

Jersey Retail Prices Index

June 2013

Statistics Unit: www.gov.je/statistics



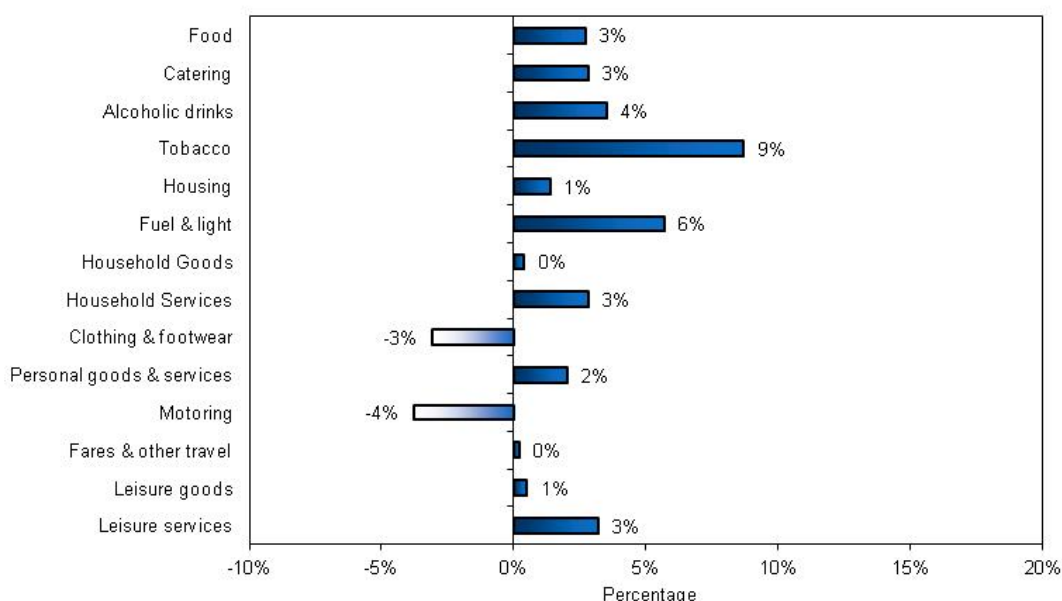
Summary

- During the twelve months to June 2013 the All Items Retail Prices Index (RPI) for Jersey **increased by 1.5%** to stand at 155.6 (June 2000 = 100).
- The increase of the RPI over the twelve months to March was 1.4%, implying that the **annual rate of inflation increased by 0.1 percentage points (pp)** in the latest quarter.
- **RPI(X)¹** increased by 1.6% over the twelve months to June 2013. The annual rate of increase of RPI(X) was unchanged between March 2013 and June 2013, remaining at the lowest level recorded since this index was introduced in 1997.
- **RPI Pensioners increased by 1.6%** over the twelve months to June 2013.
- **RPI Low Income increased by 2.1%** over the twelve months to June 2013. The greater rate of increase of RPI Low Income compared with other price indices was primarily due to the greater weight given to domestic energy costs and to housing rents in this index.
- **Underlying inflation²** as measured by **RPI(Y)** increased by 1.4% over the twelve months to June 2013.
- The annual rates of increase of RPI Pensioners, RPI Low Income and RPI(Y) were all slightly higher in the latest quarter.

Annual change

The annual percentage changes for each group of the all items RPI are shown in Figure 1; price increases were seen for the majority of groups on an annual basis.

