

# Jersey Retail Prices Index

## June 2010

Statistics Unit: [www.gov.je/statistics](http://www.gov.je/statistics)



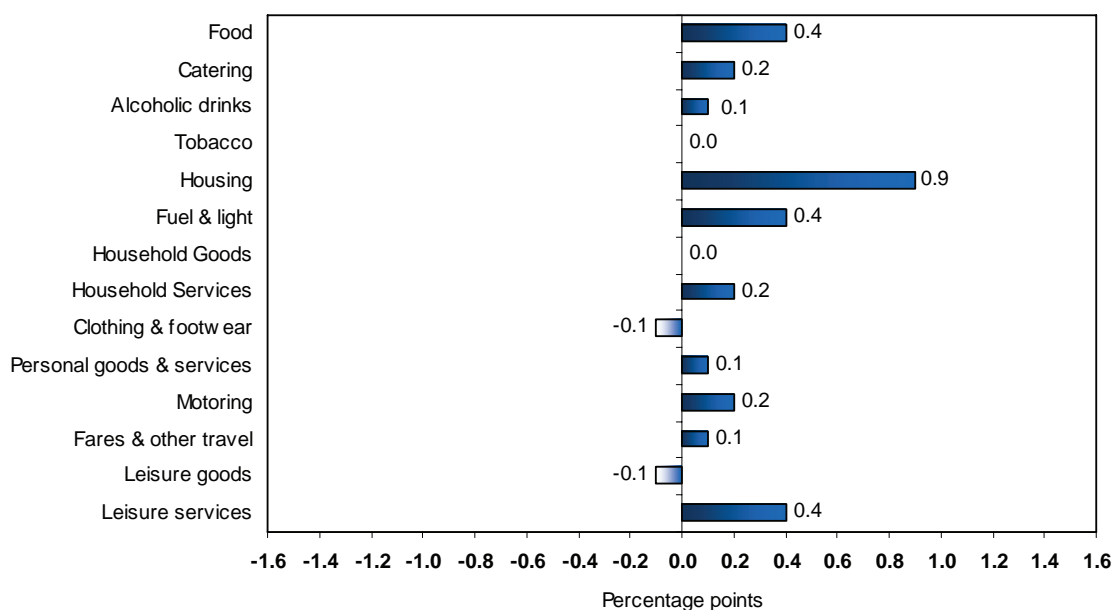
### Summary

- During the twelve months to June 2010 the All-Items Retail Prices Index (RPI) for Jersey **increased by 2.8%** to stand at 142.4 (June 2000 = 100).
- The change in the RPI during the twelve months to March 2010 was 3.2%, implying that the **annual rate of inflation fell by 0.4 percentage points** in the latest quarter.
- The lower rate of increase of **Motoring** costs, particularly for petrol and diesel, was a significant factor in the fall of the overall rate of inflation.
- Key contributors to the annual increase of the RPI were the **Housing, Food, Fuel & light** and **Leisure services** groups.
- Underlying inflation, as measured by **RPI(X)**<sup>1</sup> and **RPI(Y)**<sup>2</sup>, increased by 2.6% and 2.7% respectively, over the twelve months to June 2010.
- **The annual changes in both RPI(X) and RPI(Y) decreased by 0.7 percentage points** in the latest quarter.
- The annual rate of increase of **RPI Pensioners** was 2.7% in the year to June 2010; **RPI Low Income** increased by 2.6% 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 by each group of the RPI to the overall annual increase of 2.8%.

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



<sup>1</sup> RPI(X): the RPI excluding mortgage interest payments.

<sup>2</sup> 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 5% over the year to June 2010 (see Figure 2) contributing 0.9 percentage points to the overall annual change in the RPI. Price rises were seen across the majority of the group, which includes rent (private and public sector), rates, DIY materials and repair and maintenance costs, as well as mortgage interest payments.
- **Food costs:** rose by 3% over the year to June 2010 and contributed 0.4 percentage points to the overall annual change. Fresh meat, particularly lamb and pork, fresh vegetables and tea recorded notable price increases.
- **Fuel & light costs:** rose by 10%, overall, from June 2009 to June 2010, contributing 0.4 percentage points to the annual change in the RPI. The cost of domestic heating oil rose by almost half (47%) over the year to June 2010, and gas prices were 15% higher in June 2010 than a year earlier. In contrast, electricity prices fell by 5% in January 2010.
- **Leisure services:** contributed 0.4 percentage points to the annual change in the RPI. The cost of foreign holidays rose by 6% over the twelve months to June 2010, and an increase in the price of television licences in April 2010 (up by £3) also contributed to the overall increase recorded by this group.

