

Jersey Retail Prices Index

March 2010

Statistics Unit: www.gov.je/statistics



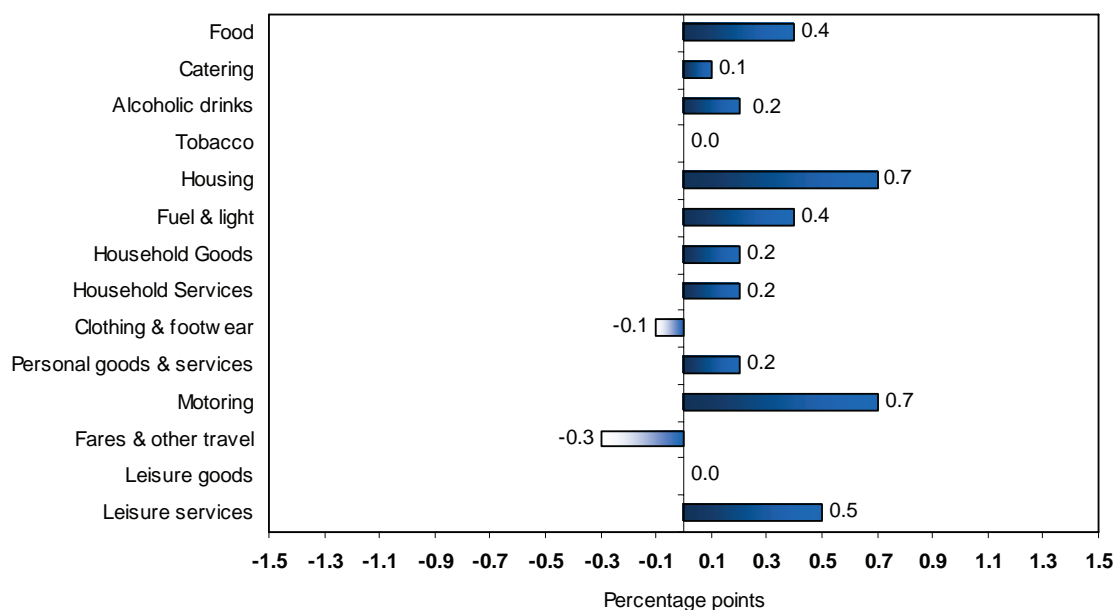
Summary

- During the twelve months to March 2010 the All-Items Retail Prices Index (RPI) for Jersey **increased by 3.2%** to stand at 141.7 (June 2000 = 100).
- The change in the RPI during the twelve months to December 2009 was 1.7%, implying that the **annual rate of inflation rose by 1.5 percentage points** in the latest quarter.
- The **change in house purchase costs on annual basis was the key upward driver to the increase in the rate of inflation**. This was due to the recent series of cuts in the Bank of England base rate, and specifically its effect on mortgage interest payments, dropping out of the index on an annual basis; over the twelve months to December 2009 the base rate was reduced by 1.5 percentage points whilst over the twelve months to March 2010 the base rate was unchanged.
- Other key upward contributors to the increase in the annual change of the RPI were the **Motoring** and **Food** groups.
- Underlying inflation, as measured by **RPI(X)**¹ and **RPI(Y)**², increased by 3.3% and 3.4% respectively, over the twelve months to March 2010.
- **The annual changes in both RPI(X) and RPI(Y) decreased by 0.2 percentage points** in the latest quarter.
- The annual rate of increase of **RPI Pensioners** was 3.6% in the year to March 2010; **RPI Low Income** increased by 3.1% over the same period. These annual rates of increase were less than those recorded in the previous quarter.

Annual change

Figure 1 shows the contribution to the overall change of 3.2% by each group of the RPI.