Figure 1 - Annual percentage changes for each group, June 2013

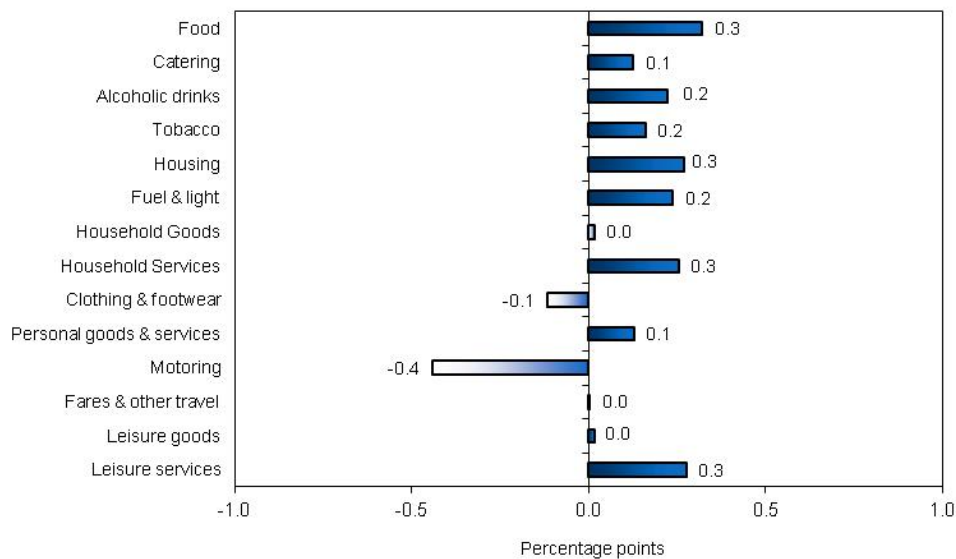


¹ RPI(X): the RPI excluding mortgage interest payments.

² RPI(Y): the RPI excluding mortgage interest payments and indirect taxes (e.g. GST and impôts).

Figure 2 shows the contribution of each group of the all items RPI to the overall annual increase of 1.5%.

Figure 2 - Contribution of each group to annual change in the RPI



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

- **Food:** costs rose by almost 3%, on average, over the year to June 2013, contributing 0.3 pp to the annual change of the RPI. Notable price increases were seen for the average price of fresh fruit and vegetables and soft drinks;
- **Leisure services:** costs rose by 3%, on average, over the year to June 2013, contributing 0.3 pp to the annual change of the RPI. Price increases were seen across the group, which includes foreign holidays, entertainment and recreational activities;
- **Housing:** costs rose by 1%, on average, over the year to June 2013, contributing 0.3 pp to the annual change of the RPI. Price increases were seen across the majority of the group, notably for rents (public and private), water rates and DIY materials;
- **Household Services:** costs rose by 3%, on average, over the year to June 2013, contributing 0.3 pp to the annual change of the RPI. Price increases were seen for telephone charges, domestic services and school fees;
- **Fuel and light:** costs rose by 6%, on average, over the twelve months to June 2013, contributing 0.2 pp to the annual change of the RPI. The increase in electricity prices of more than 9% in January 2013 was the largest contributor to the increase recorded by this group.

In contrast, the cost of **Motoring** fell by 4%, on average, over the twelve months to June 2013, contributing a downward 0.4 pp to the overall annual change of the RPI. Decreases on an annual basis were recorded for the cost of motor vehicles and motor insurance. Motor fuels (petrol and diesel) recorded almost no change in price, on average, over the twelve months to June 2013.

The cost of **Clothing & footwear** fell by 3%, on average, over the twelve months to June 2013, contributing a downward 0.1 pp to the annual change of the RPI. Lower prices, on an annual basis, were seen across the group except for footwear which saw an increase.

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

Increased **impôts duties** in January 2013 accounted for almost half (0.09 pp) of the 0.2 pp contribution of the Alcohol group to the increase in the RPI and for most (0.16 pp) of the 0.2 pp contribution of the Tobacco group to the increase in the RPI.

