

GUERNSEY RETAIL PRICES INDEX

4.7% annual change as at 31 March 2003

At the end of March, Guernsey's annual rate of inflation, as measured by changes in the Index of Retail Prices, was 4.7% compared with 4.4% at the end of the previous quarter.

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The Index Figures at the end of March 2003 were:

112.6 (Dec 99=100)
133.7 (Mar 1994 =100)
180.6 (Dec 1988 =100)
241.4 (Dec 1983 =100)
383.2 (Dec 1978 =100)

Period	%	Period	%
3 Months	1.9	2 Years	7.8
6 Months	2.3	3 Years	11.3
9 Months	3.6	4 Years	15.5
12 Months	4.7	5 Years	18.0

Matters affecting the R.P.I during the last year

The main contributors to inflation during the last year were increases in the Housing, Leisure Services and Motoring groups. There were slight increases in the Fares and the Fuel, Light and Power groups. There was no change in Food, Clothing and Leisure Goods.

The Housing Group has again had the largest effect on the annual change; 1.7% out of the 4.7%; Leisure Services contribution was 0.8% and Motoring was 0.7% out of 4.7%.

In the Housing group, there were increases in the costs of building work, other major house improvements and house heating repair and maintenance. Holidays contributed again to the increase in the Leisure Services group with smaller increases in UK accommodation and satellite subscriptions. Motoring expenditure has gone up as a result of an increase in the cost of motor insurance especially for younger drivers and the cost of car and motorcycle repairs and servicing.

Matters affecting the R.P.I during the last three months

The main contributors to inflation over the last **three months** were increases in the costs of car insurance and car /motor cycle repairs and servicing, house heating maintenance and repair. There were also increased in the Personal Goods group, mainly medical costs and in general, toiletries.

Annual % Changes for each quarter

	March	June	September	December
1990	10.2	9.7	10.4	9.8
1991	8.6	8.7	6.1	5.5
1992	4.6	4.1	3.6	3.2
1993	2.3	1.5	1.8	1.4
1994	2.9	2.3	2.0	2.4
1995	3.0	3.5	4.0	3.6
1996	2.5	2.1	2.0	2.8
1997	3.1	4.0	4.4	4.7
1998	4.1	4.0	4.0	3.2
1999	2.1	2.2	1.8	2.4
2000	3.8	4.4	4.5	3.9
2001	3.3	2.3	2.6	1.9
2002	2.9	3.3	3.9	4.4
2003	4.7			

GUERNSEY RETAIL PRICES INDEX - MARCH 2003

PERCENTAGE CHANGES IN GROUP INFLATION AND THEIR CONTRIBUTION TO OVERALL INFLATION

GUERNSEY INFLATION RATE (+4.7%)

	Weight	Quarterly %Change	Annual %Change	% Contribution
Food	127	-0.3	0.0	0.0
Alcoholic Drink	52	2.1	3.7	0.2
Tobacco	19	4.6	7.9	0.2
Housing	216	1.2	7.6	1.7
Fuel, Light and Power	41	2.9	7.2	0.3
Household Goods	79	1.8	1.2	0.1
Household Services	33	1.1	3.1	0.1
Clothing & Footwear	56	-0.7	0.5	0.0
Personal Goods	49	4.0	2.4	0.1
Motoring Expenditure	85	3.5	8.0	0.7
Fares/Other Travel	33	4.0	8.5	0.3
Leisure Goods	63	-0.4	-1.2	0.0
Leisure Services	92	1.5	8.3	0.8
Food Away from Home	55	1.8	3.3	0.2
Overall	1000			
All Items				4.7

Weight is the proportion of the total index represented by each group. **Contribution** shows the effect of price changes in relation to the relative weight of the groups.

Retail Prices Index (RPI)

