

Jersey Retail Prices Index

March 2011

Statistics Unit: www.gov.je/statistics



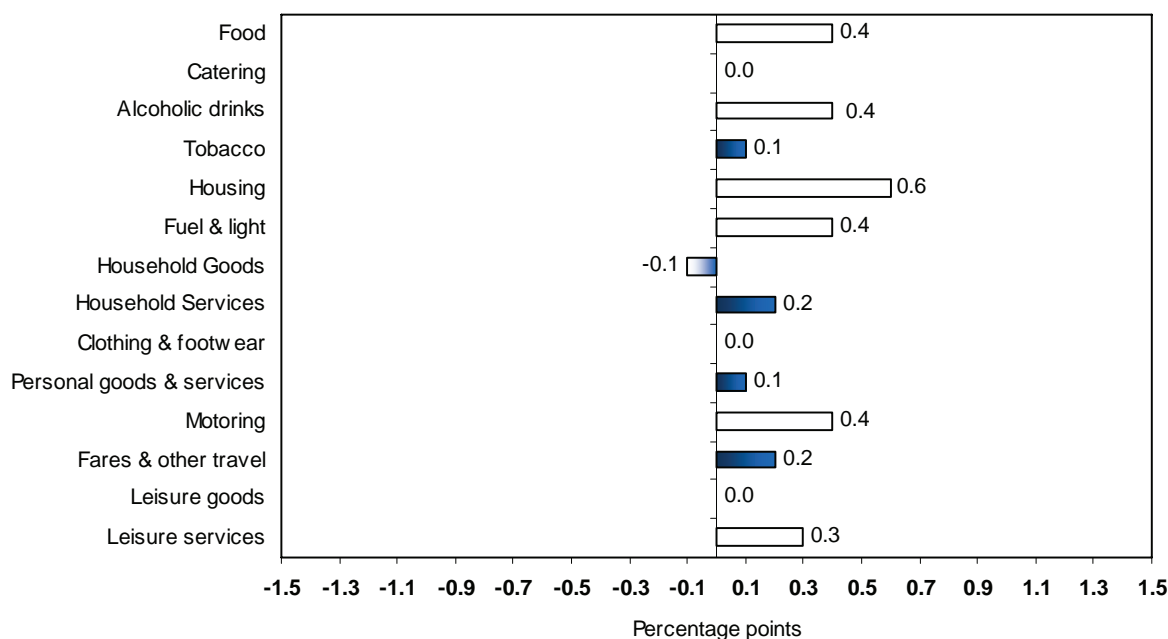
Summary

- During the twelve months to March 2011 the All-Items Retail Prices Index (RPI) for Jersey **increased by 3.1%** to stand at 146.1 (June 2000 = 100).
- The change in the RPI during the twelve months to December 2010 was 2.3%, implying that the **annual rate of inflation rose by 0.8 percentage points** in the latest quarter.
- **RPI(X)¹ and RPI(Y)² increased by 2.9% and 3.1%, respectively**, over the twelve months to March 2011.
- Both measures of **underlying inflation**, the annual changes in RPI(X) and RPI(Y), were higher in March 2011 than in December 2010, by 0.8 and 0.9 pp, respectively.
- On a quarterly basis, the latest quarter saw the greatest increase in underlying inflation for eight years, discounting the effect of the introduction of GST in May 2008.
- The annual increases of both **RPI Pensioners** and **RPI Low Income** over the twelve months to March 2011 were 3.2%. The annual rates of increase of these indices increased by 1.1 and 1.0 percentage points, respectively, in the latest quarter.

Annual change

Figure 1 shows the contribution by each group of the all-items RPI to the overall annual increase of 3.1%.

