Jersey Retail Prices Index March 2012



Statistics Unit: www.gov.je/statistics

Summary

- During the twelve months to March 2012 the All Items Retail Prices Index (RPI) for Jersey <u>increased by 4.7%</u> to stand at 153.0 (June 2000 = 100).
- The change in the RPI during the twelve months to December 2011 was 5.0%, implying that the **annual rate of inflation fell by 0.3 percentage points** (pp) in the latest quarter.
- The increased cost of **Motoring**, **Food** and **Housing** were key contributors to the latest annual rate of inflation.
- The increase in the rate of the **Goods and Services Tax (GST)**¹ in June 2011 accounted for 1.3 pp of the latest annual rate of inflation.
- **RPI(X)² increased by 4.9%** over the twelve months to March 2012, a rate of increase 0.2 pp lower than in the previous quarter.
- **RPI Pensioners increased by 4.4%** and **RPI Low Income increased by 4.9%** over the twelve months to March 2012; both rates of increase were lower than in the previous quarter.
- **Underlying inflation**³ as measured by **RPI(Y) increased by 3.5%** over the twelve months to March 2012, a rate of increase 0.2 pp 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 4.7%.

0.2

0.2

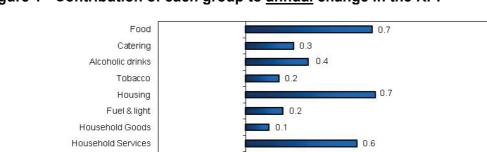
0.1

0.3

0.5 Percentage points 0.8

1.0

1.5



-0.1 🗖

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

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

-0.5

² RPI(X): the RPI excluding mortgage interest payments.

Clothing & footwear

Fares & other travel

Leisure goods

Leisure services

Motoring

Personal goods & services

³ RPI(Y): the RPI excluding mortgage interest payments and indirect taxes (e.g. GST and impôts).

0.0

As Figures 1 and 2 show, overall price increases were seen for almost all groups on an annual basis.

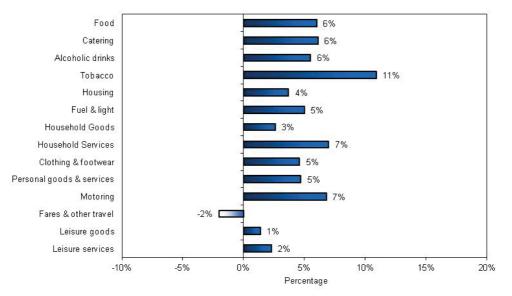


Figure 2 - Annual percentage changes for each group, March 2012

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

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

- **Motoring:** costs rose by 7%, on average, over the twelve months to March 2012, contributing 0.8 pp to the overall annual change. Increases were seen for petrol and diesel, up by 13p and 9p per litre respectively, and also for the cost of insurance.
- **Food:** prices rose by 6%, on average, between March 2011 and March 2012, contributing 0.7 pp to the annual change in the RPI. Price increases of more than 10% were recorded for cereals, cheese, processed meat, oils and fats. In contrast, fresh fruit and vegetables and eggs saw marginally lower mean prices on an annual basis.
- Housing: costs rose by 4%, on average, over the year to March 2012, contributing 0.7 pp to the annual change in 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 2011), 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 March 2012. The increase in postage rates in May 2011 and of school fees in September 2011 were significant factors in the annual increase recorded by this group.
- **Alcoholic drinks:** costs rose by 6%, on average, over the twelve months to March 2012, contributing 0.4 pp to the annual change in the RPI.
- **Tobacco:** costs rose by 11%, on average, over the twelve months to March 2012, contributing 0.2 pp to the annual change in the RPI.

In contrast, **Fares & other travel** costs fell by 2%, on average, over the twelve months to March 2012, contributing a <u>downward</u> -0.1 pp to the annual change in the RPI.

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

Increased **impôts duties** on alcohol and tobacco in January 2012 contributed +0.05 and +0.1 pp, respectively, 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.

