

Jersey Retail Prices Index

March 2018

Summary

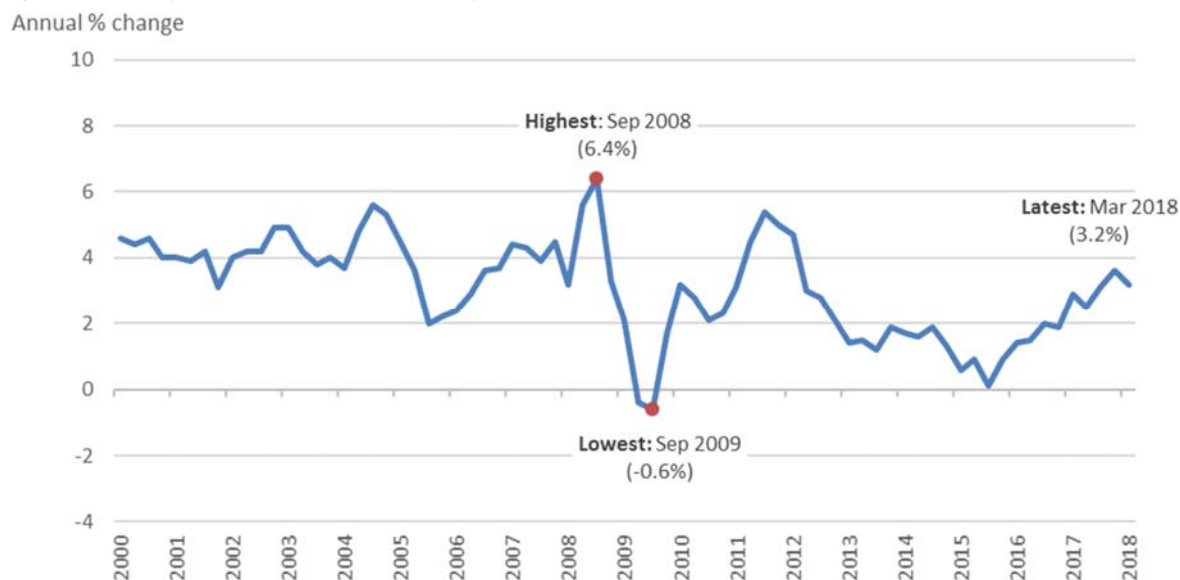
- **During the twelve months to March 2018 the All Items Retail Prices Index (RPI) for Jersey increased by 3.2% to stand at 171.2 (June 2000 = 100)**
- The **Housing, Household services** and **Leisure services** groups were the largest contributors to the overall annual increase in the RPI
- The increase in the RPI over the twelve months to December 2017 was 3.6%; hence, the **annual rate of inflation fell by 0.4 percentage points (pp)** in the latest quarter
- This fall in the annual rate of inflation was primarily due to the **Household services, Motoring** and **Food** groups seeing lower rates of price increase over the twelve months to March 2018 than over the twelve months to December 2017
- **RPI(X)¹ increased by 3.0%** over the twelve months to March 2018
- **Underlying inflation**, as measured by **RPI(Y)², increased by 2.9%** over the twelve months to March 2018
- **RPI Pensioners increased by 3.0%** and **RPI Low Income increased by 2.8%** over the twelve months to March 2018
- The latest annual rates of increase of all consumer price indices were lower than in December 2017

Annual change

The increase in the All Items Retail Prices Index (RPI) over the twelve months to March 2018 was 3.2%.

The annual percentage changes in the RPI since March 2000 are shown in Figure 1.

Figure 1 - Jersey RPI annual inflation rate (percent) Mar 2000 to Mar 2018



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).

The annual percentage changes for each group of the RPI are shown in Figure 2. Over the twelve months to March 2018 all groups saw prices increase, on average, except for Clothing & footwear, which saw prices decrease marginally over the period.

