

Jersey Retail Prices Index September 2010

Statistics Unit: www.gov.je/statistics



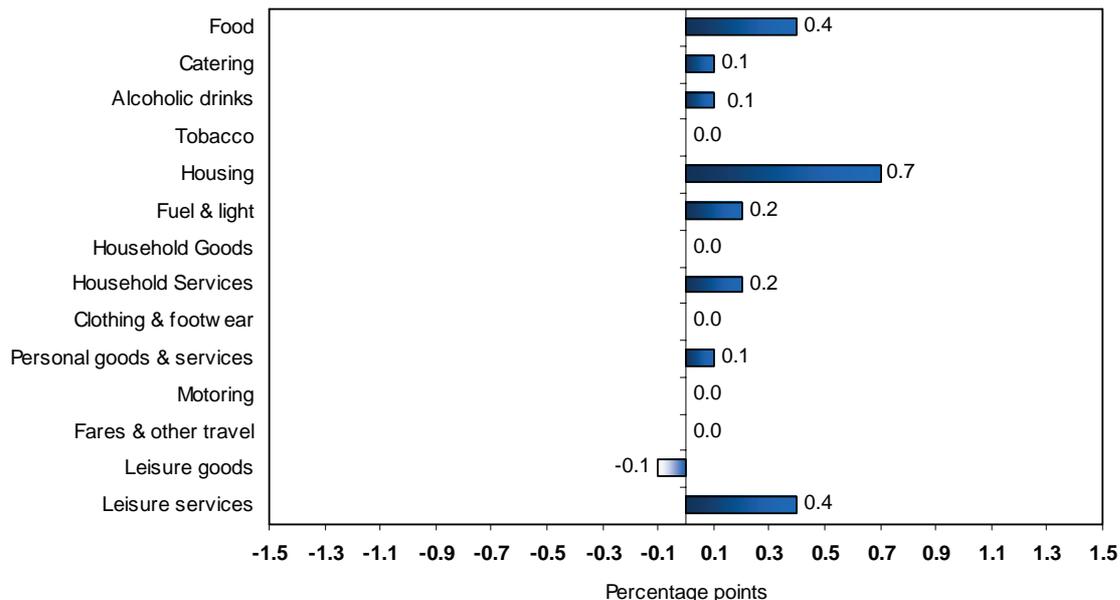
Summary

- During the twelve months to September 2010 the All-Items Retail Prices Index (RPI) for Jersey **increased by 2.1%** to stand at 142.6 (June 2000 = 100).
- The change in the RPI during the twelve months to June 2010 was 2.8%, implying that the **annual rate of inflation fell by 0.7 percentage points** in the latest quarter.
- **RPI(X)¹ and RPI(Y)² increased by 1.9% and 2.0%, respectively**, over the twelve months to September 2010.
- Both measures of **underlying inflation**, the annual increases in RPI(X) and RPI(Y), fell by 0.7 percentage points in the latest quarter.
- The latest annual increase in RPI(X) equals the lowest recorded in the ten-year period that this index has been produced for Jersey.
- The annual rates of increase of **RPI Pensioners** and **RPI Low Income** over the twelve months to September 2010 were 2.0% and 2.1%, respectively.

Annual change

Figure 1 shows the contribution by each group of the all-items RPI to the overall annual increase of 2.1%.

