

# Jersey Retail Prices Index

## June 2011

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



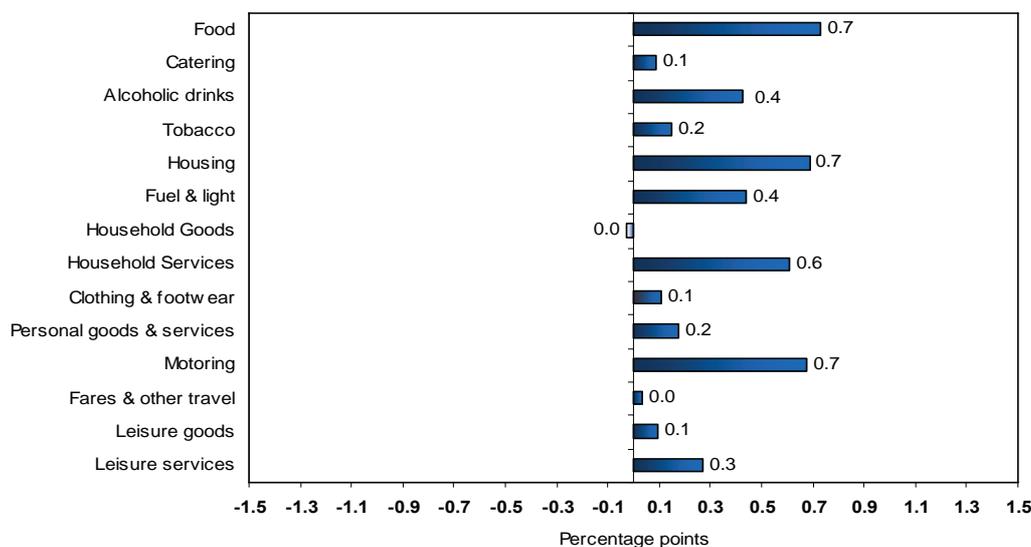
### Summary

- During the twelve months to June 2011 the All Items Retail Prices Index (RPI) for Jersey **increased by 4.5%** to stand at 148.8 (June 2000 = 100).
- The change in the RPI during the twelve months to March 2011 was 3.1%, implying that the **annual rate of inflation rose by 1.4 percentage points** in the latest quarter.
- The increase in the rate of the **Goods and Services Tax (GST)**<sup>1</sup> in Jersey in June 2011 accounted for 1.3 percentage points of the increase in the annual rate of inflation.
- **RPI(X)**<sup>2</sup> increased by 4.4% over the twelve months to June 2011, a rate of increase 1.5 percentage points higher than in the previous quarter; as for the all items RPI, the key upward driver was the increase in the rate of GST.
- **RPI Pensioners** and **RPI Low Income** increased by 4.5% and 4.4%, respectively, over the twelve months to June 2011; the annual rates of increase of these indices increased by 1.3 and 1.2 percentage points, respectively, in the latest quarter.
- **Underlying inflation** as measured by **RPI(Y)**<sup>3</sup> increased by 3.0% over the twelve months to June 2011, an annual rate of increase 0.1 percentage points 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 4.5%.

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



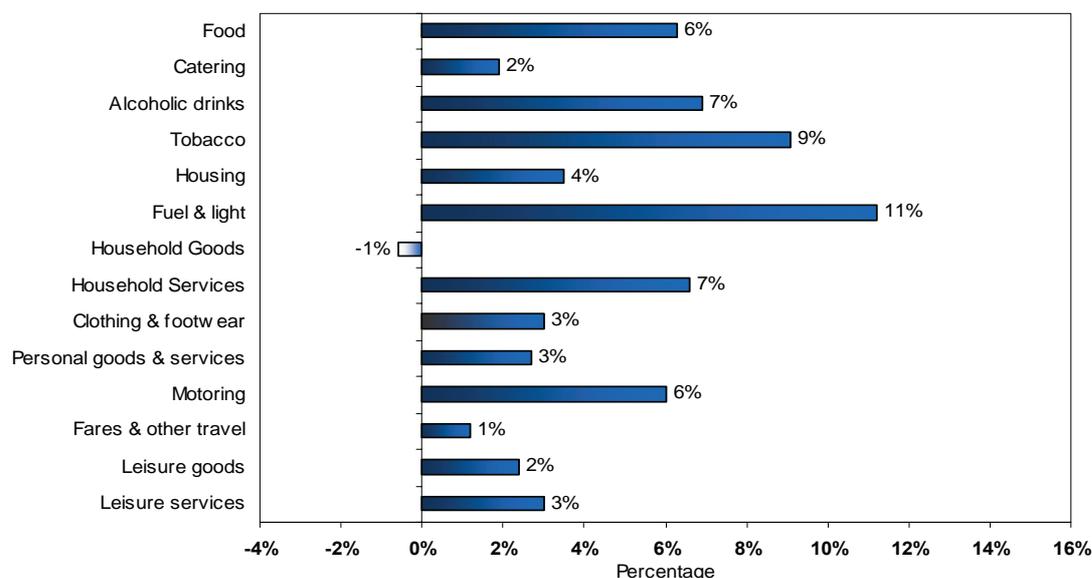
<sup>1</sup> The rate of GST in Jersey increased from 3% to 5% on 1 June 2011.

