

Jersey Retail Prices Index

September 2012

Statistics Unit: www.gov.je/statistics



Summary

- During the twelve months to September 2012 the All Items Retail Prices Index (RPI) for Jersey **increased by 2.8%** to stand at 154.5 (June 2000 = 100).
- The change in the RPI during the twelve months to June 2012 was 3.0%, implying that the **annual rate of inflation fell by 0.2 percentage points** (pp) in the latest quarter.
- Most groups exerted a small downward influence on the change in the annual rate of inflation, recording either a lower rate of increase or a greater rate of decrease over the twelve months to September 2012 compared with the twelve months to June 2012.
- The largest contributors to the overall annual increase in the RPI were the **Housing, Motoring** and **Leisure services** groups.
- **Food** prices increased by 1.8% over the twelve months to September 2012, the lowest annual rate of increase seen by this group since December 2009.
- **RPI(X)¹ increased by 2.9%, RPI Pensioners increased by 2.6% and RPI Low Income increased by 3.0%** over the twelve months to September 2012; each of these indices recorded slightly lower annual rates of increase than in the previous quarter.
- **Underlying inflation²** as measured by **RPI(Y) increased by 3.1%** over the twelve months to September 2012, representing no change from the previous quarter.

Annual change

The annual percentage changes for each group of the all items RPI are shown in Figure 1.

Figure 2 shows the contribution of each group to the overall annual increase of 2.8%.

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

- **Housing:** costs rose by 2%, on average, over the year to September 2012, contributing 0.5 pp to the annual change of 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 2012), DIY materials and repair and maintenance costs, as well as mortgage interest payments;
- **Motoring:** costs rose by 4%, on average, over the twelve months to September 2012, contributing 0.5 pp to the overall annual change. Increases were seen for the purchase of motor vehicles, the cost of insurance and for petrol and diesel, up by 7p and 6p per litre, respectively, on an annual basis;
- **Leisure services:** costs rose by 5%, on average, over the twelve months to September 2012, contributing 0.4 pp to the annual change of the RPI.

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

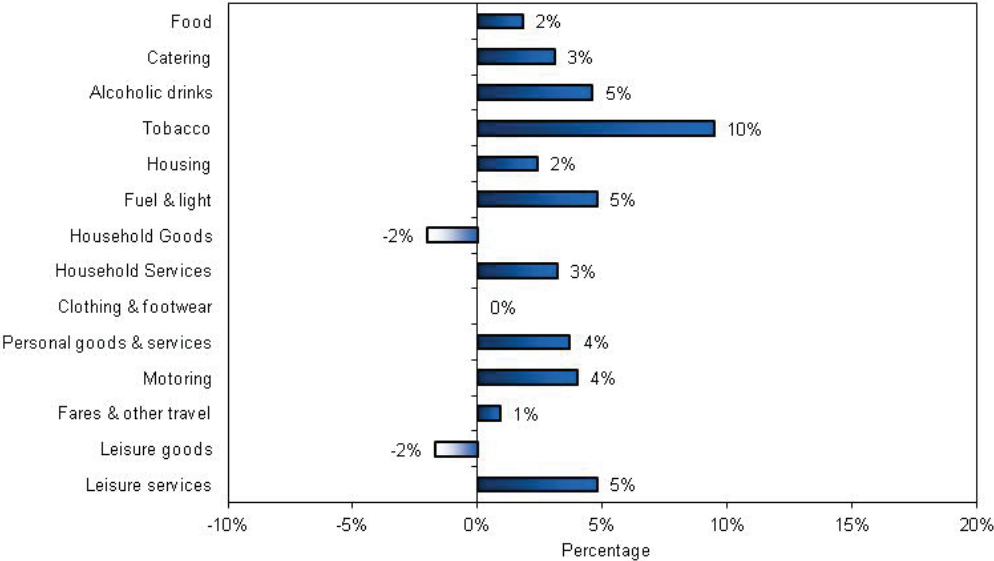
² RPI(Y): the RPI excluding mortgage interest payments and indirect taxes (e.g. GST and impôts).

