

# Jersey Retail Prices Index

## June 2012

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



### Summary

- During the twelve months to June 2012 the All Items Retail Prices Index (RPI) for Jersey **increased by 3.0%** to stand at 153.3 (June 2000 = 100).
- The change in the RPI during the twelve months to March 2012 was 4.7%, implying that the **annual rate of inflation fell by 1.7 percentage points** (pp) in the latest quarter.
- The principal cause of this fall in the rate of inflation was the effect of **the increase in the rate of the Goods and Services Tax (GST) in June 2011 dropping out of the change in the index on an annual basis**<sup>1</sup>.
- The largest contributors to the latest annual change in the RPI were the **Motoring** and **Housing** groups.
- **Food** prices increased by 2.5% over the twelve months to June 2012, the lowest annual rate of increase seen by this group for two and a half years.
- **RPI(X)**<sup>2</sup> increased by 3.2%, **RPI Pensioners** increased by 2.9% and **RPI Low Income** increased by 3.2% over the twelve months to June 2012; the rates of increase of each of these indices were lower than in the previous quarter, predominantly due to the effect of the increase in the rate of GST dropping out of the annual changes of these indices.
- **Underlying inflation**<sup>3</sup> as measured by **RPI(Y)** increased by 3.1% over the twelve months to June 2012, a rate of increase 0.4 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 3.0%. The annual percentage changes for each group are shown in Figure 2.

As is apparent from Figures 1 and 2, overall price increases were seen for almost all groups on an annual basis. At group level, the largest upward contributors to the RPI were

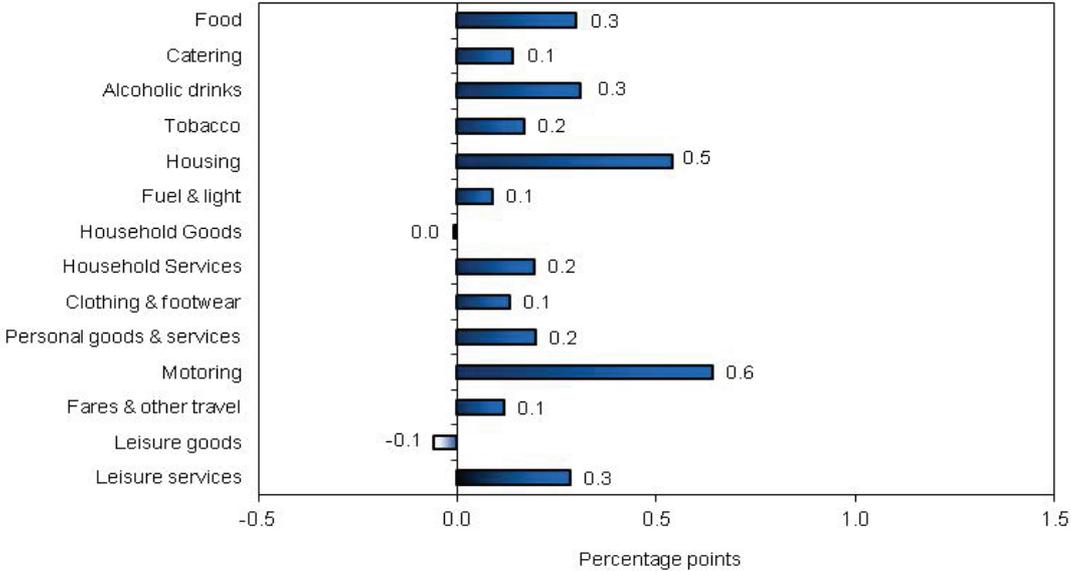
- **Motoring:** costs rose by 6%, on average, over the twelve months to June 2012, contributing 0.6 pp to the overall annual change. Increases were seen for the purchase of motor vehicles and for the cost of insurance.
- **Housing:** costs rose by 3%, on average, over the year to June 2012, contributing 0.5 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.

