

# **CONSUMER PRICE INDICES DECEMBER 2006**

## **CPI & RPI BRIEFING NOTES**

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*This note is produced as background briefing for the Consumer Price Indices First Release. Users who require authoritative figures should use the Consumer Price Indices First Release or Focus on Consumer Price Indices*

**Next Publication - Consumer Price Indices January 2007  
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# **SUMMARY**

## **Consumer Prices Index (CPI)**

The Government's inflation target for the United Kingdom is defined in terms of the CPI measure of inflation. Prior to 10 December 2003, the CPI was published in the UK as the Harmonised Index of Consumer Prices (HICP). The CPI is an internationally comparable measure of inflation and is also used to compare inflation rates across the European Union.

- The all items CPI is 104.0 up from 103.4 in November.
- The all items CPI annual rate is 3.0%, up from 2.7% last month.
- The annual rate for CPIY is 3.2%, up from 3.0% last month.
- The annual rate for CPI-CT is 2.9%, up from 2.6% last month.
- The CPI all goods index is 103.0, up from 102.3 in November.
- The CPI all goods index annual rate is 2.3%, up from 1.8% last month.
- The CPI all services index is 105.4, up from 104.8 in November.
- The CPI all services index annual rate is 3.8%, up from 3.7% last month.

## **Retail Prices Index (RPI)**

The RPI is used for a variety of purposes including indexation of pensions, benefits and index-linked gilts.

- The all items RPI is 202.7, up from 201.1 in November.
- The all items RPI annual rate is 4.4%, up from 3.9% last month.
- The annual rate for RPIX, the all items excluding mortgage interest payments (MIPs) index is 3.8%, up from 3.4% last month.
- The all goods index is 156.1, up from 154.9 in November.
- The all goods index annual rate is 1.8%, up from 1.2% last month.
- The all services index is 254.1, up from 253.0 in November.
- The all services index annual rate is 6.1%, up from 6.0% last month.
- The annual rate for RPIY, the all items excluding MIPs and indirect taxes index is 3.9%, up from 3.6% last month.
- The Seasonally Adjusted RPIY (SARPIY) annual rate is 3.9%, up from 3.5% last month.
- The Tax and Price Index (TPI) is 184.4, up from 182.8 in November.
- The TPI annual rate is 4.4%, up from 3.8% last month.

## CPI SUMMARY

### CONTRIBUTIONS TO CHANGE IN THE CPI ANNUAL RATE

CPI COICOP DIVISIONS	Weight 2005	Weight 2006	1 month % change Dec 2005	1 month % change Dec 2006	Contribution to CPI annual rate change
10000: Food and non-alcoholic beverages	106	102	0.6	0.2	-0.04
20000: Alcoholic beverages and tobacco	46	44	-0.5	-0.4	-
30000: Clothing and footwear	63	65	-0.4	-1.3	-0.06
40000: Housing, water, electricity, gas and other fuels	105	108	0.5	0.7	0.03
50000: Furniture, household equipment and routine maintenance	65	73	2.3	3.4	0.11
60000: Health	24	24	-0.7	0.1	0.02
70000: Transport	148	155	0.4	1.7	0.20
80000: Communication	25	25	-0.1	-0.4	-0.01
90000: Recreation and culture	151	147	-	0.5	0.06
100000: Education	17	17	-	-	-
110000: Restaurants and hotels	139	134	0.2	0.2	-
120000: Miscellaneous goods and services	111	106	0.1	-0.1	-0.02

#### Large upward effects came from:

- **Transport**, where prices of **fuels and lubricants** rose this year, in large part reflecting the increase in fuel duty which came into effect on 6 December. The average price of petrol increased by 2.0p per litre between November and December this year, to stand at 87.5p on collection day, compared with a fall of 3.0p a year ago. There was an additional small upward effect from **air travel**, due to changes in the cost of fares to European destinations;

- **Furniture and household goods**, where **furniture** prices showed their largest month-on-month increase since the start of the official series in January 1997 as retailers raised their prices across a broad range of items prior to the usual January sales period; and
- **Recreation and culture**, where the main upward effect came from **games, toys and hobbies** with prices rising this year but falling a year ago, particularly for computer games and, to a lesser extent, board games. There was also a small upward effect from **non-fiction books** with prices rising this year but falling last year, and for **recording media**, mainly due to the prices of DVDs rising by more than in the previous year.

#### Small upward effects came from:

- **Housing, water, electricity, gas and other fuels**, reflecting the continued phasing in of tariff increases from a number of major **gas** and **electricity** suppliers; and
- **Health**, due to the prices of **medical products and appliances** rising this year but falling a year ago, with the main upward effects coming from indigestion tablets and contact lenses.

#### Large downward effects came from:

- Clothing and footwear, where the price of **women's outerwear** fell by more than a year ago due to widespread special offers, particularly on jackets, dresses and trousers. There was also a small downward contribution from **men's outerwear**, with prices falling this year but rising last year across a wide range of items.
- **Food and non-alcoholic beverages**, due to **vegetable** prices falling this year but rising a year ago, particularly for cauliflowers, with smaller contributions coming from tomatoes, cabbages and onions. Partially offsetting upward contributions came from carrots, lettuces and cucumbers. There was also a small upward contribution from price changes for **meat**, in particular poultry products.

#### A small downward effect came from:

- **Miscellaneous goods and services** mainly due to changes in the price of **appliances and products for personal care**.

## CPI RECORDS

All items CPI	Annual rate +3.0%, up from +2.7% last month Highest since the official series began in January 1997
Housing, water, electricity, gas and other fuels	Annual rate +11.4%, up from +11.1% last month Highest since the official series began in January 1997
Furniture, household equipment and routine maintenance	Annual rate +0.6%, up from -0.5% last month Also +0.6% in July 2005 Last higher in December 2004 (+0.7%)
Health	Annual rate +3.9%, up from +3.1% last month Also +3.9% in July 2003 Last higher in October 2002 (+4.0%)
Miscellaneous goods and services	Annual rate +3.3%, down from +3.5% last month Lowest since December 2004 (+3.2%)
All goods	Annual rate +2.3%, up from +1.8% last month Highest since the official series began in January 1997
All services	Annual rate +3.8%, up from +3.7% last month Also +3.8% in April 2006 Last higher in January 2006 (+3.9%)
Electricity, gas and other fuels	Annual rate +30.2%, up from +30.0% last month Highest since the official series began in January 1997

