

Jersey Retail Prices Index

June 2014

Statistics Unit: www.gov.je/statistics



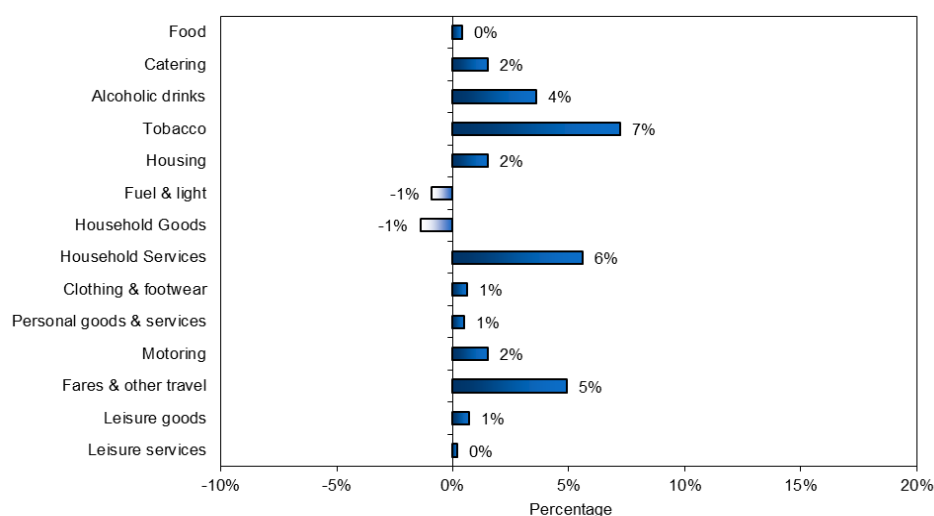
Summary

- During the twelve months to June 2014 the All Items Retail Prices Index (RPI) for Jersey **increased by 1.6%** to stand at 158.1 (June 2000 = 100).
- The increase in the RPI over the twelve months to March 2014 was 1.7%; hence, the **annual rate of inflation decreased by 0.1 percentage points** (pp) in the latest quarter.
- The decrease in the annual rate of inflation was driven by the cost of Food and Leisure Goods; both groups saw lower rates of price increases, on average, over the twelve months to June 2014 compared with the twelve months to March 2014.
- **RPI(X)¹ increased by 1.8%** over the twelve months to June 2014; the annual rate of increase of RPI(X) in June 2014 was 0.1 pp lower than in March 2014.
- The annual rates of increase of **RPI Pensioners** and **RPI Low Income** over the twelve months to June 2014 were **1.5%** and **1.7%**, respectively.
- **Underlying inflation²** as measured by **RPI(Y)** **increased by 1.6%** over the twelve months to June 2014.
- The annual rates of increase of RPI Pensioners, RPI Low Income and RPI(Y) in June 2014 were all slightly lower than in March 2014. The RPI Low Income recorded its lowest annual rate of increase since this measure was first published in 2007.

Annual change

The annual percentage changes for each group of the all items RPI are shown in Figure 1; price increases were seen for the majority of groups on an annual basis.

Figure 1 - Annual percentage changes for each group, Jun 2014

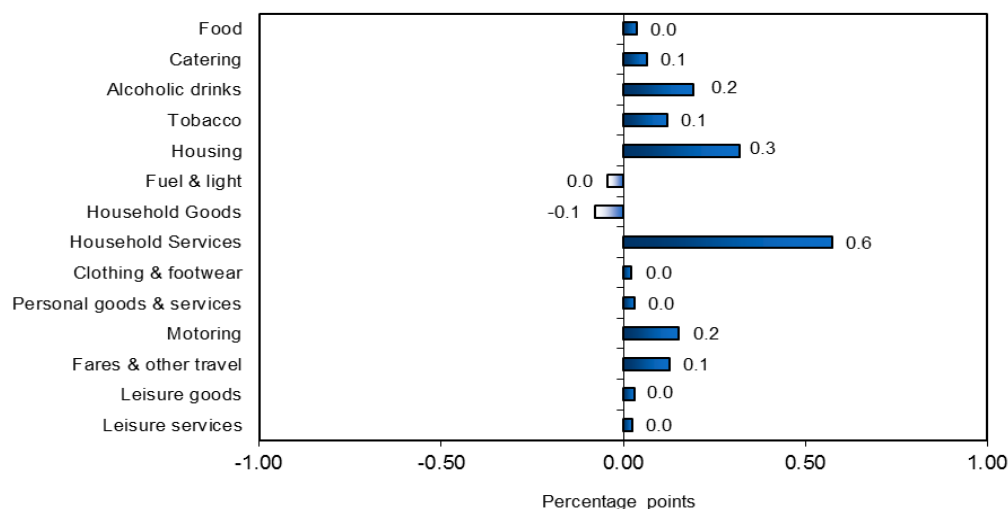


¹ RPI(X): the RPI excluding mortgage interest payments.