<sup>1</sup> The rate of GST increased from 3% to 5% on 1 June 2011.

<sup>2</sup> RPI(X): the RPI excluding mortgage interest payments.

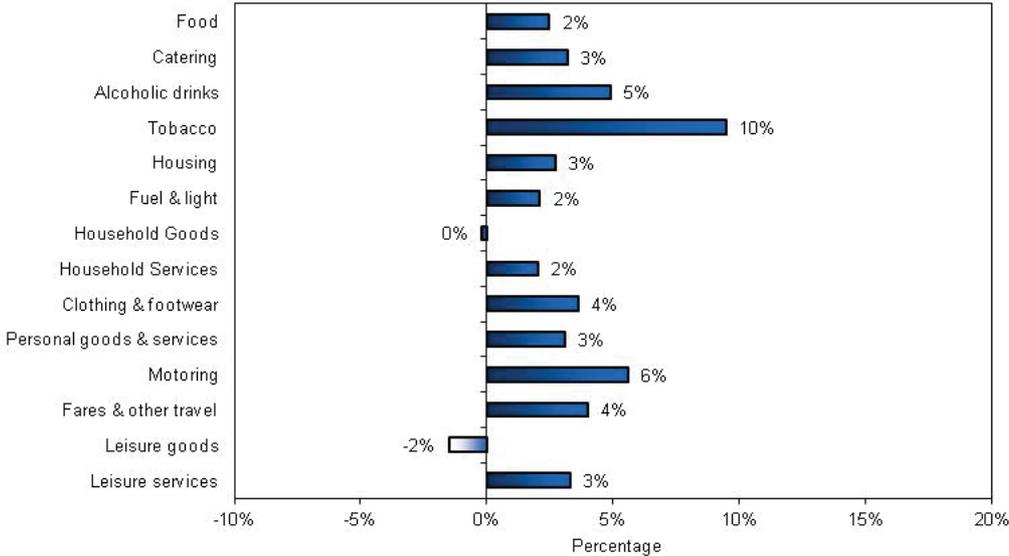
<sup>3</sup> RPI(Y): the RPI excluding mortgage interest payments and indirect taxes (e.g. GST and impôts).

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



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

**Figure 2 - Annual percentage changes for each group, June 2012**



- **Alcoholic drinks:** costs rose by 5%, on average, over the twelve months to June 2012, contributing 0.3 pp to the annual change in the RPI.
- **Food:** prices rose by almost 2.5%, on average, between June 2011 and June 2012, contributing 0.3 pp to the annual change in the RPI and representing the lowest annual rate of increase seen for this group for two and a half years, since December 2009. In June 2012, annual price increases of around 10% were recorded for cereals, cheese and butter, whilst fresh fruit and vegetables and some meat categories saw lower mean prices on an annual basis.
- **Leisure services:** costs rose by 3%, on average, over the twelve months to June 2012, contributing 0.3 pp to the annual change in the RPI.

In contrast, Leisure goods costs fell by 2%, on average, over the twelve months to June 2012, contributing a downward -0.1pp to the annual change in the RPI.

The remaining groups contributed between 0.0 and +0.2 pp to the overall annual change in the RPI.

Increased **impôts duties** on alcohol and tobacco in January 2012 contributed +0.05 and +0.1 pp, respectively, to the overall annual change in the RPI.