<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).

As Figures 1 and 2 show, overall average price increases were seen for the majority of the groups.

**Figure 2 - Annual percentage changes for each group, Jun 2011**



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

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

- **Food:** prices rose by 6%, on average, over the year to June 2011 (see Figure 2) and contributed 0.7 pp to the annual change in the RPI. Price increases greater than 10% were recorded for cereals, fish, processed fruit, butter, oils and fats. In contrast, potatoes and some meats saw slightly lower average prices on an annual basis.
- **Motoring:** costs rose by 6%, on average, over the twelve months to June 2011, contributing 0.7 pp to the overall annual change. Increases were seen for petrol and diesel, up by 17p and 18p per litre, respectively, and also for the cost of car insurance.
- **Housing:** costs rose by 4%, on average, over the year to June 2011 contributing 0.7 pp to the overall increase in the RPI. Price increases were seen across the majority of the group, which includes rent (private and public sector), 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 7%, on average, over the twelve months to June 2011. The increase in postage rates in May 2011 and of school fees in September 2010 were notable factors in the annual increase recorded by this group.
- **Alcoholic drinks:** increased in price by 7% on average and contributed 0.4 pp to the annual change in the RPI. Increased excise duties (impôts) in January 2011 accounted for less than 0.1 pp of the upward contribution from this group
- **Fuel & light:** average costs rose by 11%, overall, between June 2010 and June 2011, contributing 0.4 pp to the annual change in the RPI. The cost of domestic heating oil increased by more than a quarter (27%) over the year to June 2011, whilst gas prices increased in both October 2010 and February 2011.

The remaining groups contributed between 0.0 and +0.4 percentage points 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**

