

Guernsey Quarterly Inflation Bulletin

December 2022

Issue date 24th January 2023

The Guernsey Quarterly Inflation Bulletin presents details of the Retail Price Indices and Household Cost Indices calculated for Guernsey each quarter. These track how the prices of items within a “shopping basket” of goods and services have changed over time.



States of Guernsey
Data and Analysis

1.1 Introduction

The Guernsey Quarterly Inflation Bulletin has been expanded to include all the Retail Prices Indices (RPIs) that are calculated each quarter and a set of Household Cost Indices (HCIs). They all use weights derived from the 2018-19 Household Expenditure Survey (see <https://gov.gg/household> for the results of that survey) and the same “shopping basket” of goods and services.

There are four RPI measures for Guernsey:

RPI - all items

RPIX - excludes mortgage interest payments

RPICT - excludes mortgage interest payments and the effect of changes to indirect taxes

RPIY - excludes mortgage interest payments and indirect taxes

The RPIs are intended to measure the overall average level of inflation experienced by people living in self-contained households in Guernsey. The RPIX, measures inflation without including changes in mortgage interest payments, which are directly affected by changes made by The Bank of England (BoE) to the base rate in the UK. The RPIY measures what the RPIX would be if indirect taxes (such as excise duty and property taxes) were not charged. The RPICT measures what the RPIX would be if indirect tax levels did not change. The RPICT and RPIY both exclude the elements of inflation that can be directly influenced by government, but in slightly different ways.

To aid understanding of the differences in rates of price inflation being experienced by different types of household in Guernsey, thirteen HCI measures have been developed for Guernsey, following a method designed by the UK Office for National Statistics (UK ONS):

Low income vs. high income households

Households containing **one or more child(ren)** vs. households with **none**

Households containing **one or more retired person** vs. households with **none**

Households containing **one or more person with a disability or long term illness that limits their activities** vs. households with **none**

Owner occupier households without mortgage vs. **Owner occupier households with mortgage** vs. **Private renter households** vs. **Social renter and partial owner households**

Overall HCI (for reference)

They all include changes in mortgage interest payments and indirect taxes. The HCI measures are designed to show how inflation rates for particular types of households compare with each other and with the overall average. They are intended to be compared with each other but not with the RPIs, due to methodological differences:

- To give lower spending households the same level of representation within the figures as higher spending ones, the weights for the HCIs are calculated using a different method to that used for the RPIs.
- For comparability with figures published for the UK, the average price changes used within the HCI calculations are calculated using a different method to that used in the RPI calculations.

For more information on methodologies used, see **Section 4.1** on **Page 14** and the **Guide to the Guernsey Price Inflation Indices** that can be downloaded from <https://gov.gg/rpi>, which also provides guidance on what each measure is intended to be used for.

1. Headlines

- The “all items” RPI inflation was 8.5% over the year ending December 2022, 4.1 percentage points higher than it was over the year ending in December 2021 and 0.6 points higher than it was over the year ending in September 2022.
- Inflation over the year ending in December 2022, as measured using the RPIX (“core” inflation excluding mortgage interest payments), was also 8.5%. This is 3.9 percentage points higher than for the year ending in December 2021 and 0.5 points higher than it was over the year ending in September 2022.
- “Underlying” inflation, can be measured using the RPICT (inflation excluding mortgage interest payments and assuming constant taxes) or the RPIY (inflation excluding mortgage interest payments and indirect taxes), which increased by 8.4% and 8.6% respectively over the year ending in December 2022.
- The Food expenditure group contributed 1.4 percentage points to the annual change in the RPI for the year ending in December 2022 and the Housing expenditure group contributed 1.2 percentage points.
- Within the RPI, the groups of goods and services that increased the most in price over the year ending in December 2022 were: the Fuel and light group (which increased by 21.1%), the Fares & other travel costs group (which increased by 12.4%) and the Leisure services group (which increased by 12.1%).
- The HCIs, which are all “all items” indices (intended to enable comparison of inflation rates experienced by households in different circumstances), increased by between 6.1% and 9.4% over the year ending in December 2022; the biggest range was seen in the indices for households with different housing tenures.
- For the year ending in December 2022, the index for Owner occupier households without mortgages was the HCI with the highest overall increase, at 9.4% (1.0 percentage points above the increase in the overall average HCI). Staple goods and services increased by 10.2% on average for Owner occupier households without mortgages and contributed 5.4 percentage points to the 9.4% increase in their index, whilst additional goods and services increased by 8.5% on average and contributed 4.0 percentage points.
- For the year ending in December 2022, the index for Social renter and partial owner households was the HCI with the lowest overall increase, at 6.1% (2.3 percentage points below the increase in the overall average HCI). Staple goods and services increased by 5.6% on average for Social renter and partial owner households and contributed 4.1 percentage points to the 6.1% increase in their index, whilst additional goods and services increased by 7.7% on average and contributed 2.0 percentage points.