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



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

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

On an **annual** basis the largest upward contributors to the Retail Prices Index were (see Figure 1):

- **Housing costs:** rose by 4% over the year to March 2010 (see Figure 2) contributing 0.7 percentage points to the overall annual change in the RPI. Price rises were seen across the group, which includes rent, rates, DIY materials and repair and maintenance costs, as well as mortgage interest payments.
- **Motoring costs:** also contributed 0.7 percentage points to the annual change in the RPI, with prices rising by 6% over the year to March 2010. In particular, the price of petrol was 22 p per litre higher than in March 2009 and diesel was 13 p per litre higher.
- **Leisure services:** contributed 0.5 percentage points to the annual change in the RPI. The cost of foreign holidays rose by 7% over the twelve months to March 2010, and an increase in the price of television licences in April 2009 (up by £3) also contributed to the overall increase recorded by this group.
- **Fuel & light costs:** rose by 11%, overall, from March 2009 to March 2010, contributing 0.4 percentage points to the annual change in the RPI. The cost of domestic heating oil rose by 57% over the year to March 2010, and gas prices were 15% higher in March 2010 than a year earlier. In contrast, electricity prices fell by 5% in January 2010.
- **Food costs:** contributed 0.4 percentage points to the overall annual change. Prices rose by 4% over the year to March 2010, a larger rate of increase than that seen for the previous two quarters. Fresh fruit and vegetables and tea recorded notable price increases.

Downward contributors to the Retail Prices Index were:

- **Fares & other travel costs:** fell, overall, by 8% over the year to March 2010, contributing -0.3 percentage points to the annual change in the RPI. Recent increases in bus fares and parking charges were more than offset by decreases in air and ferry fares on an annual basis.
- **Clothing & footwear:** contributed -0.1 percentage points to the overall change in the RPI with prices in this group falling by 2% on an annual basis, notably for men's and women's outerwear.

The majority of the remaining groups contributed between 0.0 and 0.2 percentage points to the overall annual change in the RPI.

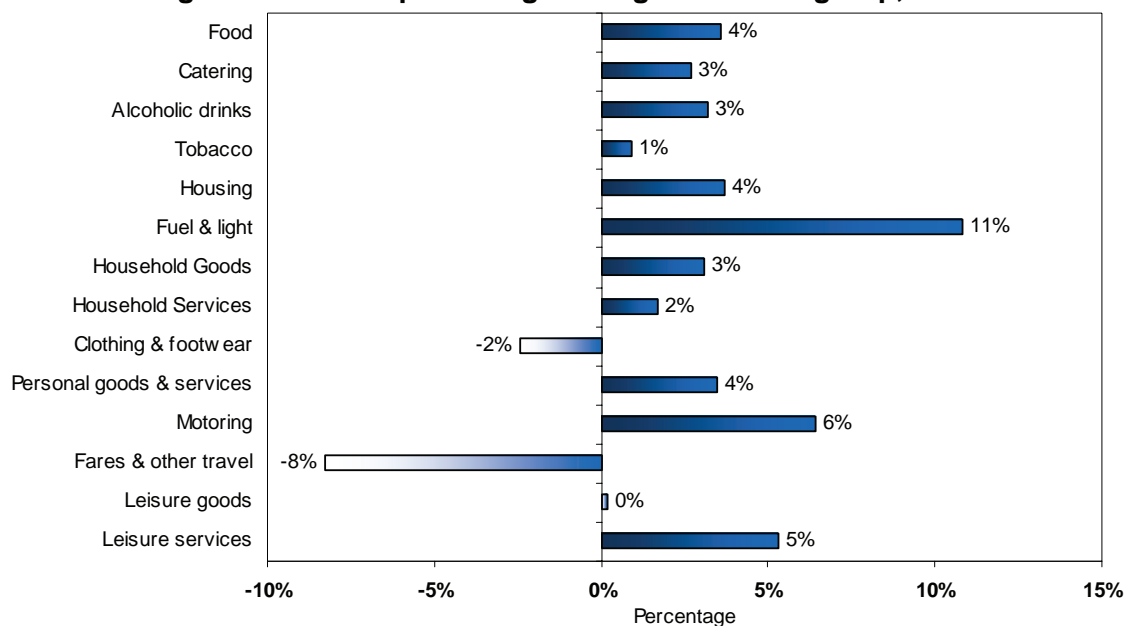
There were no changes in excise duties (impôts) on alcohol, tobacco or motor fuels over the twelve months to March 2010.