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

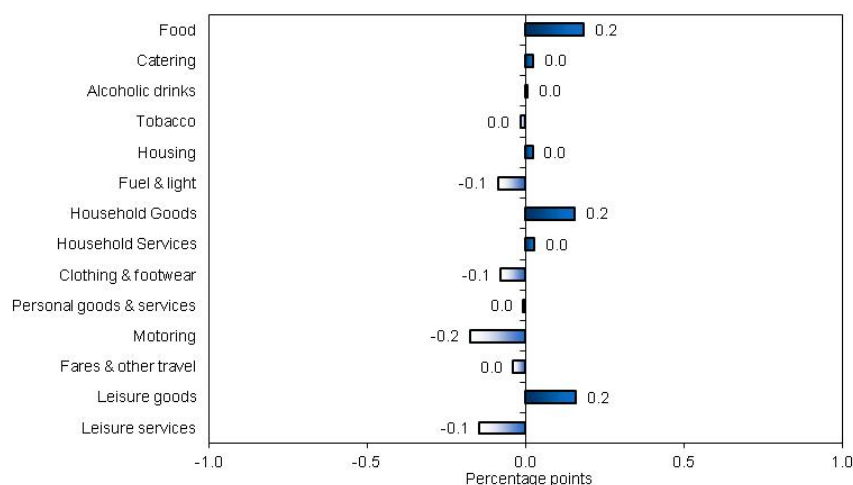
Table 1: Group indices (June 2000 = 100) **and percentage changes**

GROUP	2012 Jun	2012 Sep	2012 Dec	2013 Mar	2013 Jun	Annual change (percent)	Quarterly change (percent)
Food	161.5	162.3	161.2	165.0	165.9	2.7	0.5
Catering	152.7	154.2	154.4	156.1	157.0	2.8	0.6
Alcoholic drinks	169.6	170.2	167.8	175.0	175.5	3.5	0.3
Tobacco	231.9	232.1	231.8	250.9	252.0	8.7	0.4
Housing	162.0	162.9	164.1	163.6	164.2	1.4	0.4
Fuel & light	229.7	236.2	233.9	252.4	242.9	5.7	-3.7
Household goods	105.9	104.7	105.4	105.1	106.3	0.4	1.1
Household services	162.2	166.4	165.0	166.3	166.7	2.8	0.2
Clothing & footwear	86.5	86.8	86.2	85.7	83.8	-3.1	-2.2
Personal goods & services	148.6	150.8	150.1	151.3	151.6	2.0	0.2
Motoring	161.5	163.3	157.3	155.7	155.4	-3.8	-0.2
Fares & other travel	193.7	181.6	173.0	183.2	194.0	0.2	5.9
Leisure goods	83.7	83.4	84.8	81.2	84.1	0.5	3.6
Leisure services	167.6	171.1	171.6	173.2	172.9	3.2	-0.2
All items	153.3	154.5	153.5	155.2	155.6	1.5	0.3

There was an increase of 0.1 percentage points in the annual rate of increase of Jersey's RPI between March 2013 and June 2013, from 1.4% to 1.5%.

As Figure 3 shows, all groups gave small contributions to the change in the annual rate of increase of the RPI.

Figure 3 - Contributions to change in annual rate of change of RPI between Mar 2013 and Jun 2013 (0.1 pp from 1.4% to 1.5%)



Leisure goods was the largest upward contributor to the change in the annual rate of inflation; prices in this group increased, on average by almost 1% over the twelve months to June 2013 compared with a decrease of 4% over the twelve months to March 2013.

The **Food** and **Household goods** groups each contributed an upward 0.2 pp to the change in the annual rate of inflation. Food prices increased at a greater rate over the twelve months to June 2013 (up 2.7%) compared with the twelve months to March 2013 (up 1.2%), whilst Household goods recorded a small increase over the twelve months to June 2013 (up 0.4%) compared with a decrease (down 2.8%) over the twelve months to March 2013.

In contrast, the **Motoring** group contributed a downward 0.2 pp to the change in the overall rate of inflation, having seen a slightly larger decrease in prices, on average, over the latest twelve-month period (down 3.8% over the twelve months to June 2013 compared with a decrease of 2.4% over the twelve months to March 2013).