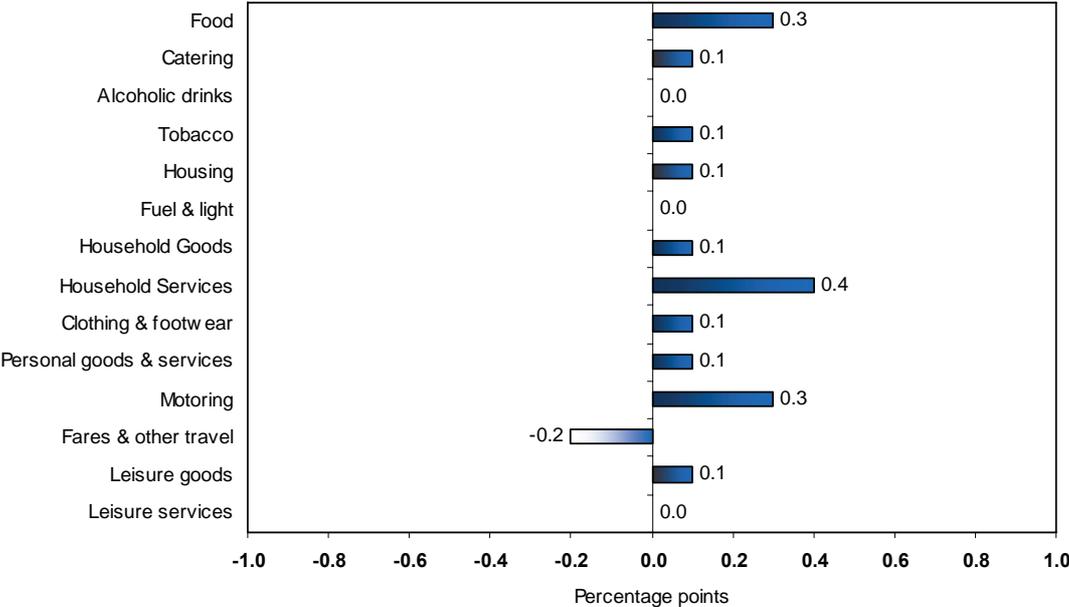
<b>GROUP</b>	<b>2010 Jun</b>	<b>2010 Sep</b>	<b>2010 Dec</b>	<b>2011 Mar</b>	<b>2011 Jun</b>	<b>Annual change (percent)</b>	<b>Quarterly change (percent)</b>
Food	148.3	148.4	148.4	153.8	157.6	6.3	2.5
Catering	145.3	144.1	146.3	143.8	148.0	1.9	2.9
Alcoholic drinks	151.3	153.6	150.3	160.4	161.7	6.9	0.8
Tobacco	194.1	194.1	194.5	206.4	211.7	9.1	2.6
Housing	152.4	152.9	153.9	155.8	157.7	3.5	1.2
Fuel & light	202.2	199.6	206.9	223.1	224.9	11.2	0.8
Household goods	106.7	106.2	103.7	105.4	106.1	-0.6	0.7
Household services	149.1	150.9	151.3	151.7	159.0	6.6	4.8
Clothing & footwear	81.1	83.3	81.4	82.8	83.5	3.0	0.8
Personal goods & services	140.4	140.7	139.7	141.5	144.2	2.7	1.9
Motoring	144.3	141.6	145.3	149.4	152.9	6.0	2.3
Fares & other travel	184.0	180.4	177.9	184.0	186.2	1.2	1.2
Leisure goods	83.0	81.9	85.7	83.1	85.0	2.4	2.3
Leisure services	157.5	159.8	160.2	161.4	162.3	3.0	0.6
<b>All items</b>	<b>142.4</b>	<b>142.6</b>	<b>143.2</b>	<b>146.1</b>	<b>148.8</b>	<b>4.5</b>	<b>1.8</b>

There was an increase of 1.4 percentage points in the annual rate of change of Jersey's RPI between March 2011 and June 2011, from 3.1% to 4.5%.

The increase in the rate of GST in June 2011 accounted for approximately 1.3 pp of this 1.4pp change in the annual rate of increase, spread across the groups.

The contributions of each group to the change in the annual rate are shown in Figure 3.

**Figure 3 - Contributions to change in annual rate of increase of RPI between Mar 2011 and Jun 2011 (+1.4pp from 3.1% to 4.5%)**



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

The largest upward contribution to the change in the annual rate of increase of the RPI was from **Household services**. This group saw an annual rate of increase in prices of almost 7% in June 2011 compared with a 2% increase over the twelve months to March 2011, resulting in an upward contribution of +0.4 pp to the change in the overall annual rate of increase.

The **Food** group recorded annual rates of increase of 6% and 4% over the twelve months to June 2011 and March 2011, respectively, resulting in an upward contribution of +0.3 pp to the change in the annual rate.

A similar upward contribution of +0.3 pp came from the **Motoring** group, which recorded annual rates of increase in prices of 6% in June 2011 and 4% in March 2011.

The majority of the other groups either saw greater rates of increase or lower rates of decrease in average prices, resulting in upward contributions of around +0.1 pp to the change in the annual rate of increase of the RPI.

In contrast, **Fares & other travel** was the only downward contributor to the change in the annual rate of increase of the RPI, having seen a lower annual rate of increase in June 2011 (1%) than in March 2011 (6%).