GROUP	2011 Mar	2011 Jun	2011 Sep	2011 Dec	2012 Mar	Annual change (percent)	Quarterly change (percent)
Food	153.8	157.6	159.5	158.4	163.1	6.0	3.0
Catering	143.8	148.0	149.6	150.9	152.6	6.1	1.1
Alcoholic drinks	160.4	161.7	162.7	161.9	169.3	5.5	4.6
Tobacco	206.4	211.7	212.0	212.5	228.9	10.9	7.7
Housing	155.8	157.7	159.1	159.9	161.6	3.7	1.1
Fuel & light	223.1	224.9	225.3	226.3	234.3	5.0	3.5
Household goods	105.4	106.1	106.8	106.7	108.1	2.6	1.3
Household services	151.7	159.0	161.3	160.6	162.3	7.0	1.1
Clothing & footwear	82.8	83.5	86.8	85.5	86.6	4.6	1.3
Personal goods & services	141.5	144.2	145.4	145.8	148.1	4.7	1.6
Motoring	149.4	152.9	157.0	159.0	159.5	6.8	0.3
Fares & other travel	184.0	186.2	179.9	165.0	180.4	-2.0	9.3
Leisure goods	83.1	85.0	84.8	86.3	84.3	1.4	-2.3
Leisure services	161.4	162.3	163.2	164.4	165.1	2.3	0.4
All items	146.1	148.8	150.3	150.4	153.0	4.7	1.7

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

There was a decrease of 0.3 pp in the annual rate of change of Jersey's RPI between December 2011 and March 2012, from 5.0% to 4.7%. The contributions of each group to the <u>change</u> in the annual rate are shown in Figure 3.

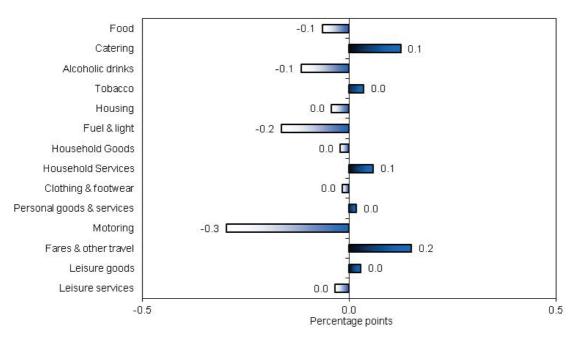


Figure 3 - Contributions to change in annual rate of change of RPI between Dec 2011 and Mar 2012 (-0.3 pp from 5.0% to 4.7%)

The largest contribution to the <u>change</u> in the annual rate was from **Motoring** costs which contributed a downward -0.3 pp to the change in the overall annual rate. The Motoring group recorded a lower increase in prices over the twelve months to March 2012 (7%) compared with the twelve months to December 2011 (9%).

The largest upward contribution to the <u>change</u> in the annual rate was from **Fares & other travel** costs, which recorded a lower decrease in prices over the twelve months to March 2012 (-2%) than over the twelve months to December 2011 (-7%), and thereby contributed an upward 0.2 pp to the change in the overall annual rate.

The contributions of each of the other groups to the change in the annual rate were small, between -0.2pp and +0.1pp.

Quarterly changes

On a quarterly basis, the RPI increased by 1.7% between December 2011 and March 2012.

The **Food** group was the largest contributor to the quarterly increase of the RPI (see Figure 4). Prices in the group rose by 3%, on average, over the quarter, resulting in an upward contribution of +0.4 pp to the index.

Alcoholic drinks contributed +0.3 pp to the quarterly increase of the RPI, with prices rising by 4.6%, on average, during the quarter. Increased impôts in January 2012 accounted for 0.05 pp of the contribution from this group.

The **Housing** and **Fares & other travel** groups each contributed +0.2 pp to the quarterly change in the RPI, with prices in these groups increasing by 1% and 9%, respectively, over the quarter.

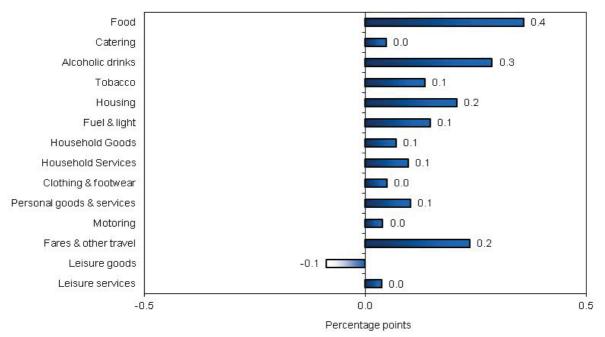


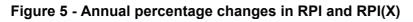
Figure 4 - Contribution of each group to quarterly change in the RPI

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

Excluding house purchase costs: RPI(X)

RPI(X) is the RPI excluding the cost of mortgage interest payments. During the twelve months to March 2012 RPI(X) increased by 4.9% to 151.9. The increase in the rate of GST in June 2011 contributed approximately 1.4 pp to the annual change of 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 apparent.





On a quarterly basis, RPI(X) increased by 1.8% between December 2011 and March 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.