Quarterly change

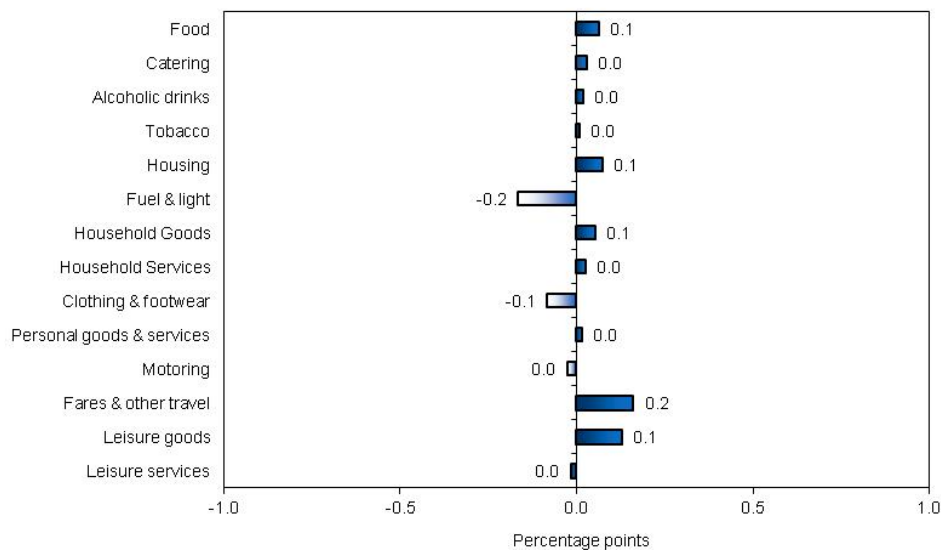
On a quarterly basis, the RPI increased by 0.3% between March 2013 and June 2013; Figure 4 shows that all groups were small contributors to the overall quarterly increase.

Notable changes in the latest quarter included:

- **Fares & other travel** costs rose by almost 6% over the three months to June 2013, contributing 0.2 pp to the quarterly change in the RPI;
- **Leisure goods** costs rose by 4% over the three months to June 2013, contributing 0.1 pp to the quarterly change in the RPI;
- **Fuel and light** costs fell by almost 4%, on average, over the three months to June 2013, contributing -0.2 pp to the quarterly change in the RPI. In this group the price of domestic heating oil fell by 8 p per litre, on average, over the latest quarter;

- in the **Motoring** group, petrol and diesel prices decreased, on average, by 4 p and 5 p per litre, respectively, over the three months to June 2013. In contrast, the cost of motor insurance increased by 4% over the same period.

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



Excluding house purchase costs: RPI(X)

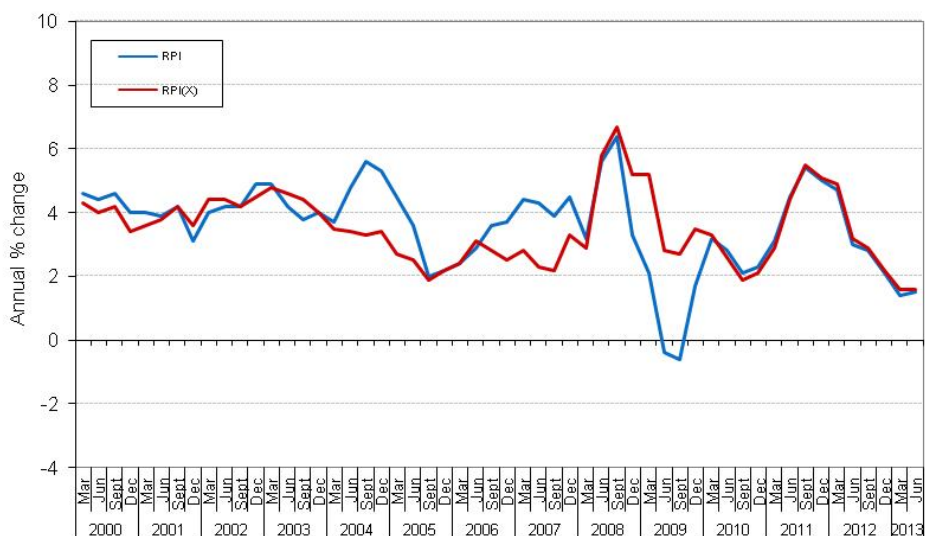
RPI(X) is the RPI excluding the cost of mortgage interest payments.

