

Jersey Retail Prices Index

December 2011

Statistics Unit: www.gov.je/statistics



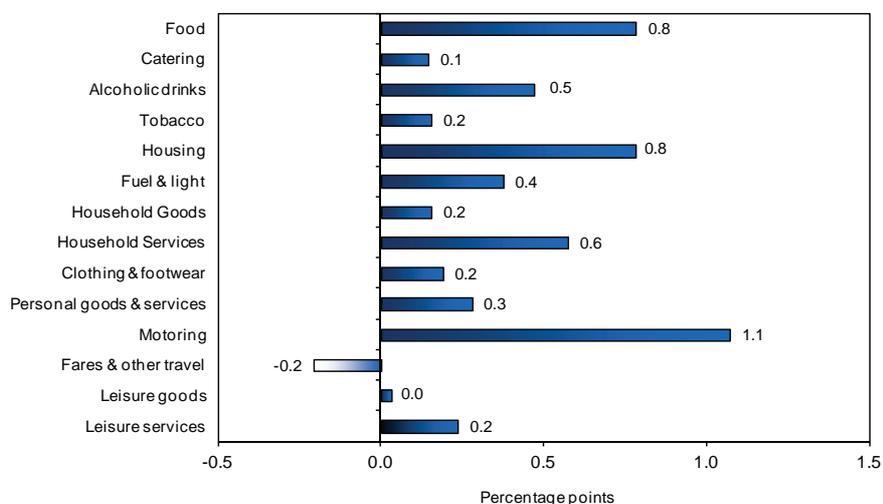
Summary

- During the twelve months to December 2011 the All Items Retail Prices Index (RPI) for Jersey **increased by 5.0%** to stand at 150.4 (June 2000 = 100).
- The change in the RPI during the twelve months to September 2011 was 5.4%, implying that the **annual rate of inflation fell by 0.4 percentage points (pp)** in the latest quarter.
- The increased cost of **Motoring, Food and Housing** were key contributors to the latest annual rate of inflation.
- The increase in the rate of the **Goods and Services Tax (GST)**¹ in June 2011 accounted for 1.3 pp of the latest annual rate of inflation.
- **RPI(X)**² increased by 5.1% over the twelve months to December 2011, a rate of increase 0.4 pp lower than in the previous quarter.
- **RPI Pensioners** and **RPI Low Income** increased by 5.0%, over the twelve months to December 2011; both rates of increase were lower than in the previous quarter, by 0.4 pp and 0.3 pp respectively.
- **Underlying inflation**³ as measured by **RPI(Y)** increased by 3.7% over the twelve months to December 2011, a rate of increase 0.2 pp lower than in the previous quarter.

Annual change

Figure 1 shows the contribution by each group of the all items RPI to the overall annual increase of 5.0%.

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



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

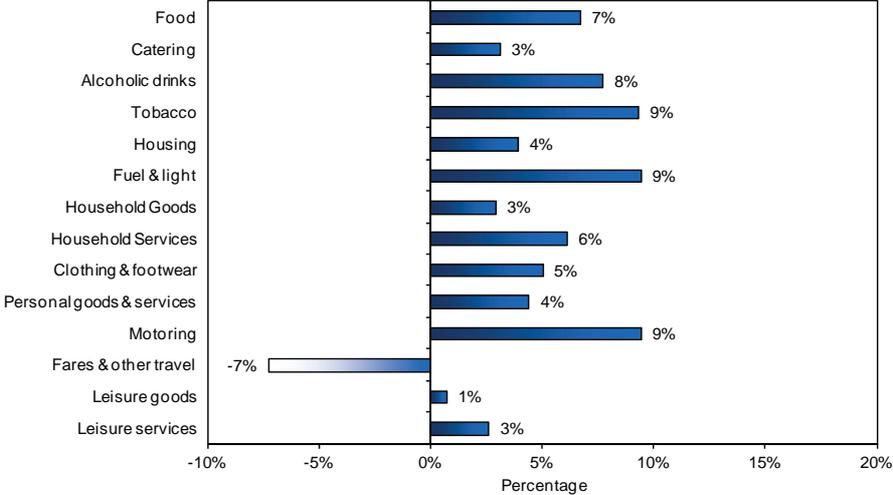
¹ The rate of GST in Jersey increased from 3% to 5% on 1 June 2011.