## ANNUAL AVERAGE CPI 12-MONTH CHANGES

All items CPI	Annual average +2.3%, up from +2.1% last year Highest since the official series began in 1997
Food and non-alcoholic beverages	Annual average +2.5%, up from +1.5% last year Highest since 2001 (+3.8%)
Alcoholic beverages and tobacco	Annual average +2.7%, up from +2.2% last year Highest since 2001 (+3.3%)
Clothing and footwear	Annual average -4.0%, up from -5.1% last year Highest since 2003 (-3.8%)
Housing, water, electricity, gas and other fuels	Annual average +9.2%, up from +6.3% last year Highest since the official series began in 1997
Furniture, household equipment and routine maintenance	Annual average -0.4%, down from -0.3% last year Lowest since 2003 (-0.6%)
Health	Annual average +2.8%, down from +2.9% last year Lowest since 2004 (+1.8%)
Transport	Annual average +2.8%, down from +4.1% last year Lowest since 2002 (+0.6%)
Fuels and lubricants	Annual average +5.5%, down from +8.8% last year Lowest since 2003 (+3.6%)
Communication	Annual average +0.2%, up from -2.3% last year Highest since 2003 (+0.5%)
Recreation and culture	Annual average -1.2%, unchanged from last year Last lower in 2004 (-1.5%) Last higher in 2003 (-0.6%)
Education	Annual average +7.3%, up from +4.9% last year Highest since 2003 (+7.5%)
Restaurants and hotels	Annual average +3.2%, down from +3.3% last year Lowest since 2004 (+2.9%)
Miscellaneous goods and services	Annual average +3.8%, down from +4.3% last year Lowest since 2004 (+3.6%)
All goods	Annual average +1.3%, up from +0.3% last year Highest since the official series began in 1997
All services	Annual average +3.5%, down from +4.1% last year Lowest since 2004 (+3.3%)

## CPI DETAILED BRIEFING

- Weights are specified as parts per 1000 in the CPI.

<b>01 FOOD &amp; NON-ALCOHOLIC BEVERAGES</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
01 Food & non-alcoholic beverages	106	102	0.6	0.2	-0.04

- Large downward effect on the all items 12-month rate change.
- Largely due to food and, to a lesser extent, non-alcoholic beverages.

<b>01.1 Food</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
01.1 Food	93	90	0.6	0.2	-0.04
01.1.1 Bread and cereals	15	15	0.4	0.6	-
01.1.2 Meat	23	21	-0.4	0.6	0.02
01.1.3 Fish	4	4	0.9	1.6	-
01.1.4 Milk, cheese and eggs	13	13	0.2	0.3	-
01.1.5 Oils and fats	2	2	0.3	-0.1	-
01.1.6 Fruit	8	8	-0.1	-0.7	-0.01
01.1.7 Vegetables including potatoes	14	14	4.1	-0.7	-0.06
01.1.8 Sugar, jam, syrups, chocolate and confectionery	12	11	-0.2	-	-
01.1.9 Food products, not elsewhere covered	2	2	-0.4	0.4	-

- Large downward effect on the all items 12-month rate change.
- Mainly due to vegetables including potatoes and, to a lesser extent, fruit.
- Partially offset by meat.

### **Meat**

- Small upward effect.
- Prices overall rose but fell a year ago, particularly for poultry products.

### **Fruit**

- Small downward effect.

<b>Grapefruit</b>	<ul style="list-style-type: none"> <li>• Small downward effect</li> <li>• Prices fell this year but rose a year ago.</li> </ul>
<b>Dessert apples</b>	<ul style="list-style-type: none"> <li>• Small downward effect.</li> <li>• Prices fell this year by more than a year ago.</li> </ul>
<b>Dessert pears</b>	<ul style="list-style-type: none"> <li>• Small downward effect.</li> <li>• Prices fell this year but rose a year ago.</li> </ul>
<b>Kiwi fruit</b>	<ul style="list-style-type: none"> <li>• Small upward effect.</li> <li>• Due to changes in seasonal weights.</li> </ul>

### Vegetables including potatoes

- Large downward effect.

<b>Cauliflowers</b>	<ul style="list-style-type: none"> <li>• Large downward effect.</li> <li>• Prices fell this year, due to increased volumes this December (Defra report 08/12/06), but rose sharply a year ago when colder than usual weather caused production to fall (The Grocer 10/12/05).</li> </ul>
<b>Tomatoes</b>	<ul style="list-style-type: none"> <li>• Small downward effect.</li> <li>• Prices fell this year but rose a year ago.</li> </ul>
<b>Onions</b>	<ul style="list-style-type: none"> <li>• Small downward effect.</li> <li>• Mainly due to changes in seasonal weights.</li> </ul>
<b>Cabbages</b>	<ul style="list-style-type: none"> <li>• Small downward effect.</li> <li>• Prices fell this year but rose a year ago.</li> </ul>
<b>Carrots</b>	<ul style="list-style-type: none"> <li>• Small upward effect.</li> <li>• Prices fell by less than last year.</li> </ul>
<b>Round lettuces</b>	<ul style="list-style-type: none"> <li>• Small upward effect.</li> <li>• Due to changes in seasonal weights.</li> </ul>
<b>Cucumbers</b>	<ul style="list-style-type: none"> <li>• Small upward effect.</li> <li>• Due to changes in seasonal weights.</li> </ul>

<b>01.2 Non-alcoholic beverages</b>	Weight 2005	Weight 2006	1 month % change Dec 2005	1 month % change Dec 2006	Contribution to CPI annual rate change
01.2 Non-alcoholic beverages	13	12	1.0	0.5	-0.01
01.2.1 Coffee, tea and cocoa	3	3	-0.1	1.6	0.01
01.2.2 Mineral waters, soft drinks and juices	10	9	1.4	0.1	-0.01

- Small downward effect on the all items 12-month rate change.
- Due to mineral waters, soft drinks and juices.
- Partially offset by coffee, tea and cocoa.

### Coffee, tea and cocoa

- Small upward effect.
- Prices rose overall this year but fell a year ago, particularly for coffee.

## Mineral waters, soft drinks and juices

- Small downward effect.
- Prices rose overall by less than a year ago, with the main downward effect coming from fruit juices.

<b>02 ALCOHOLIC BEVERAGES AND TOBACCO</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
02 Alcoholic beverages and tobacco	46	44	-0.5	-0.4	-

- Negligible overall effect on the all items 12-month rate change.

<b>02.1 Alcoholic Beverages</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
02.1 Alcoholic beverages	20	18	-1.1	-1.0	-
02.1.1 Spirits	5	5	-1.7	-1.5	-
02.1.2 Wine	10	9	-1.0	-1.4	-
02.1.3 Beer	5	4	-0.8	0.4	0.01

- Negligible overall effect on the all items 12-month rate change.
- Within this group there was a small upward contribution from beer.

<b>02.2 Tobacco</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
02.2 Tobacco	26	26	-	-	-

- Negligible overall effect on the all items 12-month rate change.