A Goods and Services Tax (GST) was introduced in Jersey in May 2008 and had an upward influence on the annual change in the RPI for the first time in June 2008, contributing 1.9 percentage points across the groups³. This upward contribution remained present in the annual rate of change of the RPI for the subsequent three quarters before dropping out in June 2009.

Figure 2 shows the percentage change for each group over the twelve months to March 2010.

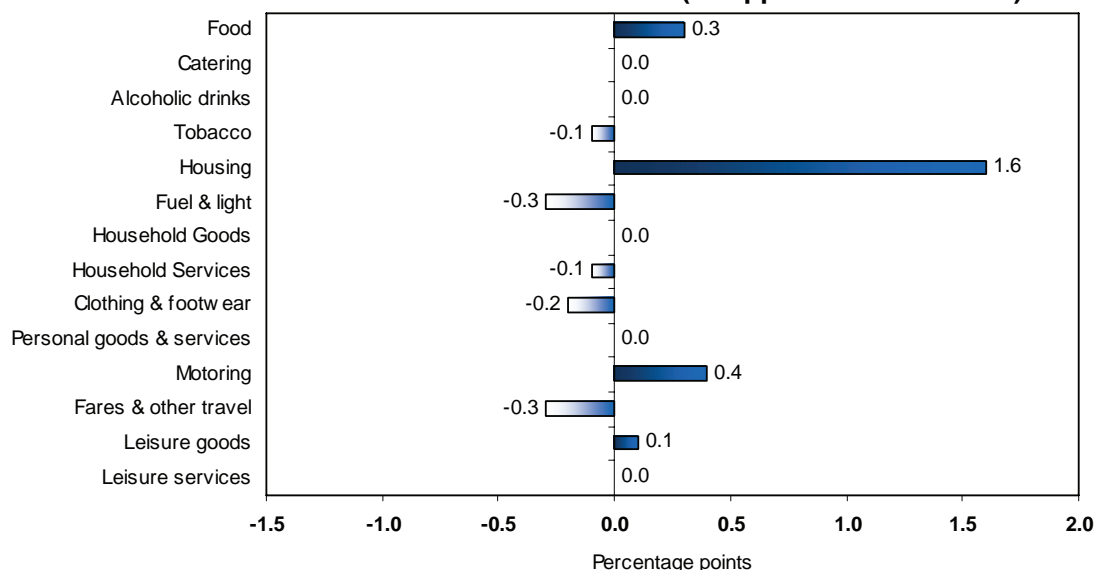
³ The introduction of GST introduced a similar upward contribution of 2.1 percentage points to the annual change of RPI(X).

Figure 2 - Annual percentage changes for each group, March 2010



There was an increase of 1.5 percentage points in the annual change of Jersey's RPI between December 2009 and March 2010, from 1.7% to 3.2%. 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 Dec 2009 and March 2010 (+1.5pp from 1.7% to 3.2%)



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

As is apparent from Figure 3, the **Housing** group was the largest contributor to the increase in the annual rate of change of the RPI with prices, overall, rising in the twelve months to March 2010 (by 4%) compared to an overall decrease in the year to December 2009 (-4%).

Within the Housing group, the change in mortgage interest payments was the key upward driver, due to the effect of the change in the Bank of England base rate on an annual basis. The base rate stood at 0.5% in March 2009 and in March 2010, and hence exhibited no change over the latest twelve month period, whereas it was 1.5 percentage points lower in December 2009 than a year previously.

Motoring costs contributed 0.4 percentage points to the change in the annual rate, with prices increasing by 6% in the year to March 2010 compared to a rise of 3% in the twelve months to December 2009. This difference is largely due to petrol and diesel prices which saw a larger increase in the twelve months to March 2010 (23%) than in the year to December 2009 (12%).

The **Food** group was also an upward influence, with prices rising at a faster rate in the twelve months to March 2010 (4%) than in the twelve months to December 2009 (1%), thereby contributing an upward 0.3 percentage points to the change in the annual rate.

