

## GUERNSEY RETAIL PRICES INDEX

### 3.3% annual change as at 30 September 2003

At the end of September, Guernsey's annual rate of inflation, as measured by changes in the Index of Retail Prices, was 3.3% compared with 4.3% at the end of the previous quarter.

The Index Figures at the end of September 2003 were:

113.8 (Dec 99=100)  
135.0 (Mar 1994 =100)  
182.4 (Dec 1988 =100)  
243.8 (Dec 1983 =100)  
387.2 (Dec 1978 =100)

Period	%	Period	%
3 Months	0.4	2 Years	7.3
6 Months	1.0	3 Years	10.1
9 Months	2.9	4 Years	15.0
12 Months	3.3	5 Years	17.0

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

Over the last twelve months, the largest contributors to inflation were as follows: Housing (1.2% out of 3.3%), Food (0.7%) and Motoring (0.3%). Smaller increases were also noted within the Alcohol, Household Goods, Personal Goods, Fares and other Travel and Leisure Services groups. Fuel, Light and Power had a downward effect (-0.1%) due to slightly cheaper domestic heating oil and gas prices.

The Housing contribution of 1.2% is still high but it is less than the 1.5% recorded for the twelve months to June and the 1.7% recorded in the twelve months to March 2003. The drop is a reflection of lower interest rates, which has resulted in a reduction in the average mortgage debt. The costs of building work, tradesmen and house heating maintenance and repairs have continued to contribute to inflation in the Housing group. An increase in occupiers rates was also observed.

In the Food group, notable price rises were observed for fresh fruit and vegetables, some meat prices, poultry and eggs. There was a fall in the cost of tea. In the Motoring group, car insurance and the cost of repairs and servicing had an upward effect.

#### 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 non UK air travel, seasonal increases in womens' clothing and repairs/servicing to vehicles other than cars. The cost of local telephone calls also increased as did the price of bread. The cost of fuel for domestic heating (oil and gas) fell, which had a downward effect on the quarterly change.

#### 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	4.3	3.3	

# GUERNSEY RETAIL PRICES INDEX - SEPTEMBER 2003

## PERCENTAGE CHANGES IN GROUP INFLATION AND THEIR CONTRIBUTION TO OVERALL INFLATION

### GUERNSEY INFLATION RATE (+3.3%)

	Weight	Quarterly %Change	Annual %Change	% Contribution
Food	127	0.4	5.1	0.7
Alcoholic Drink	52	0.1	3.2	0.2
Tobacco	19	0.0	4.6	0.1
Housing	216	0.5	5.7	1.2
Fuel, Light and Power	41	-0.8	-1.9	-0.1
Household Goods	79	0.5	2.2	0.2
Household Services	33	-1.0	0.8	0.0
Clothing & Footwear	56	1.1	0.0	0.0
Personal Goods	49	0.3	3.3	0.2
Motoring Expenditure	85	0.9	3.5	0.3
Fares/Other Travel	33	2.9	5.8	0.2
Leisure Goods	63	-0.1	0.4	0.0
Leisure Services	92	0.1	1.9	0.2
Food Away from Home	55	0.1	2.2	0.1
Overall	1000			
All Items				3.3

**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)

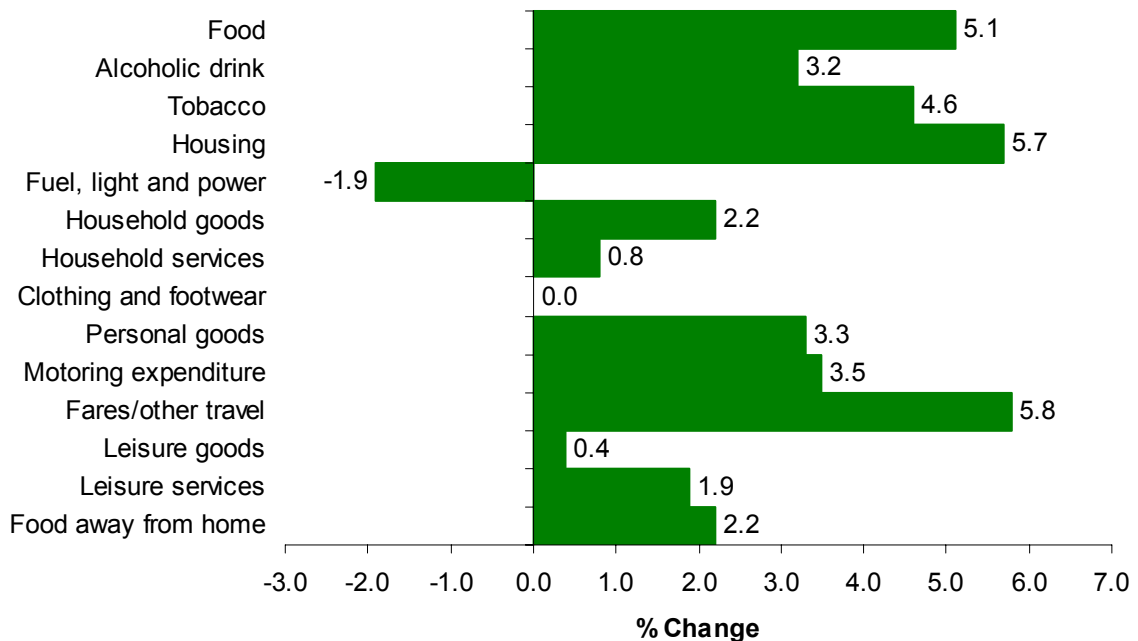
The RPI is a measure of inflation in Guernsey. It can be defined as "an average measure of change in the prices of goods and services bought for the purpose of consumption by the vast majority of households" (RPI Technical Manual, Office for National Statistics, 1998).