<b>03 CLOTHING AND FOOTWEAR</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
03 Clothing and footwear	63	65	-0.4	-1.3	-0.06

- Large downward effect on the all items 12-month rate change.

<b>03.1 Clothing</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
03.1 Clothing	54	56	-0.2	-1.2	-0.06
03.1.2 Garments	51	52	-0.2	-1.3	-0.06
03.1.3 Other clothing and clothing accessories	2	3	0.1	-0.2	-
03.1.4 Cleaning, repair and hire of clothing	1	1	0.2	0.3	-

- Large downward effect on the all items 12-month rate change.
- Due to price changes for garments.
- Largely due to women's outerwear, where there were widespread special offers this year, particularly on jackets, dresses and trousers.
- A further small downward effect came from men's outerwear, where prices overall fell this year but rose last year across a wide range of items.

<b>03.2 Footwear including repairs</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
03.2 Footwear including repairs	9	9	-1.6	-2.0	-

- Negligible overall effect on the all items 12-month rate change.

<b>04 HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
04 Housing, water, electricity, gas and other fuels	105	108	0.5	0.7	0.03

- Small upward effect on the all items 12-month rate change.
- Due to electricity, gas and other fuels and regular maintenance and repair of the dwelling.

<b>04.1 Actual rentals for housing</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
04.1 Actual rentals for housing	47	47	0.1	0.1	-

- Negligible overall effect on the all items 12-month rate change.

<b>04.3 Regular maintenance and repair of the dwelling</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
04.3 Regular maintenance and repair of the dwelling	20	19	0.2	0.7	0.01
04.3.1 Materials for maintenance and repair	12	11	0.3	1.1	0.01
04.3.2 Services for maintenance and repair	8	8	0.1	0.2	-

- Small upward effect on the all items 12-month rate change.
- Due to materials for maintenance and repair, where there was a mixture of recoveries and price increases for bathroom fittings at major DIY chains.

<b>04.4 Other services related to the dwelling</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
04.4 Other services related to the dwelling	10	10	-	-	-
04.4.1 Water supply	5	5	-	-	-
04.4.3 Sewerage collection	5	5	-	-	-

- Negligible overall effect on the all items 12-month rate change.

<b>04.5 Electricity, gas and other fuels</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
04.5 Electricity, gas and other fuels	28	32	1.5	1.7	0.02
04.5.1 Electricity	14	15	1.0	1.2	0.01
04.5.2 Gas	12	14	2.0	1.9	0.01
04.5.3 Liquid fuels	1	2	3.6	4.7	-
04.5.4 Solid fuels	1	1	0.3	-	-

- Small upward effect on the all items 12-month rate change.
- Due to electricity and gas.

### Electricity

- Small upward effect.
- Average electricity bills increased in December, reflecting the continued phasing in of recent tariff increases.
- Changes in electricity tariffs feed into the CPI over a four month period reflecting billing cycles.

## Gas

- Small upward effect.
- Average gas bills increased in December, reflecting the continued phasing in of recent tariff increases.
- Changes in gas tariffs feed into the CPI over a four month period reflecting billing cycles.

<b>05 FURNITURE, HOUSEHOLD EQUIPMENT AND MAINTENANCE</b>	Weight 2005	Weight 2006	1 month % change Dec 2005	1 month % change Dec 2006	Contribution to CPI annual rate change
05 Furniture, household equipment and maintenance	65	73	2.3	3.4	0.11

- Large upward effect on the all items 12-month rate change.
- Due to furniture, furnishings and carpets.
- Partially offset by goods and services for routine maintenance.

<b>05.1 Furniture, furnishings and carpets</b>	Weight 2005	Weight 2006	1 month % change Dec 2005	1 month % change Dec 2006	Contribution to CPI annual rate change
05.1 Furniture, furnishings and carpets	25	32	5.2	7.5	0.11
05.1.1 Furniture and furnishings	19	25	6.3	8.7	0.10
05.1.2 Carpets and other floor coverings	6	7	1.6	3.0	0.01

- Large upward effect on the all items 12-month rate change.
- Mainly due to furniture and furnishings and, to a lesser extent, carpets and other floor coverings.

## Furniture and furnishings

- Large upward effect.
- Prices overall rose by more than a year ago, following widespread price increases across a range of items which greater than last year.
- The month-on-month percentage change recorded this December is the highest since the start of the official series in January 1997.

## Carpets and other floor coverings

- Small upward effect.
- Prices rose overall by more than a year ago.

<b>05.2 Household textiles</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
05.2 Household textiles	8	8	0.2	-	-

- Negligible overall effect on the all items 12-month rate change.

<b>05.3 Household appliances, fitting and repairs</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
05.3 Household appliances, fitting and repairs	8	9	-0.1	-	-
05.3.1/2 Major appliances and small electric goods	7	8	-0.1	-	-
05.3.3 Repair of household appliances	1	1	0.1	0.2	-

- Negligible overall effect on the all items 12-month rate change.

<b>05.4 Glassware, tableware and household utensils</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
05.4 Glassware, tableware and household utensils	8	7	0.1	0.2	-

- Negligible overall effect on the all items 12-month rate change.

<b>05.5 Tools and equipment for house and garden</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
05.5 Tools and equipment for house and garden	6	6	0.5	0.3	-

- Negligible overall effect on the all items 12-month rate change.

<b>05.6 Goods and services for routine maintenance</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
05.6 Goods and services for routine maintenance	10	11	1.0	0.3	-0.01
05.6.1 Non-durable household goods	5	5	1.5	0.1	-0.01
05.6.2 Domestic services and household services	5	6	0.5	0.4	-

- Small downward effect on the all items 12-month rate change.
- Due to non-durable household goods, where prices overall showed little change in December compared with a rise last year.

<b>06 HEALTH</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
06 Health	24	24	-0.7	0.1	0.02

- Small upward effect on the all items 12-month rate change.
- Due to medical products, appliances and equipment.

<b>06.1 Medical products, appliances and equipment</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
06.1 Medical products, appliances and equipment	12	11	-1.5	0.1	0.02
06.1.1 Pharmaceutical products	6	5	-1.8	0.6	0.01
06.1.2/3 Other medical and therapeutic equipment	6	6	-1.2	-0.3	0.01

- Small upward effect on the all items 12-month rate change.
- Due to pharmaceutical products and other medical and therapeutic equipment.

### Pharmaceutical products

- Small upward effect.
- Due to price changes for indigestion tablets, which saw little change this year but fell sharply last year following widespread sales and price decreases.

## Other medical and therapeutic equipment

- Small upward effect.
- Due to price changes for contact lenses, which saw little change this year but fell last year following price decreases at some retailers.