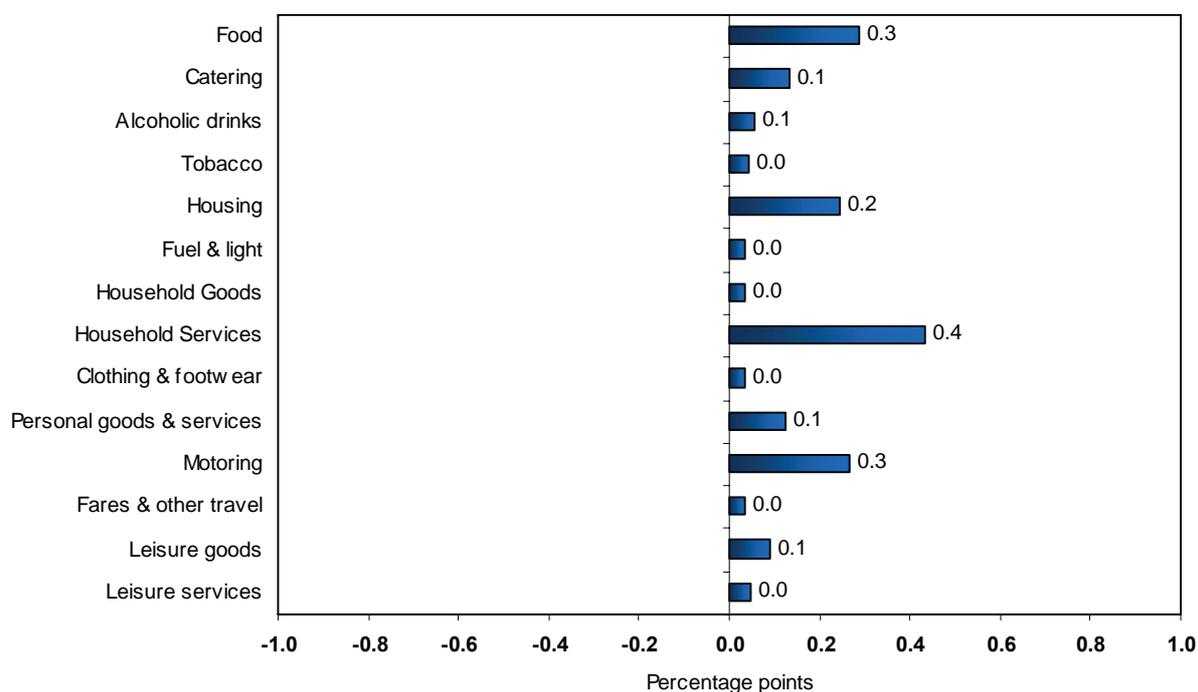
## Quarterly changes

On a quarterly basis, the RPI increased by 1.8% between March 2011 and June 2011. Increased prices, on average, were seen by all groups in the latest quarter.

The main contributor to the latest quarterly increase in the RPI was the increase in the rate of GST in June 2011.

At group level (see Figure 4) **Household services** was the largest contributor to the quarterly increase in the RPI, with prices rising by almost 5%, on average, over the quarter and resulting in an upward contribution of +0.4 pp. The increased cost of postage in May 2011 was a key factor to the increase recorded by this group.

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



The price of **Food** rose by 2.5%, on average, in the latest quarter, resulting in a contribution of +0.3 pp to the RPI.

The **Motoring** group contributed a similar +0.3 pp to the quarterly change, driven by the increased cost of petrol and diesel, up by 5p and 2p per litre over the quarter, respectively.

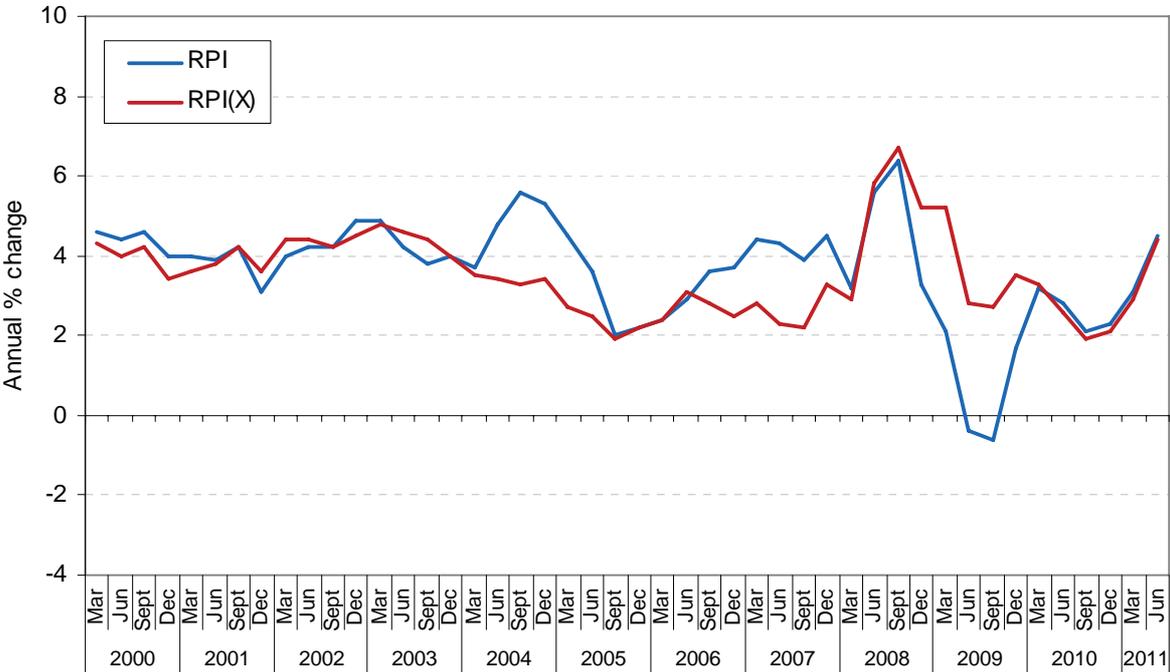
## Excluding house purchase costs: RPI(X)

