 Jun	2019 Sep	2019 Dec	2020 Mar	2020 Jun	Annual change (percent)	Quarterly change (percent)
Food	174.5	176.5	174.5	178.9	179.9	3.1	0.6
Catering	184.8	186.2	188.5	191.7	192.2	4.0	0.3
Alcoholic drinks	205.5	205.2	206.3	214.9	217.0	5.6	1.0
Tobacco	349.5	349.0	349.0	370.2	370.1	5.9	0.0
Housing	197.1	198.0	199.8	201.6	197.3	0.1	-2.1
Fuel & light	240.9	242.6	241.3	240.8	234.3	-2.7	-2.7
Household goods	107.3	105.4	105.8	106.1	105.1	-2.1	-0.9
Household services	231.2	234.0	235.6	237.6	238.3	3.1	0.3
Clothing & footwear	78.8	80.7	79.7	76.0	76.2	-3.3	0.3
Personal goods & services	161.1	163.6	162.1	165.8	151.8	-5.8	-8.4
Motoring	179.2	179.7	180.0	182.7	179.0	-0.1	-2.0
Fares & other travel	226.3	235.3	213.5	215.3	188.2	-16.8	-12.6
Leisure goods	82.5	81.9	82.4	83.4	85.0	3.0	1.9
Leisure services	201.8	204.6	207.5	209.7	208.6	3.4	-0.5
All items	178.4	179.7	179.8	182.1	179.3	0.5	-1.5

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

Table A3: Jersey Retail Prices Index excluding house purchase costs, RPI(X), 2000-2020 (Jun 2000 = 100)

		RPI(X) Jun 2000 =100)	Annual change (%)	Quarterly change (%)		RPI(X) (Jun 2000 =100)	Annual change (%)	Quarterly change (%)	
2000	Mar	(99.2)	4.3	1.1					
	Jun	100.0	4.0	0.8		Jun	141.4	2.6	0.5
	Sep	101.1	4.2	1.1		Sep	141.4	1.9	0.0
	Dec	101.4	3.4	0.3		Dec	141.9	2.1	0.4
2001	Mar	102.8	3.6	1.4	2011	Mar	144.8	2.9	2.0
	Jun	103.8	3.8	1.0		Jun	147.6	4.4	1.9
	Sep	105.3	4.2	1.4		Sep	149.2	5.5	1.1
	Dec	105.1	3.6	-0.2		Dec	149.2	5.1	0.0
2002	Mar	107.3	4.4	2.1	2012	Mar	151.9	4.9	1.8
	Jun	108.4	4.4	1.0		Jun	152.3	3.2	0.3
	Sep	109.7	4.2	1.2		Sep	153.5	2.9	0.8
	Dec	109.8	4.5	0.1		Dec	152.5	2.2	-0.7
2003	Mar	112.5	4.8	2.5	2013	Mar	154.3	1.6	1.2
	Jun	113.4	4.6	0.8		Jun	154.8	1.6	0.3
	Sep	114.5	4.4	1.0		Sep	155.6	1.4	0.5
	Dec	114.2	4.0	-0.3		Dec	155.7	2.1	0.1
2004	Mar	116.4	3.5	1.9	2014	Mar	157.3	1.9	1.0
	Jun	117.3	3.4	0.8		Jun	157.6	1.8	0.2
	Sep	118.3	3.3	0.9		Sep	158.9	2.1	0.8
	Dec	118.1	3.4	-0.2		Dec	158.0	1.5	-0.6
2005	Mar	119.6	2.7	1.3	2015	Mar	158.4	0.7	0.3
	Jun	120.2	2.5	0.5		Jun	159.2	1.0	0.5
	Sep	120.6	1.9	0.3		Sep	159.1	0.1	-0.1
	Dec	120.7	2.2	0.1		Dec	159.6	1.0	0.3
2006	Mar	122.5	2.4	1.5	2016	Mar	160.8	1.5	0.8
	Jun	123.9	3.1	1.1		Jun	161.6	1.5	0.5
	Sep	124.0	2.8	0.1		Sep	162.3	2.0	0.4
	Dec	123.7	2.5	-0.2		Dec	162.7	1.9	0.2
2007	Mar	125.9	2.8	1.8	2017	Mar	165.8	3.1	1.9
	Jun	126.7	2.3	0.6		Jun	166.0	2.7	0.1
	Sep	126.7	2.2	0.0		Sep	167.8	3.4	1.1
	Dec	127.7	3.2	0.8		Dec	168.4	3.5	0.4
2008	Mar	129.5	2.9	1.4	2018	Mar	170.7	3.0	1.4
	Jun	134.0	5.8	3.5		Jun	173.0	4.2	1.3
	Sep	135.2	6.7	0.9		Sep	174.2	3.8	0.7
	Dec	134.3	5.2	-0.7		Dec	174.6	3.7	0.2
2009	Mar	136.2	5.2	1.4	2019	Mar	176.4	3.3	1.0
	Jun	137.8	2.8	1.2		Jun	177.5	2.6	0.6
	Sep	138.8	2.7	0.7		Sep	178.7	2.6	0.7
	Dec	139.0	3.5	0.1		Dec	178.7	2.3	0.0
2010	Mar	140.7	3.3	1.2	2020	Mar	181.0	2.6	1.3
						Jun	178.9	0.8	-1.2

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