

Consumer Price Indices, September 2011



Coverage: UK

Date: **18 October 2011**

Geographical Area: UK

Theme: **Economy**

Consumer Price Indices

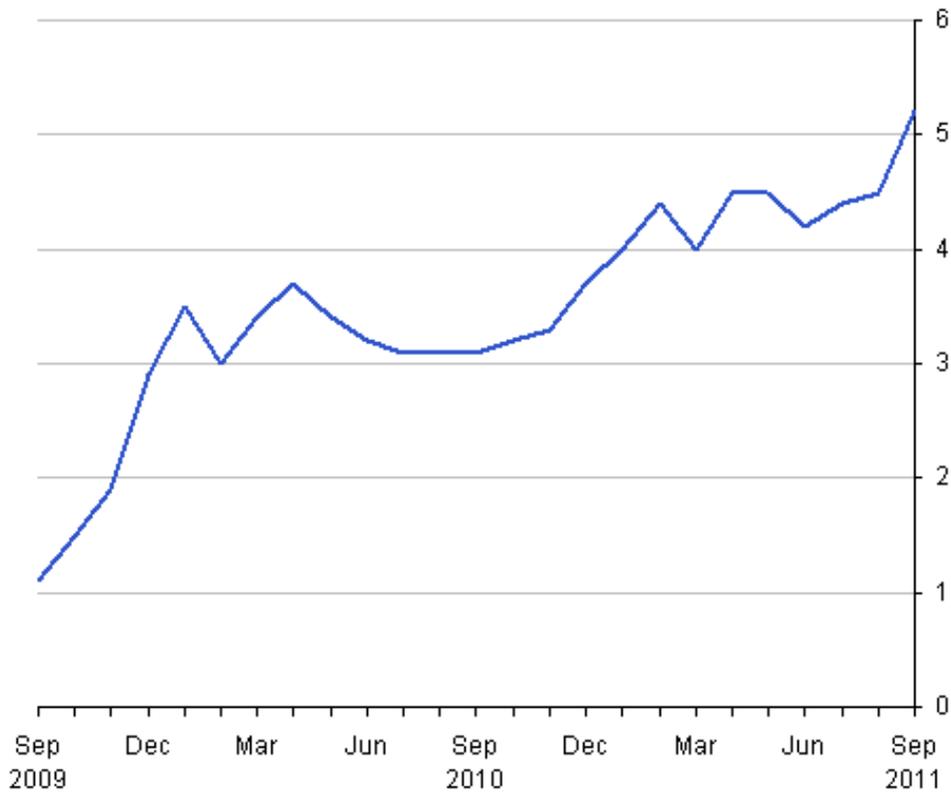
- CPI annual inflation stands at 5.2 per cent in September 2011.
- RPI annual inflation stands at 5.6 per cent in September 2011.

The headlines for the September 2011 consumer price indices are:

- CPI annual inflation stands at 5.2 per cent, up from 4.5 per cent in August. CPI annual inflation has never been higher but was also 5.2 per cent in September 2008.
- By far the largest upward pressure to the change in CPI annual inflation between August and September came from increases in gas and electricity charges. There were also large upward pressures from air transport and communication services.
- The main downward pressure to the change in CPI annual inflation between August and September came from clothing.
- Annual inflation as recorded by the retail prices index (RPI) stands at 5.6 per cent in September, up from 5.2 per cent in August. This is the highest RPI annual inflation rate for over 20 years (it was last higher in June 1991 when it stood at 5.8 per cent).

CPI: Percentage change over 12 months

CPI: Percentage change over 12 months



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CPI indices, 1-month change and 12-month change: September 2010 to September 2011

Consumer Prices Index (CPI)

United Kingdom

		Index ¹ (UK, 2005 = 100)	% change over 1 month	% change over 12 months
2010	Sep	114.9	0.0	3.1
	Oct	115.2	0.3	3.2
	Nov	115.6	0.4	3.3
	Dec	116.8	1.0	3.7
2011	Jan	116.9	0.1	4.0
	Feb	117.8	0.7	4.4
	Mar	118.1	0.3	4.0
	Apr	119.3	1.0	4.5
	May	119.5	0.2	4.5
	Jun	119.4	-0.1	4.2
	Jul	119.4	0.0	4.4
	Aug	120.1	0.6	4.5
	Sep	120.9	0.6	5.2

Table notes:

1. All items Consumer Prices Index

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Briefing on the CPI monthly movement between August 2011 and September 2011

