

13 May 2008

Coverage
United Kingdom

Theme
The Economy

CPI inflation rises to 3.0 per cent

Consumer Price Index (CPI) annual inflation – the Government's target measure – was up from 2.5 per cent in March to 3.0 per cent in April.

The largest upward contribution to the change in the CPI annual rate came from housing and household services due to changes in the price of gas, electricity and heating oil.

There were further large upward contributions from:

- Food and non-alcoholic beverages particularly meat, fruit, some breads and cereals and fish
- Miscellaneous goods and services where prices rose this year but fell last year, principally due to banking services
- Restaurants and hotels where the effect mainly came from alcoholic drinks sold in restaurants and cafes, reflecting the increase in excise duty which was larger than last year
- Alcohol and tobacco where prices of spirits and wine rose this year but fell last year. Again the main effect is because of the increase in excise duty
- Recreation and culture where the largest effect came from computer games which rose this year but fell last year
- Furniture and furnishings where price reductions in April had less effect than in the previous year across a wide range of furniture.

The largest downward contribution came from transport costs, mainly due to air transport and fuels and lubricants

The downward contributions were:

- Air fares, which fell in April after a rise in March, with the largest effect occurring for European flights. Last year air fares rose in April

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- The price of fuels and lubricants which rose this year by less than last year. The average price of petrol increased by 1.9 pence per litre between March and April this year, to stand at 108.2 pence, compared with a rise of 3.4 pence last year. By contrast, diesel prices rose by more than last year but have a smaller effect on the fuels index.

There was a further large downward contribution from clothing and footwear.

Retail Price Index inflation rose to 4.2 per cent in April, up from 3.8 per cent in March. The main factors affecting the CPI also affected the RPI. Additionally, there were downward contributions to RPI from house depreciation, council tax and vehicle excise duty; and the differences in coverage and weights between RPI and CPI for financial services result in a smaller upward contribution for RPI than CPI.

RPIX inflation – the all items RPI excluding mortgage interest payments – was 4.0 per cent in April, up from 3.5 per cent in March.

As an internationally comparable measure of inflation, the CPI shows that the UK inflation rate in March, at 2.5 per cent, was below the provisional figure for the European Union as a whole of 3.7 per cent.

The next publication date is 17 June 2008

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/cpi0508.pdf>
2. 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.
3. The Government's target for the inflation rate is 2.0 per cent - based on the CPI measure.
4. The next release of the CPI and RPI will be on 17 June 2008.

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