

17 June 2008

Coverage
United Kingdom

Theme
The Economy



High food prices fuel inflation increase

High food and fuel prices have pushed the Consumer Prices Index (CPI) annual inflation up to 3.3 per cent in May, up from 3.0 per cent in April.

The largest upward pressure came from food and non-alcoholic beverages, up from an annual rate of 6.6 per cent in April to 7.8 per cent in May.

Food inflation alone has risen to 8.7 per cent, up from 7.2 per cent in April. This increase was mainly due to spiralling meat costs which more than doubled from 4.1 per cent in April to 8.8 per cent in May. Vegetable prices also rocketed, from 3.8 per cent in April to 7.2 per cent in May.

Electricity, gas and other fuels, reached 11.2 per cent on the year and were up from 8.3 per cent in April.

Small upward effects came from alcoholic beverages and tobacco, which hit 4.9 per cent on the year – the highest since March 2001 when it was 5.8 per cent. Prices of alcoholic drinks rose to 5.4 per cent, up from 3.7 per cent in April. The price of spirits increased significantly to 9.2 per cent on the year, up from 6.3 per cent in April.

Retail Prices Index (RPI) inflation rose to 4.3 per cent in May, up from 4.2 per cent in April. The main factors affecting the CPI also affected the RPI. Additionally, there was a large downward contribution from housing. The effect came mainly from mortgage interest payments as lenders passed on April's quarter point decrease in the Bank rate and, to a lesser extent, from house depreciation. Both mortgage interest payments and depreciation are excluded from the CPI.

RPIX inflation – the all items RPI excluding mortgage interest payments – was 4.4 per cent in May, up from 4.0 per cent in April.

Issued by

Office for National Statistics
Government Buildings
Cardiff Road
Newport
NP10 8XG

Contact

Press Office 0845 604 1858
CPI Enquiries 01633 456900
CPI recorded message 01633 456961

Statistician
Philip Gooding 01633 455896
Philip.Gooding@ons.gov.uk

www.statistics.gov.uk

Next publication date
15 July 2008

As an internationally comparable measure of inflation, the CPI shows that the UK inflation rate in April, at 3.0 per cent, was below the provisional figure for the European Union as a whole of 3.6 per cent.

The next publication date is 15 July 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/cpi0608.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. For further information please go to our website at:
<http://www.ons.gov.uk/about/newsroom/statements/measuring-the-cost-of-living.html>
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 15 July 2008.
5. **National Statistics** are produced to high professional standards set out in the National Statistics Code of Practice. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference. © Crown copyright 2008.