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

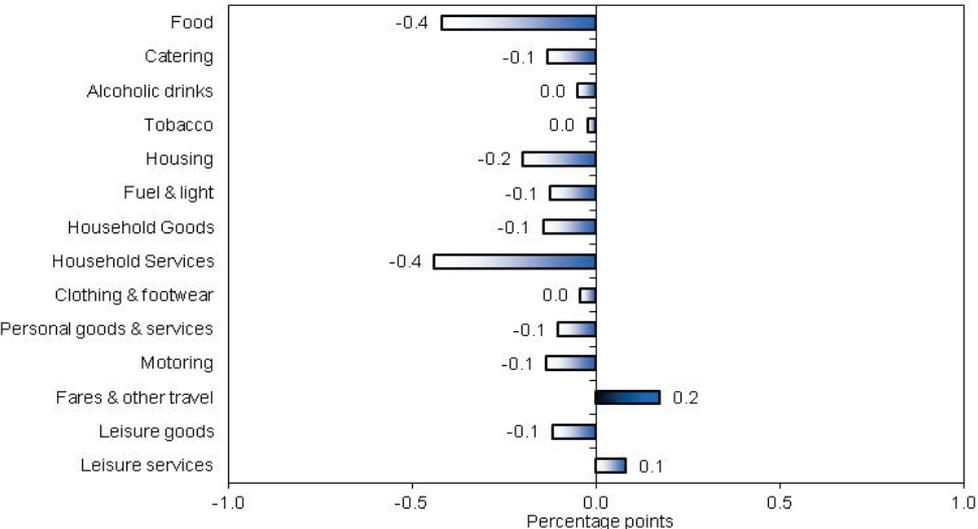
**Table 1: Group indices (June 2000 = 100) and percentage changes**

<b>GROUP</b>	<b>2011 Jun</b>	<b>2011 Sep</b>	<b>2011 Dec</b>	<b>2012 Mar</b>	<b>2012 Jun</b>	<b>Annual change (percent)</b>	<b>Quarterly change (percent)</b>
Food	157.6	159.5	158.4	163.1	161.5	2.5	-1.0
Catering	148.0	149.6	150.9	152.6	152.7	3.2	0.1
Alcoholic drinks	161.7	162.7	161.9	169.3	169.6	4.9	0.2
Tobacco	211.7	212.0	212.5	228.9	231.9	9.5	1.3
Housing	157.7	159.1	159.9	161.6	162.0	2.7	0.2
Fuel & light	224.9	225.3	226.3	234.3	229.7	2.1	-2.0
Household goods	106.1	106.8	106.7	108.1	105.9	-0.2	-2.0
Household services	159.0	161.3	160.6	162.3	162.2	2.0	-0.1
Clothing & footwear	83.5	86.8	85.5	86.6	86.5	3.6	-0.1
Personal goods & services	144.2	145.4	145.8	148.1	148.6	3.1	0.3
Motoring	152.9	157.0	159.0	159.5	161.5	5.6	1.3
Fares & other travel	186.2	179.9	165.0	180.4	193.7	4.0	7.4
Leisure goods	85.0	84.8	86.3	84.3	83.7	-1.5	-0.7
Leisure services	162.3	163.2	164.4	165.1	167.6	3.3	1.5
<b>All items</b>	<b>148.8</b>	<b>150.3</b>	<b>150.4</b>	<b>153.0</b>	<b>153.3</b>	<b>3.0</b>	<b>0.2</b>

There was a decrease of 1.7 percentage points in the annual rate of change of Jersey’s RPI between March and June 2012, from 4.7% to 3.0%. This fall in the headline rate of inflation was predominantly due to the effect of the increase in the rate of GST (from 3% to 5% in June 2011) dropping out of the change in the index on an annual basis. For each of the previous four quarters, from June 2011 to March 2012, this increase in the rate of GST had contributed approximately 1.3 pp to the annual change of the RPI.

Figure 3 shows that most groups exerted a downward influence on the annual change, recording either a lower rate of increase or a greater rate of decrease over the twelve months to June 2012 compared with the twelve months to March 2012. The exceptions were Fares and other travel (which saw an increase over the twelve months to June 2012 compared with a decrease over the twelve months to March 2012) and Leisure services (which saw a greater rate of increase over the twelve months to June 2012).