During the twelve months to June 2013, RPI(X) increased by 1.6% to 154.8.

The annual rate of increase of RPI(X) was unchanged between March 2013 and June 2013, and remained at the lowest level recorded since this index was introduced in 1997.

The annual rates of change of both RPI and RPI(X) since 2000 are shown in Figure 5.

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



On a quarterly basis, RPI(X) increased by 0.3 % between March 2013 and June 2013; the key contributors to this quarterly increase were the same as those for the all-items RPI.

Other inflation measures

In December 2007, a further three consumer price indices were introduced for Jersey:

- RPI Pensioners, for pensioner households;
- RPI Low Income, for households in the lowest income quintile;
- 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
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
Mar-12	4.9	3.5	4.4	4.9
Jun-12	3.2	3.1	2.9	3.2
Sep-12	2.9	3.1	2.6	3.0
Dec-12	2.2	2.1	2.1	2.4
Mar-13	1.6	1.3	1.4	1.9
Jun-13	1.6	1.4	1.6	2.1

RPI Pensioners, RPI Low Income and RPI(Y) all recorded slightly higher rates of annual increase (by 0.1 to 0.2 pp) in June 2013 than in March 2013.

The greater annual increase of RPI Low Income compared with the other price indices was primarily due to the greater weight given to domestic energy costs and to housing rents (public and private sector) in this index; domestic heating costs increased by almost 6% over the twelve months to June 2013 and rents increased by almost 4%, on average, over the same period. The lower weight given to the Motoring group (which recorded a decrease in prices over the latest twelve month period) was also a factor in the greater rate of increase of RPI Low Income.

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, which also includes, for the UK, the annual rate of increase of RPIJ.

RPIJ is currently classified by the Office for National Statistics as an “experimental statistic” and was first published in March 2013 (see Note 4). The RPIJ index is methodologically similar to that of the Jersey RPI; hence, the appropriate comparison with the UK is that of the Jersey RPI and the UK RPIJ.

Table 3: Annual % increases in RPI, RPI(X) and RPI(Y) for Mar 2013 and Jun 2013

		RPI		RPI(X)		RPI(Y)	
		Mar 13	Jun 13	Mar 13	Jun 13	Mar 13	Jun 13
Jersey		1.4	1.5	1.6	1.6	1.3	1.4
UK	RPI	3.3	3.3	3.2	3.3	3.3	3.4
	RPIJ	2.7	2.7				
Guernsey		2.6	2.7	2.3	2.1	2.3	1.9

