

RECONCILIATION OF CPI AND RPI

(Table 5 of the Consumer Price Inflation Reference Tables)

This table identifies the main factors contributing to the differences between the unrounded inflation rates for the CPI and the RPI. These differences are broken down into: mortgage interest payments, other housing components excluded from the CPI, other differences in the coverage of goods and services, and the formula effect. The final column titled 'other differences including weights' is derived as a residual.

The difference between the CPI and RPI unrounded annual rates in September 2015 was -0.91 percentage points, narrowing from -1.08 percentage points in August 2015.

The only notable factor contributing to the narrowing was:

- **Other differences including weights**, which decreased the RPI 12-month rate relative to the CPI 12-month rate by 0.17 percentage points between August and September 2015. The effect came mainly from air fares; sea fares and fuels and lubricants partially offset by clothing and footwear.

There were no notable offsetting factors.

RPI MISCELLANEOUS DATA

Selected Average Prices

Description		July 2015	August 2015	September 2015
Petrol per litre	Diesel	£1.19	£1.14	£1.10
	Petrol	£1.16	£1.15	£1.11
Alcohol pub prices	Draught bitter (pint)	£2.97	£2.97	£2.97
	Draught lager (pint)	£3.45	£3.45	£3.46
	Whisky (per nip)	£2.60	£2.60	£2.61
Cigarettes	Per 20 king size	£8.90	£8.91	£8.92

Average prices are as recorded for the RPI

Changes in Mortgage Interest Rates

This table gives an estimate of the contribution that changes in the average mortgage interest rate (MI) make to the 1-month percentage change in the RPI.

Month	1-month % change in the RPI	Approx. change in average MI rate	Approx. contribution to the 1-month % change in the RPI
September 2014	+0.2	Negligible	-
October 2014	+0.0	Down -0.02% points	-0.02% points
November 2014	-0.2	Down -0.01% points	-0.01% points
December 2014	+0.2	Down -0.01% points	-0.01% points
January 2015	-0.8	Down -0.01% points	-0.01% points
February 2015	+0.5	Down -0.02% points	-0.02% points
March 2015	+0.2	Down -0.02% points	-0.02% points
April 2015	+0.4	Down -0.01% points	-0.01% points
May 2015	+0.2	Down -0.02% points	-0.02% points
June 2015	+0.2	Down -0.01% points	-0.01% points
July 2015	-0.1	Down -0.02% points	-0.02% points
August 2015	+0.5	Down -0.02% points	-0.02% points
September 2015	-0.1	Down -0.02% points	-0.02% points

NB: A one percentage point change in the average mortgage interest rate contributes approx. 0.9 percentage points to the 1-month percentage change in the RPI.

OUTLOOK

The outlook is a summary of seasonal trends, selected news cuttings and other sources of information. It gives some indication of expected changes to the annual rate of the CPI and RPI in the next few months.

FOOD

Seasonal Food

- With the exception of 2011, seasonal food prices in the CPI have risen in October in recent years.

Monthly % change for CPI seasonal food index			
Year	August	September	October
2009	-1.5	-2.2	2.1
2010	-0.5	-0.7	0.4
2011	-1.0	0.8	-1.6
2012	0.2	-0.1	0.9
2013	0.2	1.1	0.1
2014	-0.3	-0.5	1.3
2015	-0.4	0.3	

- Seasonal food prices in the RPI tend to show a similar movement.

CLOTHING AND FOOTWEAR

- Clothing and footwear prices in the CPI have shown a mixed pattern of rises and falls in recent years.

Monthly % change for CPI clothing and footwear index			
Year	August	September	October
2009	1.3	3.6	-0.4
2010	2.8	6.4	-0.7
2011	3.7	4.4	0.8
2012	2.8	4.7	1.2
2013	2.0	4.2	1.0
2014	2.6	4.0	0.6
2015	1.5	2.8	

- The clothing and footwear group in the RPI exhibits a similar seasonal pattern.

FURNITURE, HOUSEHOLD EQUIPMENT AND MAINTENANCE

- Prices tend to fall in October as a result of mid-season sales.

Monthly % change for CPI furniture, household equipment and maintenance index			
Year	August	September	October
2009	1.5	1.6	-0.8
2010	1.0	1.7	-1.0
2011	2.0	1.2	-0.6
2012	0.8	0.5	-0.6
2013	1.8	0.2	-0.4
2014	1.0	0.6	-1.1
2015	1.7	0.7	

- The household goods group in the RPI exhibits a similar seasonal pattern.

TRANSPORT

Fuels and Lubricants

- Brent crude was up 0.4% at \$53.28. (bbc.co.uk 9 October 2015)
- When considering the price of petrol between September and October 2015, it may be useful to note that the average price of petrol fell by 2.5 pence per litre between September and October 2014, standing at 125.9 pence per litre as measured in the CPI.
- A 1 pence change on average in the cost of a litre of motor fuel contributes approximately 0.03 percentage points to the 1-month change in the CPI.

Passenger Transport by Air

- Air fares have shown a mixed pattern of rises and falls in October of previous years.

Monthly % change for CPI air fares index			
Year	August	September	October
2009	8.3	-23.8	1.5
2010	16.1	-27.8	2.7
2011	11.2	-21.2	-6.0
2012	10.2	-25.2	-3.5
2013	9.4	-18.8	-11.2
2014	11.3	-21.7	-6.0
2015	13.9	-20.4	

- The air fares index used in the RPI is the same as that used in the CPI, and is included in the **other travel costs** section.

HOUSING (RPI)

Mortgage interest payments (MIPs)

- The Bank of England Bank Rate remained unchanged at 0.5% on Thursday 8 October 2015.
- The change in average mortgage interest rates recorded in the RPI was -0.02% between

September and October 2014. The Bank of England Bank Rate remained unchanged at 0.5% in September 2014.

- A one percentage point change in the average mortgage interest rate contributes approximately 0.9 percentage points to the 1-month percentage change in the RPI.

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