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



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

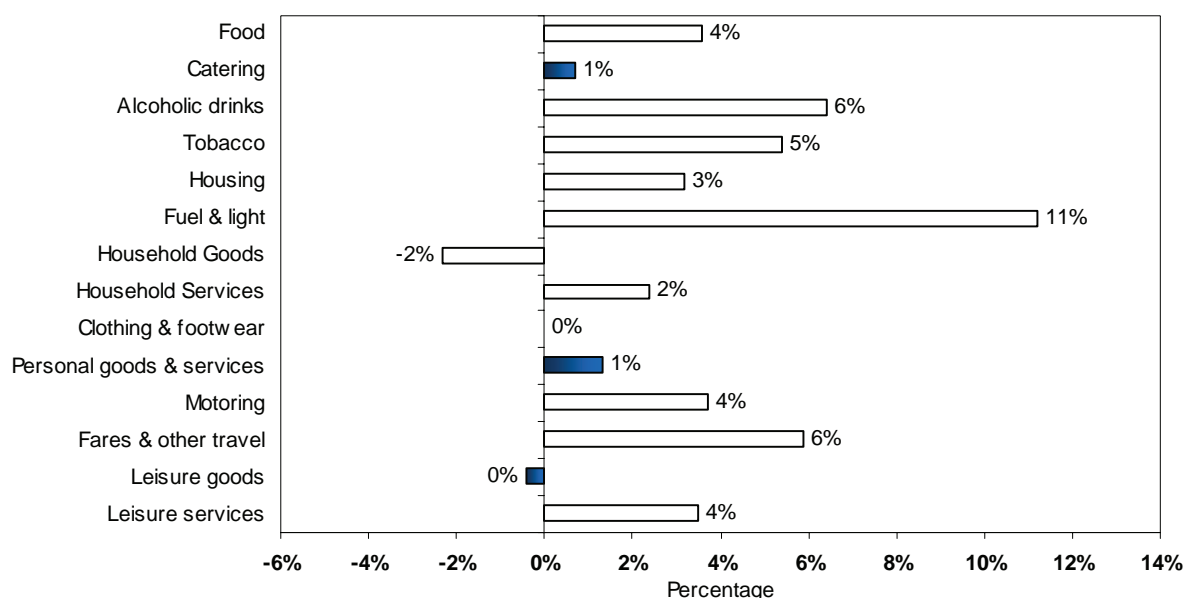
¹ RPI(X): the RPI excluding mortgage interest payments.

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 3% over the year to March 2011 (see Figure 2) contributing 0.6 percentage points (pp) to the overall increase 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.
- **Fuel & light costs:** rose by 11%, overall, between March 2010 and March 2011, contributing 0.4 pp to the annual change in the RPI. The cost of domestic heating oil increased by almost a third (31%) over the year to March 2011 while gas prices increased in both October 2010 and February 2011. Electricity prices were unchanged on an annual basis.
- **Food costs:** rose by 4% over the year to March 2011 and contributed 0.4 pp to the annual change in the RPI. Price increases of more than 10% were recorded for cereals, lamb, butter, tea, potatoes and processed fruit. In contrast, poultry and fresh vegetables saw lower average prices on an annual basis.
- **Motoring costs:** rose by 4% over the twelve months to March 2011, contributing 0.4 pp to the overall annual change. Within the Motoring group, the average prices of petrol and diesel rose by 11p and 16p per litre, respectively, on an annual basis.
- **Alcoholic drinks:** increased in price by 6% 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
- **Leisure services:** contributed 0.3 pp to the annual change, with prices increasing by more than 4% in the twelve months to March 2011.

Figure 2 - Annual percentage changes for each group, Mar 2011



Downward contributions to the annual change in the RPI came from the **Household goods** and **Leisure goods** groups, which recorded reductions in average prices of 2% and 0.4%, respectively. Lower prices on an annual basis were seen across the majority of the Household goods group, which includes furniture, furnishings, electrical appliances and pet care products.

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

Increased **impôts duties** on alcohol, tobacco and motor fuels in January 2011 accounted, in total, for approximately 0.2 pp of the annual increase in the RPI.