2.1 RPIs - overview

Figure 2.1.1 Annual percentage change in RPI, RPIX, RPICT and RPIY

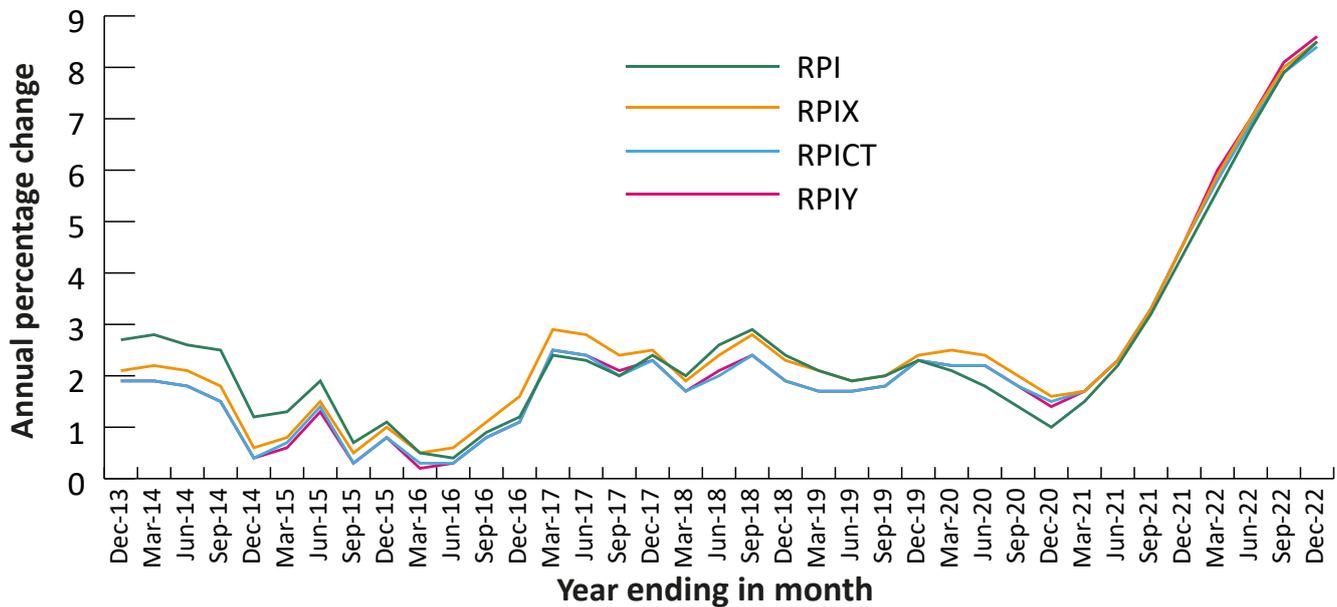


Table 2.1.1 Annual percentage change in RPI, RPIX, RPICT and RPIY (for the year ending in the month shown)

		RPI	RPIX	RPICT	RPIY
2017	Dec	2.4	2.5	2.3	2.3
2018	Mar	2.0	1.9	1.7	1.7
2018	Jun	2.6	2.4	2.0	2.1
2018	Sep	2.9	2.8	2.4	2.4
2018	Dec	2.4	2.3	1.9	1.9
2019	Mar	2.1	2.1	1.7	1.7
2019	Jun	1.9	1.9	1.7	1.7
2019	Sep	2.0	2.0	1.8	1.8
2019	Dec	2.3	2.4	2.3	2.3
2020	Mar	2.1	2.5	2.2	2.2
2020	Jun	1.8	2.4	2.2	2.2
2020	Sep	1.4	2.0	1.8	1.8
2020	Dec	1.0	1.6	1.5	1.4
2021	Mar	1.5	1.7	1.7	1.7
2021	Jun	2.2	2.3	2.3	2.3
2021	Sep	3.2	3.3	3.3	3.3
2021	Dec	4.4	4.6	4.6	4.6
2022	Mar	5.6	5.9	5.8	6.0
2022	Jun	6.8	7.0	6.9	7.0
2022	Sep	7.9	8.0	7.9	8.1
2022	Dec	8.5	8.5	8.4	8.6

The annual change in the RPI (all items) for the year ending in December 2022 was 8.5%, compared with 4.4% for the year ending December 2021 and 7.9% for the year ending September 2022.