Figure 2 - Annual percentage changes for each group, Mar 2018

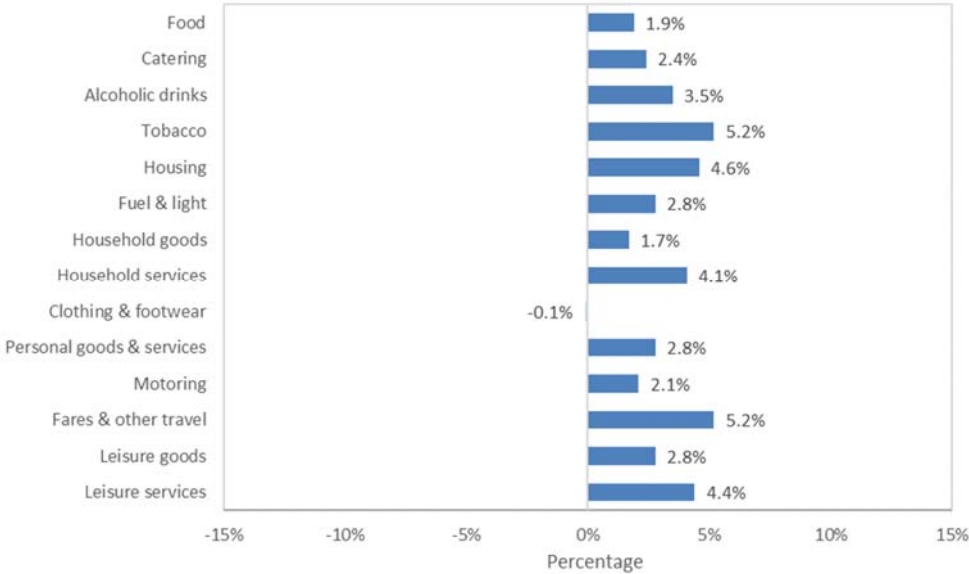
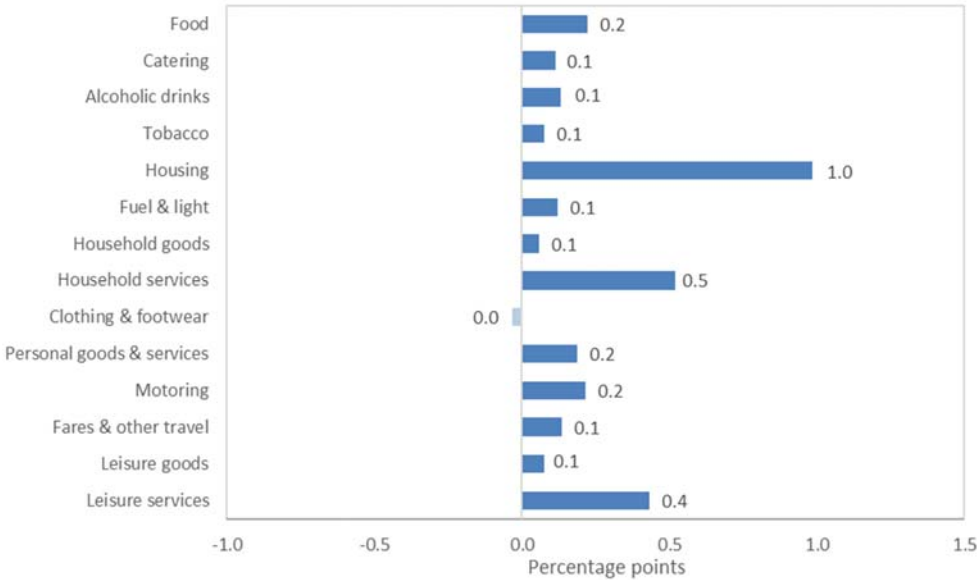


Figure 3 shows the contribution of each group of the RPI to the overall annual increase of 3.2%.

Figure 3 - Contribution of each group to the annual change of the RPI



The groups which saw prices increase, on average, over the twelve months to March 2018 gave **upward** contributions to the RPI, notably:

- Housing:** costs rose by 4.6%, on average, over the year to March 2018, contributing +1.0 pp to the annual change of the RPI. Price increases were seen across the group, which includes rents, dwelling insurance, water charges (increased in April 2017), Island-wide and Parish rates (increased in September 2017). The main driver in this group was increases seen in mortgage interest payments (due to an increase in the Bank of England base rate³ being passed on by some lenders)

³ The Bank of England base rate was increased by a quarter percentage point (from 0.25% to 0.5%) on 2 November 2017.

- **Household services:** costs rose by 4.1%, on average, over the year to March 2018, contributing +0.5 percentage points (pp) to the annual change of the RPI. Price increases were seen across the group, which includes school fees (increased in September 2017), postal and telephone charges and domestic services
- **Leisure services:** prices in this group increased by 4.4%, on average, over the twelve months to March 2018, contributing +0.4 pp to the annual change of the RPI. Higher average prices were seen across the group which includes foreign holidays, entertainment and recreation activities
- **Food:** prices in this group increased by 1.9%, on average, over the twelve months to March 2018, contributing +0.2 pp to the annual change of the RPI. Higher prices were seen, on average, for bread, cereals, fish and dairy products whilst the price of fresh meat and fresh fruit decreased, on average, over the same period
- **Motoring:** prices in this group were 2.1% greater, on average, than twelve months earlier, contributing +0.2 pp to the annual change of the RPI. Higher average prices were seen across the group which includes motor insurance and the purchase of motor vehicles. In this group, the mean prices of petrol and diesel were around 6 p per litre higher in March 2018 than a year earlier
- **Personal goods & services:** prices in this group were 2.8% greater, on average, than twelve months earlier, contributing +0.2 pp to the annual change of the RPI. Higher average prices were seen across the group
- Increased **impôts duties** in January 2018 contributed +0.15 pp to the overall annual change in the RPI, and accounted for almost all of the contribution from the Tobacco group and less than a sixth of the contribution from Alcoholic drinks

In contrast, the **Clothing & footwear** group saw prices decrease marginally, on average, over the twelve months to March 2018 (down by 0.1%). The decrease recorded by this group was largely due to lower average prices of footwear on an annual basis.