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

Figure 2 shows the contribution of each group of the all items RPI to the overall annual increase of 1.6%.

Figure 2 - Contribution of each group to the annual change of the RPI



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

The majority of groups gave small upward contributions to the RPI, notably:

- **Household services:** costs rose by 6%, on average, over the year to June 2014, contributing +0.6 pp to the annual change of the RPI; price increases were seen across this group which includes postage and telephone charges, domestic services, fees and subscriptions;
- **Housing:** costs rose by 2%, on average, over the year to June 2014, contributing +0.3 pp to the annual change of the RPI; the increase recorded by this group was driven by increased average rents in both the public and private sectors;
- **Motoring:** costs increased by 2%, on average, over the twelve months to June 2014, contributing +0.2 pp to the RPI. The increase recorded by this group was driven by the increased cost of motor insurance on an annual basis. Motor fuels saw an increase of around ½ p per litre in the average cost of petrol over the twelve months to June 2014, whilst the average cost of diesel decreased by 1 p per litre over the same period;
- **Fares & other travel:** costs increased by 5%, on average, and contributed +0.1 pp to the annual change of the RPI. Price increases were seen across the group, including the cost of parking which increased in February 2014;
- increased **impôts duties** in January 2014 accounted for about half of the contribution from **Alcoholic drinks** to the increase in the RPI and for essentially all of the contribution from the **Tobacco** group.

In contrast, the **Fuel & light** and **Household goods** groups both saw costs decrease by around 1%, on average, over the twelve months to June 2014:

- **Fuel & light:** the decrease in the average cost of domestic heating oil on an annual basis (down by 3p per litre) offset the increases recorded in the price of electricity and gas over the same period (up by 1.5% in April 2014 and by 3.5% in August 2013, respectively);
- **Household goods:** the cost of furniture, furnishings and electrical appliances decreased, on average, over the twelve months to June 2014.

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	2013 Jun	2013 Sep	2013 Dec	2014 Mar	2014 Jun	Annual change (percent)	Quarterly change (percent)
Food	165.9	165.1	165.6	170.3	166.5	0.4	-2.2
Catering	157.0	158.5	159.4	158.0	159.3	1.5	0.8
Alcoholic drinks	175.5	175.7	172.7	179.6	181.8	3.6	1.2
Tobacco	252.0	252.0	250.2	268.2	270.1	7.2	0.7
Housing	164.2	164.5	166.2	166.3	166.7	1.5	0.2
Fuel & light	242.9	248.7	245.5	241.8	240.6	-0.9	-0.5
Household goods	106.3	107.1	106.3	105.4	104.8	-1.4	-0.6
Household services	166.7	168.3	168.8	172.8	176.1	5.6	1.9
Clothing & footwear	83.8	86.4	84.6	82.6	84.3	0.6	2.1
Personal goods & services	151.6	152.7	152.9	152.4	152.4	0.5	0.0
Motoring	155.4	156.8	155.9	158.8	157.7	1.5	-0.7
Fares & other travel	194.0	191.6	187.4	194.0	203.5	4.9	4.9
Leisure goods	84.1	86.2	86.5	85.9	84.7	0.7	-1.4
Leisure services	172.9	170.8	173.1	173.1	173.3	0.2	0.1
All items	155.6	156.4	156.4	157.9	158.1	1.6	0.1

There was a decrease of 0.1 pp in the annual rate of increase of Jersey's RPI between March 2014 and June 2014, from 1.7 % to 1.6 %.