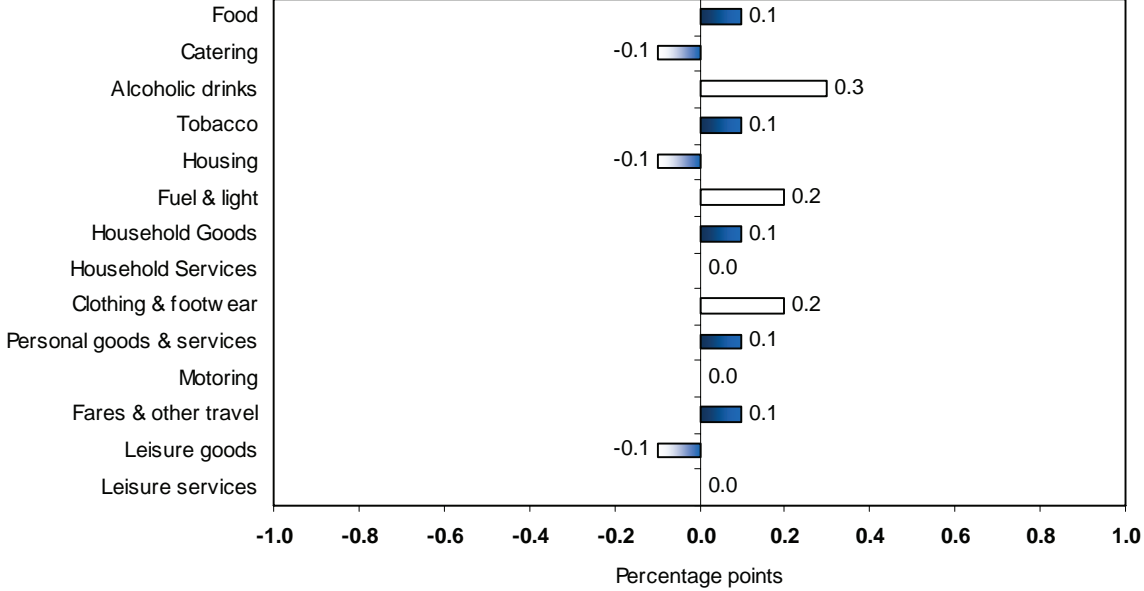
Individual group indices are presented in Table 1, which also includes the most recent annual and quarterly percentage changes.

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

GROUP	2010 Mar	2010 Jun	2010 Sep	2010 Dec	2011 Mar	Annual change (percent)	Quarterly change (percent)
Food	148.4	148.3	148.4	148.4	153.8	3.6	3.6
Catering	142.8	145.3	144.1	146.3	143.8	0.7	-1.8
Alcoholic drinks	150.7	151.3	153.6	150.3	160.4	6.4	6.7
Tobacco	195.8	194.1	194.1	194.5	206.4	5.4	6.2
Housing	150.9	152.4	152.9	153.9	155.8	3.2	1.2
Fuel & light	200.7	202.2	199.6	206.9	223.1	11.2	7.9
Household goods	107.9	106.7	106.2	103.7	105.4	-2.3	1.7
Household services	148.1	149.1	150.9	151.3	151.7	2.4	0.3
Clothing & footwear	82.8	81.1	83.3	81.4	82.8	0.0	1.7
Personal goods & services	139.7	140.4	140.7	139.7	141.5	1.3	1.3
Motoring	144.1	144.3	141.6	145.3	149.4	3.7	2.9
Fares & other travel	173.8	184.0	180.4	177.9	184.0	5.9	3.5
Leisure goods	83.4	83.0	81.9	85.7	83.1	-0.4	-2.9
Leisure services	155.9	157.5	159.8	160.2	161.4	3.5	0.8
All items	141.7	142.4	142.6	143.2	146.1	3.1	2.0

There was an increase of 0.8 percentage points in the annual rate of change of Jersey’s RPI between December 2010 and March 2011, from 2.3% to 3.1%. 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 Dec 2010 and Mar 2011 (+0.8pp from 2.3% to 3.1%)



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 was from **Alcoholic drinks**. This group saw an annual rate of increase in prices of 6% in March 2011 compared with 2% over the twelve months to December 2010, resulting in an upward contribution of +0.3 pp to the change in the overall annual rate of increase of the RPI.

The **Fuel & light** group recorded annual rates of increase of 11% and 5% over the twelve months to March 2011 and December 2010, respectively, resulting in an upward contribution of +0.2pp to the change in the annual rate. A similar upward contribution of +0.2 pp occurred from the **Clothing & footwear** group, which saw prices unchanged over the latest twelve month period but had recorded a fall of 4% over the year to December 2010.

The **Food, Tobacco, Household goods, Personal goods & services** and **Fares & other travel** groups each saw either greater rates of increase or lower rates of decrease in average prices, resulting in each contributing an upward +0.1 pp to the change in the annual rate of increase of the RPI.

In contrast, **Catering, Housing** and **Leisure goods** were downward contributors to the annual rate of change of the RPI, each of these groups contributing -0.1 pp.