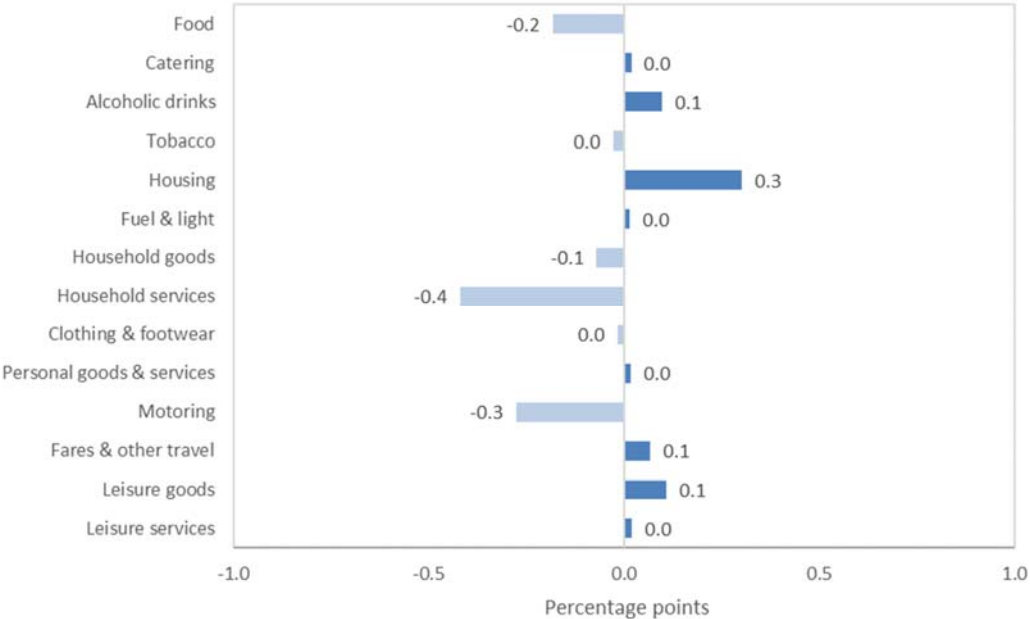
Group level indices are presented in Appendix Table A1, which also shows the most recent annual and quarterly percentage changes.

There was a decrease of 0.4 pp in the annual rate of increase of Jersey's RPI between December 2017 and March 2018, from 3.6% to 3.2%.

Figure 4 shows that several groups gave **downward** contributions to the **change** in the annual rate of increase of the RPI:

- the **Household services** group contributed -0.4 pp to the change in the annual rate of increase of the RPI. Prices in this group increased at a lower rate, on average, over the twelve months to March 2018 (up 4.1%) than over the twelve months to December 2017 (up 8.0%)
- the **Motoring** group contributed -0.3 pp to the change in the annual rate of increase of the RPI. Prices in this group increased at a lower rate, on average, over the twelve months to March 2018 (up 2.1%) than over the twelve months to December 2017 (up 4.8%). Petrol and diesel prices increased by around 6 p per litre, on average, over the twelve months to March 2018 compared with an average increase of 8 p per litre over the twelve months to December 2017
- the **Food** group contributed -0.2 pp to the change in the annual rate of increase of the RPI. Prices in this group increased at a lower rate, on average, over the twelve months to March 2018 (up 1.9%) than over the twelve months to December 2017 (up 3.9%)

Figure 4 - Contributions to change in annual rate of increase of RPI between Dec 2017 and Mar 2018 (-0.4 pp from 3.2% to 3.6%)



In contrast, several gave **upward** contributions to the **change** in the annual rate of inflation, notably the **Housing** group, which contributed +0.3 pp to the change in the annual rate of increase of the RPI. Prices in this group increased at a greater rate over the twelve months to March 2018 (up 4.6%) than over the twelve months to December 2017 (up 3.2%), driven by increases seen for mortgage interest payments.

Quarterly change

On a quarterly basis, the RPI increased by 1.4% between December 2017 and March 2018.

Figure 5 shows the percentage changes over the latest quarter for each group of the RPI.