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

³ RPI(Y): the RPI excluding mortgage interest payments and indirect taxes (e.g. GST and impôts).

As Figures 1 and 2 show, overall price increases were seen for almost all groups on an annual basis.

Figure 2 - Annual percentage changes for each group, December 2011



On an **annual** basis, the **increase in the rate of GST** in June 2011, from 3% to 5%, contributed approximately 1.3 percentage points (pp) to the annual change of the RPI, across the groups shown in Figures 1 and 2.

At group level, the largest upward contributors to the RPI were

- **Motoring:** costs rose by 9%, on average, over the twelve months to December 2011, contributing 1.1 pp to the overall annual change. Increases were seen for petrol and diesel, up by 10 p and 15 p per litre respectively, and also for the cost of insurance.
- **Food:** prices rose by almost 7%, on average, over the year to December 2011, contributing 0.8 pp to the annual change in the RPI. Price increases of more than 15% were recorded for cereals, cheese and processed meat, and of more than 10% for butter, oils and fats, processed fish and processed fruit. In contrast, fresh vegetables, eggs and some fresh meats saw slightly lower average prices on an annual basis.
- **Housing:** costs rose by 4%, on average, over the year to December 2011, contributing 0.8 pp to the annual change in the RPI. Price increases were seen across the majority of the group, which includes rent (private and public sector), Parish and all-Island rates (which increased, on average, in September 2011), DIY materials and repair and maintenance costs, as well as mortgage interest payments.
- **Household services:** contributed 0.6 pp to the annual change, with prices increasing by almost 6%, on average, over the twelve months to December 2011. The increase in postage rates in May 2011 and of school fees in September 2011 were significant factors in the annual increase recorded by this group.
- **Alcoholic drinks:** costs rose by 8%, on average, over the twelve months to December 2011, contributing 0.5 pp to the annual change in the RPI.
- **Fuel & light:** costs rose by 9%, on average, over the twelve months to December 2011, contributing 0.4 pp to the annual change in the RPI. The cost of domestic heating oil increased by more than a fifth (21%) over the year to December 2011, whilst gas prices increased by 14% over the same period.

In contrast, **Fares & other travel** costs fell by 7%, on average, over the twelve months to December 2011, contributing a downward -0.2 pp to the annual change in the RPI.

The remaining groups contributed between 0.0 and +0.4 pp to the overall annual change in the RPI.

Increased **impôts duties** on alcohol, tobacco and motor fuels in January 2011 accounted, in total, for approximately 0.2 pp of the annual increase in the RPI.