In contrast, the cost of Leisure goods and Household goods fell by 2%, on average, over the twelve months to September 2012, each group contributing a downward -0.1pp to the annual change of the RPI.

The remaining groups contributed between 0.0 and +0.3 pp to the annual change of the RPI.

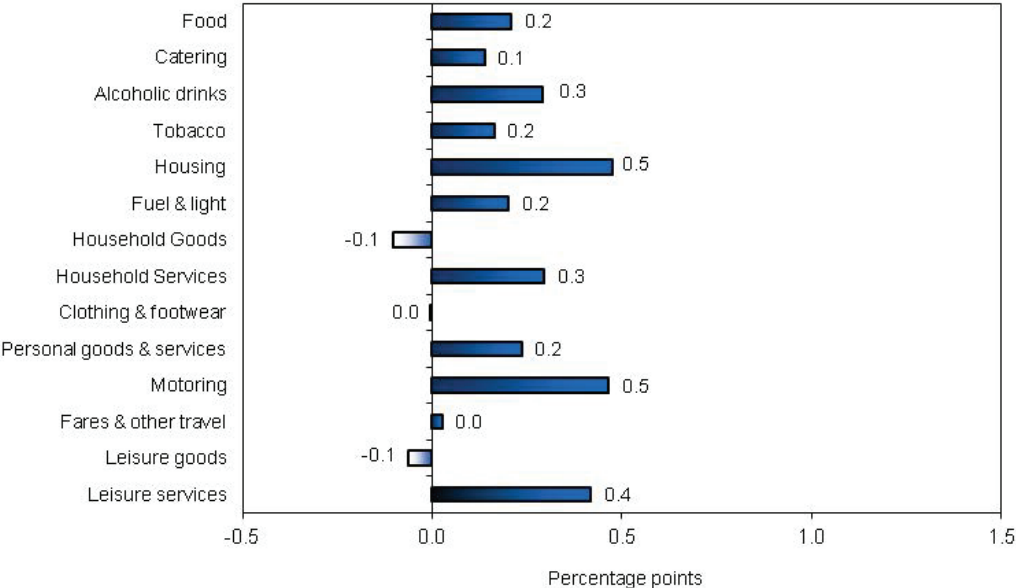
Prices in the **Food** group rose by 1.8%, on average, contributing 0.2 pp to the annual change of the RPI and representing the lowest annual rate of increase seen for this group since December 2009.

Figure 1 - Annual percentage changes for each group, September 2012



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

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



Increased **impôts duties** in January 2012 accounted for 0.05 of the 0.3 pp contribution of the Alcohol group to the increase in the RPI and for 0.1 of the 0.2 pp of the Tobacco group.