Figure 5 - Quarterly percentage changes for each group, Mar 2018

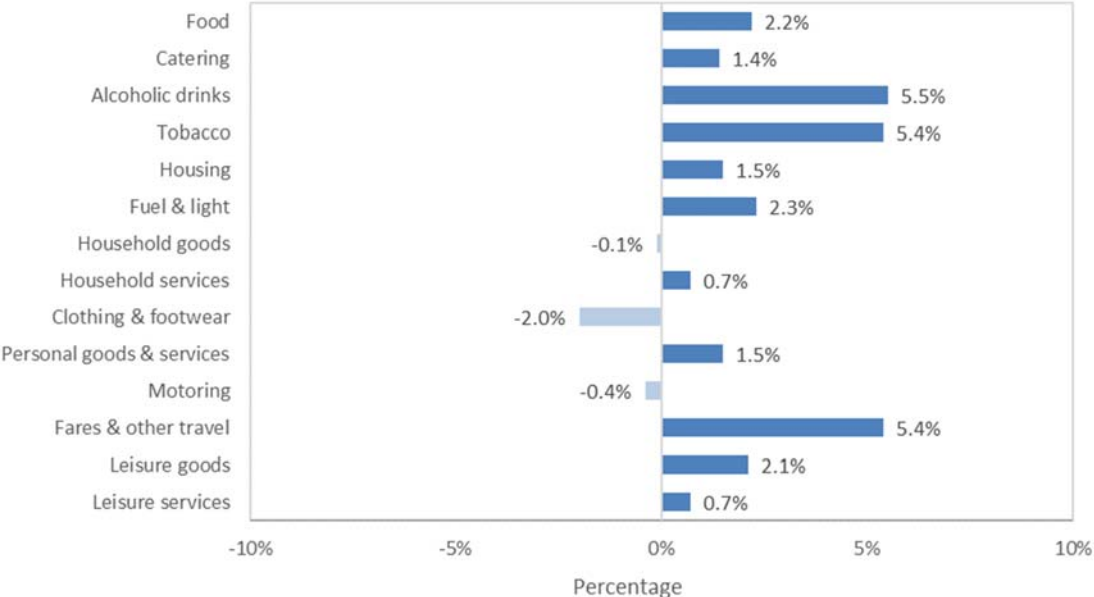
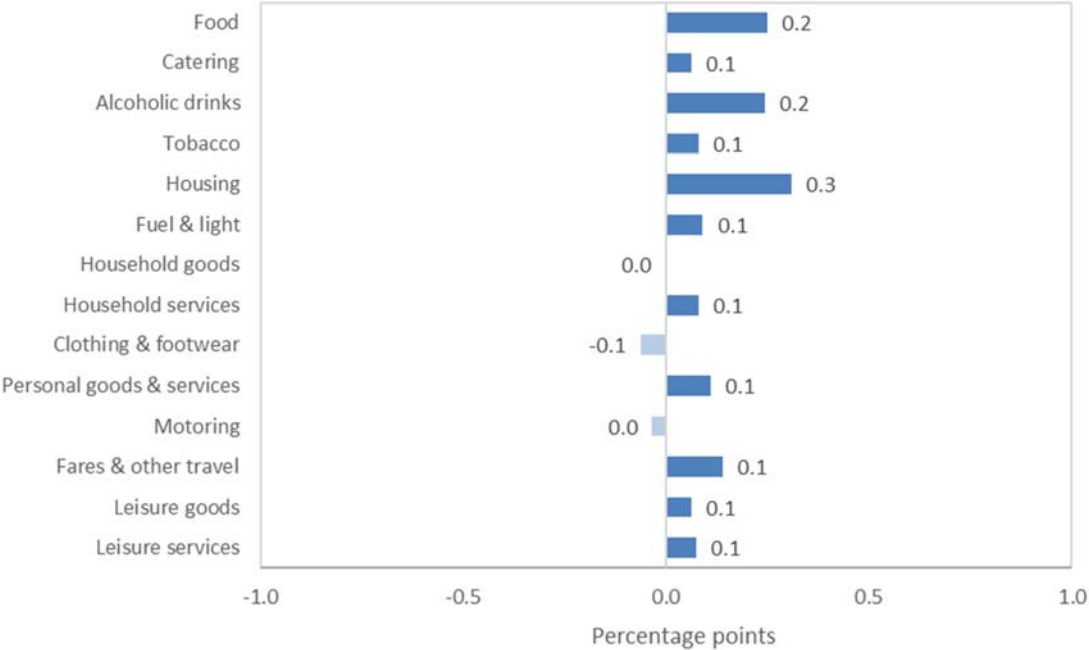


Figure 6 shows the respective contribution of each group to the overall quarterly change in the RPI.

Figure 6 - Contribution of each group to the quarterly change in the RPI



The groups which saw prices increase, on average, in the latest quarter gave **upward** contributions to the RPI, notably:

- **Housing:** costs increased by 1.5%, on average, contributing +0.3 pp to the overall quarterly change in the RPI. In this group, increases were seen for mortgage interest payments, rents paid and dwelling insurance
- **Food:** prices in this group increased by 2.2%, on average, contributing +0.2 pp to the overall quarterly change in the RPI. Higher prices were seen, on average, for fresh fruit, potatoes, soft drinks and fish, whilst the price of fresh vegetables, beef, pork and poultry decreased, on average, over the same period
- **Alcoholic drinks:** prices increased by 5.5%, on average and contributing +0.2 pp to the overall quarterly change in the RPI
- **Fuel & light:** prices in this group increased by 2.3%, contributing +0.1 pp to the overall quarterly change in the RPI. The increase recorded by this group was due to the cost of domestic heating oil, which was 5 p per litre higher in March 2018 than in December 2017

In contrast, the **Clothing & footwear** group saw prices decrease by -2.0%, on average, contributing -0.1 pp to the overall quarterly change in the RPI.