1-month change to September

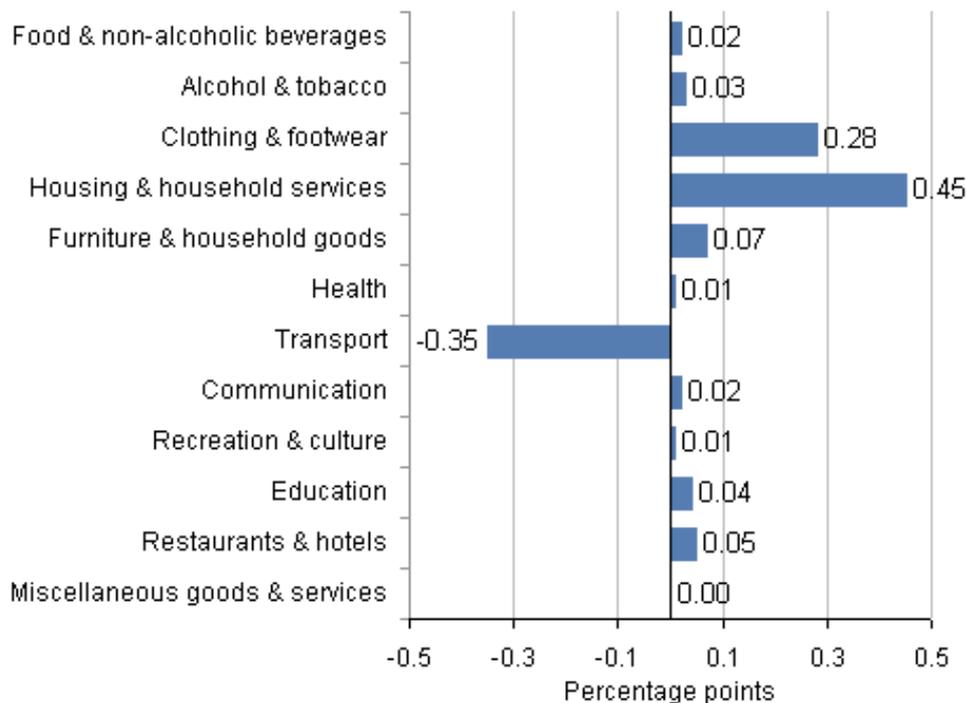
	% change
Food & non-alcoholic beverages	0.2
Alcohol & tobacco	0.8
Clothing & footwear	4.4
Housing & household services	3.5
Furniture & household goods	1.2
Health	0.3
Transport	-2.1
Communication	0.9
Recreation & culture	0.1
Education	2.3
Restaurants & hotels	0.4
Miscellaneous goods & service	0.0
CPI All Items	0.6

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Contributions to 1-month percentage change

(total CPI 0.6 per cent)



Notes:

- Individual contributions may not sum to the total due to rounding.

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The CPI rose by 0.6 per cent between August and September this year compared with an unchanged position (0.0 per cent) between August and September 2010. These 1-month changes are at the top and bottom ends of the range for an August to September period. Between 1996 and 2009, the 1-month change between August and September has varied between no change and an increase of 0.8 per cent.

The most significant upward contributions to the 1-month change in the CPI between August and September 2011 came from:

- housing & household services:** the upward effect was driven by sharp rises in the average bills for electricity (7.5 per cent) and gas (13.0 per cent),
- clothing & footwear:** prices, overall, rose by 4.4 per cent, which apart from between August and September 2010 (where prices rose by 6.4 per cent) is the largest increase for an August to September period since 2002. The largest upward effect came from women's outerwear where, as usual, prices increased due to the new Autumn season,

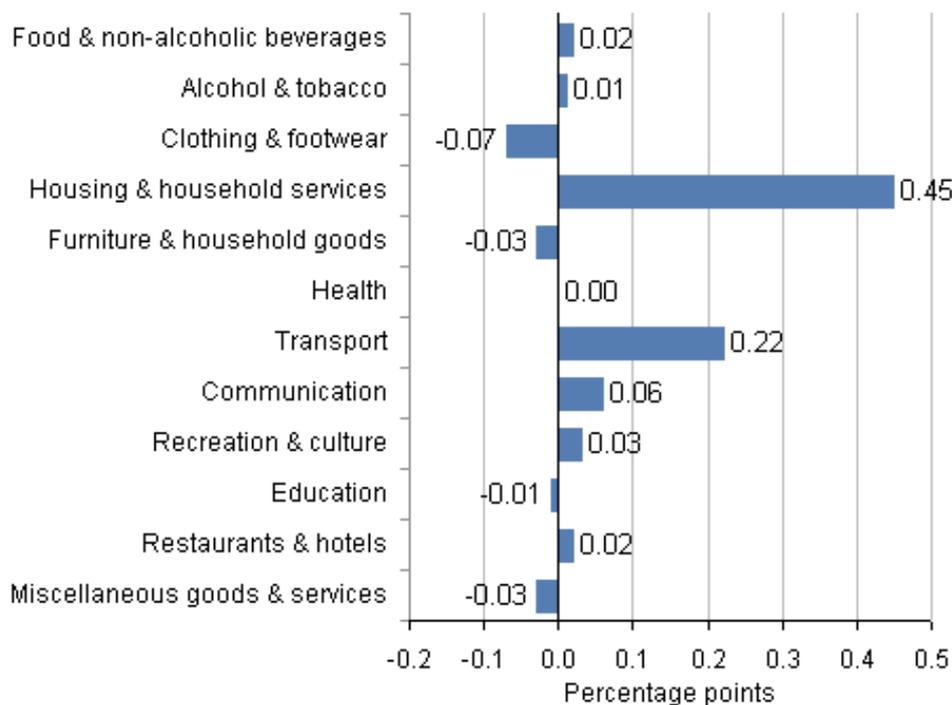
The only significant downward contribution to the 1-month change in the CPI between August and September 2011 came from:

- **transport:** prices, overall, decreased by 2.1 per cent. This fall was driven by air transport where fares, as usual, fell between August and September following the peak summer holiday season; the fall between August and September 2011 was 21.2 per cent.

Briefing on the change to the CPI 12-month rate between August 2011 and September 2011

Contributions to the change in the 12-month rate

(total CPI 0.7 percentage points)



Notes:

1. Compared with the 12-month rate in August 2011.
2. Individual contributions may not sum to the total due to rounding.

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The change in the CPI 12-month rate is calculated by comparing the price changes between the latest two months and the same two months a year ago. This year the CPI rose by 0.6 per cent between August and September compared with an unchanged position (0.0 per cent) between the same two months a year ago. The 1-month movement was therefore 0.6 percentage points higher this year and this led to the CPI 12-month rate increasing from 4.5 per cent in August to 5.2 per cent in September 2011. The 0.1 percentage point difference is due to rounding.

The most significant upward contributions to the change in the CPI 12-month rate between August and September 2011 came from:

- **housing & household services:** the upward effect was driven by gas and electricity where average bills rose this year by 13.0 per cent and 7.5 per cent respectively between August and September, but were unchanged a year ago,
- **transport:** prices, overall, decreased by 2.1 per cent between August and September this year compared to a fall of 3.4 per cent a year ago. The largest upward effect came from air transport where fares always fall between August and September following the peak summer holiday season; the fall of 21.2 per cent this year, though, is less than the decrease of 27.8 per cent a year ago.

The next largest upward contributions within transport came from:

- sea transport: similar to air transport, fares also always fall in September following the summer holiday season. The decrease of 16.9 per cent between August and September this year, though, is less than the fall of 22.9 per cent a year ago,

- fuels & lubricants: the upward effect came from petrol and diesel where prices actually fell between August and September this year but by less than between the same two months a year ago,

- second-hand cars: prices, overall, increased by 0.4 per cent between August and September this year compared to a fall of 1.1 per cent a year ago.

- **communication:** there was a record increase in prices this year for an August to September period (0.9 per cent) compared with a record fall (-1.5 per cent) a year ago. The largest upward effects came from charges to use mobile phones and cable telephones.

The most significant downward contribution to the change in the CPI 12-month rate between August and September 2011 came from:

- **clothing & footwear:** prices, overall, rose by 4.4 per cent this year between August and September compared with an increase of 6.4 per cent a year ago. These increases are the largest for an August to September period since 2002 with the rise of 6.4 per cent last year a record between these two months. The largest upward effect this year came from womens' outerwear.

Briefing on the CPI 12-month rate to September 2011

12-month rate to September

	% change
Food & non-alcoholic beverages	6.4
Alcohol & tobacco	10.0
Clothing & footwear	2.1
Housing & household services	8.6
Furniture & household goods	5.3
Health	3.6
Transport	8.9
Communication	5.9
Recreation & culture	-0.6
Education	4.6
Restaurants & hotels	4.7
Miscellaneous goods & services	2.4
CPI All Items	5.2