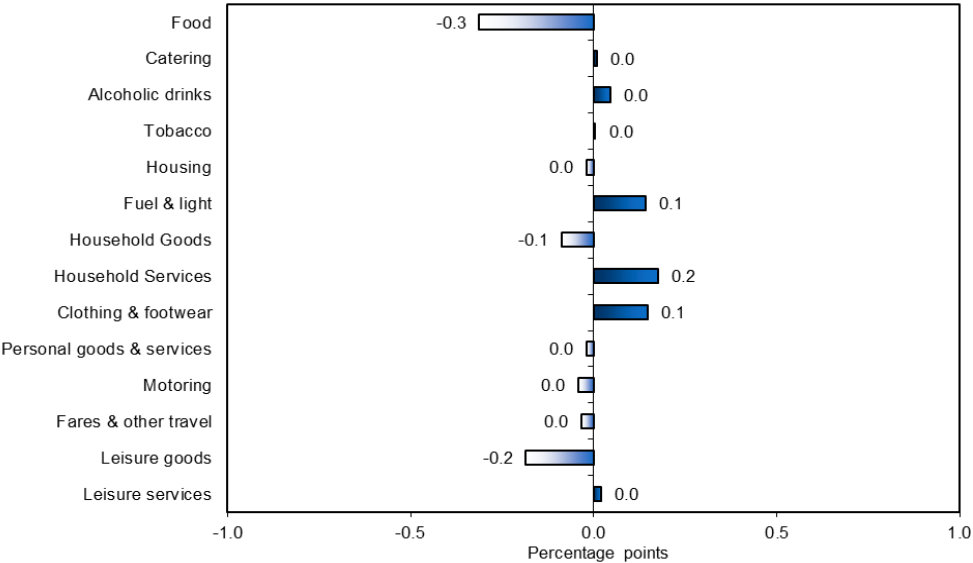
The **Food** group was the largest downward contributor to the change in the annual rate of inflation, contributing -0.3 pp (see Figure 3). Average prices in this group increased at a lower rate over the twelve months to June 2014 (up by 0.4%) compared with the twelve months to March 2014 (up by 3.2%).

Average prices in the **Leisure goods** group also saw a lower rate of increase on an annual basis, up by less than 1% over the twelve months to June 2014 compared with an increase of 6% over the twelve months to March 2014, such that this group contributed a downward -0.2 pp to the change in the annual rate of inflation.

In contrast, the **Household services, Clothing & footwear and Fuel & light** groups were all upward contributors to the change in the annual rate of inflation:

- average prices in Household services increased at a greater rate over the twelve months to June 2014 (up 6%) compared with the twelve months to March 2014 (up 4%);
- the average price of Clothing & footwear increased by 1% compared with a decrease of 4% over the same twelve-month periods;
- the Fuel & light group recorded a lower overall decrease in prices, on average, over the same periods, down by almost 1% over the twelve months to June 2014 compared with a decrease of more than 4% over the twelve months to March 2014.

Figure 3 - Contributions to change in annual rate of change of RPI between Mar 2014 and Jun 2014 (-0.1 pp from 1.7% to 1.6%)



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

Quarterly change

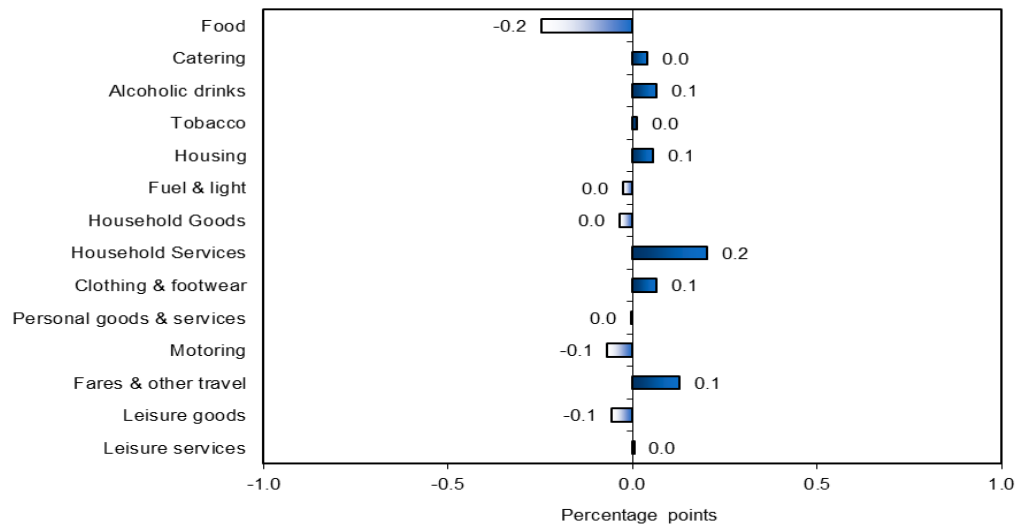
On a quarterly basis, the RPI increased by 0.1% between March 2014 and June 2014.