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

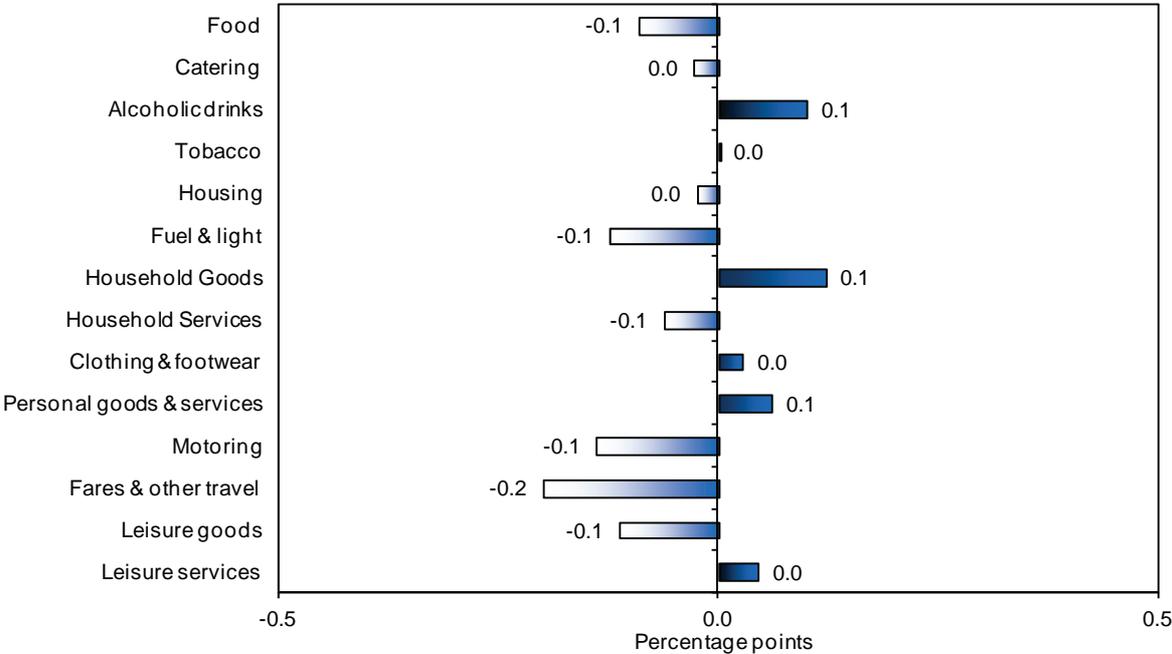
Table 1: Group indices (June 2000 = 100) and percentage changes

GROUP	2010 Dec	2011 Mar	2011 Jun	2011 Sep	2011 Dec	Annual change (percent)	Quarterly change (percent)
Food	148.4	153.8	157.6	159.5	158.4	6.7	-0.7
Catering	146.3	143.8	148.0	149.6	150.9	3.1	0.9
Alcoholic drinks	150.3	160.4	161.7	162.7	161.9	7.7	-0.5
Tobacco	194.5	206.4	211.7	212.0	212.5	9.3	0.2
Housing	153.9	155.8	157.7	159.1	159.9	3.9	0.5
Fuel & light	206.9	223.1	224.9	225.3	226.3	9.4	0.4
Household goods	103.7	105.4	106.1	106.8	106.7	2.9	-0.1
Household services	151.3	151.7	159.0	161.3	160.6	6.1	-0.4
Clothing & footwear	81.4	82.8	83.5	86.8	85.5	5.0	-1.5
Personal goods & services	139.7	141.5	144.2	145.4	145.8	4.4	0.3
Motoring	145.3	149.4	152.9	157.0	159.0	9.4	1.3
Fares & other travel	177.9	184.0	186.2	179.9	165.0	-7.3	-8.3
Leisure goods	85.7	83.1	85.0	84.8	86.3	0.7	1.8
Leisure services	160.2	161.4	162.3	163.2	164.4	2.6	0.7
All items	143.2	146.1	148.8	150.3	150.4	5.0	0.1

There was a decrease of 0.4 pp in the annual rate of change of Jersey's RPI between September 2011 and December 2011, from 5.4% to 5.0%.

The contributions of each group to the change in the annual rate were small, generally between ± 0.1 pp (see Figure 3).

Figure 3 - Contributions to change in annual rate of change of RPI between Sep 2011 and Dec 2011 (-0.4 pp from 5.4% to 5.0%)



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

The greatest contribution to the change in the annual rate was from **Fares & other travel**, which recorded a larger decrease in prices over the twelve months to December 2011 (-7%) than over the twelve months to September 2011 (-0.3%), thereby contributing a downward -0.2 pp to the change in the overall annual rate of change.