The **Fuel & light** and **Fares & other travel groups** were the largest downward influences on the change in the annual rate. Fuel & light saw prices, overall, increase at a lower rate over the twelve months to March 2010 (11%) than December 2009 (21%), whilst Fares & other travel saw prices, overall, decrease at a greater rate (-8% over the year to March 2010 compared with -2% for December 2009).

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	2009 Mar	2009 Jun	2009 Sep	2009 Dec	2010 Mar	Annual change (percent)	Quarterly change (percent)
Food	143.2	143.6	144.0	144.3	148.4	3.6	2.8
Catering	139.0	138.8	140.9	142.1	142.8	2.7	0.5
Alcoholic drinks	146.0	149.6	150.3	146.8	150.7	3.2	2.7
Tobacco	194.0	196.0	197.7	196.0	195.8	0.9	-0.1
Housing	145.5	145.5	147.5	149.0	150.9	3.7	1.3
Fuel & light	181.1	184.4	188.9	197.8	200.7	10.8	1.5
Household goods	104.7	106.4	106.3	106.9	107.9	3.1	0.9
Household services	145.6	146.3	147.5	147.7	148.1	1.7	0.3
Clothing & footwear	84.8	82.4	83.7	84.6	82.8	-2.4	-2.1
Personal goods & services	135.0	137.2	138.3	138.9	139.7	3.5	0.6
Motoring	135.4	141.3	141.6	140.3	144.1	6.4	2.7
Fares & other travel	189.5	179.7	179.8	171.5	173.8	-8.3	1.3
Leisure goods	83.2	84.3	83.3	84.0	83.4	0.2	-0.7
Leisure services	148.0	150.7	152.9	154.6	155.9	5.3	0.8
All items	137.3	138.5	139.6	140.0	141.7	3.2	1.2

Quarterly changes

On a quarterly basis, the RPI increased by 1.2% between December 2009 and March 2010.

Food costs: increased by 3% in the latest quarter, contributing 0.3 percentage points to the overall quarterly change (see Figure 4). Fresh fruit and vegetables saw notable price rises over the quarter.

Housing costs: also contributed 0.3 percentage points to the quarterly change; price increases were recorded across the majority of the group.

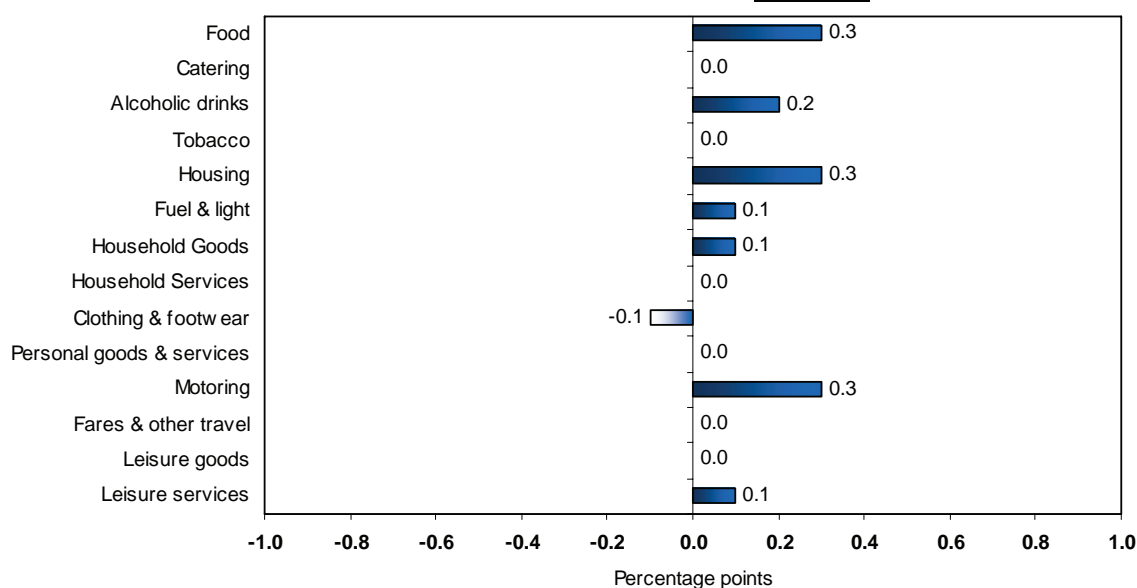
Motoring: was the other key upward driver, with prices rising by almost 3% over the latest three month period, contributing 0.3 percentage points to the overall quarterly change. Motor fuel prices increased by about 7p per litre, on average, over the quarter.