<b>06.2 Out-patient services</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
06.2 Out-patient services	4	4	0.4	-	-
06.2.1/3 Medical and paramedical services	2	2	0.5	-0.2	-
06.2.2 Dental services	2	2	0.3	0.3	-

- Negligible overall effect on the all items 12-month rate change.

<b>06.3 Hospital services</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
06.3 Hospital Services	8	9	-	0.1	-

- Negligible overall effect on the all items 12-month rate change.

<b>07 TRANSPORT</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
07 Transport	148	155	0.4	1.7	0.20

- Largest upward effect on the all items 12-month rate change.
- Largely due to operation of personal transport equipment and, to a lesser extent, transport services.

<b>07.1 Purchase of vehicles</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
07.1 Purchase of vehicles	53	52	-0.2	-0.1	-
07.1.1A New cars	33	31	0.1	-	-
07.1.1B Second hand cars	17	18	-0.6	-0.4	-
07.1.2/3 Motorcycles and bicycles	3	3	-0.1	0.8	-

- Negligible overall effect on the all items 12-month rate change.

<b>07.2 Operation of personal transport equipment</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
07.2 Operation of personal transport equipment	63	71	-1.3	1.2	0.18
07.2.1 Spare parts and accessories	6	6	-0.1	-0.1	-
07.2.2 Fuels and lubricants	27	35	-3.3	2.3	0.18
07.2.3 Maintenance and repairs	24	24	0.4	0.4	-
07.2.4 Other services	6	6	0.4	0.3	-

- Large upward effect on the all items 12-month rate change.
- Due to fuels and lubricants.
- Due to petrol and, and to a lesser extent, diesel pump prices, which rose this year - in large part reflecting the increase in fuel duty which came into effect on 6 December - but fell a year ago.
- The average price of petrol rose by 2.0 pence per litre between November and December this year, to stand at 87.5 pence per litre on collection day.
- Last year the average price of petrol fell from 90.1 pence per litre in November to 87.1 pence per litre in December.

<b>07.3 Transport services</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
07.3 Transport services	32	32	4.6	5.5	0.02
07.3.1 Passenger transport by railway	8	8	-0.2	-0.4	-
07.3.2 Passenger transport by road	14	15	0.4	0.3	-
07.3.3 Passenger transport by air	8	7	17.3	24.4	0.02
07.3.4 Passenger transport by sea and inland waterway	2	2	-0.9	5.2	0.01

- Small upward effect on the all items 12-month rate change.
- Mainly due to passenger transport by air and, to a lesser extent, passenger transport by sea and inland waterway.

### Passenger transport by air

- Small upward effect.
- Due to European flights, where the seasonal increase in average fares this year was steeper than last December.

## Passenger transport by sea and inland waterway

- Small upward effect.
- Average fares increased this year but fell a year ago, particularly for cross-Channel routes.

<b>08 COMMUNICATION</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
08 Communication	25	25	-0.1	-0.4	-0.01

- Small downward effect on the all items 12-month rate change.

<b>08.1 Postal services</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
08.1 Postal services	2	1	-	-	-

- Negligible overall effect on the all items 12-month rate change.

<b>08.2/3 Telephone equipment and services</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
08.2/3 Telephone equipment and services	23	24	-0.2	-0.4	-0.01

- Small downward effect on the all items 12-month rate change.
- Overall costs for telephone equipment and services fell by more than a year ago.

<b>09 RECREATION AND CULTURE</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
09 Recreation and culture	151	147	-	0.5	0.06

- Large upward effect on the all items 12-month rate change.
- Mainly due to other recreational items, gardens and pets and, to a lesser extent, books, newspapers and stationery and audio-visual equipment and related products.
- Partially offset by recreational and cultural services.

<b>09.1 Audio-visual equipment and related products</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
09.1 Audio-visual equipment and related products	25	27	0.6	0.9	0.01
09.1.1 Equipment for the reception and reproduction of sound and pictures	6	6	-0.3	-0.3	-
09.1.2 Photographic, cinematographic and optical equipment	4	5	0.9	-2.1	-0.01
09.1.3 Data processing equipment	5	5	0.7	0.7	-
09.1.4 Recording media	9	10	1.0	3.2	0.02
09.1.5 Repair of audio-visual equipment and related products	1	1	-0.1	0.1	-

- Small upward effect on the all items 12-month rate change.
- Due to recording media.
- Partially offset by photographic, cinematographic and optical equipment;

#### **Photographic, cinematographic and optical equipment**

- Small downward effect.
- Mainly due to digital cameras, where prices fell this year but rose a year ago.

#### **Recording media**

- Small upward effect.
- Mainly due to pre-recorded DVDs, where prices rose in December by more than last year, and CD albums, where prices rose this year but fell last year.

<b>09.2 Other major durables for recreation and culture</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
09.2.1/2 Major durables for in/outdoor recreation	9	9	-	-	-

- Negligible overall effect on the all items 12-month rate change.

<b>09.3 Other recreational items, gardens and pets</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
09.3 Other recreational items, gardens and pets	37	39	-0.5	0.5	0.04
09.3.1 Games, toys and hobbies	20	23	-1.5	0.7	0.04
09.3.2 Equipment for sport and open-air recreation	4	4	0.8	-0.3	-
09.3.3 Gardens, plants and flowers	6	5	0.7	0.8	-
09.3.4/5 Pets, related products and services	7	7	0.2	0.2	-

- Large upward effect on the all items 12-month rate change.
- Due to games, toys and hobbies, where prices rose overall this year but fell a year ago, particularly for computer games and, to a lesser extent, board games, with a partially offsetting effect coming from children's tricycles.

<b>09.4 Recreational and cultural services</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
09.4 Recreational and cultural services	33	28	0.6	0.5	-0.01
09.4.1 Recreation and sporting services	9	8	0.2	-	-
09.4.2 Cultural services	24	20	0.8	0.7	-

- Small downward effect on the all items 12-month rate change.

<b>09.5 Books, newspapers and stationery</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
09.5 Books, newspapers and stationery	18	17	-0.3	0.8	0.02
09.5.1 Books	5	5	-1.7	1.9	0.02
09.5.2 Newspapers and periodicals	7	7	0.4	0.1	-
09.5.3/4 Misc. printed matter, stationery, drawing materials	6	5	0.2	0.4	-

- Small upward effect on the all items 12-month rate change.
- Due to books, where prices rose overall this year but fell a year ago, particularly for non-fiction books.

<b>09.6 Package holidays</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
09.6 Package holidays	29	27	-0.1	-	-

- Negligible overall effect on the all items 12-month rate change.

<b>10 EDUCATION</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
10 Education	17	17	-	-	-

- Negligible overall effect on the all items 12-month rate change.