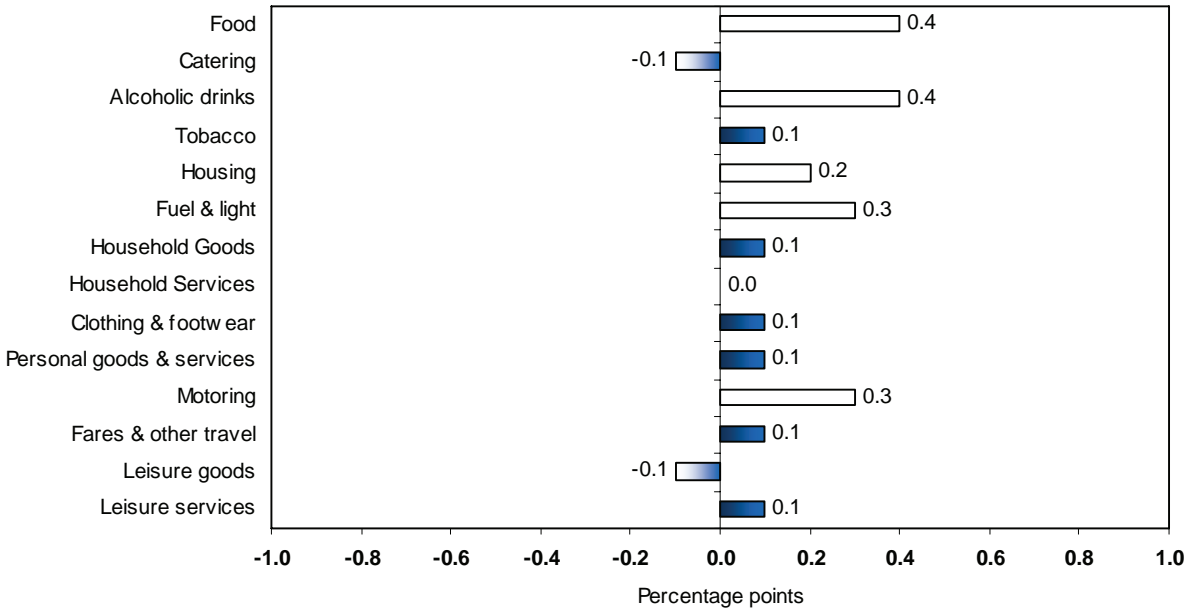
Quarterly changes

On a quarterly basis, the RPI increased by 2.0% between December 2010 and March 2011.

As shown by Figure 4, **Food** and **Alcoholic drinks** were the largest contributors to the quarterly increase in the RPI, with prices rising by 4% and 7% on average, respectively, during the quarter and resulting in upward contributions of +0.4 pp from each of these groups. Impôts increases on alcohol in January 2011 contributed less than +0.1 pp.

Within the **Fuel & light group**, the average price of domestic heating oil rose by 12p per litre over the quarter and gas prices increased in February 2011. In the **Motoring** group the average prices of petrol and diesel increased by 9p and 11p per litre, respectively.

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



Increased prices were seen across the majority of the remaining groups in the latest quarter.

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 March 2011 **RPI(X) increased by 2.9%** to 144.8. The annual rates of increase since 2000 of both RPI and RPI(X) are shown in Figure 5.

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



On a quarterly basis, RPI(X) increased by 2.0% between December 2010 and March 2011. This represents the greatest quarterly increase in RPI(X) for eight years, discounting the effect of the introduction of GST in May 2008 on the figure for June 2008³.

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
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
Dec-10	2.1	2.2	2.1	2.2
Mar-11	2.9	3.1	3.2	3.2

Both measures of underlying inflation, the annual changes in RPI(X) and RPI(Y), were higher in March 2011 than in December 2010, by 0.8 and 0.9 pp, respectively

The annual rates of increase of RPI Pensioners and RPI Low Income were also higher in the latest quarter, by 1.1 and 1.0 pp, respectively.

³ The introduction of a Goods and Services Tax (GST) in May 2008 introduced an upward contribution of approximately 1.9 pp and 2.1 pp to the RPI and RPI(X), 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.