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



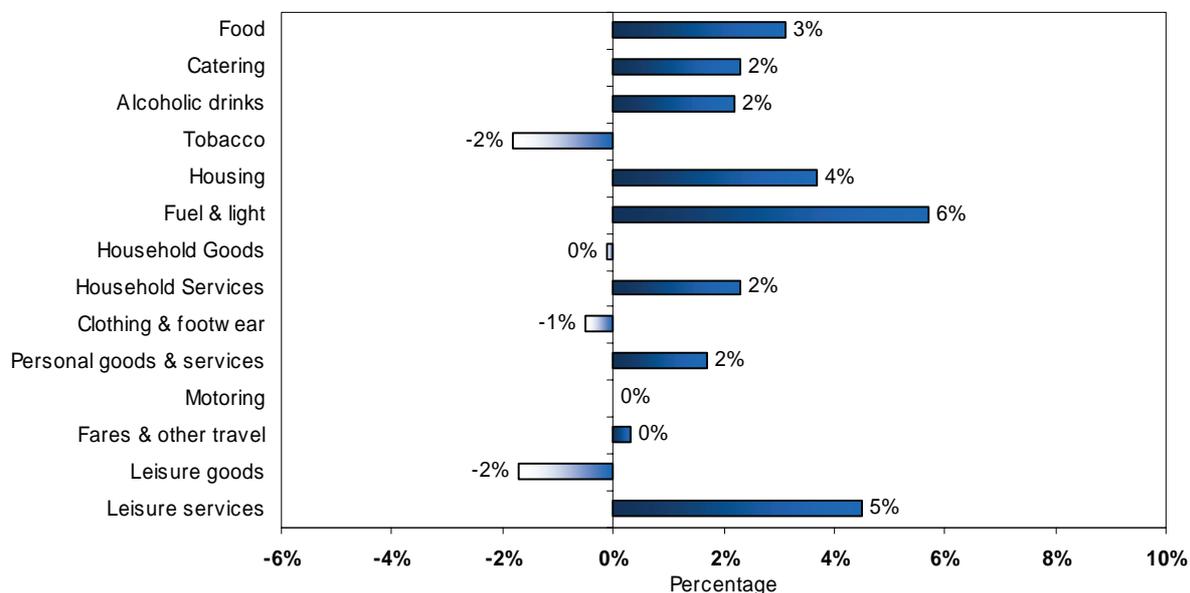
¹ RPI(X): the RPI excluding mortgage interest payments.

² RPI(Y): the RPI excluding mortgage interest payments and 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 September 2010 (see Figure 2) contributing 0.7 percentage points to the overall change in the RPI. Price rises 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. In contrast, rates in September 2010 were marginally lower, on average, than a year earlier.
- **Food costs:** rose by 3% over the year to September 2010 and contributed 0.4 percentage points to the overall annual change in the RPI. Notable price increases were recorded for fresh vegetables and potatoes.
- **Leisure services:** contributed 0.4 percentage points to the annual change in the RPI. The cost of foreign holidays rose by 5% over the twelve months to September 2010, and the £3 rise in the price of television licences in April 2010 also contributed to the annual increase recorded by this group.
- **Fuel & light costs:** rose by 6%, overall, between September 2009 and September 2010, contributing 0.2 percentage points to the annual change in the RPI. The cost of domestic heating oil rose by 29% over the year to September 2010, whilst gas prices were 17% higher than a year earlier. In contrast, electricity prices fell by 5% in January 2010.
- **Household services:** also contributed 0.2 percentage points to the annual change, with prices increasing by 2% in the twelve months to September 2010. This group includes school fees, which rose in this quarter.

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



The main downward contributor to the Retail Prices Index was the **Leisure goods** group which saw prices fall by 2% on average over the year to September 2010, contributing -0.1 percentage points to the annual change in the RPI. Decreases in prices were seen across the majority of the group, which includes audio-visual equipment, CDs and DVDs, toys and sporting goods.

The remaining groups contributed between 0.0 and 0.1 percentage points to the overall annual change in the RPI. Within the **Motoring** group, the average prices of petrol and diesel rose by 5p and 6p per litre, respectively, on an annual basis.