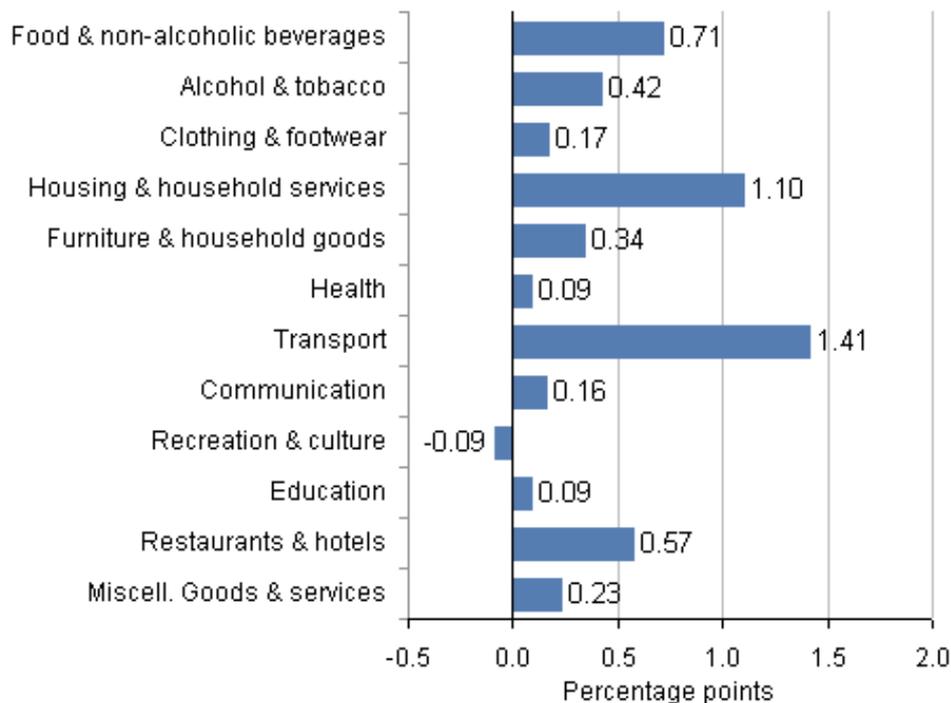
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Contributions to 12-month rate

(total CPI 5.2 per cent)



Notes:

- Individual contributions may not sum to the total due to rounding.

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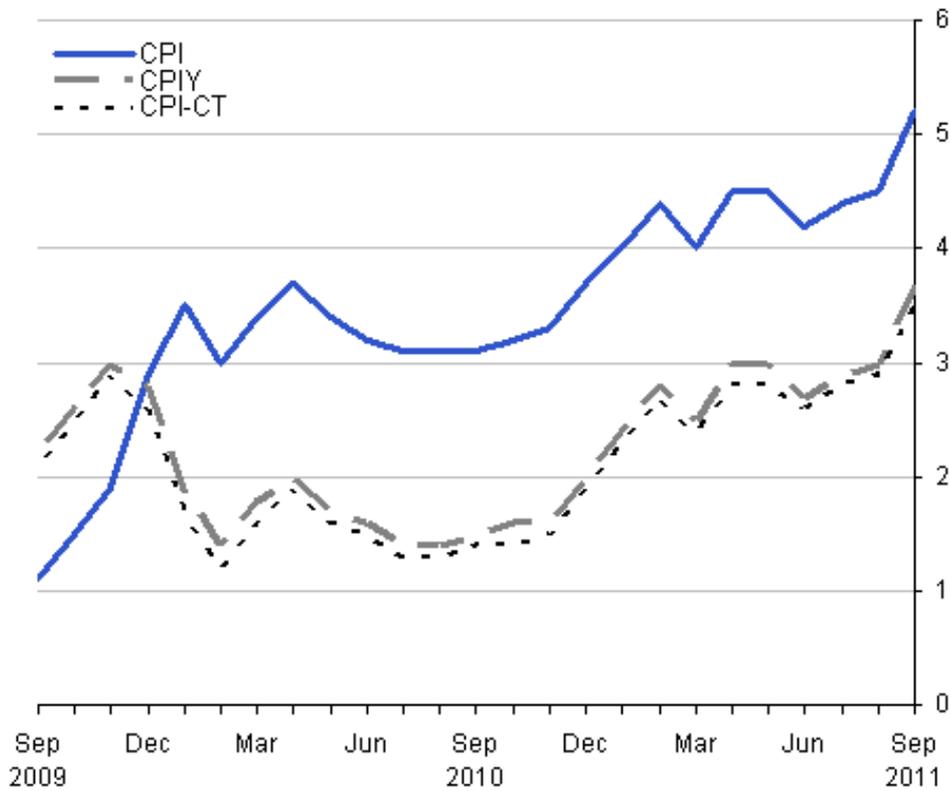
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The most significant upward contributions to the CPI 12-month rate to September 2011 came from:

- **transport** which contributed 1.4 percentage points. The largest effects came from fuels & lubricants where prices, overall, rose by 17.8 per cent over the 12 months to September and air transport where fares rose by 17.6 per cent over the same period,
- **housing & household services** which contributed 1.1 percentage points. The largest effects came from gas where charges, overall, rose by 22.3 per cent over the 12 months to September and electricity where charges rose by 12.9 per cent over the same period,
- **food & non-alcoholic beverages** which contributed 0.7 percentage points with prices, overall, rising by 6.4 per cent over the year. The upward contributions were widespread with all categories having upward effects; the largest came from meat where prices rose by 6.5 per cent over the 12 months to September, bread & cereals where there was a 7.7 per cent rise, sugar, jam, syrups, chocolate & confectionery with an 8.1 per cent rise, and mineral waters, soft drinks & juices where prices rose by 7.3 per cent,
- **restaurants & hotels** which contributed 0.6 percentage points. Here, restaurant & cafe prices, overall, rose by a record 5.1 per cent over the year.