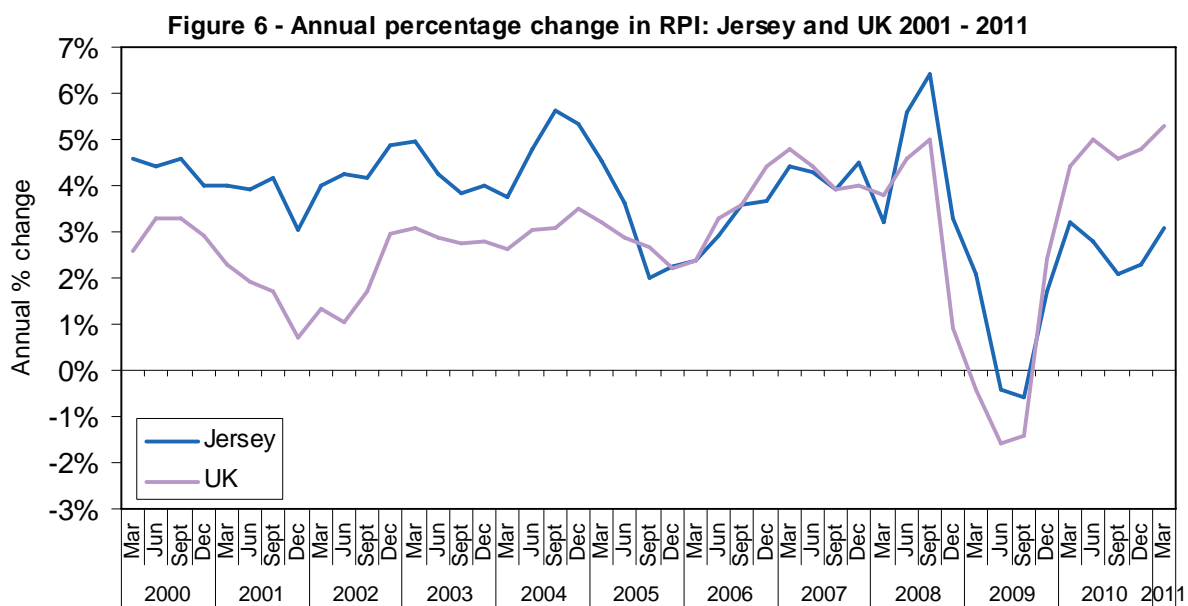
Table 3: Annual % increases in RPI, RPI(X) and RPI(Y) for Dec 2010 and Mar 2011

	RPI		RPI(X)		RPI(Y)	
	Dec 10	Mar 11	Dec 10	Mar 11	Dec 10	Mar 11
Jersey	2.3	3.1	2.1	2.9	2.2	3.1
UK	4.8	5.3	4.7	5.4	3.5	4.0
Guernsey	2.3	2.9	2.7	2.9	~	2.7

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 RPIs in the UK and Jersey:

- **Motoring costs** accounted for around half (1.1 pp) of the total difference of 2.2 pp in the annual rates of increase of the RPI in the UK and Jersey. Prices in the Motoring group rose by 11% on average in the UK during the year to March 2011 compared with a 4% rise in Jersey over the same period.
- **Clothing & footwear** prices rose by 12% on average in the UK in the twelve months to March 2011 compared with no overall change in prices over the same period for such items in Jersey. As a result, this group accounted for 0.5 pp of the difference in the rates of increase of the RPIs.
- **Household goods** also accounted for about 0.5 pp of the difference in annual increases of the RPIs of the two jurisdictions; prices in this group rose by more than 5% in the UK on an annual basis but fell by 2% in Jersey.
- **Food** prices rose at a slightly greater annual rate in the UK (up 5%) than in Jersey (4%), accounting for a further 0.2 pp of the difference in the increases of the respective RPIs.

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.



Due to the increase in the rate of VAT in the UK in January 2011 (increasing to 20.0% from 17.5%), the pertinent comparative measure of underlying inflation is that afforded by RPI(Y). Over the twelve months to March 2011 the annual change in RPI(Y) for the UK (4.0%) was greater than that of Jersey (3.1%). The difference in the annual rates of increase of RPI(Y) in the two jurisdictions has narrowed during the latest quarter, from 1.3 pp in December 2010 to 0.9 pp in March 2011.

As Table 3 shows, the annual changes of all three price indices for Guernsey in March 2011 were at a similar level to those for 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 stood at 1.5% on 8 January 2009. It then fell, to 1.0% on 5 February 2009 and to 0.5% on 5 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), 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 2011 Index will be released on Friday 22 July 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 Nicola Berry – 01534 440425; e-mail: statistics@gov.je).

ALL ITEMS RETAIL PRICES INDEX: 2000 - 2011								
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
	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

RETAIL PRICES INDEX EXCLUDING HOUSE PURCHASE COSTS: 2000 - 2011

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
	Dec	141.9	2.1	4.7	2.7	0.4
2011	Mar	144.8	2.9	5.4	2.9	2.0