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

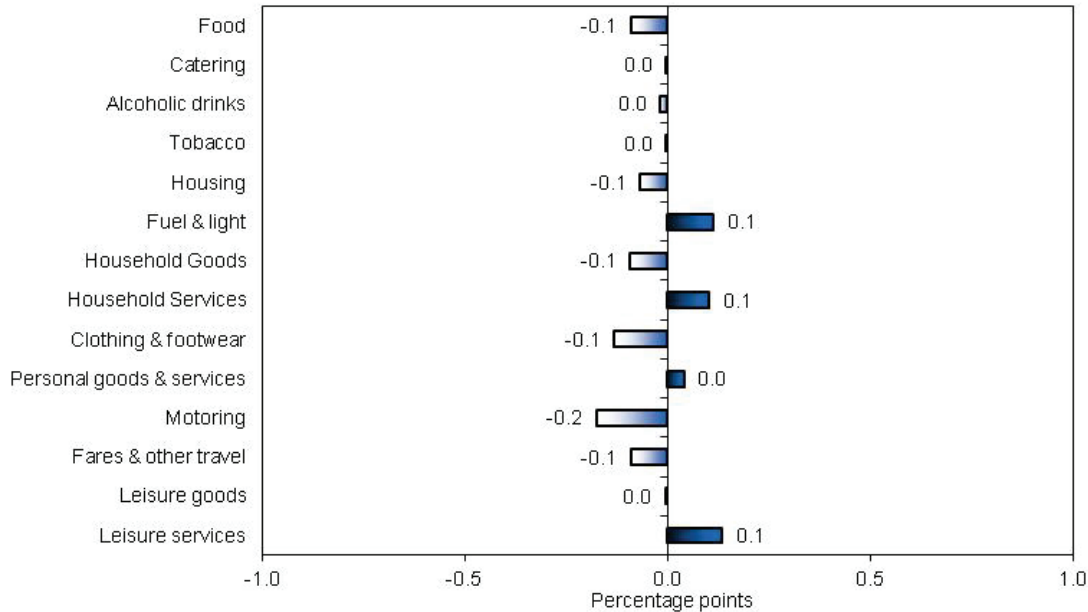
GROUP	2011 Sep	2011 Dec	2012 Mar	2012 Jun	2012 Sep	Annual change (percent)	Quarterly change (percent)
Food	159.5	158.4	163.1	161.5	162.3	1.8	0.5
Catering	149.6	150.9	152.6	152.7	154.2	3.1	1.0
Alcoholic drinks	162.7	161.9	169.3	169.6	170.2	4.6	0.4
Tobacco	212.0	212.5	228.9	231.9	232.1	9.5	0.1
Housing	159.1	159.9	161.6	162.0	162.9	2.4	0.6
Fuel & light	225.3	226.3	234.3	229.7	236.2	4.8	2.8
Household goods	106.8	106.7	108.1	105.9	104.7	-2.0	-1.1
Household services	161.3	160.6	162.3	162.2	166.4	3.2	2.6
Clothing & footwear	86.8	85.5	86.6	86.5	86.8	0.0	0.3
Personal goods & services	145.4	145.8	148.1	148.6	150.8	3.7	1.5
Motoring	157.0	159.0	159.5	161.5	163.3	4.0	1.1
Fares & other travel	179.9	165.0	180.4	193.7	181.6	0.9	-6.2
Leisure goods	84.8	86.3	84.3	83.7	83.4	-1.7	-0.4
Leisure services	163.2	164.4	165.1	167.6	171.1	4.8	2.1
All items	150.3	150.4	153.0	153.3	154.5	2.8	0.8

There was a decrease of 0.2 percentage points in the annual rate of increase of Jersey's RPI between June and September 2012, from 3.0% to 2.8%.

Figure 3 shows that most groups exerted a small downward influence on the change in the annual rate, recording either a lower rate of increase or a greater rate of decrease over the twelve months to September 2012 compared with the twelve months to June 2012.

In contrast, the Fuel & light, Household services and Leisure services groups saw greater rates of increase over the twelve months to September 2012 than to June 2012 and were, therefore, small upward influences on the change in the overall annual rate of increase.