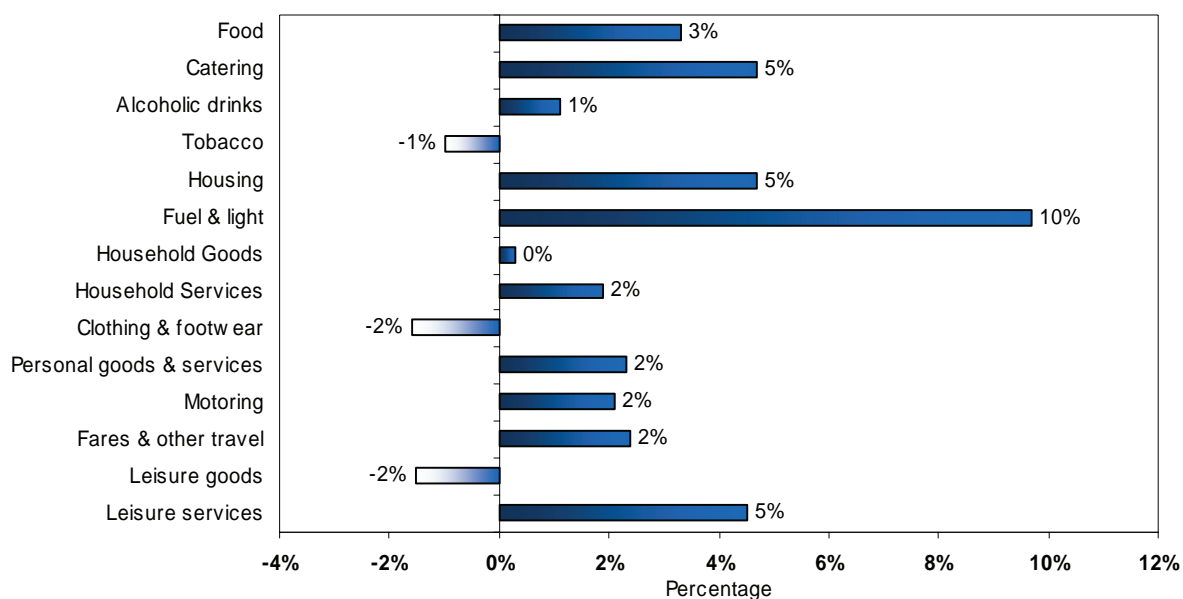
Downward contributors to the Retail Prices Index were:

- **Clothing & footwear:** contributed -0.1 percentage points to the overall change in the RPI with prices in this group falling by almost 2%, overall, on an annual basis. In contrast to clothing, the footwear component of this group recorded an increase of about 3%.
- **Leisure goods:** fell, overall, by almost 2% over the year to June 2010, contributing -0.1 percentage points to the annual change in the RPI. Decreases in prices on an annual basis 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 0.2 percentage points to the overall annual change in the RPI. Within the **Motoring** group both petrol and diesel were up by 9p per litre on an annual basis.