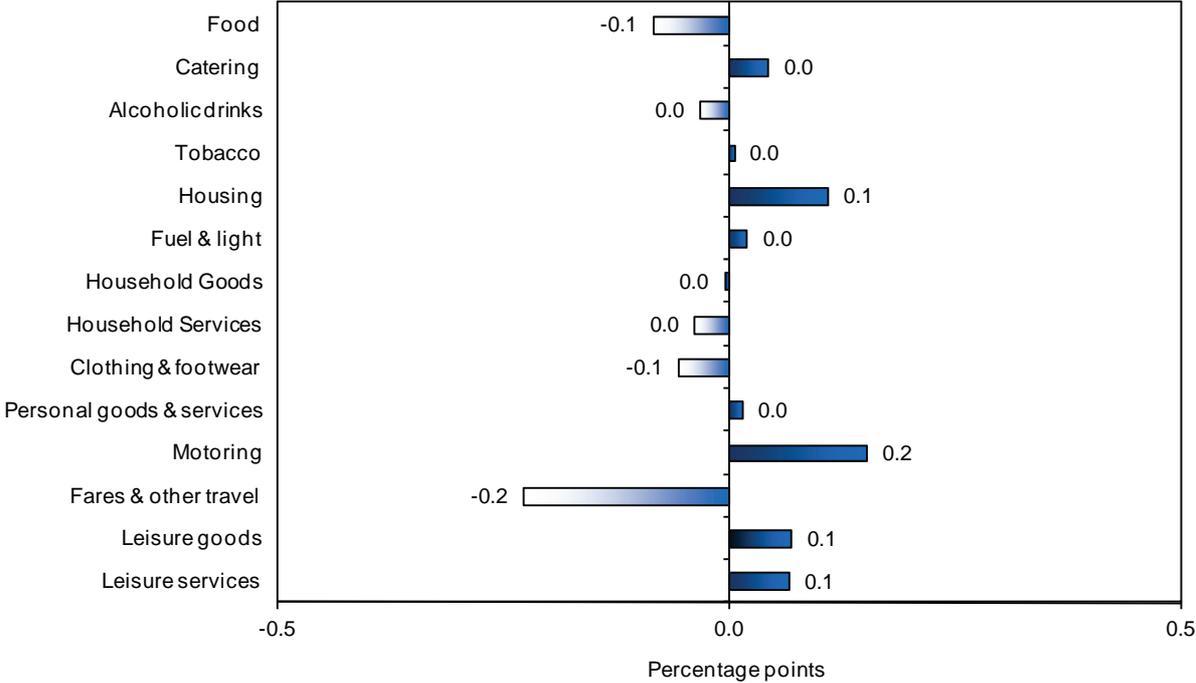
Quarterly changes

On a quarterly basis, the RPI increased by 0.1% between September 2011 and December 2011.

Small price changes (of between $\pm 2\%$) were seen by most groups in the latest quarter. The greatest percentage change was recorded by **Fares & other travel**, which saw prices decrease by 8%, on average, over the quarter.

The **Motoring** group was the largest contributor to the quarterly increase of the RPI. Prices in the group rose by 1%, on average, over the quarter, resulting in an upward contribution of +0.2 pp to the index. The increased cost of motor insurance was the main driver to the increase recorded by this group.