<b>11 RESTAURANTS AND HOTELS</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
11 Restaurants and hotels	139	134	0.2	0.2	-

- Negligible overall effect on the all items 12-month rate change.

<b>11.1 Catering services</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
11.1 Catering services	121	116	0.2	0.3	0.01
11.1.1 Restaurants and cafes	108	103	0.2	0.3	0.01
11.1.2 Canteens	13	13	0.2	-	-

- Small upward effect on the all items 12-month rate change.
- Due to restaurants and cafes, where prices increased overall by more than last year.

<b>11.2 Accommodation services</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
11.2 Accommodation services	18	18	0.4	-0.1	-0.01

- Small downward effect on the all items 12-month rate change.
- Due to the cost of a one night hotel stay falling this year but rising a year ago.

<b>12 MISCELLANEOUS GOODS AND SERVICES</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
12 Misc. goods and services	111	106	0.1	-0.1	-0.02

- Small downward effect on the all items 12-month rate change.
- Due to personal care and other services not elsewhere covered.

<b>12.1 Personal care</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
12.1 Personal care	29	32	0.1	-0.5	-0.02
12.1.1 Hairdressing and personal grooming establishments	8	8	0.5	0.3	-
12.1.2/3 Appliances and products for personal care	21	24	-0.1	-0.8	-0.02

- Small downward effect on the all items 12-month rate change.
- Due to appliances and products for personal care, where prices overall fell compared with little change a year ago, reflecting more widespread special offers this December.

<b>12.3 Personal effects not elsewhere covered</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
12.3 Personal effects, not elsewhere covered	11	11	-	-0.1	-
12.3.1 Jewellery, clocks and watches	8	7	-0.1	-0.3	-
12.3.2 Other personal effects	3	4	0.5	0.4	-

- Negligible overall effect on the all items 12-month rate change.

<b>12.4 Social protection</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
12.4 Social protection	13	12	0.2	0.3	-

- Negligible overall effect on the all items 12-month rate change.

<b>12.5 Insurance</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
12.5 Insurance	8	9	-0.6	-0.5	-
12.5.2 House contents insurance	1	2	0.2	-0.4	-
12.5.3 Health insurance	2	2	-	-	-
12.5.4 Transport insurance	5	5	-1.0	-0.7	-

- Negligible overall effect on the all items 12-month rate change.

<b>12.6 Financial services not elsewhere covered</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
12.6 Financial services not elsewhere covered	26	29	-	-	-

- Negligible overall effect on the all items 12-month rate change.

<b>12.7 Other services not elsewhere covered</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	to CPI annual
			Dec 2005	Dec 2006	rate change
12.7 Other services, not elsewhere covered	24	13	0.4	0.4	-0.01

- Small downward effect on the all items 12-month rate change.
- Mainly due to a decrease for the component's weight, with the overall price movement similar to last year.

## RPI SUMMARY

### CONTRIBUTIONS TO CHANGE IN THE RPI ANNUAL RATE

GROUPS MONTHLY % CHANGE AND CONTRIBUTION	Weight 2005	Weight 2006	1 month % change Dec 2005	1 month % change Dec 2006	Contribution to RPI annual rate change
FOOD	110	105	0.5	0.1	-0.04
CATERING	49	50	0.2	0.3	-
ALCOHOLIC DRINKS	67	67	-0.2	-0.1	0.01
TOBACCO	29	29	-	-	-
HOUSING	224	222	0.2	1.2	0.24
FUEL AND LIGHT	31	33	1.5	1.7	0.02
HOUSEHOLD GOODS	71	71	3.4	4.5	0.09
HOUSEHOLD SERVICES	61	66	0.2	0.1	-0.01
CLOTHING AND FOOTWEAR	48	49	-0.4	-1.3	-0.05
PERSONAL GOODS AND SERVICES	41	41	-	0.3	0.01
MOTORING EXPENDITURE	136	140	-1.2	0.4	0.23
FARES AND OTHER TRAVEL COSTS	19	19	3.2	3.7	0.01
LEISURE GOODS	46	41	0.1	0.7	0.02
LEISURE SERVICES	68	67	0.3	0.2	-

#### Large upward effects came from:

- Housing**, mainly due to the **mortgage interest payments** component, with lenders passing on this November's quarter point increase in the Bank rate. There was also a small upward contribution from **depreciation**, which rose this year but was little changed a year ago,

reflecting movements in the smoothed house price index used to calculate this component. Both **mortgage interest payments** and **depreciation** are excluded from the CPI;

- **Motoring expenditure**, where, as in the CPI, there was a large upward contribution from **petrol and oil**, with prices rising this year but falling a year ago; and
- **Household goods**, where **furniture** prices rose by more than a year ago across a broad range of items.

#### Small upward effects came from:

- **Leisure goods**, where prices overall rose this year but fell a year ago, with upward contributions coming from **toys, photographic and sports goods** (mainly computer games), and **books and newspapers** (mainly non-fiction books); and
- **Fuel and light**, reflecting the continued phasing in of tariff increases from a number of major gas and electricity suppliers

#### Large downward effects came from:

- **Clothing and footwear**, mainly due to **women's outerwear** where prices fell by more than a year ago due to widespread special offers. There was also a small downward contribution from **men's outerwear**, with prices falling this year but rising last year across a wide range of items.
- **Food and non-alcoholic beverages**, due to **vegetable** prices falling this year but rising a year ago, particularly for cauliflowers and, to a lesser extent, tomatoes and cabbages. A partially offsetting upward contribution came from carrots.

## RPI RECORDS

All items RPI	Annual rate +4.4%, up from +3.9% last month Highest since December 1991 (+4.5%)
All items RPI exc. MIPS (RPIX)	Annual rate +3.8%, up from +3.4% last month Also +3.8% in October 1992 Last higher in September 1992 (+4.0%)
All Items RPI exc. MIPS and indirect taxes	Annual rate +3.9%, up from +3.6% last month Highest since July 1992 (+4.1%)
Alcoholic drink	Annual rate +2.9%, up from +2.8% last month Highest since June 1999 (+3.1%)
Fuel and light	Annual rate +29.7%, up from +29.5% last month Highest since June 1980 (+30.7%)
Household goods	Annual rate +2.5%, up from +1.4% last month Also +2.5% in November and September 1996 Last higher August 1996 (+3.1%)
Personal goods and services	Annual rate +3.3%, up from +2.9% last month Also +3.3% in October 2001 Last higher in September 2001 (+3.6%)
Leisure goods	Annual rate -1.1%, up from -1.6% last month Also -1.1% in July 2001 Last higher in February 1998 (-1.0%)
All goods	Annual rate +1.8%, up from +1.2% last month Also +1.8% in August 2006 Last higher in June 1998 (+2.0%)
All services	Annual rate +6.1%, up from +6.0% last month Also +6.1% in September 1992 Last higher in August 1992 (+6.5)