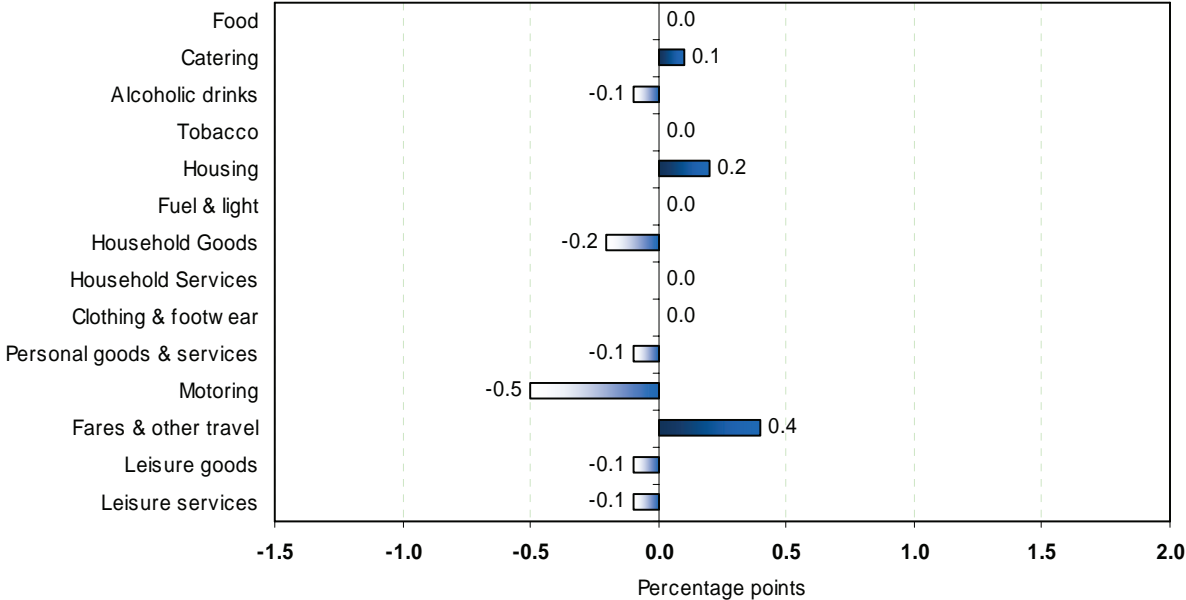
There were no changes in excise duties (impôts) on alcohol, tobacco or motor fuels over the twelve months to June 2010.

**Figure 2 - Annual percentage changes for each group, June 2010**



There was a decrease of 0.4 percentage points in the annual rate of change of Jersey's RPI between March and June 2010, from 3.2% to 2.8%. 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 March and June 2010 (-0.4pp from 3.2% to 2.8%)**



Several groups recorded lower annual rates of increase over the twelve months to June 2010 as compared with the twelve months to March 2010, resulting in negative (downward) contributions to the change in the overall annual rate of increase of the RPI (see Figure 3).

In particular, the **Motoring** group recorded an annual increase of 2% to June 2010 but had seen a 6% increase over the year to March 2010, resulting in the largest downward influence (of -0.5 percentage points) of any group to the change in the annual rate of increase of the RPI. The lower rate of increase for this group was predominantly due to lower increases for motor fuels on an annual basis, petrol being up by 9p per litre over the twelve months to June but having increased by 22p per litre over the twelve months to March.

**Leisure goods** recorded a small decrease in prices, overall, over the year to June but had seen a marginal increase over the year to March. Hence, this group was also a downward influence on the change in the overall annual rate of increase.

As is apparent from Figure 3, **Fares & other travel** was the largest upward contributor to the change in the annual rate of increase of the RPI with prices, overall, rising in the twelve months to June 2010 (by 2%) compared with an overall decrease in the twelve months to March 2010 (-8%).

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**

<b>GROUP</b>	<b>2009 Jun</b>	<b>2009 Sep</b>	<b>2009 Dec</b>	<b>2010 Mar</b>	<b>2010 Jun</b>	<b>Annual change (percent)</b>	<b>Quarterly change (percent)</b>
Food	143.6	144.0	144.3	148.4	148.3	3.3	-0.1
Catering	138.8	140.9	142.1	142.8	145.3	4.7	1.8
Alcoholic drinks	149.6	150.3	146.8	150.7	151.3	1.1	0.4
Tobacco	196.0	197.7	196.0	195.8	194.1	-1.0	-0.9
Housing	145.5	147.5	149.0	150.9	152.4	4.7	1.0
Fuel & light	184.4	188.9	197.8	200.7	202.2	9.7	0.7
Household goods	106.4	106.3	106.9	107.9	106.7	0.3	-1.1
Household services	146.3	147.5	147.7	148.1	149.1	1.9	0.7
Clothing & footwear	82.4	83.7	84.6	82.8	81.1	-1.6	-2.1
Personal goods & services	137.2	138.3	138.9	139.7	140.4	2.3	0.5
Motoring	141.3	141.6	140.3	144.1	144.3	2.1	0.1
Fares & other travel	179.7	179.8	171.5	173.8	184.0	2.4	5.9
Leisure goods	84.3	83.3	84.0	83.4	83.0	-1.5	-0.5
Leisure services	150.7	152.9	154.6	155.9	157.5	4.5	1.0
<b>All items</b>	<b>138.5</b>	<b>139.6</b>	<b>140.0</b>	<b>141.7</b>	<b>142.4</b>	<b>2.8</b>	<b>0.5</b>