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

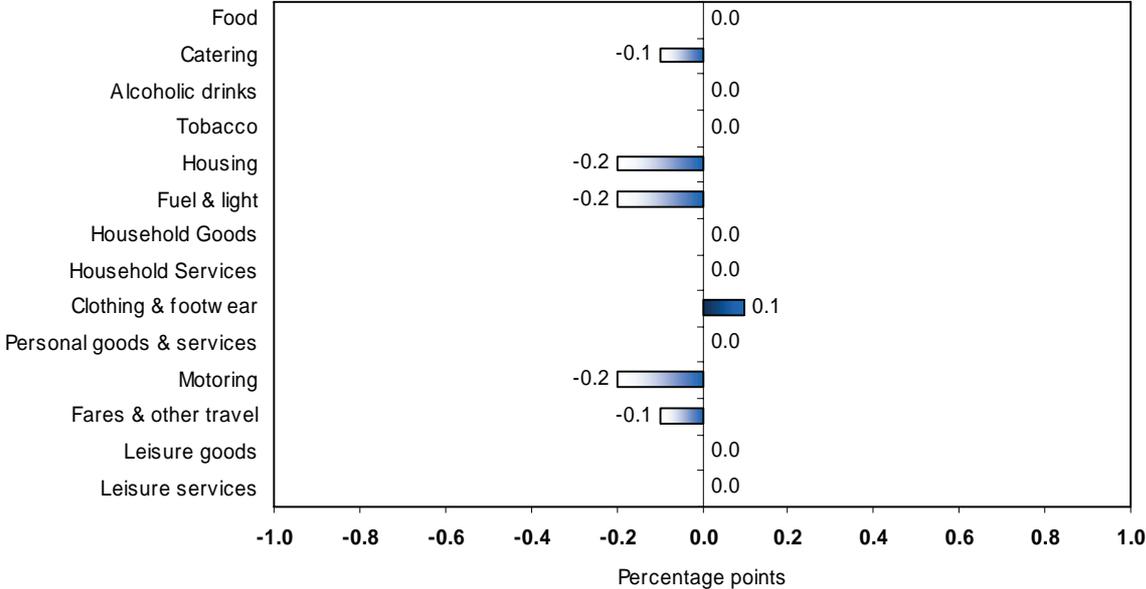
Individual group indices are presented in Table 1, which also includes the most recent annual and quarterly percentage changes.

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

GROUP	2009 Sep	2009 Dec	2010 Mar	2010 Jun	2010 Sep	Annual change (percent)	Quarterly change (percent)
Food	144.0	144.3	148.4	148.3	148.4	3.1	0.1
Catering	140.9	142.1	142.8	145.3	144.1	2.3	-0.8
Alcoholic drinks	150.3	146.8	150.7	151.3	153.6	2.2	1.5
Tobacco	197.7	196.0	195.8	194.1	194.1	-1.8	0.0
Housing	147.5	149.0	150.9	152.4	152.9	3.7	0.3
Fuel & light	188.9	197.8	200.7	202.2	199.6	5.7	-1.3
Household goods	106.3	106.9	107.9	106.7	106.2	-0.1	-0.5
Household services	147.5	147.7	148.1	149.1	150.9	2.3	1.2
Clothing & footwear	83.7	84.6	82.8	81.1	83.3	-0.5	2.7
Personal goods & services	138.3	138.9	139.7	140.4	140.7	1.7	0.2
Motoring	141.6	140.3	144.1	144.3	141.6	0.0	-1.9
Fares & other travel	179.8	171.5	173.8	184.0	180.4	0.3	-2.0
Leisure goods	83.3	84.0	83.4	83.0	81.9	-1.7	-1.3
Leisure services	152.9	154.6	155.9	157.5	159.8	4.5	1.5
All items	139.6	140.0	141.7	142.4	142.6	2.1	0.1

There was a fall of 0.7 percentage points in the annual rate of increase of Jersey's RPI between June and September 2010, from 2.8% to 2.1%. 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 June and September 2010 (-0.7pp from 2.8% to 2.1%)



Several groups recorded lower annual rates of increase over the twelve months to September 2010 compared with the twelve months to June 2010, resulting in negative (i.e. downward) contributions to the change in the overall annual rate of increase of the RPI.

In particular, the **Fuel & Light** group recorded an annual increase of 6% in September 2010 compared with a 10% increase over the year to June 2010, due to the price of domestic heating oil increasing at a lower rate. As a result, this group gave a downward contribution of -0.2 percentage points to the change in the overall increase of the RPI.

The **Clothing & footwear** group was the only upward contributor to the change in the annual rate of increase of the RPI, having seen a smaller fall in average prices over the twelve months to September 2010 (-0.5%) than for June 2010 (-2%).