Alcoholic drinks: contributed 0.2 percentage points to the quarterly change, as a result of price increases seen across the majority of the group. Excise duties (impôts), which have increased each January in recent years, were unchanged in January 2010.

Clothing & footwear costs: were a downward influence on the quarterly change, with price falls seen across the group, resulting in a contribution of -0.1 percentage points.

The remaining groups remained essentially stable, overall, in the latest quarter or recorded small upward contributions of 0.1 percentage points.

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



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

Excluding house purchase costs: RPI(X)

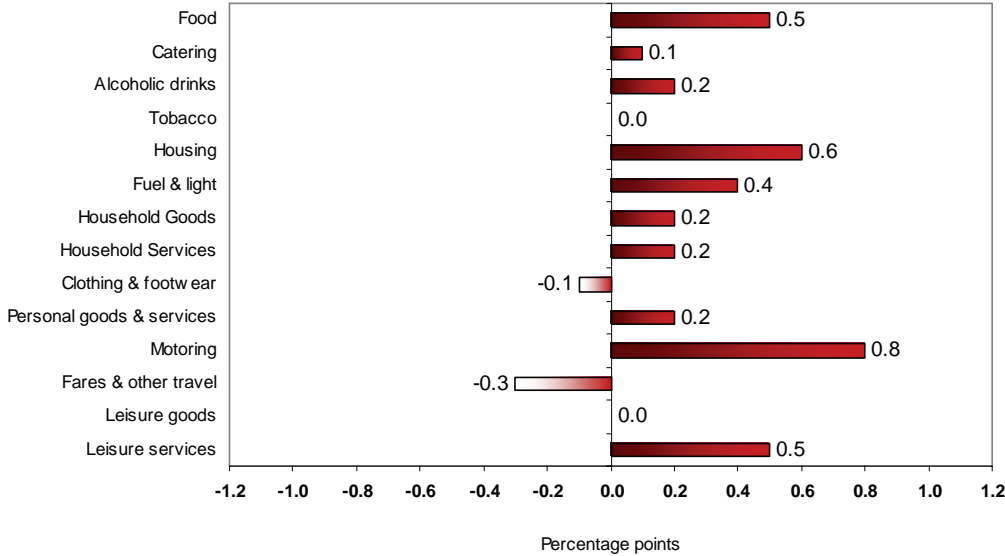
RPI(X) is the RPI excluding the cost of mortgage interest payments. The annual change in RPI(X) is often considered as a measure of underlying inflation.

In the twelve months to March 2010 **RPI(X) increased by 3.3%** to 140.7.

The latest annual change in RPI(X) is 0.2 percentage points lower than that for the twelve months to December 2009 (3.5%).

