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Coverage
United Kingdom

Theme
The Economy



CPI inflation falls to 1.6 while RPI rises to -1.3

Consumer Prices Index annual inflation – the Government’s target measure – was 1.6 per cent in August, down from 1.8 per cent in July.

The largest downward effect on the CPI annual rate change came from gas, where prices were little changed between July and August this year but rose significantly a year ago. There was also a large downward effect from electricity, where prices were unchanged this year but rose significantly a year ago. Gas and electricity bills both rose in late July last year when major energy suppliers increased their gas and electricity tariffs. Partially offsetting these downward effects was a large upward contribution from liquid fuels where the price of kerosene rose this year but fell a year ago, reflecting movements in the price of crude oil.

There was also a large downward pressure from food and non-alcoholic beverages. This was mainly due to food where, overall, prices decreased this year at their fastest rate for a July to August period since 2000, but rose by 1.4 per cent a year ago. Within food, downward contributions came from a wide range of items with the main effects coming from fruit, bread and cereals, vegetables and meat.

By far the largest upward contribution to the change in the CPI annual rate came from transport. The largest effect came from fuels and lubricants where prices rose between July and August this year, but fell a year ago at the fastest ever rate for a July to August period.

Within transport, there was also a large upward contribution from the purchase of second hand cars, where prices rose this year at their fastest ever rate for a July to August period but fell a year ago. Partially offsetting these upward effects was a large downward contribution from air transport, where fares on European routes rose this year but by less than a year ago.

In the year to August, annual inflation for the RPI fell by 1.3 per cent, compared with a fall of 1.4 per cent in July.

RPIX inflation – the all items RPI excluding mortgage interest payments – was 1.4 per cent in August, up from 1.2 per cent in July.

As an internationally comparable measure of inflation, the CPI shows that the UK inflation rate in July, at 1.8 per cent, was above the provisional figure for the European Union as a whole of 0.2 per cent.

The next publication date is 13 October 2009.

BACKGROUND NOTES

1. More details of these figures are found in the Consumer Price Indices statistical bulletin published today at:
<http://www.statistics.gov.uk/pdfdir/cpi0909.pdf>
2. Both the CPI and the RPI are compiled each month using the same underlying price data, based on a large and representative selection of more than 650 separate goods and services for which price movements are measured in around 150 areas throughout the UK. Around 180,000 separate price quotations are used each month to compile the indices. For further information please go to the ONS website at:
<http://www.ons.gov.uk/about/newsroom/statements/measuring-the-cost-of-living.html>
3. The Government's target for the inflation rate is 2.0 per cent – based on the CPI measure.
4. ONS has a personal inflation calculator on its website as a guide for the public to measure their own inflation. For further details go to: <http://www.ons.gov.uk>
5. **National Statistics** are produced to high professional standards set out in the Code of Practice for Official Statistics. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference. © Crown copyright 2009.