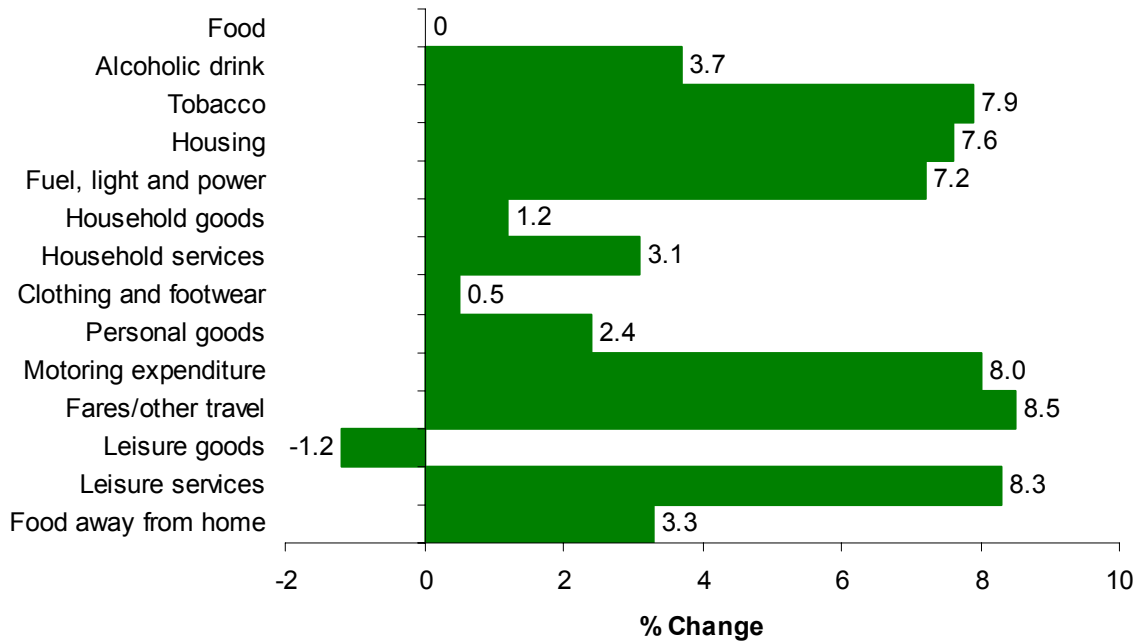
The RPI is a measure of inflation in Guernsey. It can be defined as "an average measure of change in the prices of goods and services bought for the purpose of consumption by the vast majority of households" (RPI Technical Manual, Office for National Statistics, 1998).

Goods and services that consumers purchase have a price, and these will vary over time. The RPI is designed to measure such changes. Imagine a very large shopping basket (over 2100 items) comprising all the different kinds of goods and services bought by a typical household. As the prices of individual items in this basket vary, the total cost of the basket will vary - the RPI is a measure of the change from quarter to quarter in this total cost.

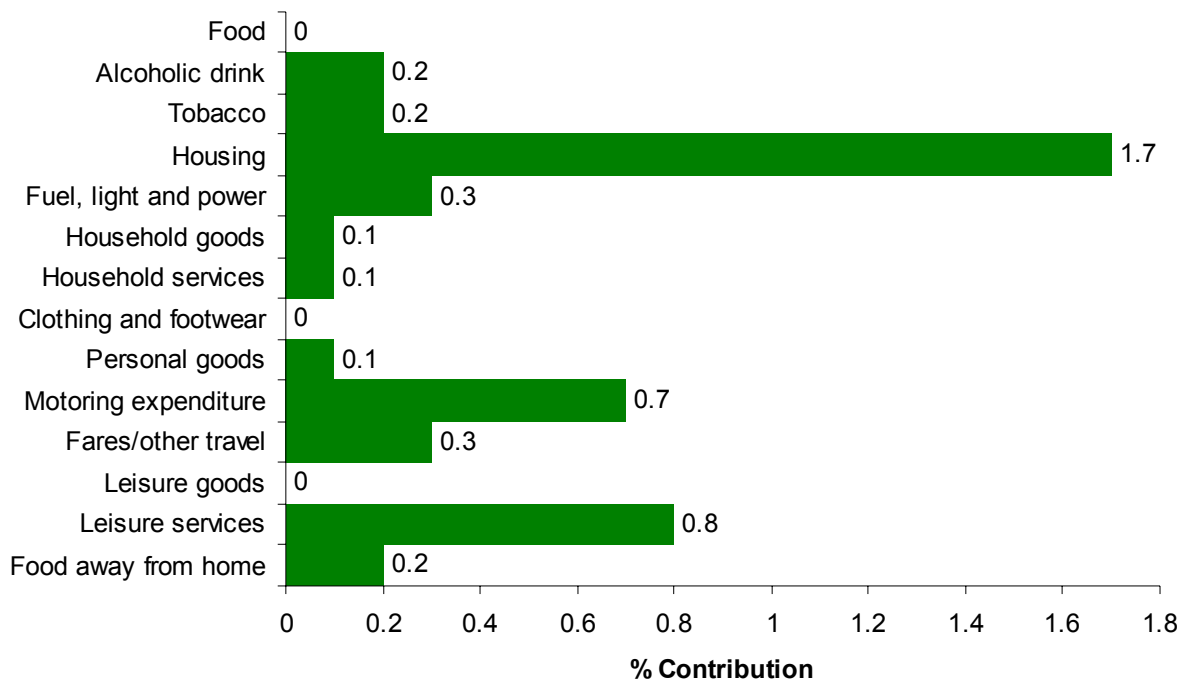
No two households spend their money in exactly the same way and this basket of goods is compiled using spending pattern data from the Household Expenditure Survey. This is carried out every five years, hence the RPI index base is reset to 100 e.g. Dec 1999 = 100, Mar 1994 = 100 etc. The RPI while not applying precisely to any one household or person, will be close to the experience of inflation for the great majority of households.