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

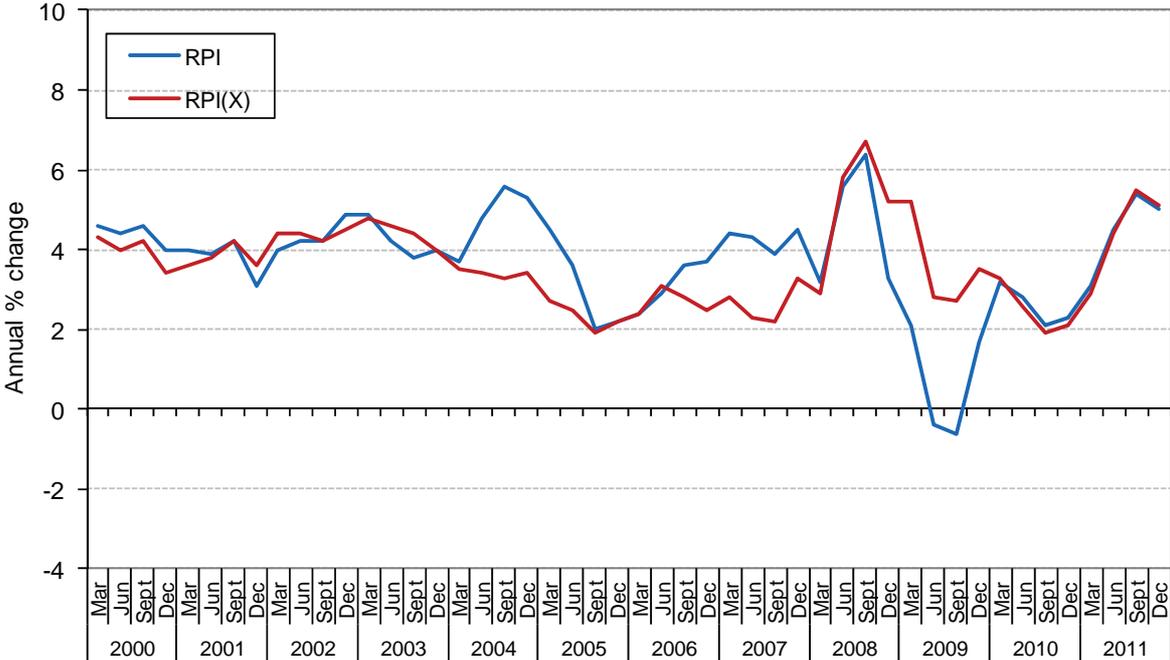


Excluding house purchase costs: RPI(X)

RPI(X) is the RPI excluding the cost of mortgage interest payments. During the twelve months to December 2011 RPI(X) increased by 5.1% to 149.2. The increase in the rate of GST in June 2011 contributed approximately 1.4 pp to the annual change of RPI(X).

The annual rates of increase since 2000 of both RPI and RPI(X) are shown in Figure 5; the effect of the introduction of GST in May 2008 and of the increase in the rate of GST in June 2011 are apparent.

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



On a quarterly basis, RPI(X) was unchanged between September and December 2011.

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).

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
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
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

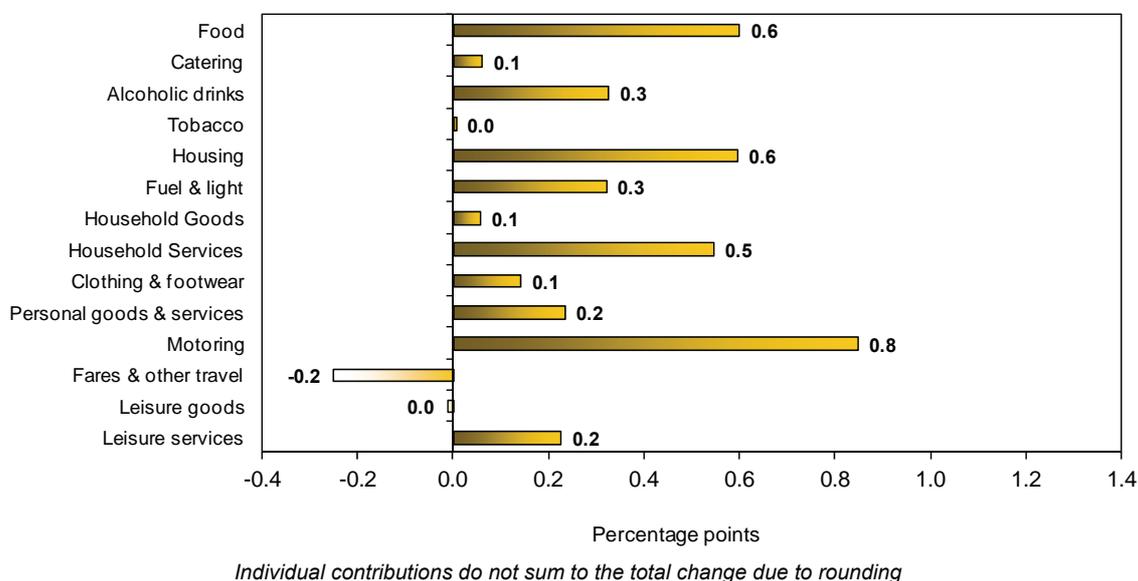
The annual increase of RPI(Y) in December 2011 was 3.7%; this represents a decrease of 0.2 pp in the rate of underlying inflation in the latest quarter.