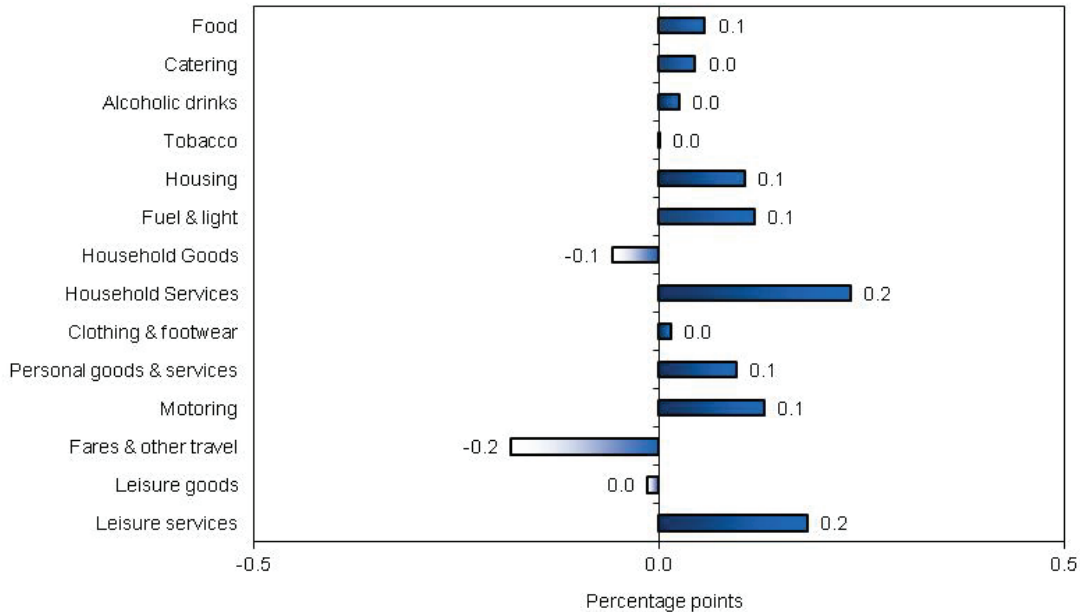
Figure 3 - Contributions to change in annual rate of change of RPI between Jun 2012 and Sep 2012 (-0.2 pp from 3.0% to 2.8%)



Quarterly changes

On a quarterly basis, the RPI increased by 0.8% between June 2012 and September 2012.

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



The **Household services** group was the largest contributor to the quarterly increase of the RPI (see Figure 4); this group includes school fees which increased in September 2012. Prices in the group overall rose by 2.6%, on average, over the quarter, resulting in an upward contribution of +0.2 pp to the index.

The **Fares & other travel** group saw prices decrease, on average, over the quarter, contributing a downward -0.2 pp to the quarterly change of the index.

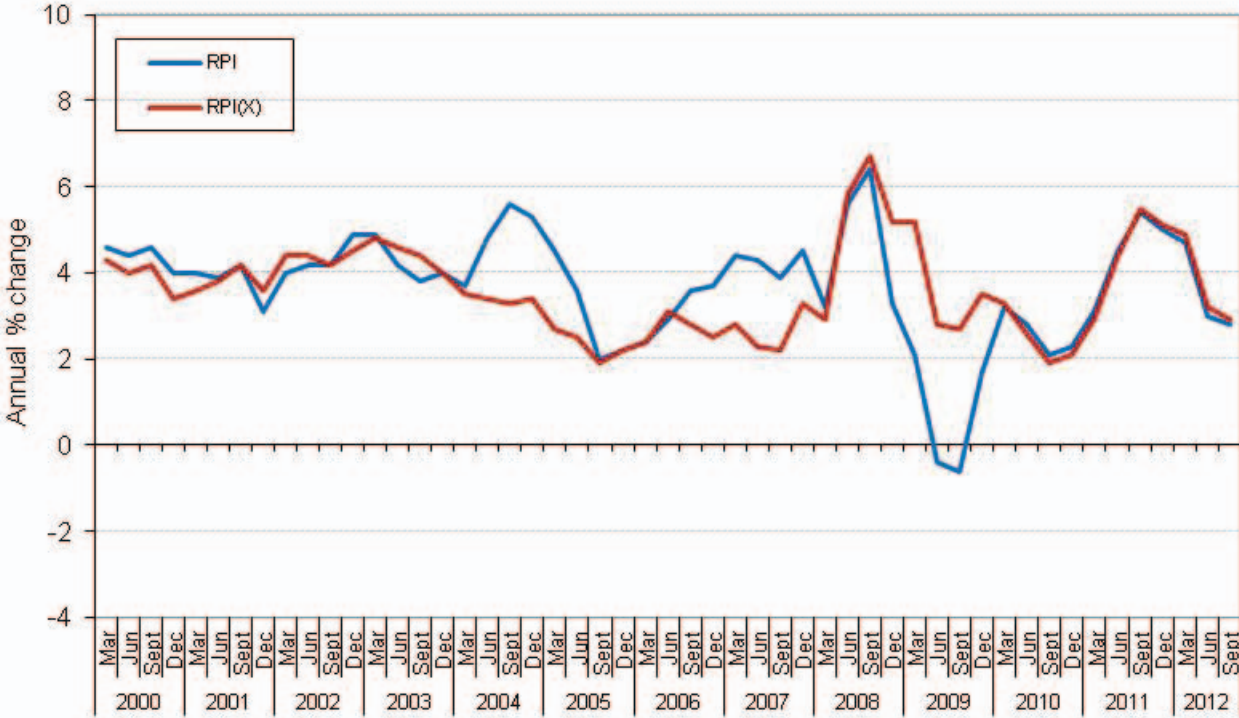
Excluding house purchase costs: RPI(X)