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

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

The annual increase of RPI(Y) in March 2012 was 3.5%; representing a decrease of 0.2 pp in the rate of underlying inflation in the latest quarter.

The annual rates of increase of RPI Pensioners and RPI Low Income in March 2012 were 4.4% and 4.9% respectively. These indices recorded annual rates of increase which were 0.6 pp and 0.1 pp lower, respectively, than in the previous quarter.

Due to the increase in the rate of GST in June 2011, 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 Figure 7 shows the annual percentage changes of each RPI(Y) group,

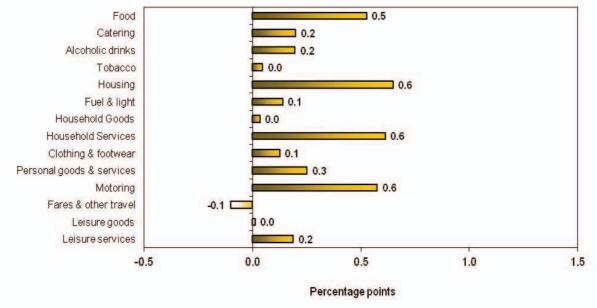
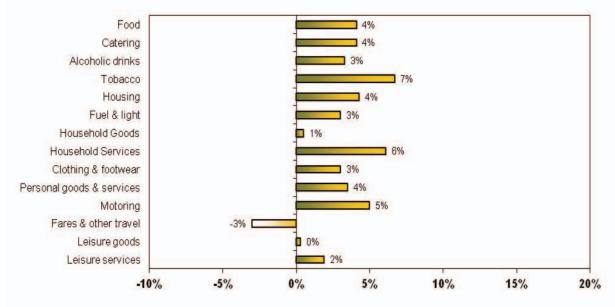


Figure 6 - Contribution of each group to annual change in RPI(Y)

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

- Housing, Household Services, Motoring and Food were the largest contributors to the annual rate of increase of RPI(Y); see Figure 6.
- **Tobacco** and **Household Services** saw the greatest percentage increases on an annual basis (see Figure 7).

Figure 7 - Annual percentage changes for each group of RPI(Y), March 2012



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

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.

	RPI Dec 11 Mar 12		RP	I(X)	RPI(Y)	
			Dec 11 Mar 12		Dec 11	Mar 12
Jersey	5.0	4.7	5.1	4.9	3.7	3.5
UK	4.8	3.6	5.0	3.7	3.7	3.9
Guernsey	3.2	3.5	2.8	3.2	2.7	3.1

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 the RPI in Jersey than in the UK; prices in this group rose by 5% in Jersey on an annual basis and by 10% in the UK.
- **Fuel & light group** also contributed 0.3 pp less to the increase of Jersey's RPI than that of the UK; prices rose by 5% in Jersey on an annual basis and by 11% in the UK over the same period.
- in contrast, Motoring costs saw a greater increase in Jersey (7%) than in the UK (2%) on an annual basis and contributed 0.5 pp more to the change in the RPI in Jersey than in the UK.
- the Housing group also saw a greater rate of increase in Jersey (4%) than in the UK (1%) over the twelve months to March 2012; this group contributed 0.4 pp more to the annual change of the RPI in Jersey than in the UK.
- Household services also recorded a greater increase in Jersey (7%) than in the UK (3%) over the twelve months to March 2012, and contributed 0.4 pp more to the annual change of the RPI in Jersey than in the UK.

Food costs saw a greater increase in Jersey (up by 6.0%) than in the UK (4.7%) between March 2011 and March 2012. Removing the effect of the rise in the rate of GST in Jersey in June 2011, however, showed that the increase in Food costs in Jersey over the twelve-month period (4.1%) was marginally below that 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.

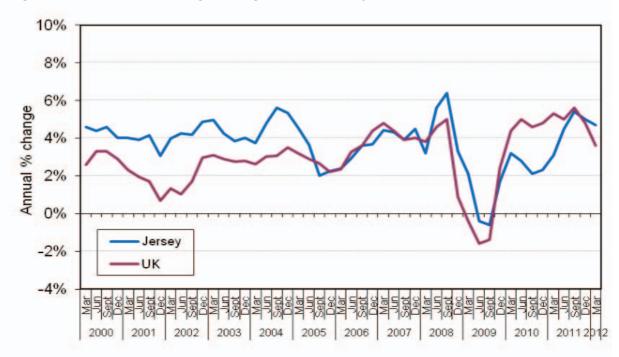


Figure 8 – Annual percentage change in RPI: Jersey and UK 2000 - 2011

Due to 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 March 2012 the annual change of RPI(Y) in Jersey (3.5%) was below that of the UK (3.9%).