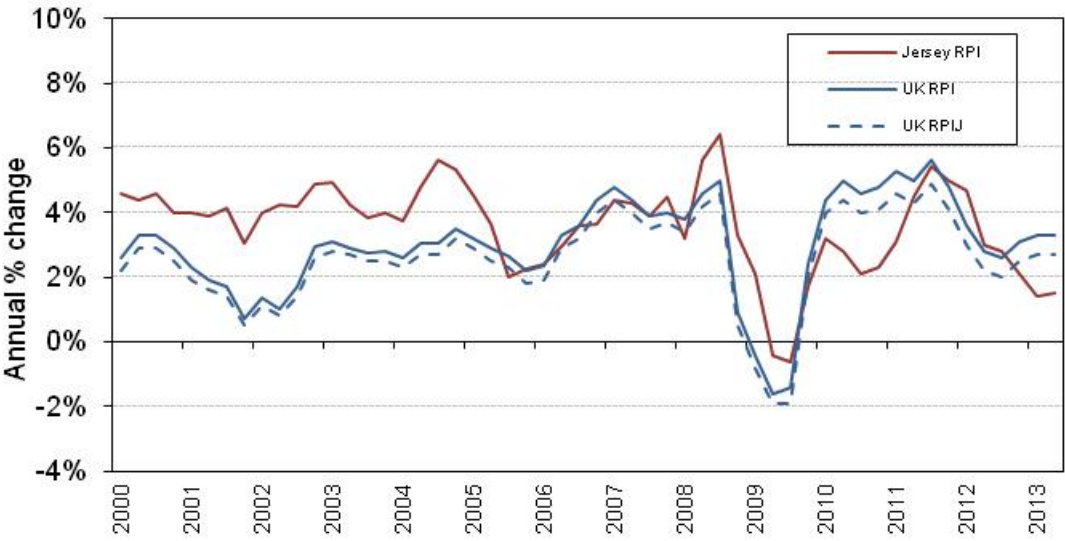
Despite the fact that global factors influence all three jurisdictions, local trends and issues in each location dictate the full extent of such factors. In particular, several groups gave notably different contributions to the annual rates of increase of the RPI in Jersey and the UK³:

- **Clothing and footwear** contributed 0.6 pp more to the annual change of the RPI in the UK than in the Jersey; prices increased by more than 10% in the UK on an annual basis, whilst prices decreased by 3% in Jersey over the same period;
- **Motoring** contributed 0.5 pp more to the change of the RPI in the UK than in Jersey; prices in this group rose by almost 1% in the UK and decreased by 4% in Jersey on an annual basis;
- **Housing** contributed 0.2 pp more to the change of the RPI in the UK than in Jersey; with prices increasing by 2% on an annual basis in the UK and by 1% in Jersey;

³ Group level contributions are not published for the UK RPIJ. Acknowledging the upward bias of annual changes in the UK RPI compared with RPIJ (see Note 4), informative comparison can be made at the RPI group level, for which UK information is published.

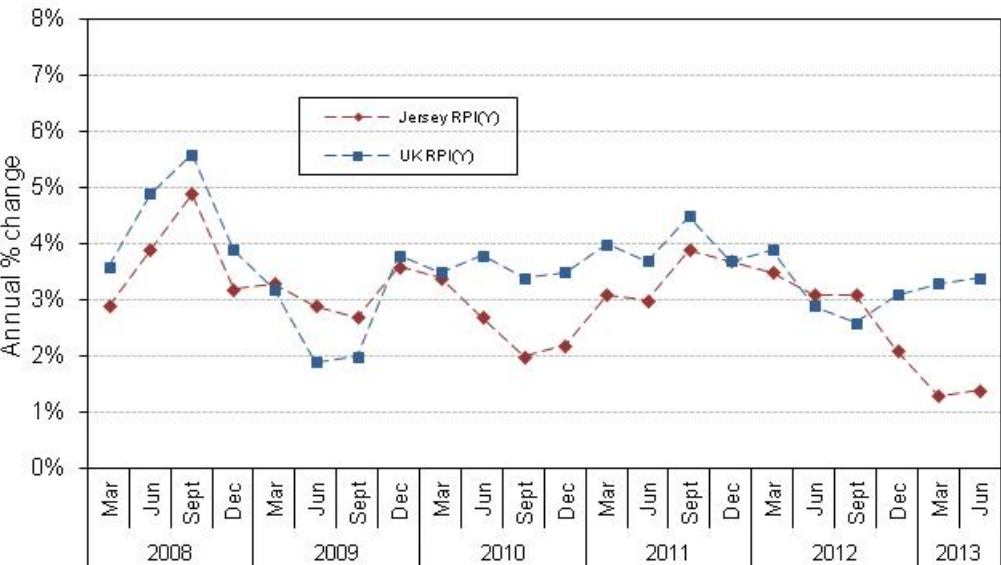
The annual percentage changes since 2000 in the Jersey RPI, the UK RPI and the UK RPIJ are shown in Figure 6.

