

## GUERNSEY RETAIL PRICES INDEX

**3.9% annual change as at 30 September 2002**

At the end of September, Guernsey's annual rate of inflation, as measured by changes in the Index of Retail Prices, was 3.9% compared with 3.3% at the end of the previous quarter.

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The Index Figures at the end of September 2002 were:  
110.1 (Dec 99=100)  
130.7 (Mar 1994 =100)  
176.6 (Dec 1988 =100)  
236.0 (Dec 1983 =100)  
374.7 (Dec 1978 =100)

Period	%	Period	%
3 Months	1.4	2 Years	6.5
6 Months	2.4	3 Years	11.3
9 Months	4.0	4 Years	13.3
12 Months	3.9	5 Years	17.8

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

The main contributors to inflation during the last year were increases in the prices of Housing, Leisure Services and Tobacco. Clothing and footwear dropped over the last year and Food remained the same.

The Housing Group had the largest effect on the annual change; 1.5% out of the 3.9%. In this group there were rises in the costs of purchasing a house, the cost of employing tradesmen and other general building costs.

Leisure Services also increased due to a rise in the cost of holidays and fees for private education. In the other groups, there was a slight rise in the cost of Fuel/Light and Power; an effect of world energy price increases due to OPEC policy and tension within the Middle East. Motoring has risen as some insurance companies have introduced minimum premiums on car insurance.

### **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 house purchase, building work, sports and educational courses, women's clothing and fuel for domestic heating.

### **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	

# GUERNSEY RETAIL PRICES INDEX - SEPTEMBER 2002

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

### GUERNSEY INFLATION RATE (+3.9%)

	Weight	Quarterly %Change	Annual %Change	% Contribution
Food	127	-0.6	0.2	0.0
Alcoholic Drink	52	0.4	3.8	0.2
Tobacco	19	2.4	15.8	0.3
Housing	216	1.4	6.4	1.5
Fuel, Light and Power	41	4.1	5.4	0.2
Household Goods	79	0.4	0.6	0.1
Household Services	33	0.7	4.4	0.2
Clothing & Footwear	56	5.1	-2.8	-0.2
Personal Goods	49	0.4	3.5	0.2
Motoring Expenditure	85	1.5	2.1	0.2
Fares/Other Travel	33	0.4	3.0	0.1
Leisure Goods	63	-0.7	-0.3	0.0
Leisure Services	92	4.1	8.6	0.9
Food Away from Home	55	0.1	2.5	0.2
Overall	1000			
All Items				3.9

**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)

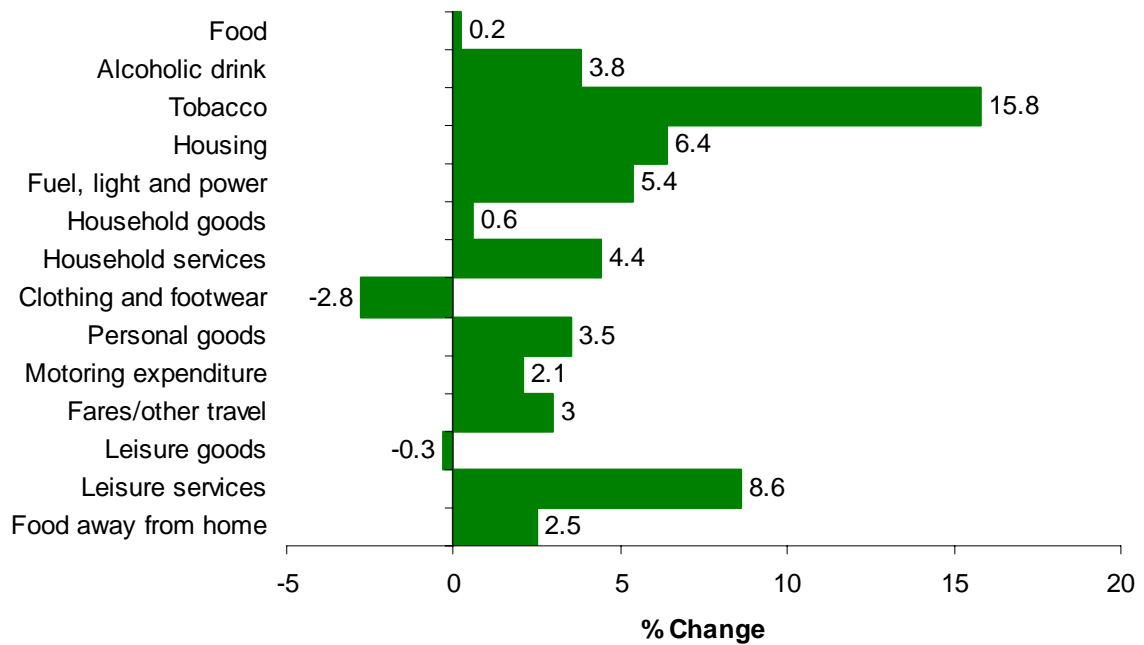
The RPI is a measure of inflation in Guernsey. It can be defined as "an average measure of change in the prices of goods and services bought for the purpose of consumption by the vast majority of households" (RPI Technical Manual, Office for National Statistics, 1998).

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.