## ANNUAL AVERAGE RPI 12-MONTH CHANGES

All items RPI	Annual average +3.2%, up from +2.8% last year Highest since 1998 (+3.4%)
All items RPI exc. MIPS (RPIX)	Annual average +2.9%, up from +2.3% last year Highest since 1996 (+3.0%)
All items RPI exc. MIPS & Indirect Taxes (RPIY)	Annual average +3.0%, up from +2.2% last year Highest since 1992 (+4.3%)
Food	Annual average +2.1%, up from +1.2% last year Highest since 2001 (+3.3%)
Catering	Annual average +2.7%, down from +3.0% last year Also +2.7 in 2004 Lowest since the official series began in 1969
Alcoholic drink	Annual average +2.4%, up from +2.0% last year Highest since 1999 (+2.6%)
Tobacco	Annual average +4.5%, up from +4.3% last year Highest since 2001 (+5.4%)
Housing	Annual average +5.1%, down from +7.3% last year Lowest since 2002 (+2.6%)
Fuel and light	Annual average +24.6%, up from +13.6% Highest since 1980 (+25.0%)
Household goods	Annual average +1.3%, up from +0.7% last year Highest since 1996 (+3.3%)
Household services	Annual average +3.5%, up from +2.3% last year Highest since 2004 (+3.6%)
Clothing and footwear	Annual average -1.3%, up from -2.3% last year Highest since 1998 (-0.6%)
Personal goods and services	Annual average +2.7%, up from +1.9% last year Highest since 2001 (+3.2%)

Motoring expenditure	Annual average +1.5%, up from +0.7% last year
	Highest since 2000 (+3.8%)
Petrol and oil	Annual average +5.5%, down from +8.8% last year
	Lowest since 2003 (+3.6%)
Fares and other travel	Annual average +1.8 %, down from +4.1% last year
	Lowest since 1987 (+1.5%)
Leisure goods	Annual average -2.4%, up from -4.6% last year
	Highest since 2001 (-2.1%)
Leisure services	Annual average +2.1%, down from +3.2% last year
	Lowest since 2004 (+2.0%)
All goods	Annual average +1.2%, up from +0.4% last year
	Highest since 1998 (+1.6%)
All services	Annual average +5.0%, up from +3.9% last year
	Highest since 1992 (+7.3 %)
Electricity	Annual average +21.7%, up from +10.7% last year
	Highest since 1980 (+27.2%)
Gas	Annual average +31.9%, up from +14.8% last year
	Highest since the official series began in 1963

## RPI DETAILED BRIEFING

- Weights are specified as parts per 1000 in the RPI.

FOOD	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	To RPI annual
			Dec 2005	Dec 2006	Rate change
FOOD	110	105	0.5	0.1	-0.04

- Large downward effect on the all items 12-month rate change.
- Due to **seasonal food**.
- Partially offset by **non-seasonal food**.

Seasonal Food	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	To RPI annual
			Dec 2005	Dec 2006	Rate change
SEASONAL FOOD	19	17	2.2	-0.6	-0.05
Home killed lamb	1	1	2.6	1.6	-
Fresh fish	2	2	-0.7	-0.8	-
Eggs	1	1	-0.2	5.0	0.01
Unprocessed potatoes	2	1	2.4	0.9	-
Other fresh vegetables	7	6	6.2	-1.7	-0.05
Fresh fruit	6	6	-0.3	-0.8	-

- Large downward effect on the all items 12-month rate change.
- Due to **other fresh vegetables**, where the main downward effect came from cauliflowers and, to a lesser extent, tomatoes and cabbages. There was a partially offsetting effect from carrots.
- Partially offset by **eggs**, where prices rose this year but were little changed a year ago reflecting a shortage of free-range eggs (The Grocer 16/12/06).

<b>Non-Seasonal Food</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	To RPI annual
			Dec 2005	Dec 2006	Rate change
NON-SEASONAL FOOD	91	88	0.1	0.3	0.02
Bread	4	4	-0.3	0.6	-
Cereals	3	3	1.0	0.7	-
Biscuits and cakes	6	6	0.5	0.6	-
Beef	4	4	-1.1	-0.5	-
Imported lamb	1	1	-4.5	0.6	0.01
Pork	1	1	1.1	0.4	-
Bacon	2	2	-0.5	0.1	-
Poultry	3	4	-2.1	1.2	0.01
Other meat	7	7	-0.1	0.9	0.01
Processed fish	2	2	4.2	2.1	-
Butter	1	1	0.3	0.2	-
Oil and fats	1	1	0.3	-0.1	-
Cheese	3	3	0.5	0.2	-
Milk, fresh	5	5	-0.1	0.1	-
Milk products	4	4	0.2	-0.5	-
Tea	1	1	0.2	0.1	-
Soft drinks	12	10	1.0	0.1	-0.01
Sugar and preserves	1	1	0.6	0.4	-
Sweets and chocolates	11	10	-0.2	0.1	-
Potato products	3	3	0.7	0.4	-
Processed vegetables	2	2	0.7	0.4	-
Processed fruit	1	1	0.2	0.3	-
Other foods	12	11	-0.1	-0.1	-
Coffee and other hot drinks	1	1	-0.3	1.9	-

- Small upward effect on the all items 12-month rate change.
- Due to **imported lamb**, **poultry** and **other meat**, where prices overall rose this year but fell a year ago, particularly for fresh chicken breasts.
- Partially offset by **soft drinks**, where prices overall were broadly unchanged this year but rose a year ago.

<b>CATERING</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	To RPI annual
			Dec 2005	Dec 2006	Rate change
CATERING	49	50	0.2	0.3	-
Restaurant meals	25	27	0.2	0.3	-
Canteen meals	5	4	0.1	-0.1	-
Take-away meals and snacks	19	19	0.3	0.3	-

- Negligible overall effect on the all items 12-month rate change.

ALCOHOLIC DRINKS	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	To RPI annual
			Dec 2005	Dec 2006	Rate change
ALCOHOLIC DRINKS	67	67	-0.2	-0.1	0.01
Beer on sales	31	31	0.1	0.3	-
Beer off sales	6	5	-0.5	-	-
Wines and spirits on sales	16	17	0.2	0.2	-
Wines and spirits off sales	14	14	-1.4	-1.4	-

- Small upward effect on the all items 12-month rate change.

TOBACCO	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	To RPI annual
			Dec 2005	Dec 2006	Rate change
TOBACCO	29	29	-	-	-
Cigarettes	26	26	-	0.1	-
Tobacco products	3	3	-	-	-

- Negligible overall effect on the all items 12-month rate change.