The annual change in the RPIX (excluding mortgage payments) for the year ending in December 2022 was also 8.5%, compared with 4.6% for the year ending December 2021 and 8.0% for the year ending September 2022.

The annual change in the RPICT (excluding mortgage payments and with indirect taxes kept constant) for the year ending in December 2022 was 8.4%, compared with 4.6% for the year ending December 2021 and 7.9% for the year ending September 2022.

The annual change in the RPIY (excluding mortgage payments and with indirect taxes also excluded) for the year ending in December 2022 was 8.6%, compared with 4.6% for the year ending December 2021 and 8.1% for the year ending September 2022.

More information on the differences between the RPIs can be found on [Page 7](#) and in the [Guide to the Guernsey Price Inflation Indices](#) that can be downloaded from <https://gov.gg/rpi>.

2.1 RPIs - overview

Table 2.1.2 Quarterly percentage change in RPI, RPIX, RPICT and RPIY (for the quarter ending in the month shown)

		RPI	RPIX	RPICT	RPIY
2017	Dec	0.2	0.1	0.0	0.0
2018	Mar	1.6	1.5	1.5	1.5
2018	Jun	1.2	1.3	1.1	1.1
2018	Sep	-0.1	-0.2	-0.2	-0.2
2018	Dec	-0.3	-0.3	-0.5	-0.5
2019	Mar	1.2	1.3	1.3	1.2
2019	Jun	1.0	1.1	1.1	1.1
2019	Sep	0.0	-0.1	0.0	0.0
2019	Dec	0.0	0.1	0.0	0.0
2020	Mar	1.0	1.4	1.2	1.2
2020	Jun	0.8	1.0	1.0	1.0
2020	Sep	-0.4	-0.4	-0.4	-0.4
2020	Dec	-0.3	-0.3	-0.3	-0.3
2021	Mar	1.5	1.5	1.5	1.4
2021	Jun	1.4	1.6	1.6	1.6
2021	Sep	0.5	0.5	0.6	0.6
2021	Dec	0.9	0.9	0.9	0.9
2022	Mar	2.7	2.8	2.7	2.7
2022	Jun	2.6	2.6	2.6	2.7
2022	Sep	1.6	1.5	1.5	1.6
2022	Dec	1.4	1.4	1.4	1.4

The quarterly change in the RPI (all items) for the quarter ending in December 2022 was 1.4%, compared with 0.9% for the quarter ending December 2021 and 1.6% for the quarter ending September 2022.

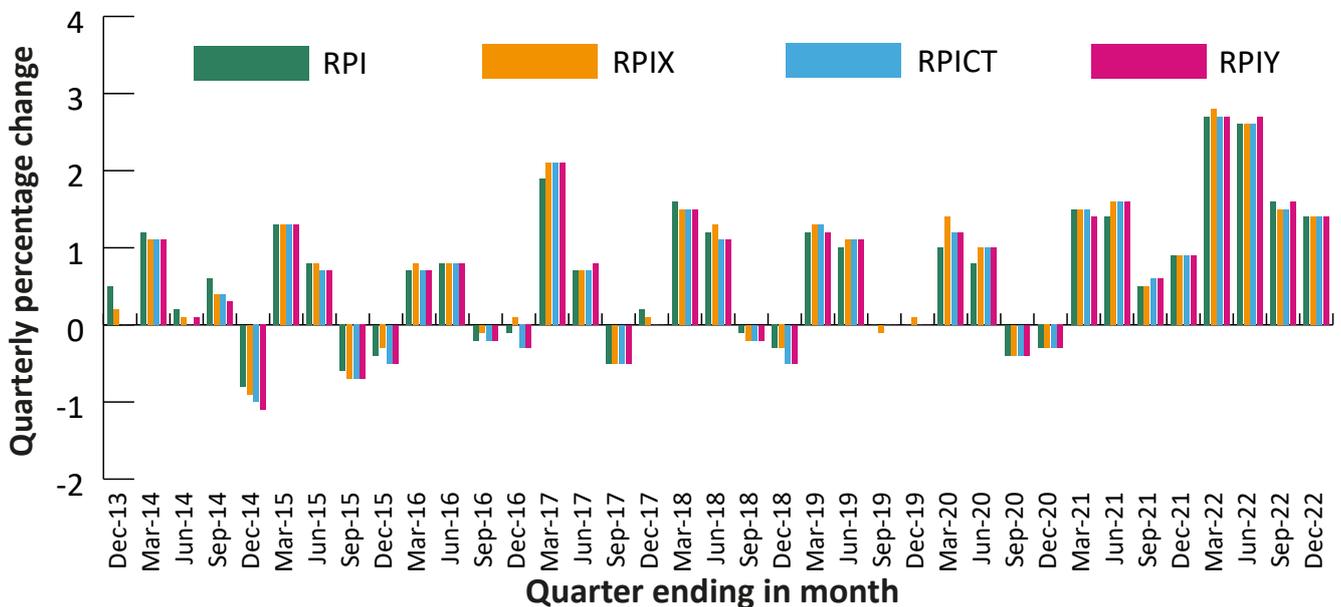
The quarterly change in the RPIX (excluding mortgage payments) for the quarter ending in December 2022 was also 1.4%, compared with 0.9% for the quarter ending December 2021 and 1.5% for the quarter ending September 2022.