As Figure 9 shows, the annual rate of increase of RPI(Y) in Jersey has been similar to or below that of the UK for more than two years, since December 2009.

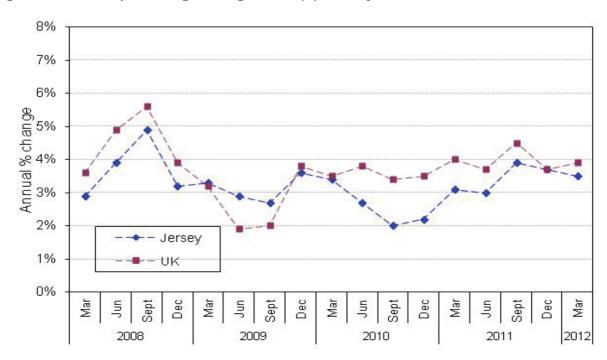


Figure 9 – Annual percentage change in RPI(Y): Jersey and UK 2008 - 2012

Comparing price indices with Guernsey, the increase in the rate of GST in Jersey in June 2011 was the largest single factor accounting for the greater annual rates of increase of RPI and RPI(X) for Jersey in March 2012.

At group level, Jersey saw notably greater annual rates of increase for: Household services (up by 7% in Jersey and almost unchanged in Guernsey); and Clothing & footwear (up 5% in Jersey, but down 1% in Guernsey).

In contrast, the Housing, Fuel & light and Household goods groups all saw greater rates of increase in Guernsey than in Jersey.

Between March 2011 and March 2012, the Food groups in the Jersey and Guernsey RPIs saw similar overall increases, once the effect of the rise in GST in Jersey has been removed: up by 4.1% in Jersey and by 3.8% in Guernsey.

The quarterly change of the RPI was the same in both islands: up by 1.7%.

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 June 2012 Index will be released on Friday 20 July 2012.
- The Jersey Retail Prices Index is compiled by the Statistics Unit, The Parade, St. Helier, JE4 8QT; (enquiries to Helen Hale – 01534 440465 and Kim Guegan – 01534 440423; e-mail: statistics@gov.je).

Statistics Unit 25 April 2012

ALL ITEMS RETAIL PRICES INDEX: 2000 - 2012									
Jersey RPI Annual Movements % Quarterly Movements %									
(June 2000=100)		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	
2000	Jun	122.6	3.6	2.9	4.6	0.6	0.9	0.9	
	Sep	122.0	2.0	2.7	3.8	0.0	0.5	0.3	
	Dec	122.7	2.0	2.2	3.3	0.1	0.5	0.0	
2006	Mar	123.0	2.4	2.4	3.1	1.5	0.5	1.7	
2000	Jun	124.0	2.9	3.3	3.4	1.0	1.8	1.7	
	Sep	120.2	3.6	3.6	3.5	0.7	0.8	0.4	
	Dec	127.1	3.7	4.4	4.4	0.7	1.3	1.1	
2007	Mar	130.3	4.4	4.8	4.8	2.2	0.8	2.1	
2007	Jun	131.6	4.4	4.4	4.7	1.0	1.4	1.1	
	Sep	131.0	3.9	3.9	4.9	0.4	0.3	0.6	
	Dec	133.3	4.5	4.0	4.9	0.4	1.4	1.1	
2008			3.2						
2000	Mar Jun	134.5 139.0	5.6	3.8 4.6	4.8 5.5	0.9 3.3	0.6 2.2	2.0 1.7	
	Sep	140.5	6.4	5.0	5.8	1.1	0.7	0.9	
2009	Dec	137.7	3.3 2.1	0.9	1.2 -1.2	-2.0	-2.5	-3.4	
2009	Mar	137.3		-0.4	-	-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	
2040	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	
0044	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	

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	Jersey RP June 2000=	(X) :100)	Annı	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
2000	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
2000	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	2.0	3.3	1.4
	Jun	137.8	2.8	1.0	2.7	1.2
	Sep	137.8	2.7	1.0	2.4	0.7
	Dec	130.0	3.5	3.8	2.9	0.1
2010	Mar	139.0	3.3	4.8	3.1	1.2
	Jun	140.7	2.6	5.0	2.4	0.5
	Sep	141.4	1.9	4.6	2.4	0.0
	Dec	141.4	2.1	4.0	2.3	0.0
2011	Mar	141.9	2.1	4.7 5.4	2.7	2.0
	Jun	144.8	4.4	5.0	2.9	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