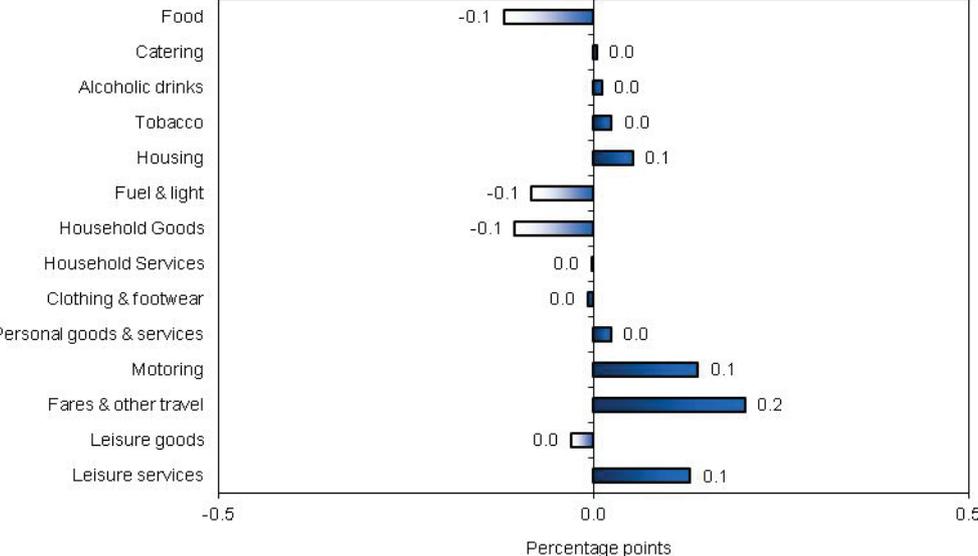
**Figure 3 - Contributions to change in annual rate of change of RPI between Mar 2012 and Jun 2012 (-1.7 pp from 4.7% to 3.0%)**



**Quarterly changes**

On a quarterly basis, the RPI increased by 0.2% between March 2012 and June 2012.

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



The **Fares and other travel** group was the largest contributor to the quarterly increase of the RPI (see Figure 4). Prices in the group rose by 7%, on average, over the quarter, resulting in an upward contribution of +0.2 pp to the index.

**Food, Fuel & light** and **Household goods** saw prices decrease, on average, over the quarter, each group contributing a downward -0.1 pp to the quarterly change of the index.

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

RPI(X) is the RPI excluding the cost of mortgage interest payments. During the twelve months to June 2012 RPI(X) increased by 3.2% to 152.3.

There was a decrease of 1.7 percentage points in the annual rate of change of RPI(X) between March and June 2012. As in the case of the RPI, this fall was predominantly due to the effect of the increase in the rate of GST dropping out of the change in RPI(X) on an annual basis.

The annual rates of change of both RPI and RPI(X) since 2000 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) increased by 0.3% between March 2012 and June 2012.

**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**

<b>Date</b>	<b>RPI(X)</b>	<b>RPI(Y)</b>	<b>RPI Pensioners</b>	<b>RPI Low Income</b>
<b>Dec-08</b>	5.2	3.2	4.8	4.9
<b>Mar-09</b>	5.2	3.3	5.0	5.3
<b>Jun-09</b>	2.8	2.9	2.9	2.9
<b>Sep-09</b>	2.7	2.7	2.8	2.7
<b>Dec-09</b>	3.5	3.6	3.9	3.3
<b>Mar-10</b>	3.3	3.4	3.6	3.1
<b>Jun-10</b>	2.6	2.7	2.7	2.6
<b>Sep-10</b>	1.9	2.0	2.0	2.1
<b>Dec-10</b>	2.1	2.2	2.1	2.2
<b>Mar-11</b>	2.9	3.1	3.2	3.2
<b>Jun-11</b>	4.4	3.0	4.5	4.4
<b>Sep-11</b>	5.5	3.9	5.4	5.3
<b>Dec-11</b>	5.1	3.7	5.0	5.0
<b>Mar-12</b>	4.9	3.5	4.4	4.9
<b>Jun-12</b>	3.2	3.1	2.9	3.2

The annual increase of RPI(Y) in June 2012 was 3.1%, representing a decrease of 0.4 pp in the rate of underlying inflation in the latest quarter.