The annual rates of increase of RPI Pensioners and RPI Low Income in December 2011 were both 5.0% respectively. These indices recorded annual rates of increase which were 0.4 pp and 0.3 pp lower, respectively, than in the previous quarter.

Due to the increase in the rate of GST in June 2011, it is informative to consider RPI(Y) in more detail, specifically to identify the current drivers behind underlying inflation.

Figure 6 shows the contributions of each group to the overall annual rate of increase of RPI(Y), whilst Figure 7 shows the annual percentage changes of each RPI(Y) group,

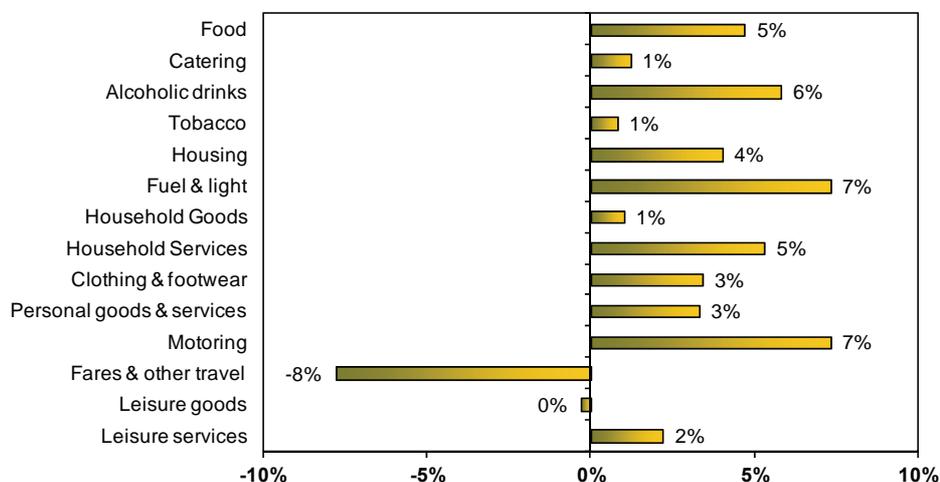
Figure 6 - Contribution of each group to annual change in RPI(Y)



Several themes are apparent once the effect of indirect taxes is removed, in particular:

- **Motoring, Food and Housing** were the largest contributors to the annual rate of increase of RPI(Y); see Figure 6.
- **Motoring and Fuel & light** saw the greatest percentage increases on an annual basis (see Figure 7), each up by 7%, excluding the effect of GST;