RPI(X) and RPI(Y) - underlying rate of inflation

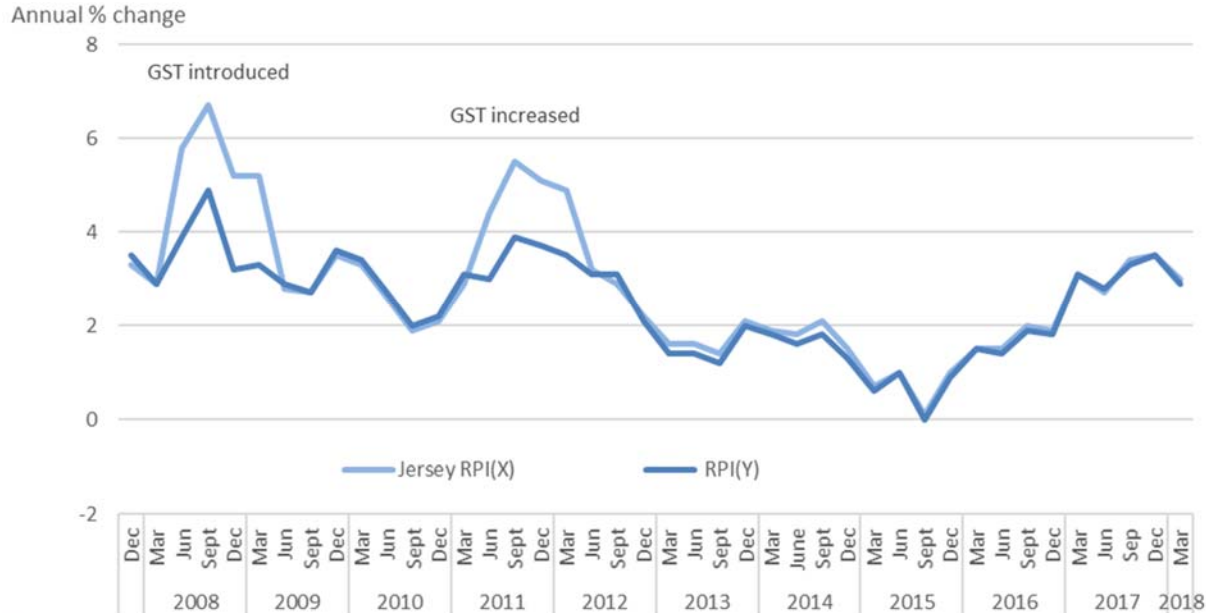
RPI(X) is defined as the all items RPI excluding the cost of mortgage interest payments.

RPI(Y) provides a measure of underlying inflation by removing the effect not only of mortgage interest payments but also of indirect taxes such as GST and impôts.

Over the twelve months to March 2018, RPI(X) increased by 3.0% and RPI(Y) increased by 2.9%

Figure 7 shows the annual rates of change of both RPI(X) and RPI(Y) since 2007, when RPI(Y) was first published for Jersey (see Appendix Tables A3 and A4).

Figure 7 - Annual percentage changes in RPI(X) and RPI(Y)



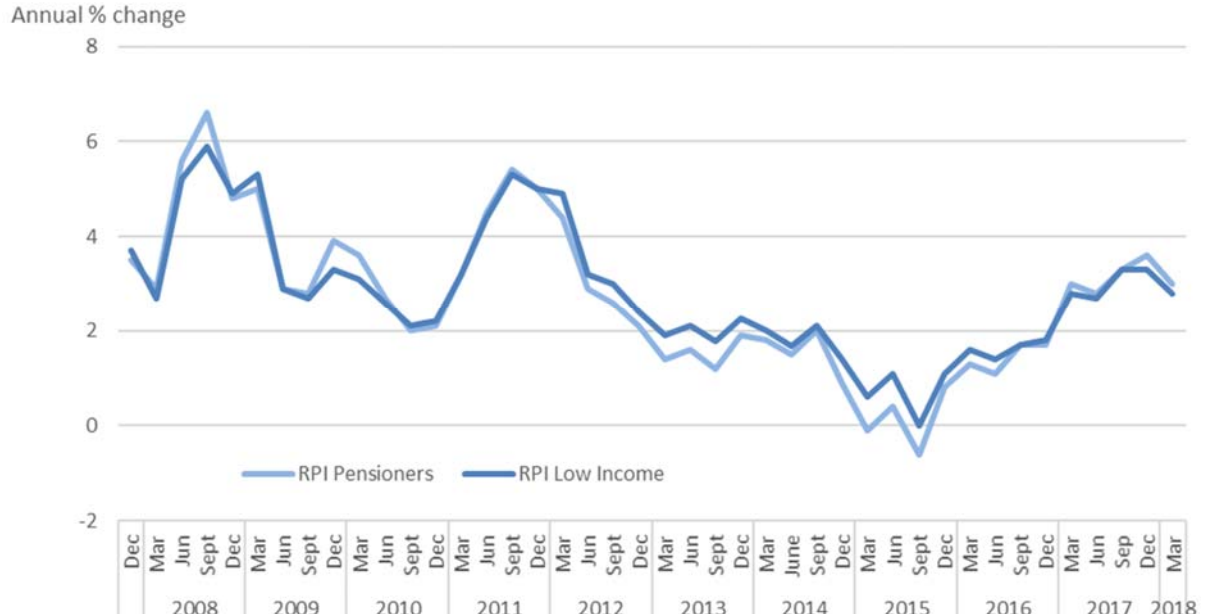
The annual rates of increase of both RPI(X) and RPI(Y) over the twelve months to March 2018 were lower than over the twelve months to December 2017 (by 0.5 pp and 0.6 pp, respectively).