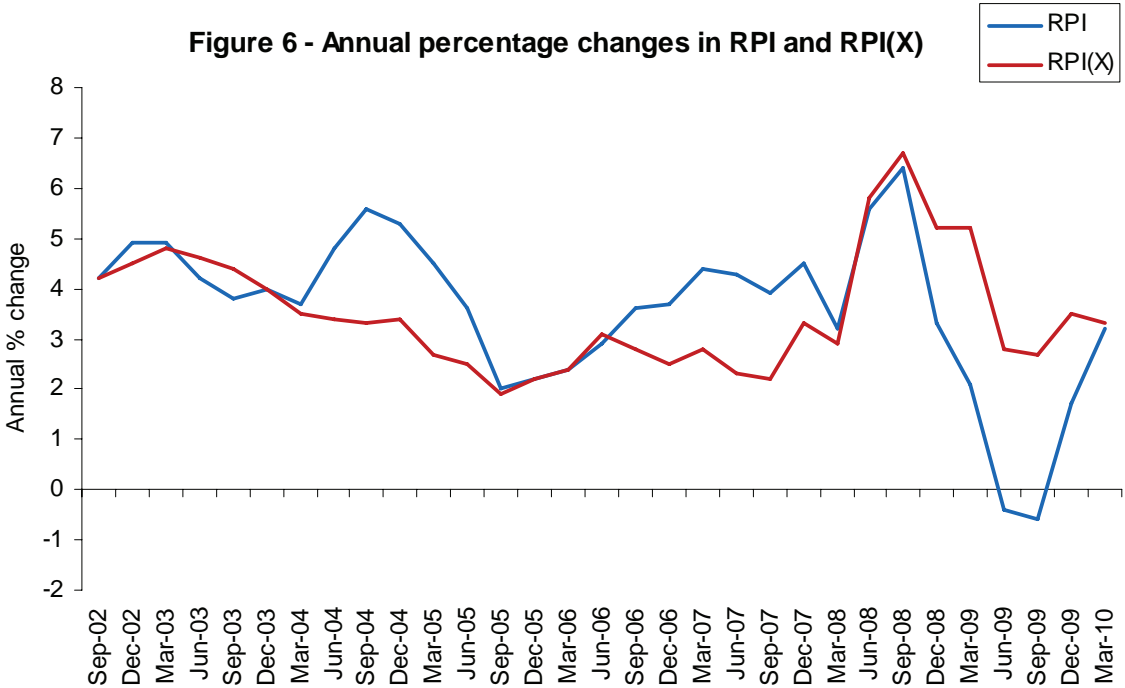
As illustrated by Figure 5, each of the groups were similar upward and downward contributors to RPI(X) as described for the RPI.

Figure 5 - Contribution of each group to annual change in the RPI(X)



The introduction of GST (in May 2008) resulted in an upward contribution of 2.1 percentage points to the annual change of RPI(X) for each of the subsequent four quarters and dropped out of the annual measure in June 2009 (Figure 6).

Figure 6 - Annual percentage changes in RPI and RPI(X)



On a quarterly basis, RPI(X) increased by 1.2% between December 2009 and March 2010.

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 latter provides a further measure of underlying inflation by removing the effect not only of mortgage interest payments but also of indirect taxes. Table 2 shows the latest annual increases for these indices.

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-07	3.2	3.5	3.5	3.7
Mar-08	2.9	2.9	2.9	2.7
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

The annual rates of increase of RPI(Y), RPI Pensioners and RPI Low Income were all lower in the latest quarter than in December 2009.

RPI Pensioners recorded a higher rate of increase over the twelve months to March 2010 (3.6%) than that for RPI(X) for the same period (3.3%). This difference was largely due to the increases seen in Fuel & light, Leisure services and the non-purchase elements of the Housing group receiving greater weight in RPI Pensioners than in RPI(X).

In contrast, RPI Low Income recorded a lower annual rate of increase than RPI(X) over the twelve months to March 2010 (3.1% compared with 3.3%, respectively). The greater weight given to the increases seen for Food and Housing in RPI Low Income was more than offset by the lower weight ascribed to the increases seen for Motoring, Household services and Leisure services.

Comparison with other jurisdictions

The rates of increase of the RPI in Jersey, Guernsey and the UK are shown in Table 3. 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.