## Quarterly changes

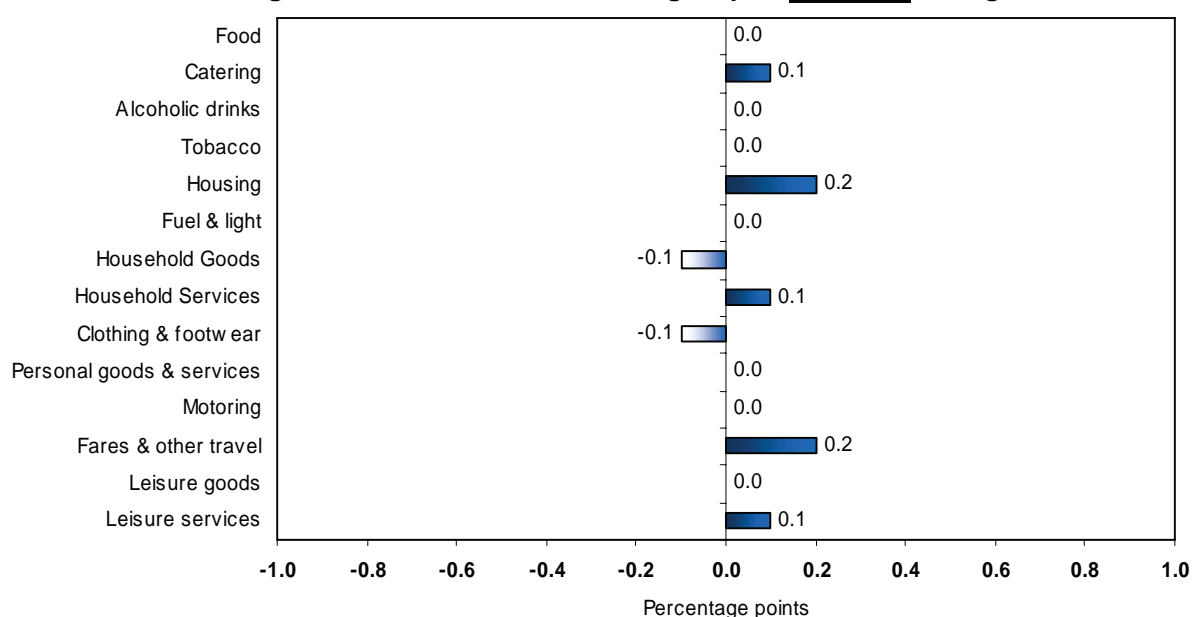
On a quarterly basis, the RPI increased by 0.5% between March and June 2010.

The **Housing, Fares & other travel, Catering, Household services** and **Leisure services** groups each recorded price increases in the latest quarter, resulting in upward contributions of 0.1 to 0.2 percentage points to the quarterly change of the RPI (see Figure 4)

**Household goods** and **Clothing & footwear** were downward influences on the overall quarterly change, with price falls seen across the majority of the former group and for clothing in the latter, resulting in downward contributions of -0.1 percentage points.

The remaining groups saw essentially stable prices, overall, in the latest quarter.

