

12 February 2008

Coverage
United Kingdom
Theme
The Economy

Petrol prices help inflation rise to 2.2 per cent

Figures from the Office for National Statistics today show that consumer prices index (CPI) annual inflation – the Government's target measure – was 2.2 per cent in January, up from 2.1 per cent in December.

The largest upward pressure came from an increase in the price of road fuels. Average petrol prices rose by 1.3p in January to stand at 103.9p per litre, compared with a fall of 0.8p a year ago.

There was also a large upward effect from food, particularly fruit, such as grapes and grapefruit, where prices fell by less than last year.

There was a further large upward contribution from furniture where, overall, price reductions in the January sales were less than in the previous year.

There was a large downward effect from clothing and footwear. Overall the prices of garments fell by more than last year.

Retail prices index (RPI) inflation rose to 4.1 per cent in January, up from 4.0 per cent in December. The main factors affecting the CPI also affected the RPI. Additionally, mortgage interest payments had a downward effect on RPI this month.

RPIX inflation – the all items RPI excluding mortgage interest payments – was 3.4 per cent in January, up from 3.1 per cent in December.

As an internationally comparable measure of inflation, the CPI shows that the UK inflation rate in December, at 2.1 per cent, was below the provisional figure for the European Union as a whole of 3.2 per cent.

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BACKGROUND NOTES

1. More details of these figures are found in the Consumer Price Indices first release published today at: <http://www.statistics.gov.uk/pdfdir/cpi0208.pdf>
2. The CPI is the main United Kingdom domestic measure of inflation for macroeconomic purposes. The uses of RPI include indexation of pensions, state benefits and index-linked gilts. Both measure the average change from month to month in the prices of consumer goods and services purchased in the UK, although there are differences in coverage and methodology. A detailed description of these differences is given in the paper entitled *The New Inflation Target: the Statistical Perspective*. This paper is available on the National Statistics website at:
<http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=10913>
3. Both the CPI and the RPI are compiled each month using the same underlying price data, based on a large and representative selection of more than 650 separate goods and services for which price movements are measured in around 150 areas throughout the UK. Around 120,000 separate price quotations are used each month to compile the indices.
4. The Government's target for the inflation rate is 2.0 per cent - based on the CPI measure.
5. The next release of the CPI and RPI will be on 18 March 2008.
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