Other measures of CPI inflation

Percentage changes over 12 months



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Consumer Prices Index excluding indirect taxes (CPIY)

The CPIY is the same as the all items CPI except that it excludes price changes which are directly due to changes in indirect taxation (such as VAT).

In the year to September, the CPIY rose by 3.7 per cent, up from 3.0 per cent in August. The CPIY and CPI 12-month rates have therefore both increased by 0.7 percentage points between August and September. This is because there were no changes to indirect taxation that impacted on the CPI between August and September.

Consumer Prices Index at constant tax rates (CPI-CT)

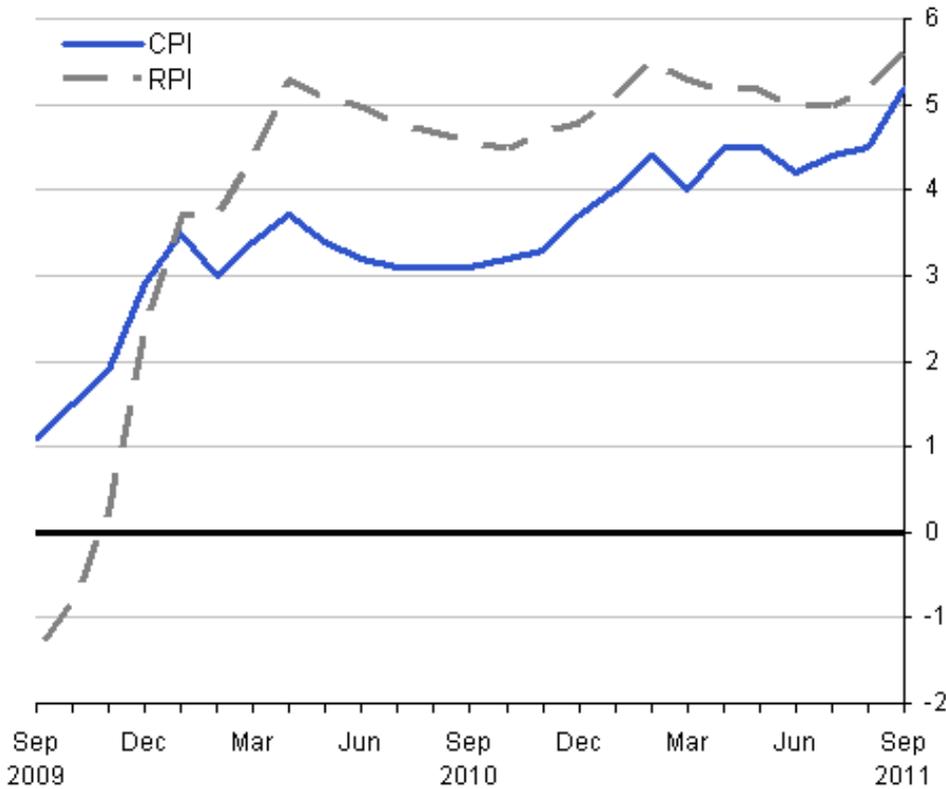
The CPI-CT is the same as the CPI except that tax rates are kept constant at the rates they were in the base period (currently January 2011).

In the year to September, CPI-CT rose by 3.5 per cent, up from 2.9 per cent in August. Therefore the CPI-CT 12-month rate rose by 0.6 percentage points between August and September compared with an increase of 0.7 percentage points in the CPI 12-month rate between the same two months. The impact of rounding is the main reason for the small difference in the changes in the CPI-CT and CPI 12-month rates between August and September (there were no changes to indirect taxation that impacted on the CPI between August and September).

RPI compared with CPI

RPI compared with CPI

Percentage changes over 12 months



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All items Retail Prices Index (RPI)