HOUSING	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	To RPI annual
			Dec 2005	Dec 2006	Rate change
HOUSING	224	222	0.2	1.2	0.24
Rent	42	45	0.1	0.1	-
Mortgage interest payments	50	50	0.7	4.4	0.21
Council tax and rates	39	39	-	-	-
Water and other charges	11	12	-	-	-
Repairs and maintenance charges	12	12	0.1	0.4	-
DIY materials	14	13	0.3	0.8	0.01
Dwelling insurance and ground rent	7	7	0.2	-0.2	-
House depreciation	49	44	-	0.6	0.03

- Largest upward effect on the all items 12-month rate change.
- Mainly due to a sharp rise in the cost of **mortgage interest payments**, with lenders passing on November's quarter point increase in the Bank rate.
- In addition, small upward contributions came from
  - **House depreciation**, with the smoothed DCLG house price index used to calculate this component rising this year in contrast to little change last December; and
  - **DIY materials**, where prices overall rose this year by more than a year ago.

FUEL AND LIGHT	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	To RPI annual
			Dec 2005	Dec 2006	Rate change
FUEL AND LIGHT	31	33	1.5	1.7	0.02
Coal and solid fuels	1	1	0.3	-	-
Electricity	15	15	1.1	1.2	0.01
Gas	13	14	2.1	1.9	0.01
Oil and other fuels	2	3	3.0	3.9	-

- Small upward effect on the all items 12-month rate change.
- Due to **electricity** and **gas**, where average bills increased, reflecting the continued phasing in of recent tariff increases.
- Changes in gas and electricity tariffs feed into the RPI over a four month period, reflecting billing cycles.

HOUSEHOLD GOODS	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	To RPI annual
			Dec 2005	Dec 2006	Rate change
HOUSEHOLD GOODS	71	71	3.4	4.5	0.09
Furniture	24	26	8.4	11.4	0.10
Furnishings	14	11	1.3	2.6	0.01
Electrical appliances	8	8	-0.5	-1.2	-0.01
Other household equipment	5	5	0.5	-0.5	-
Household consumables	14	14	0.9	0.2	-0.01
Pet care	6	7	0.4	0.2	-

- Large upward effect on the all items 12-month rate change.
- Largely due to **furniture** and, to a lesser extent **furnishings**, where prices overall rose by more than a year ago. As in the CPI there were widespread price increases which were greater than last year, across a range of items.
- The month-on-month percentage change recorded for **furniture** this December is the highest since the start of the official series in 1947.
- Partially offset by:
  - **Electrical appliances**, where prices overall fell by more than a year ago; and
  - **Household consumables**, where prices rose by less than a year ago.

HOUSEHOLD SERVICES	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	To RPI annual
			Dec 2005	Dec 2006	Rate change
HOUSEHOLD SERVICES	61	66	0.2	0.1	-0.01
Domestic services	11	12	0.3	0.3	-
Fees and subscriptions	26	29	0.2	0.1	-
Postage	1	1	-	-	-
Telephone charges	23	24	0.1	-0.2	-0.01

- Small downward effect on the all items 12-month rate change.
- Due to a fall in average **telephone charges** this year in contrast to a slight rise a year ago.

CLOTHING AND FOOTWEAR	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	To RPI annual
			Dec 2005	Dec 2006	Rate change
CLOTHING AND FOOTWEAR	48	49	-0.4	-1.3	-0.05
Men's outerwear	9	10	0.3	-0.7	-0.01
Women's outerwear	17	17	-0.4	-2.3	-0.03
Children's outerwear	6	6	0.1	0.3	-
Other clothing	6	7	-0.1	-0.1	-
Footwear	10	9	-1.5	-1.9	-

- Large downward effect on the all items 12-month rate change.
- Mainly due to **women's outerwear**, where there were widespread special offers that were deeper than a year ago and, to a lesser extent, **men's outerwear**.

PERSONAL GOODS & SERVICES	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	To RPI annual
			Dec 2005	Dec 2006	Rate change
PERSONAL GOODS & SERVICES	41	41	-	0.3	0.01
Personal articles	12	12	0.1	0.8	0.01
Chemists goods	16	16	-0.3	-0.2	-
Personal services	13	13	0.2	0.2	-

- Small upward effect on the all items 12-month rate change.
- Due to **personal articles**, where prices overall rose compared with little change last year.

<b>MOTORING EXPENDITURE</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	To RPI annual
			Dec 2005	Dec 2006	Rate change
MOTORING EXPENDITURE	136	140	-1.2	0.4	0.23
Purchase of motor vehicles	59	56	-0.6	-0.4	0.01
Maintenance of motor vehicles	19	20	0.4	0.4	-
Petrol and oil	35	40	-3.2	2.3	0.22
Vehicle tax and insurance	23	24	-0.8	-0.6	-

- Large upward effect on the all items 12-month rate change.
- Largely due to **petrol and oil**, where petrol and, to a lesser extent, diesel pump prices rose this year but fell a year ago, as in the CPI.
- A further small upward effect came from **purchase of motor vehicles**, where the average price of cars fell by less than a year ago.

<b>FARES AND OTHER TRAVEL COSTS</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	To RPI annual
			Dec 2005	Dec 2006	Rate change
FARES AND OTHER TRAVEL COSTS	19	19	3.2	3.7	0.01
Rail transport fares	5	5	-0.3	-0.6	-
Bus and coach fares	4	4	0.3	0.3	-
Other travel costs	10	10	5.9	7.2	0.01

- Small upward effect on the all items 12-month rate change.
- Due to **other travel costs**, where average air fares increased by more than a year ago, as in the CPI.

<b>LEISURE GOODS</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	To RPI annual
			Dec 2005	Dec 2006	Rate change
LEISURE GOODS	46	41	0.1	0.7	0.02
Audio-visual equipment	10	9	-	-	-
CDs and Tapes	6	4	1.1	2.6	-
Toys, photographic and sports goods	13	12	-0.5	0.3	0.01
Books and newspapers	10	10	-0.3	0.5	0.01
Gardening products	7	6	1.1	0.8	-

- Small upward effect on the all items 12-month rate change.
- Due to **toys, photographic and sports goods** and **books and newspapers**, where prices overall rose this year but fell last year, particularly for computer games and non-fiction books respectively.

<b>LEISURE SERVICES</b>	Weight	Weight	1 month	1 month	Contribution
	2005	2006	% change	% change	To RPI annual
			Dec 2005	Dec 2006	Rate change
LEISURE SERVICES	68	67	0.3	0.2	-
TV licence and rentals	12	12	-	0.1	-
Entertainment and other recreation	17	17	1.1	0.6	-0.01
Foreign holidays	32	30	-0.1	0.1	0.01
UK holidays	7	8	0.3	0.3	-

- Negligible overall effect on the all items 12-month rate change.