Figure 4 shows that all groups were small contributors to the overall change of the RPI on a quarterly basis. In the latest quarter:

- **Household services** prices rose by 2% over the latest quarter, contributing +0.2 pp to the overall quarterly change;
- the cost of **Fares & other travel** increased by 5% over the latest quarter, contributing +0.1 pp to the overall quarterly change;

- **Food** costs decreased by 2.2%, on average, between March and June 2014 contributing -0.2 pp to the overall quarterly change, driven by lower prices of fruit and potatoes;
- in the **Motoring** group increases in the average cost of insurance and motor fuels (petrol up by 2 p per litre; diesel down by ½ p per litre) were more than offset by decreases recorded for the purchase of some models of new and second-hand cars.

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



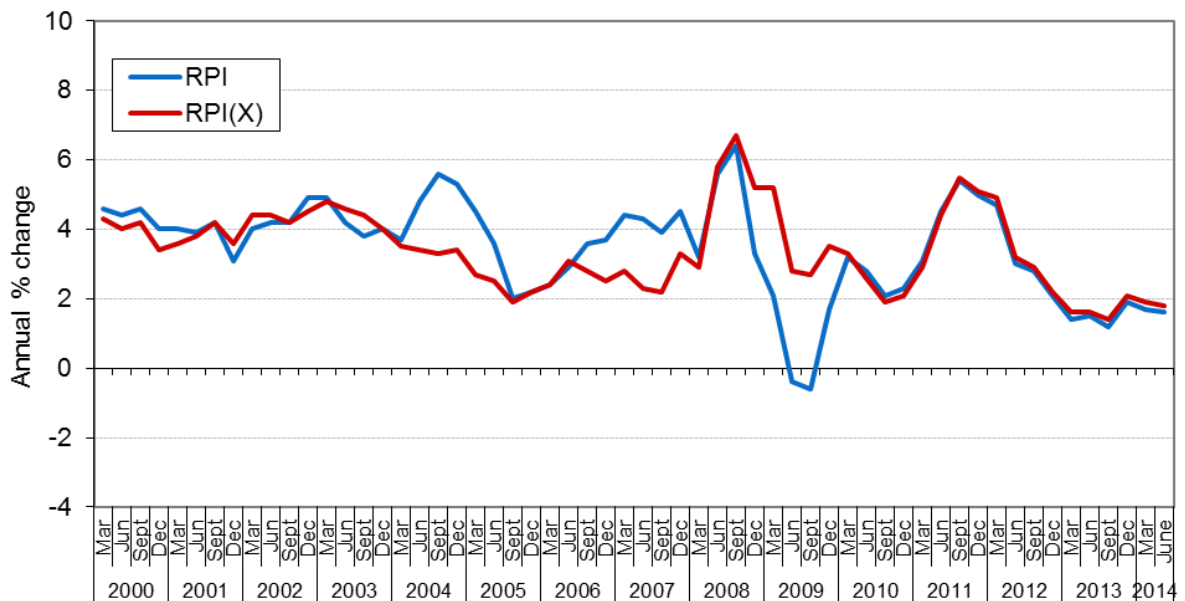
Excluding house purchase costs: RPI(X)

RPI(X) is the RPI excluding the cost of mortgage interest payments. During the twelve months to June 2014, RPI(X) increased by 1.8% to 157.6.

The annual rate of increase of RPI(X) decreased by 0.1 pp between March 2014 and June 2014, from 1.9% to 1.8%. The key contributors to this fall in the rate of increase of RPI(X) were the same as those for the all-items RPI.

The annual rates of change of both RPI and RPI(X) since 2000 are shown in Figure 5.

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



On a quarterly basis, RPI(X) increased by 0.2% between March 2014 and June 2014.

Other inflation measures

In December 2007, a further three consumer price indices were introduced for Jersey:

- RPI Pensioners, for pensioner households;
- RPI Low Income, for households in the lowest income quintile;
- 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.

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-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
Jun-12	3.2	3.1	2.9	3.2
Sep-12	2.9	3.1	2.6	3.0
Dec-12	2.2	2.1	2.1	2.4
Mar-13	1.6	1.3	1.4	1.9
Jun-13	1.6	1.4	1.6	2.1
Sep-13	1.4	1.2	1.2	1.8
Dec-13	2.1	2.0	1.9	2.3
Mar-14	1.9	1.8	1.8	2.0
Jun-14	1.8	1.6	1.5	1.7

As Table 2 indicates, RPI Pensioners, RPI Low Income and RPI(Y) each recorded lower annual rates of increase in June 2014 than in March 2014.