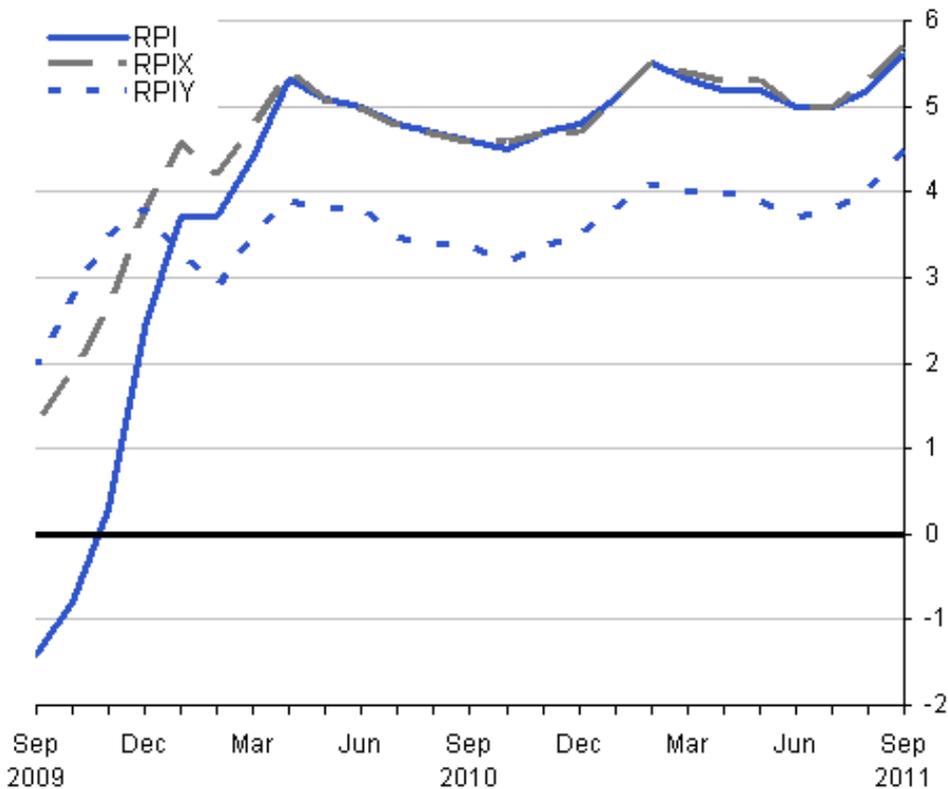
In the year to September, the all items RPI rose by 5.6 per cent, up from 5.2 per cent in August. The RPI 12-month rate between August and September has therefore increased by 0.4 percentage points compared with a rise of 0.7 percentage points in the CPI 12-month rate between the same two months.

The smaller rise in the RPI 12-month rate is mainly due to:

- **air transport:** has a much lower weight in the RPI than the CPI so the upward effect from this component had a smaller impact on the RPI,
- **car insurance:** has a much higher weight in the RPI than the CPI so the downward effect from this component had a larger impact on the RPI,
- **games, toys & hobbies:** have lower weights in the RPI than the CPI so the upward effect from these items had a smaller impact on the RPI,
- **sea transport:** has a much lower weight in the RPI than the CPI so the upward effect from this component had a smaller impact on the RPI.

Other measures of RPI inflation

Percentage changes over 12 months



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All items Retail Prices Index excluding mortgage interest payments (RPIX)

The RPIX is the same as the all items RPI except for mortgage interest payments, which is excluded from RPIX.

In the year to September, the RPIX rose by 5.7 per cent, up from 5.3 per cent in August. Therefore the RPIX and RPI 12-month rates both rose by 0.4 percentage points between August and September.

Mortgage interest payments had only a negligible impact on the change in the RPI 12-month rate between August and September. This impact was not sufficient to cause a difference between the RPIX and RPI 12-month rates between these two months.

All items Retail Prices Index excluding mortgage interest payments and indirect taxes (RPIY)

The RPIY is the same as the all items RPI except that it excludes price changes which are directly due to changes in indirect taxation (such as VAT) and mortgage interest payments.

In the year to September, the RPIY rose by 4.5 per cent, up from 4.0 per cent in August. Therefore the RPIY 12-month rate rose by 0.5 percentage points between August and September compared with an increase of 0.4 percentage points in the RPI 12-month rate between the same two months. At the individual component level, the main reason for this difference is due to gas and electricity, which have higher weights in the RPIY compared with the RPI. This means that the upward effects from these items contributed more to the change in the RPIY 12-month rate compared with the change in the RPI 12-month rate between August and September.

Selected records

Selected CPI Records

All items CPI	Annual rate +5.2% up from +4.5% last month Also +5.2% in September 2008 Never higher since official series began in January 1997
Housing & household services	Annual rate +8.6%, up from +5.1% last month Also +8.6% in March 2009 Last higher in February 2009 (+10.0%)
Restaurants & hotels	Annual rate +4.7%, up from +4.6% last month Never higher since official series began in January 1997
All goods	Annual rate +5.7%, up from +4.8% last month Also +5.7% in September 2008 Never higher since official series began in January 1997

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Selected RPI Records

All items RPI	Annual rate +5.6%, up from +5.2% last month Last higher in June 1991 (+5.8%)
All items RPI exc MIPS (RPIX)	Annual rate +5.7%, up from +5.3% last month Also +5.7% in April 1992 and March 1992 Last higher in December 1991 (+5.8%)
Tobacco	Annual rate +13.1%, up from +12.3% last month Also +13.1% in November 1999 and October 1999 Last higher in September 1999 (+13.3%)
Fuel & light	Annual rate +18.8%, up from +8.6% last month Highest since February 2009 (+22.3%)
Leisure services	Annual rate +3.3%, down from +3.8% last month Lowest since March 2008 (+3.2%)

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(22 Kb)

Data tables (Excel)

[CPI and RPI detailed Reference Tables \(1.16 Mb Excel sheet\)](#) is a multi-worksheet Excel spreadsheet, now in a printer friendly format, that pulls together the numerous tables that were published in the old style Consumer Price Indices Statistical Bulletin and Focus on Consumer Prices publication before the introduction of the new website on 27 August 2011. The 'Contents' page provides guidance on those data sets which are included, along with a correlation index showing old and new naming conventions and previous publication source(s), for example: RPI All items 1947-2011 or RP02 & Table 4.1 in Focus is now the new Table 20.