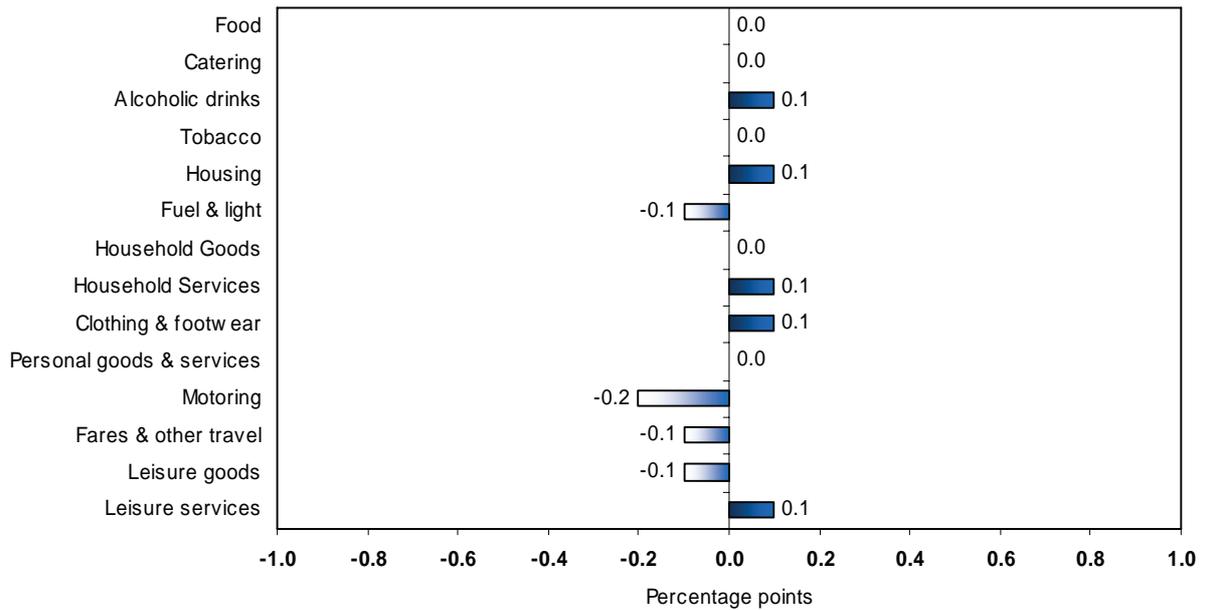
Quarterly changes

On a quarterly basis, the RPI increased by 0.1% between June and September 2010.

As is apparent from Table 1, most groups saw small changes in average prices over the latest quarter and contributed between ±0.1 percentage points to the overall quarterly change of the RPI (see Figure 4).

The downward contribution of the **Motoring** group of -0.2 percentage points was predominantly due to lower prices for motor vehicles and motor fuels, the average prices of petrol and diesel falling by 3p and 2p per litre, respectively, over the quarter.

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

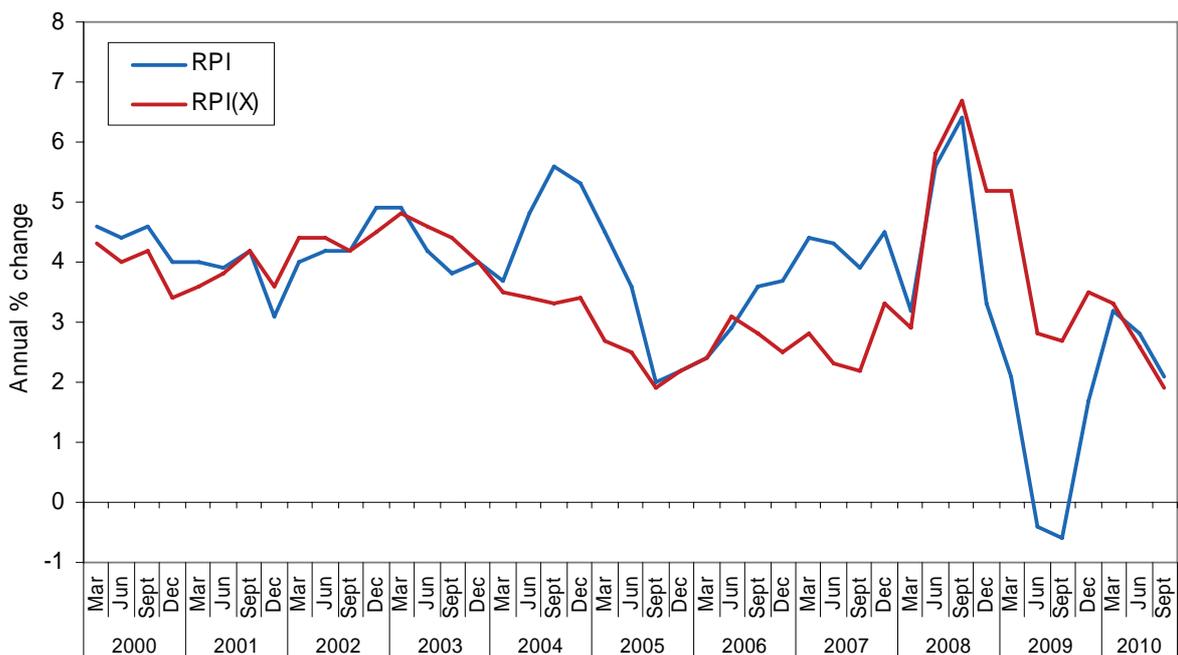
Excluding house purchase costs: RPI(X)