RPI Low Income recorded its lowest annual rate of increase since this index was introduced in 2006 and its first annual change published in December 2007.

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, which also includes, for the UK, the annual rate of increase of RPIJ³.

For methodological reasons (see Background Note 4), the appropriate comparison with the UK is that of the Jersey RPI and the UK RPIJ. Over the twelve months to June 2014 the annual increase of the RPI in Jersey (1.6%) was lower than that of RPIJ in the UK (2.0%).

Table 3: Annual % increases in RPI, RPI(X) and RPI(Y) for Mar 2014 and Jun 2014

		RPI		RPI(X)		RPI(Y)	
		Mar 14	Jun 14	Mar 14	Jun 14	Mar 14	Jun 14
Jersey		1.7	1.6	1.9	1.8	1.8	1.6
UK	RPI	2.5	2.6	2.5	2.7	2.7	2.7
	RPIJ	1.8	2.0				
Guernsey		2.8	2.6	2.2	2.1	1.9	1.8

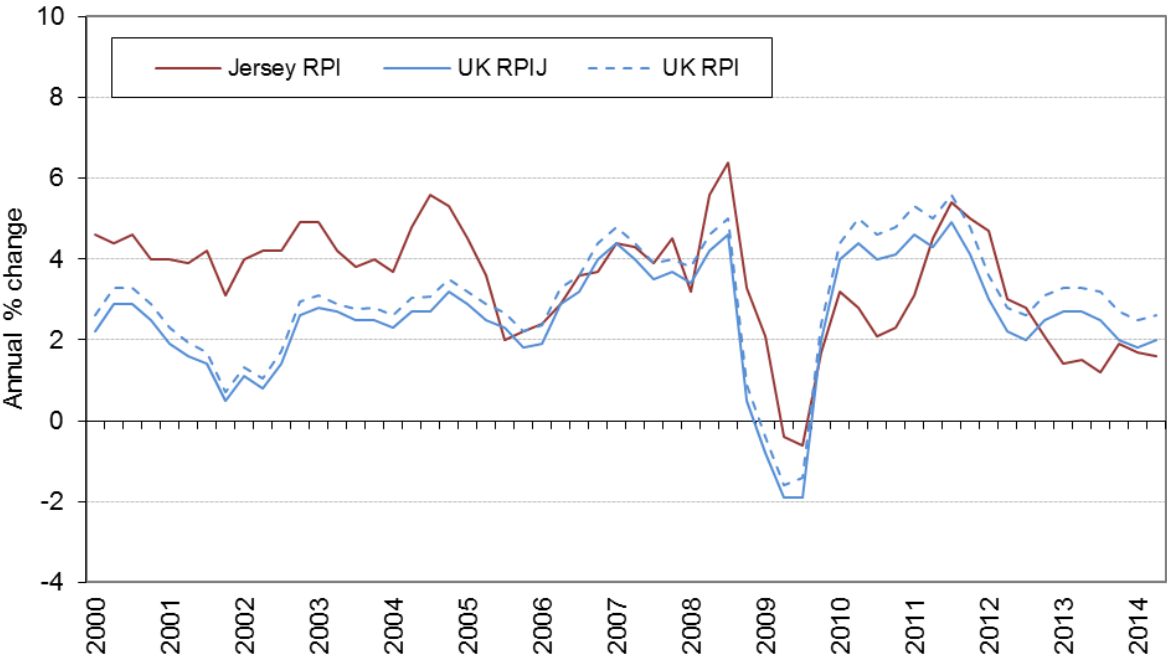
Despite the fact that global factors influence all three jurisdictions, local trends and issues in each location dictate the full effect of such factors. In particular:

- **Clothing & Footwear** prices increased at a greater rate in the UK than in Jersey on an annual basis (up by 10% and 1%, respectively);
- **Housing** costs increased at a greater rate in the UK on an annual basis than in Jersey (up by 3.0% and 1.5%, respectively), driven by increased property prices in the UK;
- **Fuel & light costs** increased by 5% in the UK on an annual basis but decreased by 1% in Jersey over the same period. In this group, both jurisdictions saw increases in electricity prices (up by 6% in the UK and by 1.5% in Jersey) and gas prices (up by 5% in the UK and by 3.5% in Jersey) over the twelve months to June 2014. The decrease in the cost of domestic heating oil was similar in both jurisdictions (down by 4% on an annual basis); this item has considerably greater weight in the Jersey RPI.
- In contrast, the cost of **Motoring** increased by almost 2% in Jersey over the twelve months to June 2014 compared with a decrease of almost 1% in the UK over the same period. This difference was predominantly due to the cost of motor insurance (up in Jersey, essentially unchanged in the UK) and of motor fuels (petrol up by ½ p per litre in Jersey but down by 4 p per litre in the UK; diesel down by 1 p per litre in Jersey and down by 3 p per litre in the UK) on an annual basis.