Figure 6 – Annual percentage change in RPI: Jersey and UK and UK RPIJ 2000 - 2013



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

Figure 7 – Annual percentage change in RPI(Y): Jersey and UK 2008 - 2013



Over the twelve months to June 2013 the annual change of RPI(Y) in Jersey (1.4%) was 2.0 pp lower than in the UK (3.4%)⁴.

⁴ It should be acknowledged that the annual change of the UK RPI(Y) is also susceptible, in principle, to an upward bias due to the formula effect; however, the upward bias for the UK RPI(Y) has not been quantified by the Office for National Statistics.

Comparing price indices with Guernsey, over the twelve months to June 2013 the annual increase of the RPI in Guernsey (2.7%) was 1.2 pp greater than that in Jersey (1.5%).

The difference in the annual rates of increase of the RPI in Jersey and Guernsey was largely due to the Housing and Motoring groups:

- **Housing** costs increased, on average, by 4% in Guernsey (driven by mortgage interest payments) compared with an increase of 1% in Jersey; as a result, the Housing group contributed 0.7 pp more to the change in the Guernsey RPI than that of Jersey;
- **Motoring** costs increased by 3%, on average, in Guernsey but fell by 4% in Jersey; as a result, the Motoring group contributed 0.7 pp more to the annual change in the Guernsey RPI than that of Jersey.

The RPIs in both Jersey and Guernsey saw similar quarterly increases, of 0.3% and 0.4%, respectively.

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 twelve 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. In 2012 a UK RPI consultation was conducted by the UK National Statistician. The principal outcomes of this consultation were that: the UK RPI does not meet current international standards; and that a new "experimental" index (called RPIJ) should be published. From March 2013 the UK have published RPIJ. The annual percentage change in the UK RPI is systematically greater (by an average of approximately 0.5 pp) than RPIJ; this upward bias is due to the "formula effect". The Jersey RPI is not susceptible to such an upward bias.
5. The Bank of England base rate has remained at 0.5% since 5 March 2009.
6. 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.
7. 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.
8. The September 2013 Index will be released on 18 October 2013.
9. The Jersey Retail Prices Index is compiled by the Statistics Unit, The Parade, St. Helier, Jersey, JE4 8QT; (enquiries to Helen Hale – 01534 440465 e-mail: statistics@gov.je).

ALL ITEMS RETAIL PRICES INDEX: 2000 - 2013								
Jersey RPI (June 2000=100)			Annual Movements %			Quarterly Movements %		
			Jersey	UK	Guernsey	Jersey	UK	Guernsey
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
2012	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
	Sep	154.5	2.8	2.6	3.0	0.8	1.0	0.7
	Dec	153.5	2.1	3.1	3.2	-0.6	1.1	0.4
2013	Mar	155.2	1.4	3.3	2.6	1.1	0.8	1.1
	Jun	155.6	1.5	3.3	2.7	0.3	0.4	0.4

RETAIL PRICES INDEX EXCLUDING HOUSE PURCHASE COSTS: 2000 - 2013						
Jersey RPI(X) (June 2000=100)			Annual Movements %			Quarterly Movements %
			Jersey	UK	Guernsey	Jersey
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
2012	Mar	151.9	4.9	3.7	3.2	1.8
	Jun	152.3	3.2	2.8	3.1	0.3
	Sep	153.5	2.9	2.6	3.0	0.8
	Dec	152.5	2.2	3.0	3.0	-0.7
2013	Mar	154.3	1.6	3.2	2.3	1.2
	Jun	154.8	1.6	3.3	2.1	0.3