RPI(X) is the RPI excluding the cost of mortgage interest payments. The annual change in RPI(X) is often considered a measure of underlying inflation.

In the twelve months to June 2011 RPI(X) increased by 4.4% to 147.6. The increase in the rate of GST in June 2011 contributed approximately 1.4 pp to the latest annual change in 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 clearly apparent.

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



On a quarterly basis, RPI(X) increased by 1.9% between March 2011 and June 2011. The main contributor, as for the RPI, was the recent increase in the rate of GST.

**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).

The annual rates of change of these indices, and also of RPI(X), are shown in Table 2.

RPI(Y) provides a further 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) may be considered to be the pertinent measure of the rate of underlying inflation.

The annual increase of RPI(Y) in June 2011 was 3.0%; this represents a decrease of 0.1 pp in underlying inflation in the latest quarter.

The annual rates of increase of RPI Pensioners and RPI Low Income were 4.5% and 4.4% respectively. As for RPI and RPI(X), the higher rates of increase seen for both of these indices (up by 1.3 and 1.2 pp, respectively, compared with the previous quarter) were driven by the recent increase in the rate of GST.

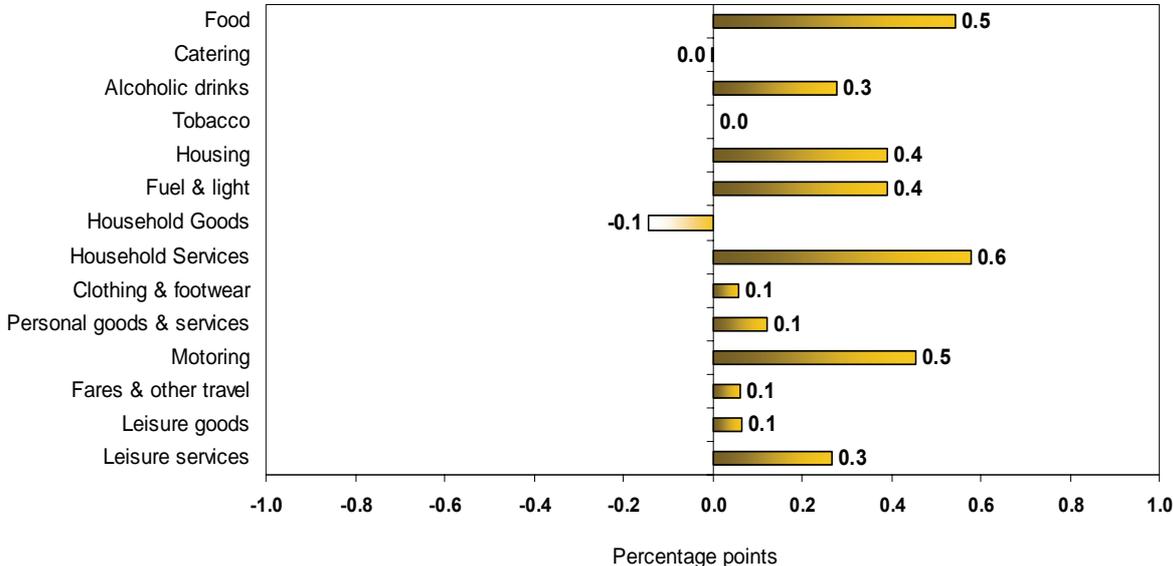
**Table 2: Annual % increases in RPI(X), RPI(Y), RPI Pensioners and RPI Low Income**