RPI(X) is the RPI excluding the cost of mortgage interest payments. During the twelve months to September 2012 RPI(X) increased by 2.9% to 153.5.

There was a fall of 0.3 percentage points in the annual rate of increase of RPI(X) between June and September 2012.

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 0.8% between June 2012 and September 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

Date	RPI(X)	RPI(Y)	RPI Pensioners	RPI Low Income
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
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

The annual increase of RPI(Y) in September 2012 was 3.1%, representing no change in the rate of underlying inflation in the latest quarter.

The annual rates of increase of RPI Pensioners and RPI Low Income in September 2012 were 2.6% and 3.0%, respectively. In the latest quarter, these indices recorded annual rates of increase which were 0.3 pp and 0.2pp lower, respectively, than in the previous quarter.

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.

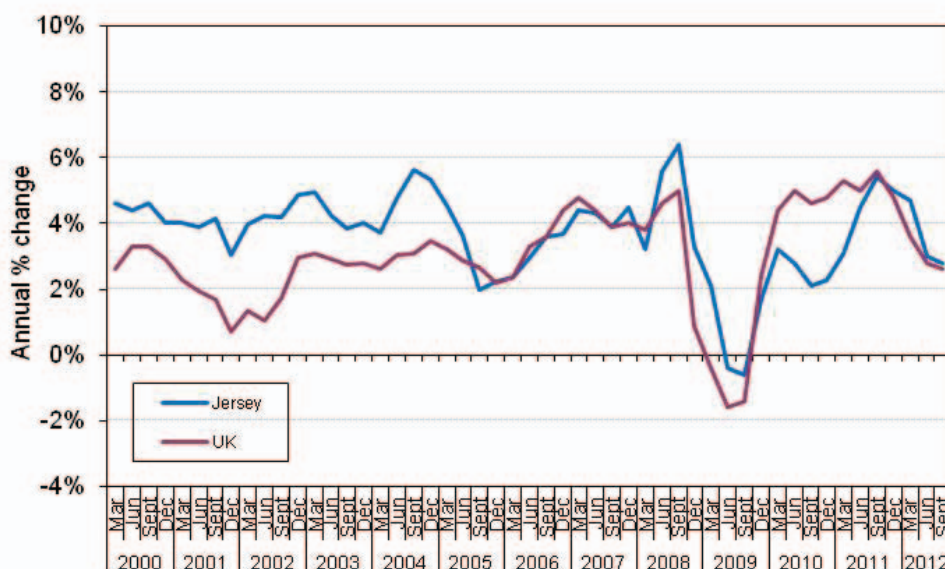
Table 3: Annual % increases in RPI, RPI(X) and RPI(Y) for Jun 2012 and Sep 2012

	RPI		RPI(X)		RPI(Y)	
	Jun 12	Sep 12	Jun 12	Sep 12	Jun 12	Sep 12
Jersey	3.0	2.8	3.2	2.9	3.1	3.1
UK	2.8	2.6	2.8	2.6	2.9	2.6
Guernsey	3.2	3.0	3.1	3.0	3.0	2.9