Figure 7 - Annual percentage changes for each group of RPI(Y), December 2011



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 Sep 2011 and Dec 2011

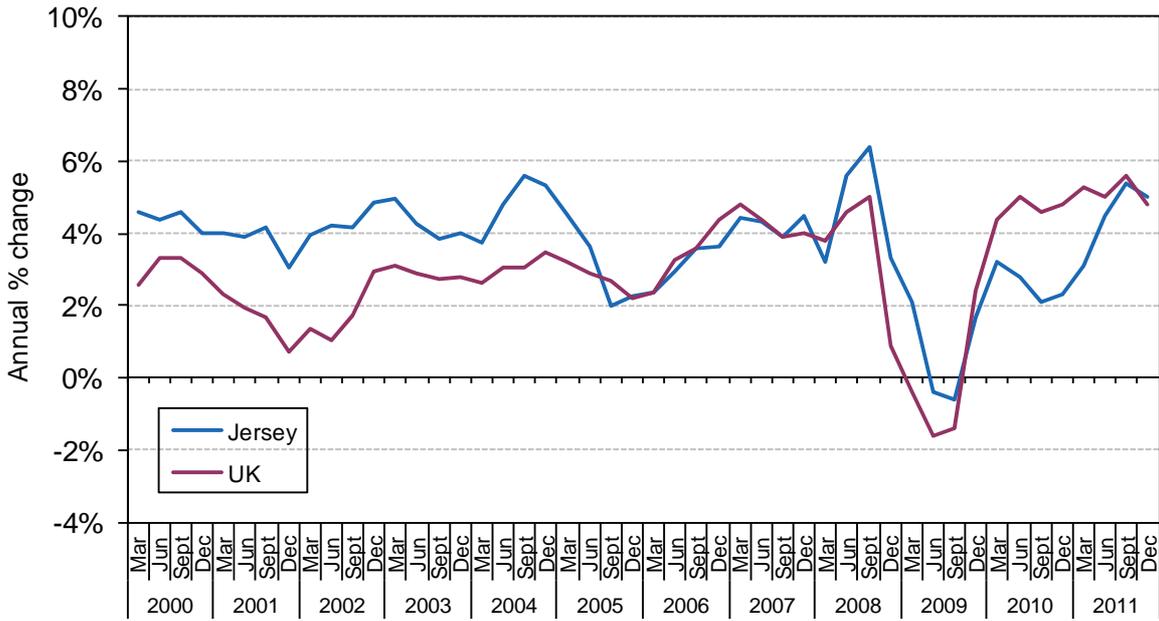
	RPI		RPI(X)		RPI(Y)	
	Sep 11	Dec 11	Sep 11	Dec 11	Sep 11	Dec 11
Jersey	5.4	5.0	5.5	5.1	3.9	3.7
UK	5.6	4.8	5.7	5.0	4.5	3.7
Guernsey	3.5	3.2	3.0	2.8	2.9	2.7

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, several groups gave notably different contributions to the annual rates of increase of the RPI in Jersey and the UK:

- **Fares & other travel** contributed 0.3 pp less to the annual increase of the Jersey RPI than that of the UK. Prices of Fares & other travel fell by than 7%, on average, in Jersey during the year to December 2011 compared with an increase of 6% in the UK over the same period.
- **Clothing & footwear** contributed 0.3 pp less to the Jersey RPI than that of the UK; prices in this group rose by 5% in Jersey on an annual basis and by 11% in the UK.
- **Fuel & light group** also contributed 0.3 pp less to the Jersey RPI than that of the UK; prices rose by 9% in Jersey on an annual basis and by 16% in the UK over the same period. The difference in the rates of increase for this group was driven by electricity prices in the UK, up by 13% on average over the latest twelve months; electricity tariffs were unchanged in Jersey over the same period. A further factor was gas prices, which increased by 19% in the UK over the twelve months to December 2011 compared with an increase of 14% in Jersey; domestic gas has a considerably greater weight in the UK RPI than in the Jersey RPI.
- in contrast, the **Housing** group saw a greater rate of increase in Jersey (4%) than in the UK (1%) over the twelve months to December 2011, such that this group contributed 0.5 pp more to the annual change of the RPI in Jersey than in the UK.
- **Household services** also recorded a greater rate of increase in Jersey (6%) than in the UK (4%) over the twelve months to December 2011, and contributed 0.3 pp more to the RPI in Jersey than in the UK.
- **Motoring** costs saw a slightly greater rate of increase in Jersey (9%) than in the UK (7%) on an annual basis; however, due to the greater weight given to Motoring in the UK, both groups contributed similarly, 1.1 pp and 0.9 pp, to the respective RPIs.

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 8.