## RECONCILIATION OF CPI AND RPI

### (Table 10 of the CPI First Release)

Table 10 of the CPI First Release 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 coverage of goods and services, and the formula effect. Each of these terms is calculated independently of the others; they are not strictly additive. The final column titled 'other differences including weights' is derived as a residual.

The difference between the CPI and RPI unrounded annual rates in December 2006 was -1.46 percentage points, widening from -1.20 percentage points in November 2006 (lowering the CPI annual rate relative to the RPI annual rate by 0.26 percentage points). The main factors contributing to this widening were:

- **Mortgage interest payments**, which contributed +0.21 percentage points to the change in the RPI 12-month rate but are excluded from the CPI; and
- **Other differences including weights**, which changed from -0.16 percentage points in November to -0.22 percentage points in December (lowering the CPI 12-month rate relative to the RPI 12-month rate by 0.06 percentage points). The main effects came from:
  - **Petrol and oil**, which contributed +0.18 to the change in the CPI 12-month rate and +0.21 to the change in the RPI 12-month rate, due to the higher weight of petrol and oil in the RPI; and
  - **Clothing and footwear**, which contributed -0.06 to the change in the CPI 12-month rate and -0.04 to the change in the RPI 12-month rate, due to the higher weight of clothing and footwear in the CPI.
- Within **other differences including weights**, there was a partially offsetting narrowing effect from **games, toys and hobbies and equipment for sport and open air recreation**, which contributed +0.04 to the change in the CPI 12-month rate and +0.01 to the change in the RPI 12-month rate, due to the higher weight in the CPI.

## RPI MISCELLANEOUS DATA

### Selected Average Prices

Description		October 2006	November 2006	December 2006
Petrol per litre	Diesel	91.1p	90.7p	92.7p
	Petrol	85.9p	85.5p	87.5p
Alcohol pub Prices	Draught bitter (pint)	£2.23	£2.24	£2.24
	Draught lager (pint)	£2.54	£2.55	£2.55
	Whisky (per nip)	£1.82	£1.82	£1.83
Cigarettes	Per 20 king size	£4.83	£4.83	£4.83

### 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
December 2005	+0.3	Negligible upward movement in MI	-
January 2006	-0.4	No change in MI	-
February 2006	+0.4	No change in MI	-
March 2006	+0.4	Up 0.01% points	-
April 2006	+0.8	No change in MI	-
May 2006	+0.6	No change in MI	-
June 2006	+0.4	No change in MI	-
July 2006	-	No change in MI	-
August 2006	+0.4	No change in MI	-
September 2006	+0.5	Up 0.27% points	+0.22% points
October 2006	+0.1	Negligible upward movement in MI	+0.01% points
November 2006	+0.3	Negligible upward movement in MI	-
December 2006	+0.8	Up 0.25% points	+0.20% points

**NB:** A one percentage point change in the average mortgage interest rate contributes approx. 0.8 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

- Seasonal food prices are variable in January and are dependent on weather conditions both in the UK and continent.

Monthly % change for RPI seasonal food index				
Year	November	December	Year	January
2000	4.1	1.9	2001	-1.7
2001	-0.3	2.8	2002	4.2
2002	0.4	-0.1	2003	0.1
2003	0.8	0.3	2004	-2.4
2004	1.4	2.0	2005	1.3
2005	1.4	2.2	2006	-1.5
2006	3.7	-0.6		

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

#### Bread

- ADM Milling Ltd announced on 14 December a flour price increase of £21.25 / tonne on all flours to become effective from Monday 15th January 2007, describing the increase as being a necessary reaction to even higher wheat costs. ([www.admmilling.com/](http://www.admmilling.com/) - 14 December 2006)

### CLOTHING AND FOOTWEAR

- Prices for clothing and footwear tend to fall sharply in January reflecting New Year sales.

Monthly % change for CPI clothing and footwear index				
Year	November	December	Year	January
2000	0.6	-0.8	2001	-7.2
2001	0.5	-0.4	2002	-5.9
2002	1.4	-2.0	2003	-4.1
2003	0.4	-1.2	2004	-3.1
2004	0.4	-1.3	2005	-3.6
2005	0.6	-0.4	2006	-4.1
2006	0.6	-1.3		

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

## ELECTRICITY, GAS AND OTHER FUELS

- Scottish and Southern Energy announced that prices for domestic electricity and gas would rise by 9.4% and 12.2% (average) respectively, with effect from 1 January 2007. ([www.scottish-southern.co.uk](http://www.scottish-southern.co.uk) 29/09/2006)

## FURNITURE, HOUSEHOLD EQUIPMENT AND ROUTINE MAINTENANCE

- Prices tend to fall sharply in January reflecting New Year sales.

### Monthly % change for CPI furniture, household equipment and routine maintenance index

Year	November	December	Year	January
2000	1.2	1.5	2001	-3.8
2001	1.3	1.6	2002	-3.4
2002	0.8	1.4	2003	-3.3
2003	0.8	1.1	2004	-2.9
2004	0.8	2.3	2005	-4.0
2005	1.0	2.3	2006	-4.8
2006	0.9	3.4		

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

## TRANSPORT

### Fuels and Lubricants

- Mild weather and a rise in stockpiles of heating oil and petrol pushed oil prices beneath the \$52-a-barrel mark for the first time since May 2005. ([news.bbc.co.uk](http://news.bbc.co.uk) 11/01/2007)
- The average price of unleaded petrol rose from 87.1 pence per litre in December to 88.8 pence per litre in January 2006.
- A 1 pence change in the cost of a litre of petrol contributes around 0.03 percentage points to the 1-month change in the CPI.

## POSTAL SERVICES

- Royal Mail have announced that the price of a first class stamp for small letters will rise by 2p to 34p in April 2007. ([www.royalmail.com](http://www.royalmail.com))

## Passenger transport by air

- Air fares tend to fall in January, following the sharp increases usually seen in December.

Monthly % change for CPI air fares index				
Year	November	December	Year	January
2001	-14.4	12.5	2002	-9.0
2002	-17.7	50.5	2003	-34.8
2003	-14.7	36.3	2004	-27.5
2004	-7.4	43.5	2005	-31.4
2005	-12.6	17.3	2006	-15.6
2006	-7.9	24.4		

- 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 increased by 0.25% on 11 January 2007 to stand at 5.25%.
- Average mortgage interest rates recorded in the RPI were unchanged between December 2005 and January 2006.
- A one-percentage point change in the average mortgage interest rate contributes approximately 0.8 percentage points to the 1-month percentage change in the RPI.