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Inflation hits 4.4 per cent

Consumer prices index (CPI) annual inflation rose to 4.4 per cent in July, up from 3.8 per cent in June.

The 0.6 per cent leap in the annual rate is the highest change since records began in 1997.

The largest upward pressure again came from food and non-alcoholic beverages which rose from an annual rate of 9.5 per cent in June, to 12.3 per cent in July.

Food inflation alone has spiralled to a CPI record 13.7 per cent on the year, up from 10.6 per cent in June. As in the previous month, this was principally due to a rise in meat costs, particularly bacon, ham and poultry. Meat rose to 16.3 per cent year on year, up from 11.2 per cent in June.

There were also increases in bread and cereals and vegetables including potatoes. Breads and cereals saw an increase of 15.9 per cent on the year, up from 11.9 per cent in June. Vegetables, including potatoes, shot up to 11.1 per cent up from 7.4 per cent.

The average price of petrol at the pumps increased by 1.2 pence per litre between June and July this year, to stand at 118.8 pence, compared with a fall of 0.4 pence last year. Diesel prices rose by 1.8 pence per litre this year to stand at 132.3 pence per litre, compared with a fall of 0.4 pence last year.

Air passenger transport was a significant contributor too, rising from 5.4 per cent year on year in June to 8.9 per cent in July. Fares rose by more than last year particularly on European routes.

Electricity, gas and other fuels saw an increase in the annual rate from 13.8 per cent to 16.1 per cent. Gas and electricity bills were unchanged this year but fell a year ago.

Retail prices index (RPI) inflation rose to 5.0 per cent in July, up from 4.6 per cent in June. The main factors affecting the CPI also affected the RPI. Additionally, there was a large downward contribution from housing with the main effect coming from house depreciation. Depreciation is excluded from the CPI.

RPIX inflation – the all items RPI excluding mortgage interest payments – was 5.3 per cent in July, up from 4.8 per cent in June.

As an internationally comparable measure of inflation, the CPI shows that the UK inflation rate in June, at 3.8 per cent, was below the provisional figure for the European Union as a whole of 4.3 per cent.

The next publication date is 16 September 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/cpi0808.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 16 September 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.