Other inflation measures

In December 2007, two further consumer price indices were introduced for Jersey: **RPI Pensioners**, for pensioner households; and **RPI Low Income**, for households in the lowest quintile of household income. Over the twelve months to March 2018, RPI Pensioners increased by 3.0% and RPI Low Income increased by 2.8%.

Figure 8 shows the annual rates of change of both RPI Pensioners and RPI Low Income since December 2007, when annual changes in these indices were first published (see Appendix Table A4).

Figure 8 - Annual percentage changes in RPI Pensioners and RPI Low Income



The annual rates of increase of both RPI Pensioners and RPI Low Income were lower in March 2018 than in December 2017 (by 0.6 pp and 0.5 pp, respectively).

Comparison with the UK

The annual rates of increase of the RPI in Jersey and the UK are shown in Table 1. The annual rate of increase of the UK RPI adjusted for the formula effect (see Note 4) is also shown. The appropriate comparison is that of the Jersey RPI and the UK RPI adjusted for the formula effect.

Table 1: Annual percentage changes in RPI for Dec 2017 and Mar 2018

	RPI	
	Dec-17	Mar-18
Jersey	3.6	3.2
UK	4.1	3.3
UK adjusted	3.4	2.6

Over the twelve months to March 2018, the annual increase of the RPI in Jersey was 3.2% and that of the UK adjusted RPI was 2.6%.

Despite the fact that global factors influence both jurisdictions shown in Table 1, local trends and issues in each location dictate the full effect of such factors. In particular, for Jersey and the UK⁴ over the twelve months to March 2018:

- prices in the **Household services, Personal goods & services** and **Housing** groups increased at a greater rate, on average, in Jersey than in the UK
- in contrast, prices in the **Motoring, Household goods** and **Food** groups increased at lower rates, on average, in Jersey than in the UK and prices in the **Clothing & footwear** group decreased, on average, in Jersey but increased in the UK

There was a fall of 0.4 pp in the annual rate of increase of Jersey’s RPI between December 2017 and March 2018 (from 3.6% to 3.2 %) whilst the annual rate of increase of the UK adjusted RPI fell by 0.8 pp over the same period (from 3.4% to 2.6%).

⁴ Group level contributions are not published for the UK adjusted RPI. Acknowledging the upward bias of annual changes in the UK RPI, informative comparison can be made at the RPI group level, for which UK information is published.

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 2014-15, the results of which were published in May 2016; these results have been used to conduct a commodity review and the introduction of new weights for all consumer prices indices in March 2018.
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. Around 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 since 2000 are set out in the Appendix, along with details of the Jersey figures for RPI(X).
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 did not meet current international standards and that a new index (RPIJ) should be published. From March 2013 to January 2017 the UK Office for National Statistics (ONS) published RPIJ.

The annual percentage change in the UK RPI was systematically greater than that of RPIJ; the upward bias was predominantly due to the “formula effect”. The Jersey RPI is not susceptible to such an upward bias.

Prior to February 2017 the appropriate comparison with the UK was that of the Jersey RPI and the UK RPIJ. However, in February 2017, the UK Office for National Statistics discontinued publication of RPIJ.

A direct estimate of the formula effect continues to be published by the ONS, enabling comparison between the annual rates of change of the Jersey and UK RPIs by adjusting for the formula effect.

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.
6. Group and section weights for RPI Pensioners and RPI Low Income are derived from information on expenditure collected by the 2014/15 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.
7. The Jersey RPI for June 2018 will be published on 20 July 2018.
8. 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).