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.

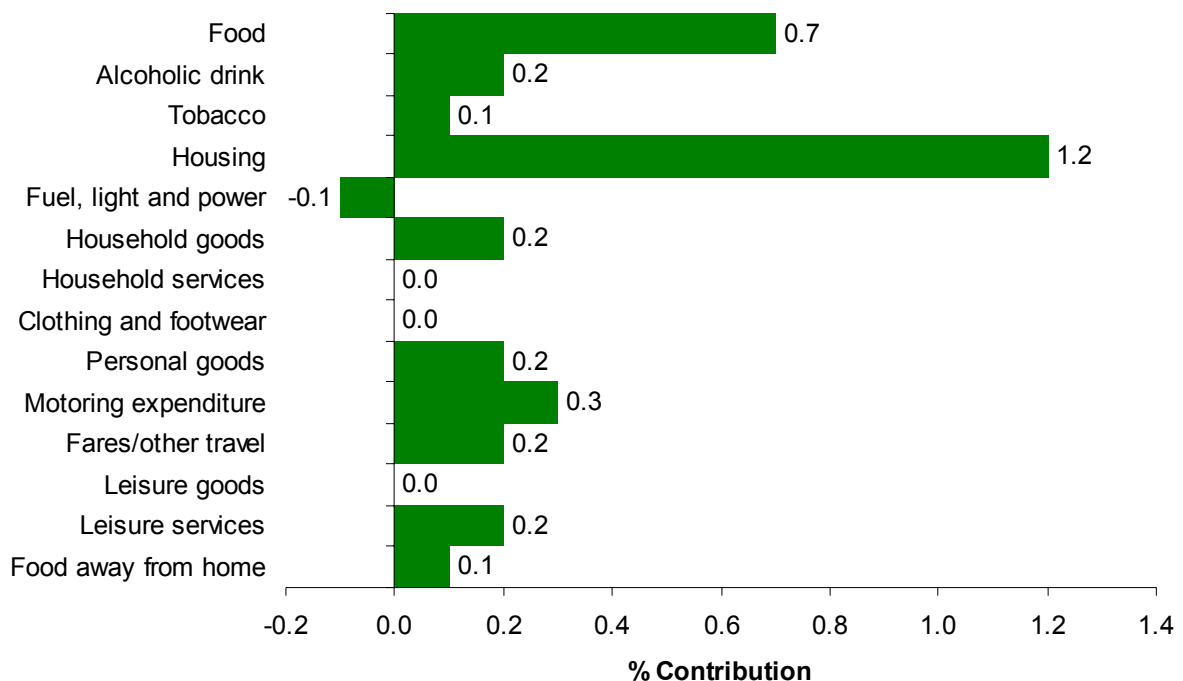
No two households spend their money in exactly the same way and this basket of goods is compiled using spending pattern data from the Household Expenditure Survey. This is carried out every five years, hence the RPI index base is reset to 100 e.g. Dec 1999 = 100, Mar 1994 = 100 etc. The RPI while not 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 - SEPTEMBER 2003

**Annualised Percentage change in RPI Groups  
(September 2002 to September 2003)**



**Percentage Contributions to overall inflation**



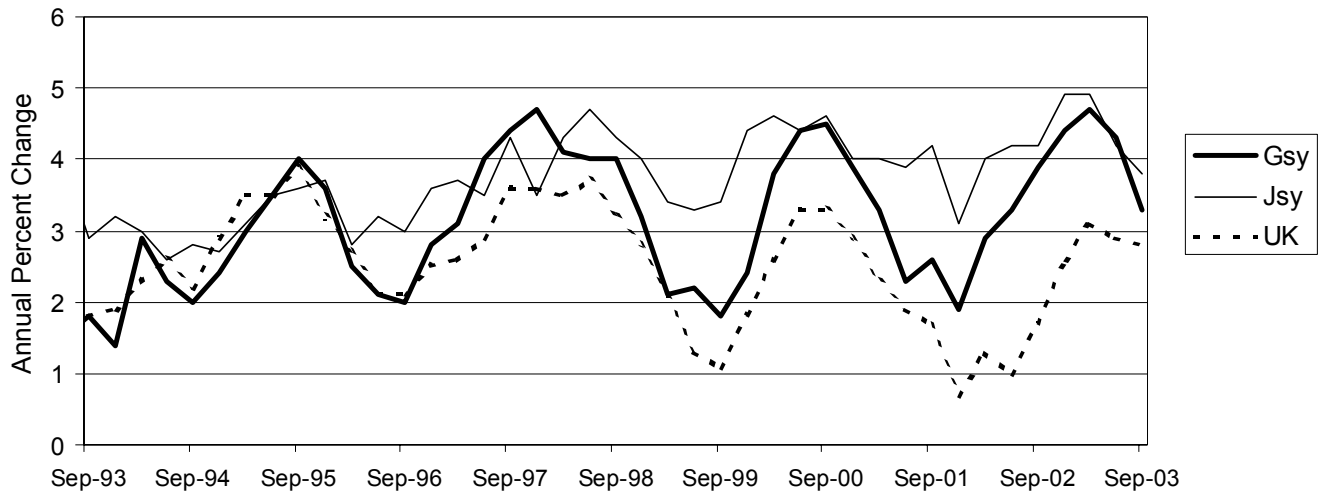
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## RPI comparison with Jersey and the UK

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.

		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	4.9	1.9	0.8	2.4
	June	4.3	2.9	4.2	0.6	0.8	0.4
	Sept	3.3	2.8	3.8	0.4	0.7	0.9

## Annual Rate of Inflation - Guernsey, Jersey and the UK



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