Background notes

1. New ONS website

The most efficient way to access the latest CPI and RPI data and briefing on the new website is via the key figures on the [homepage](#).

In response to user feedback, we have also taken the opportunity to make all CPI and RPI data available in one location. These data are provided [via an Excel file \(1.16 Mb Excel sheet\)](#). This development has been well received but in response to additional comments from users, we have also now made the tables within the spreadsheet 'printer friendly'. We do hope that this makes it even easier for all users to access and use CPI and RPI data.

To further help users, very detailed CPI data are now available including the [individual price quotes and item indices](#) that underpin the CPI. Please note that the data that are published are at a level which means that no individual retailer or service provider will be able to be identified. The data published currently covers January 1996 to March 2011. Going forward, these data will be updated once a quarter with around a three month lag compared with the latest CPI publication, for example, the data will next be updated when the November CPI is published on 13 December 2011, at which point the detailed data published will be extended to August 2011.

Further information on the CPI and RPI, including details of the methodology used to construct the indices, articles, historic data etc. is available on the [Consumer Prices Index taxonomy](#) web page.

2. New this month

Measurement of cars within the CPI and RPI

The UK Statistics Authority, in September 2011, endorsed proposals from the Consumer Prices Advisory Committee (CPAC) relating to the measurement methods used for cars within the CPI and RPI. CPAC recommended that car prices in the CPI and RPI should be measured via transaction prices from car dealer websites instead of the current approach of using 'list' prices. CPAC also recommended that the same improved method should be used for both the CPI and RPI (currently two different methods are used).

The Authority plans to reach a final decision in January 2012 following [public consultation](#) which is currently underway, closing on 23 December 2011. The Office for National Statistics currently plans to introduce this change from the February 2012 CPI and RPI, published on 20 March 2012.

3. Next month

Inflation for October 2010 to October 2011 will be published on 15 November 2011. CPI and RPI inflation rates between October 2010 and September 2011 were 4.9 per cent and 5.4 per cent respectively. Inflation rates for October 2010 to October 2011 will take account of price changes between September 2011 and October 2011.

Proposed User Group on Consumer Prices

Consideration is being given to the setting up of a User Group on Consumer Prices. An initial meeting of the proposed group is taking place on 18 November 2011 at the Royal Statistical Society. Further details can be obtained by emailing events@rss.org.uk

4. Relevance

The CPI is the main UK domestic measure of consumer price inflation for macroeconomic purposes. It forms the basis for the Government's target for inflation that the Bank of England's Monetary Policy Committee (MPC) is required to achieve. From April 2011 the CPI is also being used for the indexation of benefits, tax credits and public service pensions. The uprating is based on the 12-month change in the September CPI.

Internationally, the CPI is known as the Harmonised Index of Consumer Prices (HICP). HICPs are calculated in each Member State of the European Union, according to rules specified in a series of European regulations developed by Eurostat in conjunction with the EU Member States. HICPs are used to compare inflation rates across the European Union. Since January 1999, the HICP has also been used by the European Central Bank (ECB) as the measure of price stability across the euro area.

5. Methodology

The CPI and the RPI are compiled using the same underlying price data, based on a large and representative selection of around 650 individual goods and services for which price movements are measured in around 150 randomly selected areas throughout the UK. Around 180,000 separate price quotations are used every month to compile the indices. The outlets in which the prices are collected are selected randomly. Expenditure weights are held constant for one year at a time.

The selection of goods and services that are priced to compile the CPI and RPI is reviewed annually. The contents of the 2011 basket are described [in an article published on the ONS website](#). The expenditure weights used to compile the indices are also updated each year. Additional details of the updated CPI and RPI weights for 2011 are available from the ONS website in an article published on 19 April 2011 entitled Consumer Prices Index and Retail Prices Index: [Updating Weights for 2011 \(301.5 Kb Pdf\)](#).

Rates of change for the CPI are calculated from unrounded index levels, rather than from the published indices, which are rounded to one decimal place. The use of unrounded indices increases the accuracy of the calculation. The unrounded index levels are available on request. By contrast, rates of change for the RPI are calculated from the published rounded indices.

6. Reliability

Once the RPI indices are published they are never revised. CPI indices are revisable although the only time the CPI all items index has been revised was when the index was re-referenced to 2005=100, which took place with the publication of the January 2006 indices.