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 September 2010 **RPI(X) increased by 1.9%** to 141.4.

The latest annual increase in RPI(X) equals the lowest recorded in the ten-year period that this index has been produced for Jersey – a similar annual increase of 1.9% was seen in September 2005 (Figure 5).

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



On a quarterly basis, RPI(X) remained unchanged between June and September 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
Jun-10	2.6	2.7	2.7	2.6
Sep-10	1.9	2.0	2.0	2.1

Both measures of underlying inflation, the annual changes in RPI(X) and RPI(Y), were 0.7 percentage points lower in September 2010 than in June 2010.

The annual rates of increase of RPI Pensioners and RPI Low Income were also lower in the latest quarter, by 0.7 and 0.5 percentage points, respectively.

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 June and September 2010

	RPI		RPI(X)		RPI(Y)	
	Jun 10	Sep 10	Jun 10	Sep 10	Jun 10	Sep 10
Jersey	2.8	2.1	2.6	1.9	2.7	2.0
UK	5.0	4.6	5.0	4.6	3.8	3.4
Guernsey	2.3	1.6	2.4	2.3	2.1	2.0

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.

Motoring costs accounted for almost half of the total difference of 2.5 percentage points in the annual changes of the RPI in the UK (4.6%) and Jersey (2.1%). Prices in the Motoring group rose by 8%, on average, in the UK during the year to September 2010 but were essentially unchanged in Jersey over the same period.

All other groups, with the exception of Fuel & light, saw greater annual rates of increase, or smaller rates of decrease, in the UK than in Jersey in September 2010. In particular, Clothing & footwear and Household goods saw increases of 9% and 4%, respectively, in average prices in the UK over the twelve months to September 2010 but recorded small decreases in Jersey over the same period, whilst Food prices were up by almost 5% in the UK but by 3% in Jersey.

In contrast, the Fuel & light group saw average prices increase by 6% in Jersey but fall by 2% in the UK. Although Jersey recorded a larger decrease in electricity prices (-5% in Jersey compared with -0.5% in the UK), gas prices increased in Jersey over the year but fell in the UK and domestic heating oil (which appears with a considerably greater weight in the Jersey RPI) increased at a greater rate in Jersey (29%) than in the UK (22%).

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 6.

Figure 6 - Annual percentage change in RPI: Jersey and UK 2000 - 2010



Due to the increase in the VAT rate in the UK in January 2010 (reverting back to 17.5%), the pertinent comparative measure of underlying inflation is that afforded by RPI(Y). Over the twelve months to September 2010 the annual change in RPI(Y) for Jersey (2.0%) was less than that of the UK (3.4%).

The Housing and Household services groups were the main contributors to the differences between the annual rates of increase of the RPI in Jersey and Guernsey.

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 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, and has remained at this level to date.
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 December 2010 Index will be released on Wednesday 26th January 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 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
	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

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
	Jun	141.4	2.6	5.0	2.4	0.5
	Sep	141.4	1.9	4.6	2.3	0.0