GUERNSEY RETAIL PRICES INDEX - MARCH 2003

Annualised Percentage change in RPI Groups (March 2002 to March 2003)



Percentage Contributions to overall inflation



GUERNSEY RETAIL PRICES INDEX - MARCH 2003

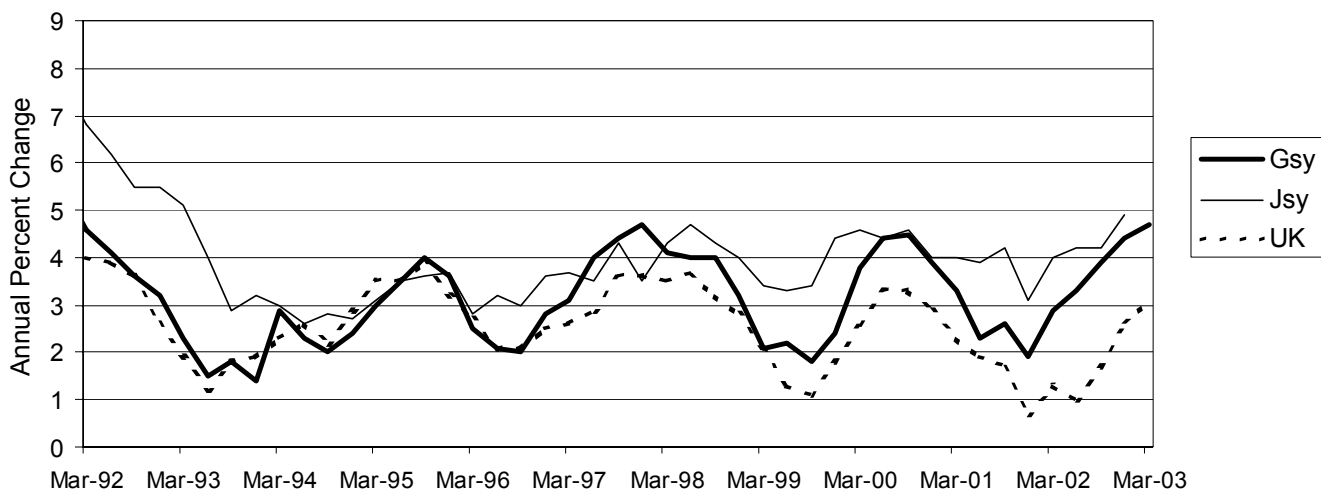
RPI comparison with Jersey and the UK

Guernsey and Jersey tend to run at a higher rate than the UK, see chart below. The chart shows that inflation in Guernsey follows the general trends of the UK inflation rate, albeit at a higher level.

At the time of publication, the Jersey RPI figures for March were not available.

		Annual Movements			Quarterly Movements		
		Guernsey	UK	Jersey	Guernsey	UK	Jersey
1998	Mar	4.1	3.5	4.3	0.9	0.5	1.7
	June	4.0	3.7	4.7	0.9	1.6	1.2
	Sept	4.0	3.2	4.3	1.0	1.0	0.9
	Dec	3.2	2.8	4.0	0.4	0.0	0.2
1999	Mar	2.1	2.1	3.4	-0.2	-0.2	1.1
	June	2.2	1.3	3.3	1.0	0.9	1.1
	Sept	1.8	1.1	3.4	0.4	0.5	0.9
	Dec	2.4	1.8	4.4	1.1	0.7	1.1
2000	Mar	3.8	2.6	4.6	1.2	0.3	1.3
	June	4.4	3.3	4.4	1.6	1.6	1.0
	Sept	4.5	3.3	4.6	0.7	0.4	1.1
	Dec	3.9	2.9	4.0	0.5	0.3	0.5
2001	Mar	3.3	2.3	4.0	0.6	0.0	1.4
	June	2.3	1.9	3.9	0.8	1.3	0.9
	Sept	2.6	1.7	4.2	0.8	0.1	1.3
	Dec	1.9	0.7	3.1	-0.1	-0.7	-0.6
2002	Mar	2.9	1.3	4.0	1.6	0.6	2.3
	June	3.3	1.0	4.2	1.0	1.0	1.1
	Sept	3.9	1.7	4.2	1.4	0.8	1.3
	Dec	4.4	2.9	4.9	0.4	0.5	0.1
2003	Mar	4.7	3.1		1.9	0.8	

Annual Rate of Inflation - Guernsey, Jersey and the UK



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