7. Comparability

The CPI's coverage of goods and services was extended in stages in the areas of health, education, childcare and insurance, with effect from the January 2000, 2001, and 2002 indices. In 2000, there was also a change to the population basis for the weights which was broadened from private households to include expenditure by foreign visitors and residents of institutional households.

The official CPI series starts in 1996 but estimates for earlier periods are available back to 1988. These estimates are broadly consistent with data from 1996 but should be treated with some caution.

RPI data are available back to 1947 but have been re-referenced on several occasions since then, generally accompanied by changes to the coverage and/or structure of the detailed sub-components. Details of these changes are given in Appendices 1 and 2 of the [CPI Technical Manual \(754.3 Kb Pdf\)](#).

8. Other measures of inflation – main uses and methodological details

Detailed explanations on the main uses and methodology used to construct the 'other measures of inflation' included within this statistical bulletin and how they differ from the CPI can be found in Chapter 10 of the [CPI Technical Manual \(754.3 Kb Pdf\)](#). In summary:

- All items Retail Prices Index (RPI): the RPI is the most long-standing general purpose measure of inflation in the UK. Historically the uses of the RPI include the indexation of various prices and incomes and the uprating of pensions, state benefits and index-linked gilts, as well as the revalorisation of excise duties. Please note, though, that from April 2011 the CPI is being used to uprate benefits, tax credits and public service pensions.

The main differences between the CPI and RPI are:

- population base: CPI includes all UK private and institutional households and foreign visitors to the UK. The RPI includes private households only and excludes the highest income households and pensioner households mainly dependent on state benefits; these excluded private households account for around 13 per cent of all UK household expenditure
- item coverage: the most significant difference is that the CPI excludes a number of items relating to housing costs (such as mortgage interest payments, house depreciation and council tax) that are included in the RPI
- index methodology – formula: the CPI mainly uses the geometric mean whereas the RPI uses the arithmetic mean to combine individual prices at the first stage of aggregation
- item coding: the CPI uses a standard international classification system whereas the RPI uses a system unique to itself and not used elsewhere. The different approaches reflect the fact that the CPI is used to compare inflation rates across Europe so a standard framework is required; the RPI is mainly used within the UK only

A breakdown of the [differences between the CPI and RPI \(62.9 Kb Pdf\)](#) annual inflation rates can be found on the ONS website.

Also available is an explanation on the [increased impact that the different formula used to construct the CPI and RPI \(61 Kb Pdf\)](#) had on the indices during 2010:

- All items Retail Prices Index excluding mortgage interest payments (RPIX): this index is the same as the all items RPI but it excludes the mortgage interest payments component
- All items Retail Prices Index excluding mortgage interest payments and indirect taxes (RPIY): is an index designed to measure movements in 'core' prices as the index excludes price changes which are directly due to changes in indirect taxation (for example VAT; excise duties on tobacco, alcohol and petrol; local authority taxation; and vehicle excise duties) and mortgage interest payments. The purpose of the index is to obtain a better indication of inflationary pressures at times when prices are directly influenced by Government-driven changes
- Consumer Prices Index excluding indirect taxes (CPIY): is an index designed to measure movements in 'underlying prices' as it excludes price changes which are directly due to changes in indirect taxation (for example VAT, excise duties on tobacco, alcohol and petrol). As with the RPIY, its main purpose is to obtain a better indication of inflationary pressures at times when prices are directly influenced by Government-driven changes
- Consumer Prices Index at constant tax rates (CPI-CT): is an index where tax rates are kept constant at the rates as they were in the base period (currently January 2011). The analytical value of the CPI-CT is when it is compared with the CPI; differences in the monthly and annual rates of change between the two indices provide an indication of the impact of tax changes on the CPI

9. Accessibility

This bulletin includes the September 2011 data, collected on 13 September 2011. Future publication dates can be found [here \(51.7 Kb Pdf\)](#). The European Commission (Eurostat) released figures for the harmonised index of consumer prices (HICP) for the month of September 2011 for EU Member States, together with an EU average, on 14 October 2011. Further information on HICP for the European Union, Eurozone and other EU Member States is available from [Eurostat's HICP](#) web page.

A more detailed [quality report \(141.9 Kb Pdf\)](#) for this statistical bulletin is available. The report assesses the CPI and RPI against standard dimensions of quality such as relevance, accuracy and accessibility. The report was last updated in November 2009.

The [mini Triennial Review \(151.4 Kb Pdf\)](#) of the CPI and RPI Central Collection of Prices is also available.

A full description of how the CPI and RPI are compiled is given in the Consumer Price Indices [Technical Manual \(754.3 Kb Pdf\)](#).

10. General

Details of the policy governing the release of new data are available from the [Media Relations Office](#). Also available is a list of the names of those given [pre-publication access \(86.6 Kb Pdf\)](#) to the contents of this release.

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11. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

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