Table A1: Group indices (June 2000 = 100) and percentage changes

GROUP	2017 Mar	2017 Jun	2017 Sep	2017 Dec	2018 Mar	Annual change (percent)	Quarterly change (percent)
Food	169.2	167.5	167.0	168.7	172.4	1.9	2.2
Catering	174.6	175.5	176.2	176.4	178.8	2.4	1.4
Alcoholic drinks	192.1	194.2	192.8	188.5	198.8	3.5	5.5
Tobacco	311.4	311.3	311.1	310.8	327.5	5.2	5.4
Housing	177.9	178.7	179.6	183.2	186.0	4.6	1.5
Fuel & light	221.8	218.1	219.1	222.9	228.1	2.8	2.3
Household goods	102.2	103.9	105.0	104.0	103.9	1.7	-0.1
Household services	207.1	208.1	213.7	214.1	215.5	4.1	0.7
Clothing & footwear	81.5	80.4	82.6	83.1	81.4	-0.1	-2.0
Personal goods & services	157.0	157.7	157.5	159.0	161.4	2.8	1.5
Motoring	165.6	166.0	167.7	169.7	169.1	2.1	-0.4
Fares & other travel	212.6	209.6	224.7	212.2	223.7	5.2	5.4
Leisure goods	78.6	79.3	79.7	79.1	80.8	2.8	2.1
Leisure services	182.5	182.5	186.5	189.2	190.6	4.4	0.7
All items	165.9	166.1	167.8	168.8	171.2	3.2	1.4

Table A2: Jersey Retail Prices Index RPI, 2000-2018 (Jun 2000 = 100)

		RPI	Annual change (%)	Quarterly change (%)
2000	Mar	99.0	4.6	1.3
	Jun	100.0	4.4	1.0
	Sep	101.1	4.6	1.1
	Dec	101.6	4.0	0.5
2001	Mar	103.0	4.0	1.4
	Jun	103.9	3.9	0.9
	Sep	105.3	4.2	1.3
	Dec	104.7	3.1	-0.6
2002	Mar	107.1	4.0	2.3
	Jun	108.3	4.2	1.1
	Sep	109.7	4.2	1.3
	Dec	109.8	4.9	0.1
2003	Mar	112.4	4.9	2.4
	Jun	112.9	4.2	0.4
	Sep	113.9	3.8	0.9
	Dec	114.2	4.0	0.3
2004	Mar	116.6	3.7	2.1
	Jun	118.3	4.8	1.5
	Sep	120.3	5.6	1.7
	Dec	120.3	5.3	0.0
2005	Mar	121.9	4.5	1.3
	Jun	122.6	3.6	0.6
	Sep	122.7	2.0	0.1
	Dec	123.0	2.2	0.2
2006	Mar	124.8	2.4	1.5
	Jun	126.2	2.9	1.1
	Sep	127.1	3.6	0.7
	Dec	127.5	3.7	0.3
2007	Mar	130.3	4.4	2.2
	Jun	131.6	4.3	1.0
	Sep	132.1	3.9	0.4
	Dec	133.3	4.5	0.9
2008	Mar	134.5	3.2	0.9
	Jun	139.0	5.6	3.3
	Sep	140.5	6.4	1.1
	Dec	137.7	3.3	-2.0
2009	Mar	137.3	2.1	-0.3

Appendix

		RPI	Annual change (%)	Quarterly change
2009	Jun	138.5	-0.4	0.9
	Sep	139.6	-0.6	0.8
	Dec	140.0	1.7	0.3
2010	Mar	141.7	3.2	1.2
	Jun	142.4	2.8	0.5
	Sep	142.6	2.1	0.1
	Dec	143.2	2.3	0.4
2011	Mar	146.1	3.1	2.0
	Jun	148.8	4.5	1.8
	Sep	150.3	5.4	1.0
	Dec	150.4	5.0	0.1
2012	Mar	153.0	4.7	1.7
	Jun	153.3	3.0	0.2
	Sep	154.5	2.8	0.8
	Dec	153.5	2.1	-0.6
2013	Mar	155.2	1.4	1.1
	Jun	155.6	1.5	0.3
	Sep	156.4	1.2	0.5
	Dec	156.4	1.9	0.0
2014	Mar	157.9	1.7	1.0
	Jun	158.1	1.6	0.1
	Sep	159.3	1.9	0.8
	Dec	158.5	1.3	-0.5
2015	Mar	158.9	0.6	0.3
	Jun	159.6	0.9	0.4
	Sep	159.5	0.1	-0.1
	Dec	160.0	0.9	0.3
2016	Mar	161.2	1.4	0.8
	Jun	162.0	1.5	0.5
	Sep	162.7	2.0	0.4
	Dec	163.0	1.9	0.2
2017	Mar	165.9	2.9	1.8
	Jun	166.1	2.5	0.1
	Sep	167.8	3.1	1.0
	Dec	168.8	3.6	0.6
2018	Mar	171.2	3.2	1.4

Table A3: Jersey Retail Prices Index **Excluding** house purchase costs, RPI(X), 2000-2018 (Jun 2000 = 100)