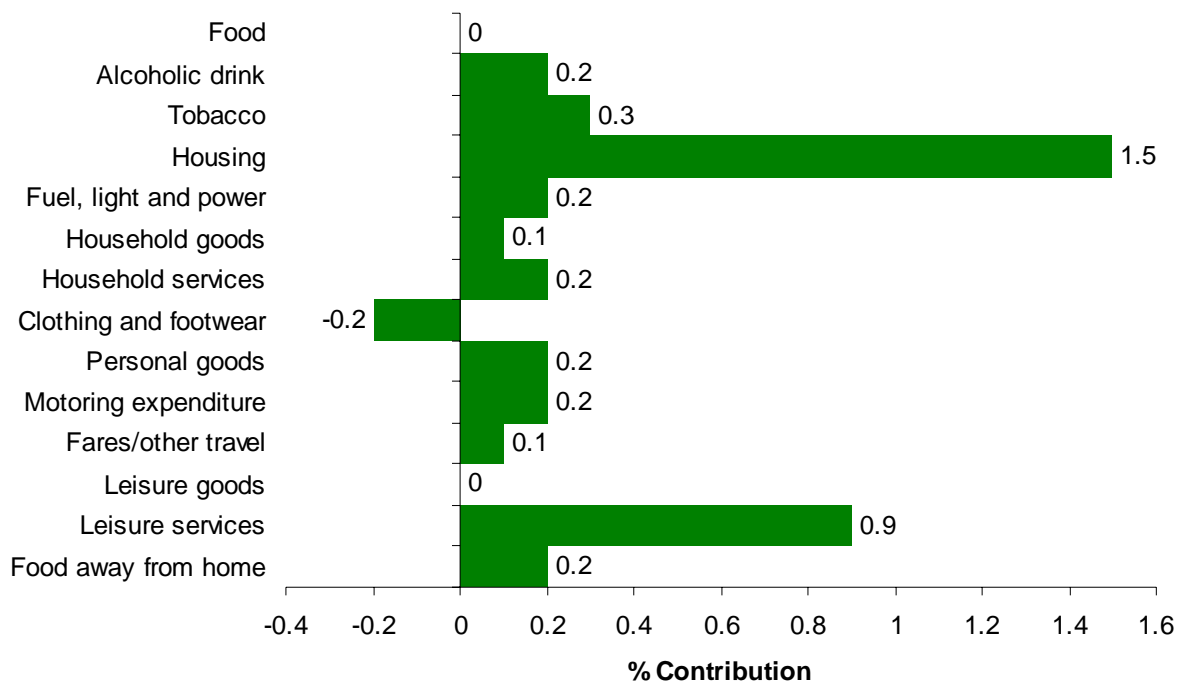
No two households spend their money in exactly the same way and this basket of goods is compiled using spending pattern data from the Household Expenditure Survey. This is carried out every five years, hence the RPI index base is reset to 100 e.g. Dec 1999 = 100, Mar 1994 = 100 etc. The RPI while not 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 2002

## RPI main contributions to the percentage change in all items over 12 months



## Percentage Contributions



# GUERNSEY RETAIL PRICES INDEX - SEPTEMBER 2002

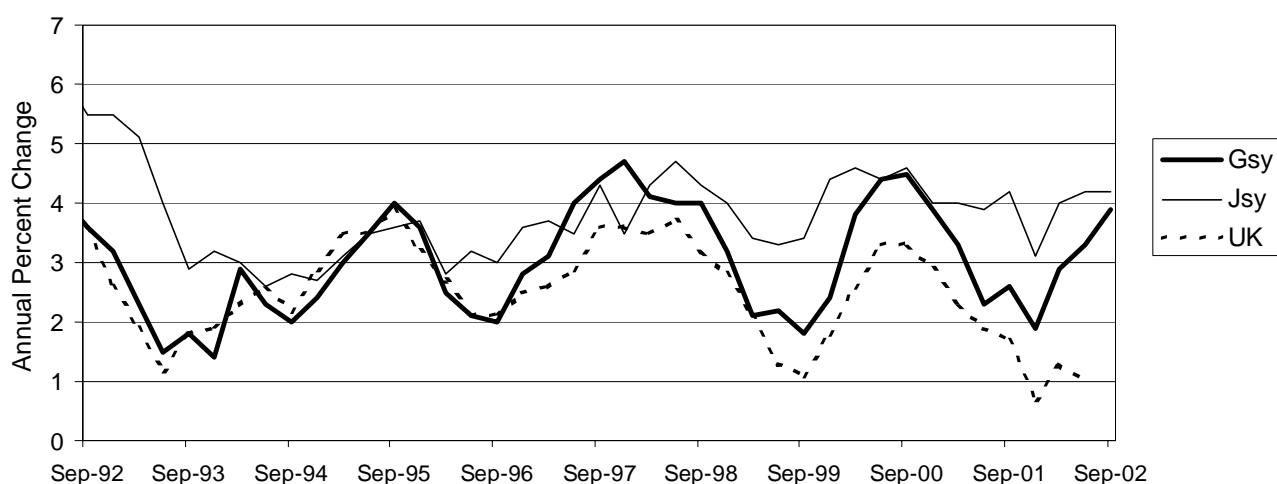
## RPI comparison with Jersey and the UK

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. In recent years, this has been at around 1% but this gap now appears to be widening.

The higher price rises in the Housing and Leisure groups causing the rise in the September quarter are also reflected in the increases in Jersey who also reported price rises in these groups.

		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	0.6	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		4.2	1.4		1.3

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



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