Date	RPI(X)	RPI(Y)	RPI Pensioners	RPI Low Income
Jun-08	5.8	3.9	5.6	5.2
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

Due to the increase in the rate of GST in the latest quarter, 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 Figures 7 shows the annual percentage changes of each RPI(Y) group,

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

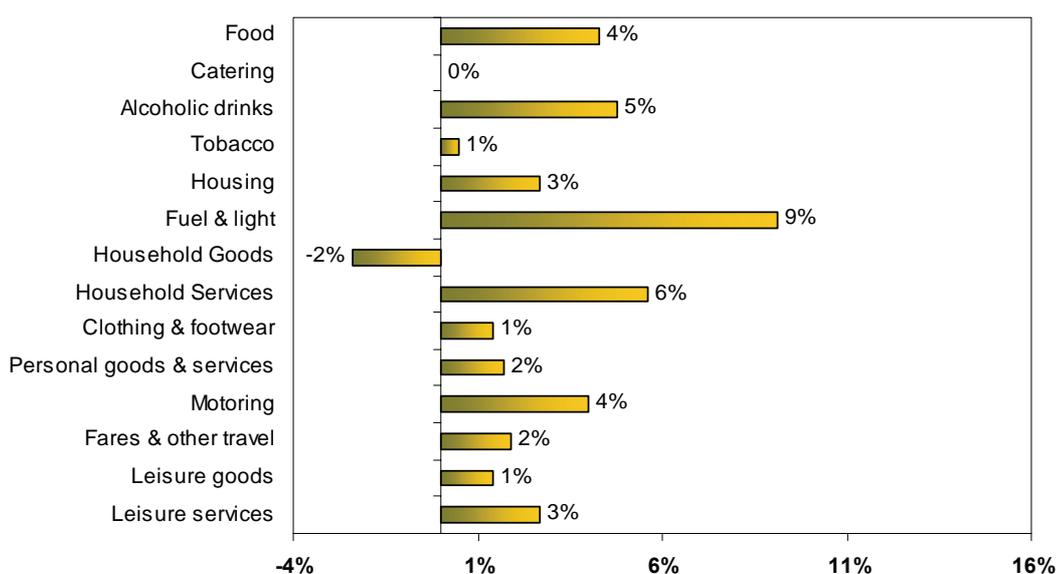


*Individual contributions do not sum to the total change due to rounding*

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

- **Household services, Food and Motoring** were the largest contributors to the overall annual rate of increase of RPI(Y) - see Figure 6.
- **Fuel & light** saw the greatest percentage increase on an annual basis (see Figure 7), up by 9%, excluding the effect of GST;
- excluding the effect of GST, the **Households goods** group saw price reductions, on average, on an annual basis.

**Figure 7 - Annual percentage changes for each group of RPI(Y), June 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. As discussed previously, the main contributor to the rise in the annual rates of increase of both RPI and RPI(X) apparent for Jersey in June 2011 compared with March 2011 was the increase in the rate of GST.

**Table 3: Annual % increases in RPI, RPI(X) and RPI(Y) for Mar 2011 and Jun 2011**

	RPI		RPI(X)		RPI(Y)	
	Mar 11	Jun 11	Mar 11	Jun 11	Mar 11	Jun 11
<b>Jersey</b>	3.1	4.5	2.9	4.4	3.1	3.0
<b>UK</b>	5.3	5.0	5.4	5.0	4.0	3.7
<b>Guernsey</b>	2.9	3.0	2.9	2.6	2.7	2.4

Despite the fact that certain global factors influence all three jurisdictions, local trends and issues in each location dictate the full extent of such factors. In particular, the behaviour of the Motoring, Clothing & footwear and Households goods groups accounted for the majority of the difference between the annual rates of increase of the RPI in the UK and Jersey:

- **Motoring** costs accounted for +0.5 pp of the net difference in the annual rates of increase of the RPI in the UK and Jersey. Prices in the Motoring group rose by 9% on average in the UK during the year to June 2011 compared with a 6% rise in Jersey over the same period. The effect of the greater rate of increase of Motoring costs in the UK is magnified by the greater weight with which the Motoring group appears in the UK RPI;
- **Clothing and footwear** accounted for about +0.4 pp of the difference in the annual increases of the RPI in the two jurisdictions; prices in this group rose by more than 11% in the UK on an annual basis and by 3% in Jersey;
- **Household goods** accounted for about +0.3 pp of the difference in the annual rates of increase of the UK and Jersey RPIs; prices in this group rose by 4% in the UK on an annual basis but fell slightly in Jersey over the same period;
- in contrast, the **Household services** group saw a greater rate of increase in Jersey (7%) than in the UK (2%) over the twelve months to June 2011, such that this group contributed more (by 0.3 pp) to the annual change of the RPI in Jersey than in the UK.

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.

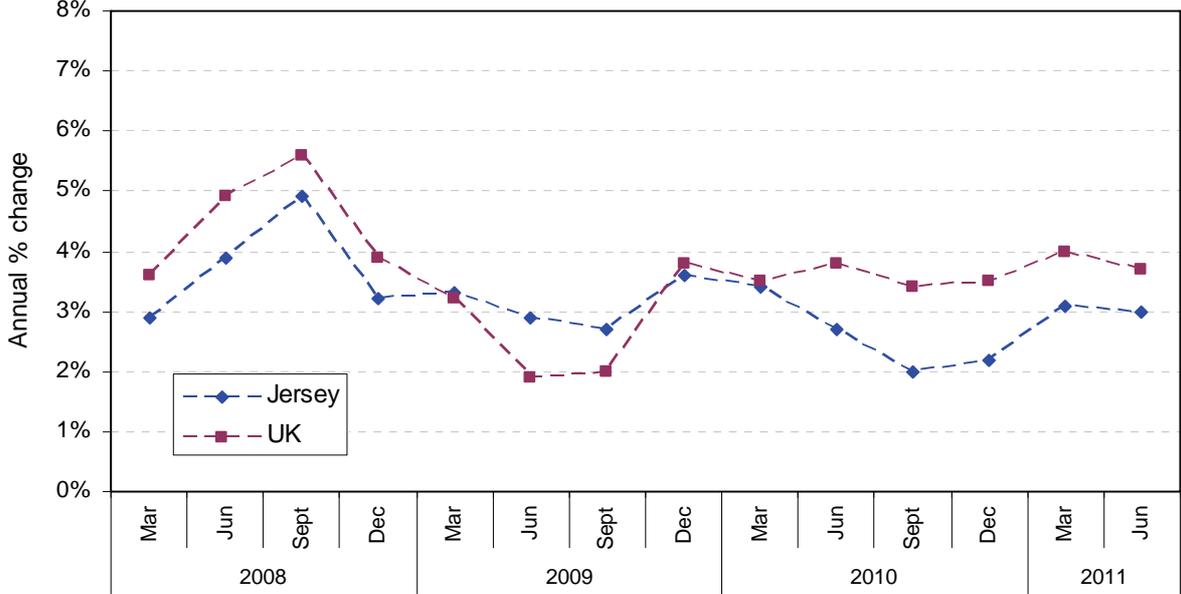
**Figure 8 – Annual percentage change in RPI: Jersey and UK 2001 - 2011**



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 June 2011 the annual change in RPI(Y) in Jersey (3.0%) was below that of the UK (3.7%). As Figure 9 shows, the annual rate of increase of RPI(Y) in Jersey has been significantly below that of the UK since mid-2010.

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



The increase in the rate of GST in Jersey in June 2011 was the key factor accounting for the greater annual rates of increase of RPI and RPI(X) in Jersey compared with Guernsey. The Household services group was the largest contributor to the greater rate of increase of RPI(Y) in Jersey.

## 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 2011 Index will be released on Friday 21 October 2011.
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](mailto:statistics@gov.je)).

**Statistics Unit**  
**22 July 2011**

ALL ITEMS RETAIL PRICES INDEX: 2000 - 2011								
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

**RETAIL PRICES INDEX EXCLUDING HOUSE PURCHASE COSTS: 2000 - 2011**

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