

# Guernsey Quarterly Inflation Forecast

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The Inflation Forecast Bulletin provides 12 month forecasts for the primary inflation measures used in Guernsey: RPIX and RPI.



States of  
Guernsey

## 1.1 Introduction

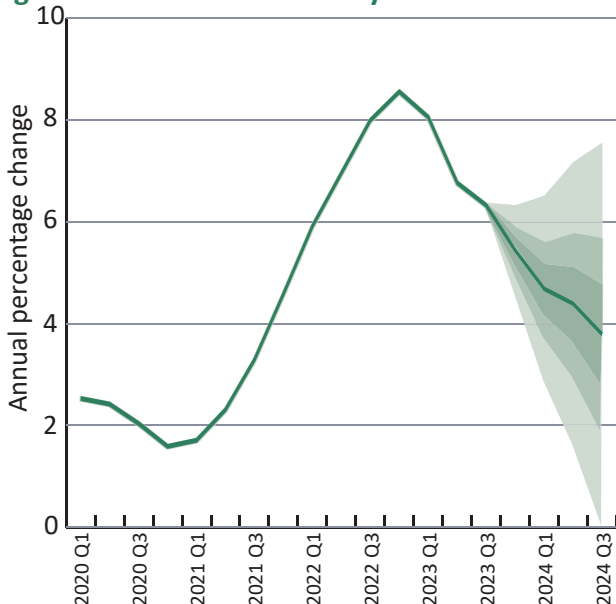
The Inflation Forecast Bulletin provides 12 month forecasts for the primary inflation measures used in Guernsey: RPIX and RPI. Forecasts are based on historical trends, expectations of inflation in the UK, and forecast movements in the price of key commodities. Forecasts are revised and published on a quarterly basis in the month following the publication of the Guernsey Inflation Bulletin.

*NB - Forecasts are presented with statistical confidence (or error) bands (the shaded area). These represent the range of possible outcomes with a 30%, 60% and 90% statistical certainty.*

## 1.2 Forecasts

- The annual change in RPIX was 6.3% in September 2023, compared to 6.8% in June 2023, slightly higher than central forecasts.
- Primary contributors to increased prices for the quarter include the increase in electricity prices and increases in food, housing and fuel costs. However, the rate at which food prices are increasing continues to slow.
- The geopolitical situation presents the primary risk to inflation, both in terms of the impact of the war in Ukraine on food prices and the wider risk to prices should an escalation of the conflict in Israel to surrounding nations disrupt supplies of oil and gas and the transit of goods through the region.
- Current central forecasts show RPIX is likely to continue to fall throughout 2023 and into 2024 but at a slower rate than previously forecast. The current expectation is that RPIX will return to more typical levels during late 2024.
- The increases in interest rates over the past year continue to exert an upward pressure on mortgage interest payments (incorporated in RPI but not RPIX). This is likely to increase RPI over an extended period as those on low fixed-rate mortgages transition onto higher fixed or variable rate mortgages. As a result, RPI is expected to be higher than RPIX throughout the the projected period.

**Figure 1.1: Forecast Guernsey RPIX**



**Figure 1.2: Forecast Guernsey RPI**



## 1.2 Forecasts

**Table 1.1: RPIX Forecasts**

	Central	30% confidence interval	60% confidence interval	90% confidence interval
<b>Q3 2023</b>	<b>6.3</b>	6.3	6.3	6.3
<b>Q4 2023</b>	<b>5.4</b>	5.2-5.7	5.0-5.9	4.6-6.3
<b>Q1 2024</b>	<b>4.7</b>	4.2-5.1	3.8-5.6	2.9-6.5
<b>Q2 2024</b>	<b>4.4</b>	3.7-5.1	3.0-5.8	1.7-7.1
<b>Q3 2024</b>	<b>3.8</b>	2.9-4.7	1.9-5.7	0.1-7.5

**Table 1.2: RPI Forecasts**

	Central	30% confidence interval	60% confidence interval	90% confidence interval
<b>Q3 2023</b>	<b>7.0</b>	7.0	7.0	7.0
<b>Q4 2023</b>	<b>6.4</b>	6.2-6.6	6.0-6.8	5.6-7.2
<b>Q1 2024</b>	<b>5.6</b>	5.2-6	4.7-6.5	3.8-7.4
<b>Q2 2024</b>	<b>5.2</b>	4.5-5.9	3.8-6.5	2.4-7.9
<b>Q3 2024</b>	<b>4.7</b>	3.7-5.6	2.8-6.5	1.0-8.4

## 1.3 Forecast assessment

**Table 1.3** below presents an overview of the performance of the RPIX forecasts against actual data three, six, nine and twelve months ahead of publication. For example, T+3 months presents a summary of how accurate the forecasts are one quarter before publication of the actual data, detailing how many of the actual observations fall within 30%, 60% and 90% confidence intervals of the forecasts represented by the coloured bands in **Figure 1.1**.

**Table 1.3: Summary of RPIX forecast performance**

	t +3 months	t +6 months	t +9 months	t +12 months
<b>Total number of observations</b>	32	31	30	29
<b>Within 30% confidence interval</b>	41%	48%	57%	59%
<b>Within 60% confidence interval</b>	66%	68%	73%	72%
<b>Within 90% confidence interval</b>	97%	87%	87%	83%
<b>Outside 90% confidence interval</b>	3%	13%	13%	17%

## 1.4 Contact Details

For more information on this and other publications issued by the States of Guernsey Strategy and Policy Unit, please contact:

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Routine statistical publications, including quarterly publication of inflation statistics, are issued by the States of Guernsey Data and Analysis Services. These publications are available online at [www.gov.gg/data](http://www.gov.gg/data).