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Rosé and hot chicken join inflation 'basket'

Bottled rosé wine, hot rotisserie chicken and internet-based DVD subscriptions are among a range of items added to the official 'basket' of goods and services used by the Office for National Statistics to calculate UK inflation rates.

Other notable additions this year include MP4 players and Blu-ray discs, reflecting trends in new technology.

Meanwhile, wine boxes, MP3 players and rentals from DVD hire shops are removed to make space for the new additions, as the basket undergoes its annual review.

ONS collects about 120,000 prices every month for a 'basket' of about 650 goods and services, in the most comprehensive survey of its kind in the UK.

Changes in the prices of the items are used to compile the two main measures of inflation: the Consumer Prices Index – used as the Bank of England's inflation target – and the Retail Prices Index, which has a range of uses including uprating pensions and benefits.

While the majority of the goods and services in the basket remain constant from year to year, the annual review provides an opportunity to fine-tune some categories.

Changes can be made for a number of reasons, with some items added because spending has reached a level that demands inclusion to ensure the basket remains representative of consumer spending.

In other cases, items may be included to improve coverage of particular categories with highly variable prices, or to diversify the range of products collected for a particular category. Similarly, some items may be dropped because spending has fallen, or to make way for new items within the basket.

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Many changes in the 2009 basket occur in the categories covering food and drink. The increasing trend towards free-range eggs is represented, for example, by the replacement of large eggs with large free-range eggs, while hot rotisserie chicken is included for the first time to represent a growing trend for hot takeaway food from supermarkets.

Rosé wine is increasingly popular with UK consumers and to make space for this new addition to the basket, the traditional wine box, first introduced in 2006, has been dropped. The large 'party size' bottle of cider has also been removed from the basket to make space for smaller bottles for individual consumption.

Trends in consumer technology often impact on the inflation basket and this year is no exception. MP4 players – which play video as well as audio – have become increasingly popular and replace MP3 players, while the Freeview TV receiver box is added as a new item to reflect the rise in spending associated with the digital TV switchover.

The growth of higher definition DVD is reflected in the addition of the Blu-ray disc to the basket, while the substitution of shop-based DVD rental with internet-only subscriptions reflects changes in the location at which services are provided.

Comparatively few changes have been made to the furnishings category, although hardwood flooring has been added to the basket to supplement laminate flooring, reflecting increased spending on non-carpet floor coverings.

Changes to the basket of goods and services this year are being introduced with the February 2009 price indices published on 24 March.

BACKGROUND NOTES

1. Further details of changes to the UK inflation 'basket' are detailed in an article published today by ONS and available to view at <http://www.statistics.gov.uk/cci/article.asp?ID=2156>

2. The Consumer Prices Index (CPI) is the main UK measure of consumer price inflation for macroeconomic purposes, while the uses of the Retail Prices Index (RPI) include indexation of pensions, state benefits and index-linked gilts. The shopping basket used to calculate both the CPI and RPI is identical in most respects, although there are some differences in specific areas such as coverage of owner-occupier housing costs. These differences in coverage and also methodology are described in the '*The New Inflation Target: The Statistical Perspective*' available on the National Statistics website at:
www.statistics.gov.uk/StatBase/Product.asp?vlnk=10913
3. The review of the shopping basket draws on the ONS Living Costs and Food Survey, previously known as the Expenditure and Food Survey, other published ONS data and detailed analyses presented by market research companies in trade journals and press reports. Developments in the retail environment are also reported by the price collectors, helping to ensure that the goods and services that the average household spends its money on are appropriately represented in the basket.
4. The expenditure weights that are used to calculate the overall cost of the CPI and RPI baskets are also revised each year. In line with usual practice, CPI class weights were updated with effect from the January 2009 index, and RPI section weights are revised with effect from the February 2009 index, at which point the weights for the unpublished detailed (item) indices are also revised. These changes to the published CPI and RPI weights will be described in an article to be published on the National Statistics website in April 2009.
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.