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



## Excluding house purchase costs: RPI(X)

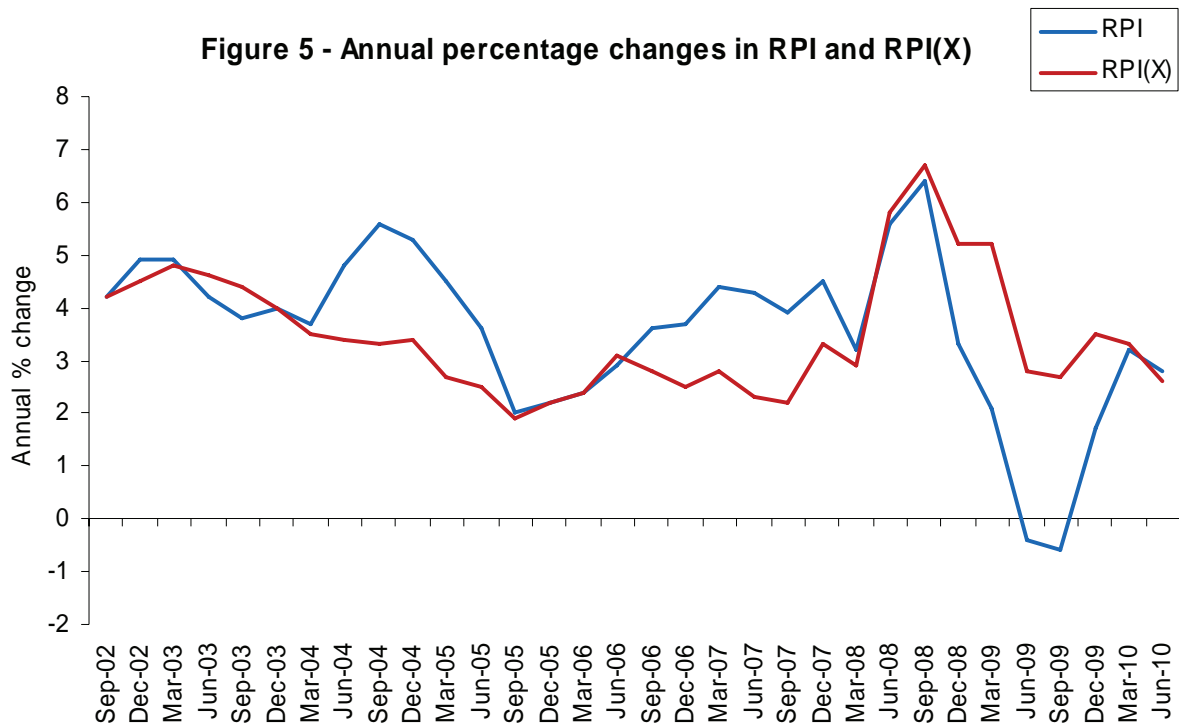
RPI(X) is the RPI excluding the cost of mortgage interest payments. The annual change in RPI(X) is often considered as a measure of underlying inflation.

In the twelve months to June 2010 **RPI(X) increased by 2.6%** to 141.4.

The latest annual change in RPI(X) is 0.7 percentage points lower than that for the twelve months to March 2010 (3.3%).

As is apparent from Figure 5, the introduction of a Goods and Services Tax (GST) in May 2008 resulted in an upward contribution of 1.9 and 2.1 percentage points to the annual changes of RPI and RPI(X), respectively, for each of the subsequent four quarters before dropping out of the annual measures in June 2009.

On a quarterly basis, RPI(X) increased by 0.5% between March and June 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

The annual rates of increase of RPI(Y), RPI Pensioners and RPI Low Income were all lower in the latest quarter than in March 2010 (by 0.5 to 0.9 percentage points).

**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 March and June 2010**

	RPI		RPI(X)		RPI(Y)	
	Mar 10	Jun 10	Mar 10	Jun 10	Mar 10	Jun 10
<b>Jersey</b>	3.2	2.8	3.3	2.6	3.4	2.7
<b>UK</b>	4.4	5.0	4.8	5.0	3.5	3.8
<b>Guernsey</b>	3.4	2.3	3.1	2.4	2.8	2.1

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.

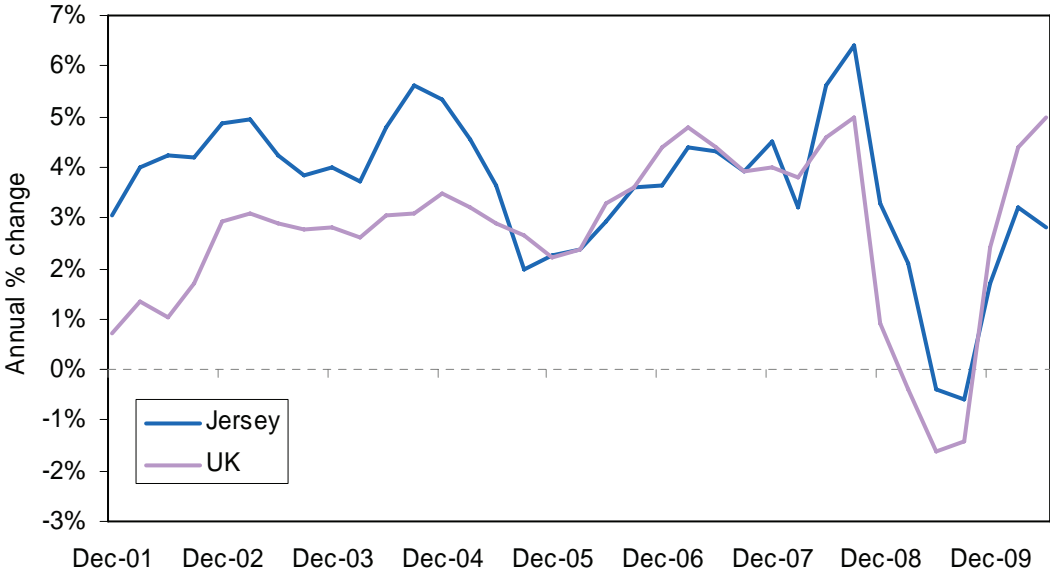
Different rates of increase of the Housing and Household services groups were the main contributors to the differences between the annual rates of increase of RPI and of underlying inflation in Jersey and Guernsey. The Housing group, overall, recorded a higher rate of increase in Jersey (5%) than in Guernsey (2%); whilst Household services increased by 2% in Jersey but fell by 3% in Guernsey.