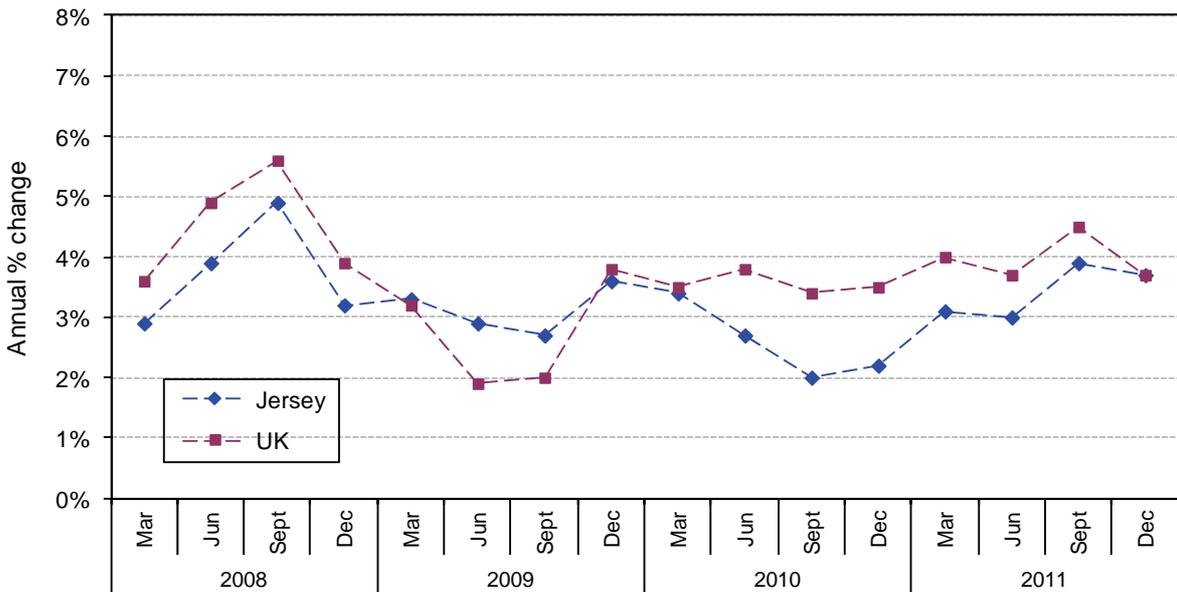
Figure 8 – Annual percentage change in RPI: Jersey and UK 2000 - 2011



Due to the increase in the rate of VAT in the UK in January 2011 (increasing to 20.0% from 17.5%) and the increase in the rate of GST in Jersey in June 2011, the pertinent comparative measure of underlying inflation is that afforded by RPI(Y).

Over the twelve months to December 2011 the annual change in Jersey’s RPI(Y) was the same as that of the UK (3.7%). As Figure 9 shows, the annual increase of RPI(Y) in Jersey had been significantly below that of the UK during the period from June 2010 to September 2011.

Figure 9 – Annual percentage change in RPI(Y): Jersey and UK 2008 - 2011



Comparing price indices with Guernsey, the increase in the rate of GST in Jersey in June 2011 was the largest single factor accounting for the greater annual rates of increase of RPI and RPI(X) for Jersey in December 2011.

At group level, Jersey saw greater annual rates of increase for: Food (up by almost 7% in Jersey; and by 3% in Guernsey); and Motoring (up 9% in Jersey; and 4% in Guernsey); whilst Household services saw an increase of 6% in Jersey but recorded a decrease of 1% in Guernsey. In contrast, Fares & other travel recorded a decrease in Jersey (-7%) while Guernsey saw an increase of 3%.

The quarterly change of the RPI was similar in both islands: up by 0.1% in Jersey and by 0.3% in Guernsey.

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 has remained at 0.5% since 5 March 2009.
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 2012 Index will be released on Wednesday 25 April 2012.
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 Helen Hale – 01534 440465; e-mail: statistics@gov.je).

Statistics Unit
25 January 2012

ALL ITEMS RETAIL PRICES INDEX: 2000 - 2011								
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
2011	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

RETAIL PRICES INDEX EXCLUDING HOUSE PURCHASE COSTS: 2000 - 2011

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
2011	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