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 UK:

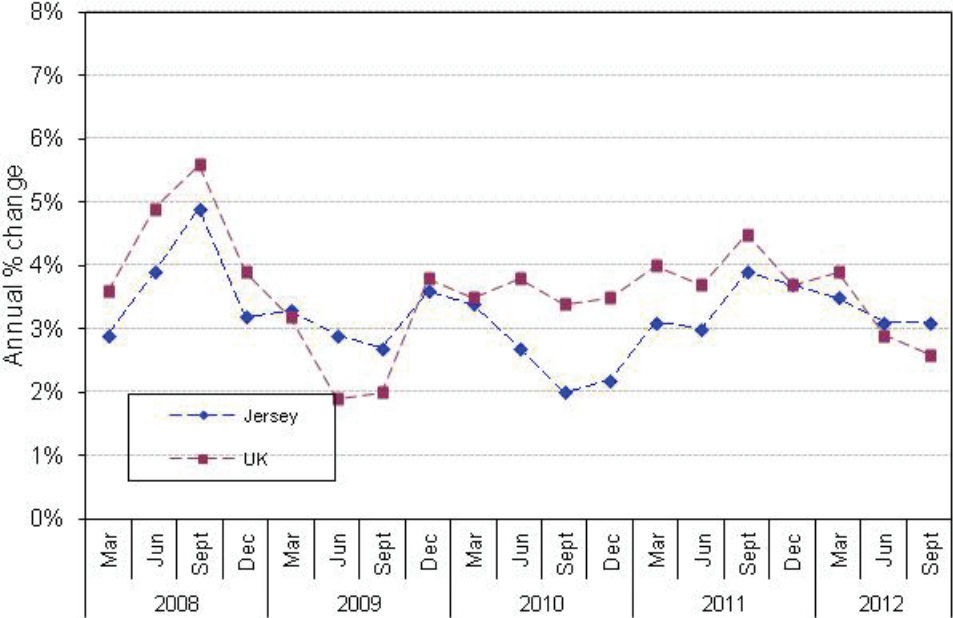
- **Clothing & footwear** contributed 0.3 pp less to the increase of Jersey's RPI than that of the UK; prices were unchanged in Jersey on an annual basis but increased by 6% in the UK;
- **Household goods** contributed 0.3 pp less to the increase of the RPI in Jersey than that of the UK; prices in this group saw a decrease of 2% in Jersey on an annual basis but rose by almost 3% in the UK;
- in contrast, **Motoring** costs increased more in Jersey (up by 4%) than in the UK (up 1%), such that this group contributed 0.3 pp more to the increase in the RPI in Jersey than in the UK;
- **Fuel & light** costs increased more in Jersey (up 5%) than in the UK (up by less than 1%), such that this group contributed 0.2 pp more to the increase in the RPI in Jersey than 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 September 2012 the annual change of RPI(Y) in Jersey (3.1%) was slightly greater than in the UK (2.6%).

Comparing price indices with Guernsey, over the twelve months to September 2012 the annual change of the RPI in Jersey (2.8%) was slightly lower than in Guernsey (3.0%).

At group level, Households goods decreased in price, on average, in Jersey over the twelve months to September 2012 but increased in Guernsey, whilst the Motoring group saw a lower rate of increase in Jersey than in Guernsey. In contrast, Jersey saw a greater rate of increase for Tobacco whilst the price of Clothing & footwear was essentially unchanged in Jersey but decreased in Guernsey.

The quarterly change of the RPI was similar in both Islands: Jersey up by 0.8% and Guernsey up by 0.7% during the latest 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.
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 December 2012 Index will be released in 25 January 2013.
8. 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 - 2012								
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

RETAIL PRICES INDEX EXCLUDING HOUSE PURCHASE COSTS: 2000 - 2012						
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