The Food and Fares & other travel groups increased similarly in Jersey and Guernsey.

Jersey recorded lower rates of increase for Alcoholic drinks and Motoring than Guernsey and a decrease for Tobacco compared with an increase for Guernsey; in each case unchanged excise duties on an annual basis in Jersey were a factor.

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 2001 - 2010**



Motoring costs account for the majority of the difference of 2.2 percentage points seen in the annual change of the RPI in the UK (5.0%) and in Jersey (2.8%). This group contributed 2.0 percentage points to the overall change of the UK RPI, with prices rising by 15% on average; whereas in Jersey, Motoring costs rose by 2% and contributed 0.2 percentage points to the overall annual change. Greater rates of price increase were seen for the purchase of vehicles and for motor fuels in the UK, whilst insurance costs decreased in Jersey but increased considerably in the UK.

The Clothing & footwear, Household goods and Tobacco groups were also factors in the lower annual increase of the RPI in Jersey compared with the UK: Clothing & footwear was down by 2% in Jersey over the twelve months to June 2010 but was up by 6% in the UK; Household goods were almost unchanged in price in Jersey over the period but up by 4% in the UK; and Tobacco products recorded a decrease of 1% in Jersey but were up by 7% in the UK.

The Food group saw similar annual rates of increase, up by 3% in Jersey and by 2% in the UK.

In contrast, Fuel & light was up 10% in Jersey but down by 2% in the UK. Although Jersey recorded a greater 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 notably higher rate in Jersey (47% compared with 21%).

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 June 2010 the annual change in RPI(Y) for Jersey (2.7%) was below that of the UK (3.8%).



## 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<sup>th</sup> January 2009. It then fell, to 1.0% on 5<sup>th</sup> February 2009 and to 0.5% on 5<sup>th</sup> 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](http://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](http://www.gov.je/statistics).
7. The September 2010 Index will be released on Friday 22<sup>nd</sup> October 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](mailto:statistics@gov.je)).

**Statistics Unit**  
**23<sup>rd</sup> July 2010**

## Annex

ALL ITEMS RETAIL PRICES INDEX: 2000 - 2010								
Jersey RPI (June 2000=100)			Annual Movements %			Quarterly Movements %		
			Jersey	UK	Guernsey	Jersey	UK	Guernsey
<b>2000</b>	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
<b>2001</b>	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
<b>2002</b>	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
<b>2003</b>	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
<b>2004</b>	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
<b>2005</b>	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
<b>2006</b>	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
<b>2007</b>	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
<b>2008</b>	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
<b>2009</b>	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
<b>2010</b>	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

RETAIL PRICES INDEX EXCLUDING HOUSE PURCHASE COSTS: 2000 - 2010						
Jersey RPI(X) (June 2000=100)			Annual Movements %			Quarterly Movements %
			Jersey	UK	Guernsey	Jersey
<b>2000</b>	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
<b>2001</b>	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
<b>2002</b>	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
<b>2003</b>	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
<b>2004</b>	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
<b>2005</b>	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
<b>2006</b>	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
<b>2007</b>	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
<b>2008</b>	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
<b>2009</b>	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
<b>2010</b>	Mar	140.7	3.3	4.8	3.1	1.2
	Jun	141.4	2.6	5.0	2.4	0.5