³ RPIJ was first published by the UK Office for National Statistics in March 2013.

The annual percentage changes since 2000 of the Jersey RPI, the UK RPI and the UK RPIJ are shown in Figure 6.

Figure 6 – Annual percentage changes of the RPI in Jersey and the UK and of the UK RPIJ, 2000 – 2014



Statistics Unit
18 July 2014

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 Jersey Household Spending Survey (HSS). An HSS was conducted in 2009-10, the results of which were published in July 2011; these results have been used to conduct a commodity review and the introduction of new weights for all consumer prices indices in September 2013.
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 twelve 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 2002 to date.
4. In 2012 a consultation exercise on the UK RPI was conducted by the UK National Statistician. The principal outcomes of this consultation were that: the UK RPI does not meet current international standards; and that a new index (RPIJ) should be published; from March 2013 the UK have published RPIJ. The annual percentage change in the UK RPI is systematically greater (by an average of approximately 0.5 pp) than RPIJ; this upward bias is predominantly due to the "formula effect". The Jersey RPI is not susceptible to such an upward bias.

It should also be acknowledged that the annual change of the UK indices RPI(X) and RPI(Y) are also susceptible, in principle, to an upward bias due to the formula effect. However, the upward biases of the UK RPI(X) and RPI(Y) are not quantified by the UK Office for National Statistics.

5. The Bank of England base rate has remained at 0.5% since 5 March 2009.
6. 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.
7. Group and section weights for RPI Pensioners and RPI Low Income are derived from information on expenditure collected by the 2009/10 Household Spending Survey (HSS). 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.
8. The Jersey RPI for September 2014 will be published on 17 October 2014.
9. The Jersey Retail Prices Index is compiled by the Statistics Unit, The Parade, St. Helier, Jersey, JE4 8QT; (enquiries to Statistics Unit: 01534-440465 e-mail: statistics@gov.je).

Annex A

ALL ITEMS RETAIL PRICES INDEX: 2002 - 2014								
Jersey RPI (June 2000=100)			Annual Movements %			Quarterly Movements %		
			Jersey	UK	Guernsey	Jersey	UK	Guernsey
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
	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
	Jun	153.3	3.0	2.8	3.2	0.2	0.4	0.3
	Sep	154.5	2.8	2.6	3.0	0.8	1.0	0.7
	Dec	153.5	2.1	3.1	3.2	-0.6	1.1	0.4
2013	Mar	155.2	1.4	3.3	2.6	1.1	0.8	1.1
	Jun	155.6	1.5	3.3	2.7	0.3	0.4	0.4
	Sep	156.4	1.2	3.2	2.7	0.5	0.9	0.7
	Dec	156.4	1.9	2.7	2.7	0.0	0.6	0.5
2014	Mar	157.9	1.7	2.5	2.8	1.0	0.6	1.2
	Jun	158.1	1.6	2.6	2.6	0.1	0.6	0.2

RETAIL PRICES INDEX EXCLUDING HOUSE PURCHASE COSTS: 2002 - 2014						
Jersey RPI(X) (June 2000=100)			Annual Movements %			Quarterly Movements %
			Jersey	UK	Guernsey	Jersey
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
	Jun	147.6	4.4	5.0	2.6	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
	Jun	152.3	3.2	2.8	3.1	0.3
	Sep	153.5	2.9	2.6	3.0	0.8
	Dec	152.5	2.2	3.0	3.0	-0.7
2013	Mar	154.3	1.6	3.2	2.3	1.2
	Jun	154.8	1.6	3.3	2.1	0.3
	Sep	155.6	1.4	3.2	2.0	0.5
	Dec	155.7	2.1	2.8	2.1	0.1
2014	Mar	157.3	1.9	2.5	2.2	1.0
	Jun	157.6	1.8	2.7	2.1	0.2