The annual rates of increase of RPI Pensioners and RPI Low Income in June 2012 were 2.9% and 3.2%, respectively. In the latest quarter, these indices recorded annual rates of increase which were 1.5 pp and 1.7 pp lower, respectively, than in the previous quarter. The fall in the rate of change of both of these indices was predominantly due to the effect of the increase in the rate of GST dropping out of the change in these indices on an annual basis.

## 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.

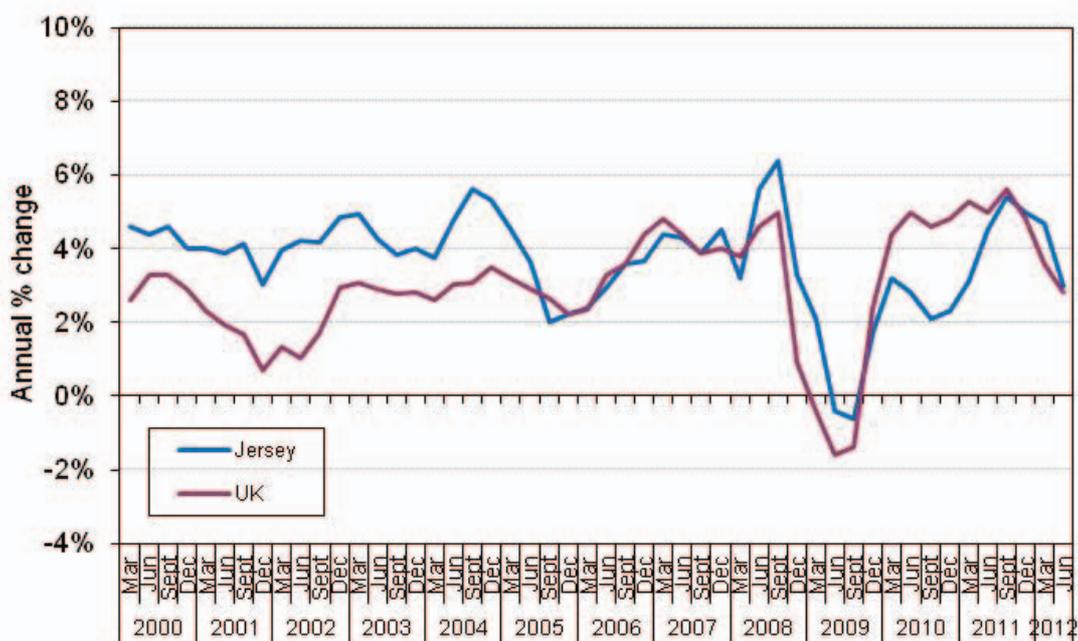
**Table 3: Annual % increases in RPI, RPI(X) and RPI(Y) for Mar 2012 and Jun 2012**

	RPI		RPI(X)		RPI(Y)	
	Mar 12	Jun 12	Mar 12	Jun 12	Mar 12	Jun 12
<b>Jersey</b>	4.7	3.0	4.9	3.2	3.5	3.1
<b>UK</b>	3.6	2.8	3.7	2.8	3.9	2.9
<b>Guernsey</b>	3.5	3.2	3.2	3.1	3.1	3.0

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:

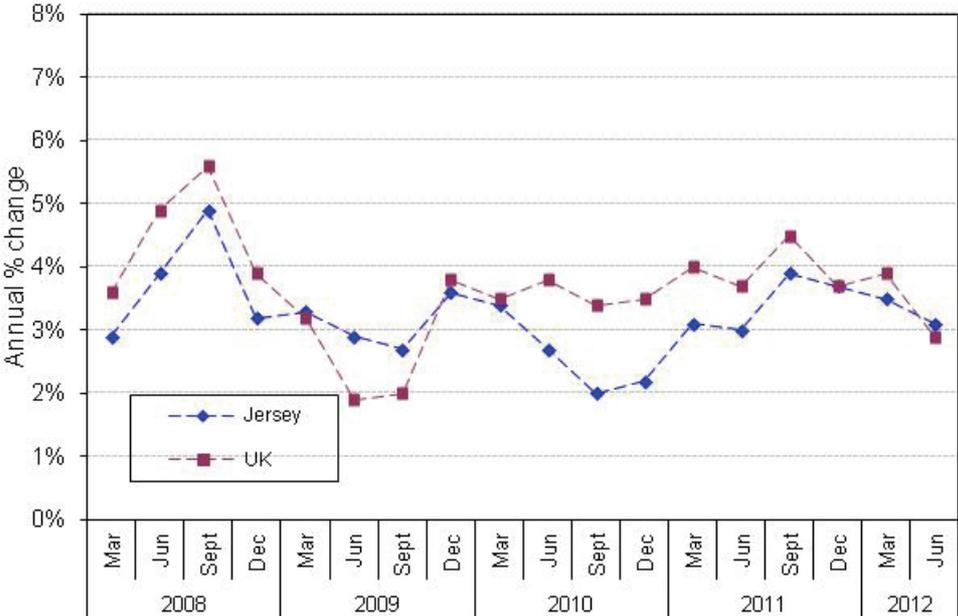
- **Fuel & light** contributed 0.4 pp less to the increase of Jersey's RPI than that of the UK; prices rose by 2% in Jersey on an annual basis and by 10% in the UK;
- **Household goods** contributed 0.3 pp less to the increase of the RPI in Jersey than in the UK; prices in this group saw a marginal decrease in Jersey on an annual basis but rose by around 5% in the UK;
- in contrast, **Motoring** costs increased in Jersey (up by 6%) on an annual basis but decreased in the UK (down by 1%), such that this group contributed 0.8 pp more to the change in the RPI in Jersey than in the UK;
- the **Food** group saw similar annual rates of increase in the two jurisdictions, up by almost 2.5% in Jersey and by 2.4% in the UK.

**Figure 6 – Annual percentage change in RPI: Jersey and UK 2000 - 2012**



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

**Figure 7 – Annual percentage change in RPI(Y): Jersey and UK 2008 - 2012**



Over the twelve months to June 2012 the annual change of RPI(Y) in Jersey (3.1%) was slightly greater than in the UK (2.9%).

Comparing price indices with Guernsey, over the twelve months to June 2012 the annual change of the RPI in Jersey (3.0%) was slightly lower than in Guernsey (3.2%).

At group level, Jersey saw notably greater annual rates of increase for: Tobacco (up 10% in Jersey and 6% in Guernsey); and Clothing & footwear (up 4% in Jersey, but down 2% in Guernsey). In contrast, the Leisure services and Personal goods & services groups both saw greater rates of increase in Guernsey than in Jersey.

The quarterly change of the RPI was similar in both islands: Jersey up by 0.2% and Guernsey up by 0.3% over the quarter.

## 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](http://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](http://www.gov.je/statistics).
7. The September 2012 Index will be released on Wednesday 24 October 2012.
8. The Jersey Retail Prices Index is compiled by the Statistics Unit, The Parade, St. Helier, JE4 8QT; (enquiries to Helen Hale – 01534 440465 and Kim Guegan – 01534 440423; e-mail: [statistics@gov.je](mailto:statistics@gov.je)).

ALL ITEMS RETAIL PRICES INDEX: 2000 - 2012								
Jersey RPI (June 2000=100)			Annual Movements %			Quarterly Movements %		
			Jersey	UK	Guernsey	Jersey	UK	Guernsey
<b>2000</b>	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
<b>2001</b>	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
<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

RETAIL PRICES INDEX EXCLUDING HOUSE PURCHASE COSTS: 2000 - 2012						
Jersey RPI(X) (June 2000=100)			Annual Movements %			Quarterly Movements %
			Jersey	UK	Guernsey	Jersey
<b>2000</b>	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
<b>2001</b>	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
<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