Consumer Price Indices (CPI) and Retail Price Indices (RPI) – Quick Guide to Inflation Rates

What does this guide contain?
- General information about the CPI and RPI
- Where to find the inflation measures
- Useful formulas for calculating inflation rates
- How to calculate your personal inflation rate
- Useful related articles

General information about the CPI and RPI

What is the CPI?
The CPI measures the average change in the prices of goods and services bought for the purpose of consumption in the UK.

The CPI forms the basis for the Government’s inflation target that the Bank of England’s Monetary Policy Committee is required to achieve.

In the June 2010 Budget, the Chancellor announced the Government's intention to also use the CPI for the indexation of benefits, tax credits and public service pensions from April 2011.

Prior to 10 December 2003, the CPI was published in the UK as the harmonised index of consumer prices (HICP).

What is the RPI?
The RPI is the most long standing general purpose domestic measure of inflation in the United Kingdom. It is available continuously from June 1947.

The uses of the RPI and its derivatives include the indexation of index-linked gilts. Historically the RPI has also been used for the indexation of pensions and state benefits.

Both the CPI and RPI are also used in wage bargaining and in the price adjustment in private contracts.

Where to find the inflation measures

Where can I find the CPI and RPI?
All statistical bulletins, articles, monthly, quarterly and annual indices and percentages and information and guidance can be found at:
http://www.ons.gov.uk/taxonomy/index.html?nscl=Consumer+Prices+Index

Other inflation measures
Other inflation measures such as the Consumer Prices Index excluding indirect taxes (CPIY), the Consumer Prices Index at Constant Tax Rates (CPI – CT), the Retail Prices Index excluding mortgage interest payments (RPIX) and the Retail Prices Index excluding mortgage interest payments and indirect taxes (RPIY) can also be found at: http://www.ons.gov.uk/taxonomy/index.html?nscl=Consumer+Prices+Index
Useful formulas for calculating inflation rates

How do I calculate the percentage change in prices between two periods in time?
\[
\text{[(Later date Index - Earlier date Index/Earlier date Index]} \times 100
\]

How do I revalue a sum of money?
For example, how do you work out how much maintenance payments or rent has gone up between two dates if these are to be adjusted using the RPI?
Sum of money (£) x (Later date Index/Earlier date Index)

The above formulas can be used in conjunction with the indices that can be found from the ‘data download’ linked to the monthly publication of the Consumer Price Indices ‘Statistical Bulletin’ which can be found on this page: http://ons.gov.uk/taxonomy/index.html?nscl=Consumer+Prices+Index or via ‘Time Series datasets’ or ‘reference tables’ which can be found in ‘Data’ on the homepage at: http://ons.gov.uk

How to calculate your personal inflation rate

How do I calculate my personal inflation rate?
The RPI is a general purpose measure of inflation based on average expenditure patterns. If you would like an indication of your inflation rates based on your personal expenditure, you can calculate this using the ‘Personal Inflation Calculator’ at: http://www.ons.gov.uk and click on ‘Interactive Content’.

This will not provide an exact replication of your household’s own inflation rate - that would require detailed knowledge of where you shop, the precise purchases you make and the prices you pay. It does however, allow you to input your own typical expenditure patterns across a broad range of items.

The calculator applies these expenditure patterns to average price changes in order to calculate an approximation of your household’s particular inflation rate.

Useful related articles

Where can I find other useful related articles?
The following articles can be found by using the search facility at:
www.ons.gov.uk

Consumer Prices Index and Retail Prices Index: Basket of goods and services
Consumer Prices Index and Retail Prices Index: Updating Weights
Consumer Price Inflation since 1750
Consumer Price Inflation 1947 to 2004
Harmonised Index of Consumer Prices: Historical Estimates
The New Inflation Target: The Statistical Perspective
Measuring UK Inflation
A brief guide
For further information please contact:
The CPI/RPI Enquiries on 01633 456900
Alternatively Email cpi@ons.gov.uk

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