Appendix

		RPI(X)	Annual change (%)	Quarterly change (%)			RPI(X)	Annual change	Quarterly change
2000	Mar	(99.2)	4.3	1.1	2009	Jun	137.8	2.8	1.2
	Jun	100.0	4.0	0.8		Sep	138.8	2.7	0.7
	Sep	101.1	4.2	1.1		Dec	139.0	3.5	0.1
	Dec	101.4	3.4	0.3		2010	Mar	140.7	3.3
2001	Mar	102.8	3.6	1.4	Jun		141.4	2.6	0.5
	Jun	103.8	3.8	1.0	Sep		141.4	1.9	0.0
	Sep	105.3	4.2	1.4	Dec		141.9	2.1	0.4
	Dec	105.1	3.6	-0.2	2011	Mar	144.8	2.9	2.0
2002	Mar	107.3	4.4	2.1		Jun	147.6	4.4	1.9
	Jun	108.4	4.4	1.0		Sep	149.2	5.5	1.1
	Sep	109.7	4.2	1.2		Dec	149.2	5.1	0.0
	Dec	109.8	4.5	0.1	2012	Mar	151.9	4.9	1.8
2003	Mar	112.5	4.8	2.5		Jun	152.3	3.2	0.3
	Jun	113.4	4.6	0.8		Sep	153.5	2.9	0.8
	Sep	114.5	4.4	1.0		Dec	152.5	2.2	-0.7
	Dec	114.2	4.0	-0.3	2013	Mar	154.3	1.6	1.2
2004	Mar	116.4	3.5	1.9		Jun	154.8	1.6	0.3
	Jun	117.3	3.4	0.8		Sep	155.6	1.4	0.5
	Sep	118.3	3.3	0.9		Dec	155.7	2.1	0.1
	Dec	118.1	3.4	-0.2	2014	Mar	157.3	1.9	1.0
2005	Mar	119.6	2.7	1.3		Jun	157.6	1.8	0.2
	Jun	120.2	2.5	0.5		Sep	158.9	2.1	0.8
	Sep	120.6	1.9	0.3		Dec	158.0	1.5	-0.6
	Dec	120.7	2.2	0.1	2015	Mar	158.4	0.7	0.3
2006	Mar	122.5	2.4	1.5		Jun	159.2	1.0	0.5
	Jun	123.9	3.1	1.1		Sep	159.1	0.1	-0.1
	Sep	124.0	2.8	0.1		Dec	159.6	1.0	0.3
	Dec	123.7	2.5	-0.2	2016	Mar	160.8	1.5	0.8
2007	Mar	125.9	2.8	1.8		Jun	161.6	1.5	0.5
	Jun	126.7	2.3	0.6		Sep	162.3	2.0	0.4
	Sep	126.7	2.2	0.0		Dec	162.7	1.9	0.2
	Dec	127.7	3.2	0.8	2017	Mar	165.8	3.1	1.9
2008	Mar	129.5	2.9	1.4		Jun	166.0	2.7	0.1
	Jun	134.0	5.8	3.5		Sep	167.8	3.4	1.1
	Sep	135.2	6.7	0.9		Dec	168.4	3.5	0.4
	Dec	134.3	5.2	-0.7	2018	Mar	170.7	3.0	1.4
2009	Mar	136.2	5.2	1.4					

Table A4: Annual percentage changes in RPI(Y), RPI Pensioners and RPI Low Income

Appendix

		RPI(Y)	RPI Pensioners	RPI Low Income
2007	Dec	3.5	3.5	3.7
2008	Mar	2.9	2.9	2.7
	Jun	3.9	5.6	5.2
	Sep	4.9	6.6	5.9
	Dec	3.2	4.8	4.9
2009	Mar	3.3	5.0	5.3
	Jun	2.9	2.9	2.9
	Sep	2.7	2.8	2.7
	Dec	3.6	3.9	3.3
2010	Mar	3.4	3.6	3.1
	Jun	2.7	2.7	2.6
	Sep	2.0	2.0	2.1
	Dec	2.2	2.1	2.2
2011	Mar	3.1	3.2	3.2
	Jun	3.0	4.5	4.4
	Sep	3.9	5.4	5.3
	Dec	3.7	5.0	5.0
2012	Mar	3.5	4.4	4.9
	Jun	3.1	2.9	3.2
	Sep	3.1	2.6	3.0
	Dec	2.1	2.1	2.4
2013	Mar	1.3	1.4	1.9
	Jun	1.4	1.6	2.1
	Sep	1.2	1.2	1.8
	Dec	2.0	1.9	2.3
2014	Mar	1.8	1.8	2.0
	Jun	1.6	1.5	1.7
	Sep	1.8	2.0	2.1
	Dec	1.3	0.9	1.4
2015	Mar	0.6	-0.1	0.6
	Jun	1.0	0.4	1.1
	Sep	0.0	-0.6	0.0
	Dec	0.9	0.8	1.1
2016	Mar	1.5	1.3	1.6
	Jun	1.4	1.1	1.4
	Sep	1.9	1.7	1.7
	Dec	1.8	1.7	1.8
2017	Mar	3.1	3.0	2.8
	Jun	2.8	2.8	2.7
	Sep	3.3	3.3	3.3
	Dec	3.5	3.6	3.3
2018	Mar	2.9	3.0	2.8

