

15 July 2008**Coverage**
United Kingdom**Theme**
The Economy

Food and petrol pushes inflation to 3.8 per cent

Consumer Price Index annual inflation (CPI) rose to 3.8 per cent in June, up from 3.3 per cent in May.

The largest upward pressure came from food and non-alcoholic beverages which rose from an annual rate of 7.8 per cent in May, to 9.5 per cent in June.

Food inflation alone has risen to 10.6 per cent, up from 8.7 per cent in May. This was again due to rising meat costs, particularly beef. Meat rose to 11.2 per cent, up from 8.8 per cent in May.

There were also large effects from fruit, bread and cereals. Fruit shot up from 2.4 per cent in May to 8.2 per cent in June. Breads and cereals saw an increase of 11.9 per cent on the year, up from 9.1 per cent in May. Oils and fats were considerably higher in June, reaching 28.2 per cent on the year, up from 20.1 per cent in May.

Petrol prices were once again driven to new highs. The average price of petrol at the pumps increased by 5.3 pence per litre between May and June this year, to stand at 117.6 pence, compared with a rise of 1.3 pence last year. Diesel prices rose by 7.1 pence per litre this year compared with a rise of 0.6 pence last year, to stand at 130.5 pence.

There were also large increases in recreation and culture. The main upward pressures came from digital cameras, where prices fell by less than last year, pre-recorded DVDs, computer games, and package holidays, where the price of foreign holidays rose.

Electricity, gas and other fuels rose to 13.8 per cent on the year and were up from 11.2 per cent in May.

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There was a large downward pressure from clothing and footwear, down -8.0 per cent and -4.2 per cent respectively, where price discounting was greater than last year, especially for women's outer wear.

There was also a small downward pressure from alcohol where the price of spirits decreased this year but rose last year and the price of wine increased by less than last year.

RPI inflation rose to 4.6 per cent in June, up from 4.3 per cent in May. 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 where there was a smaller increase this year than last year 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 4.8 per cent in June, up from 4.4 per cent in May.

As an internationally comparable measure of inflation, the CPI shows that the UK inflation rate in May, at 3.3 per cent, was below the provisional figure for the European Union as a whole of 4.0 per cent.

The next publication date is 12 August 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/cpi0708.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 12 August 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.