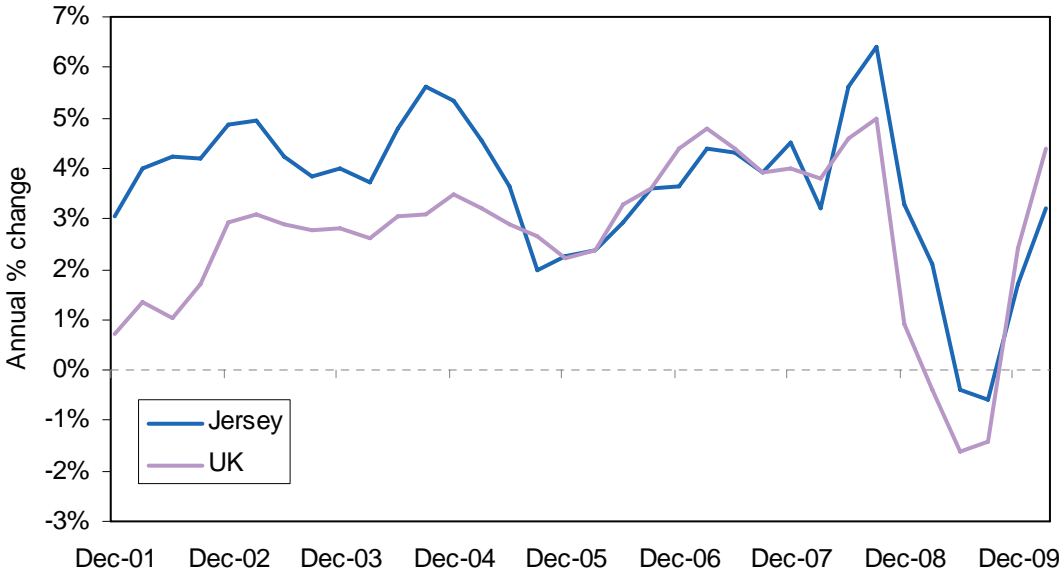
Table 3: Annual % increases in RPI and RPI(X) for Dec 2009 and Mar 2010

	RPI		RPI(X)		RPI(Y)	
	Dec 09	Mar 10	Dec 09	Mar 10	Dec 09	Mar 10
Jersey	1.7	3.2	3.5	3.3	3.6	3.4
UK	2.4	4.4	3.8	4.8	3.8	3.5
Guernsey	2.2	3.4	2.9	3.1	2.7	2.8

As in the case of the Jersey RPI, the Motoring, Housing and Fuel & light groups were the largest contributors to the annual change of the Guernsey RPI. The Food group recorded similar annual percentage changes (3.5% in Guernsey and 3.6% in Jersey) and contributions to the RPIs (0.4 percentage points). In contrast, Household services saw a decrease of 2% on an annual basis in Guernsey compared with a 2% increase seen in Jersey, and the Fares and other travel group saw prices decrease, overall, by 1% in Guernsey but by 8% in Jersey over the twelve months to March 2010.

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 7.

Figure 7 - Annual percentage change in RPI: Jersey and UK 2001 - 2010



Motoring costs account for the majority of the difference of 1.2 percentage points seen in the annual change of the RPI in the UK (4.4%) and Jersey (3.2%). This group contributed 2.1 percentage points to the overall change of the RPI in the UK, with prices rising by 17% on average; in Jersey, Motoring costs rose by 6% and contributed 0.7 percentage points to the annual change.

The Clothing & footwear and Fares & other travel groups recorded overall price increases in the UK (of 4% and 5%, respectively) but decreases in Jersey (of -2% and -8%, respectively).

Both jurisdictions recorded similar increases in the price of motor fuels (of around a quarter on an annual basis), whilst the Fuel & light group saw prices fall overall in the UK (-4%) but increase in Jersey (11%).

Due to the increase in the VAT rate in the UK in January 2010 (reverting back to 17.5%), the pertinent measure of underlying inflation is that afforded by RPI(Y). Over the twelve months to March 2010 the annual change in RPI(Y) was similar in the two jurisdictions: 3.5% in the UK and 3.4% 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). The most recent 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.
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 stood at 1.5% on 8th January 2009. It then fell, to 1.0% on 5th February 2009 and to 0.5% on 5th 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) and Air Passenger 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 June 2010 Index will be released on Friday 23rd July 2010.
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 Nicky Berry – 01534 440425; e-mail: statistics@gov.je).

ALL ITEMS RETAIL PRICES INDEX: 2000 - 2010								
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
2010	Dec	140.0	1.7	2.4	2.2	0.3	1.3	0.0
	Mar	141.7	3.2	4.4	3.4	1.2	1.2	0.7

RETAIL PRICES INDEX EXCLUDING HOUSE PURCHASE COSTS: 2000 - 2010						
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