The quarterly change in the RPICT (excluding mortgage payments and with indirect taxes kept constant) for the quarter ending in December 2022 was 1.4%, compared with 0.9% for the quarter ending December 2021 and 1.5% for the quarter ending September 2022.

The quarterly change in the RPIY (excluding mortgage payments and with indirect taxes also excluded) for the quarter ending in December 2022 was 1.4%, compared with 0.9% for the quarter ending December 2021 and 1.6% for the quarter ending September 2022.

More information on the differences between the RPIs can be found on [Page 7](#) and in the [Guide](#) that can be downloaded from <https://gov.gg/rpi>.

Figure 2.1.2 Quarterly percentage change in RPI, RPIX, RPICT and RPIY



2.2 The “formula effect” within the RPIs

The “formula effect” is the term used to describe the difference the method of averaging can have on a calculated average price change.

The Dutot method is the one that is used within the Guernsey RPIs and this is seen to be acceptable when the goods and services priced within any one element of the calculation are homogeneous or nearly homogeneous i.e. of similar values. The homogeneity is achieved via careful selection of items within the basket of goods and services.

However, there are alternative methods that can be used; the Carli method (used in UK RPI calculations) and the Jevons method (used in Jersey RPI calculations and UK CPI calculations). Neither of these are impacted by the range of prices collected in the way that the Dutot method is.

However, the Jevons method assumes that some people modify what they buy to a certain extent when faced with large price increases, whereas Carli and Dutot assume people always buy the same items and, as such, Jevons is deemed to more accurately model real behaviours.

For transparency, the value of the formula effect within the changes in the RPI and RPIX since the quarter ending March 2021 is included in **Table 2.2.1**. This is the difference between calculating using the Dutot method and calculating using the Jevons method. A positive value in **Table 2.2.1** indicates that the Jevons method would have produced a lower percentage change for the given time period and a negative value indicates that the Jevons method would have produced a higher percentage change for the given time period. More information on the formula effect can be found in the **Guide to the Guernsey Price Inflation Indices**, which is available online at <https://gov.gg/rpi> and includes a worked example of the Carli, Dutot and Jevons methods of calculating average price changes.

Table 2.2.1 Value of formula effect in percentage points

		Value of effect within RPI annual % change	Value of effect within RPI quarterly % change	Value of effect within RPIX annual % change	Value of effect within RPIX quarterly % change
2021	Mar	-	-0.1	-	-0.2
2021	Jun	-	0.0	-	0.0
2021	Sep	-	0.1	-	0.1
2021	Dec	-0.1	0.0	-0.1	0.0
2022	Mar	0.1	0.0	0.1	0.0
2022	Jun	0.3	0.1	0.3	0.2
2022	Sep	0.2	0.0	0.2	0.0
2022	Dec	0.1	-0.1	0.1	-0.1

The HCIs (provided in **Section 3**) use the Jevons method, so are not impacted by the formula effect.

2.3 RPIs - group analysis

Table 2.3.1 RPI group content summary

Group	Items included
Food	Supermarket and other shop bought food and non-alcoholic beverages
Catering	Restaurant, café, pub, bar, canteen and take-away food and non-alcoholic drinks
Alcoholic drink	On and off premises sales of alcoholic drinks
Tobacco	Tobacco based products and e-cigarettes
Housing	Rents, mortgage interest payments, TRP, parish rates, waste charges, water charges, materials and tools for repairs and DIY, plumbers, electricians etc.
Fuel & light	Electricity, oil, coal, gas
Household goods	Furniture, carpets, rugs, soft furnishings, kitchen and dining ware, cleaning products, household appliances, pet care, stationary and postage
Household services	Phone, internet, child minder, home help, cleaner and other fees and charges
Clothing & footwear	Clothes, shoes, accessories
Personal goods & services	Glasses, contact lenses, medical, cosmetic and sanitary products. Jewellery, watches, bags and personal appliances. Medical, dental and beauty treatments.
Motoring expenditure	Vehicle purchase and maintenance, motor fuel
Fares & other travel costs	Rail, air and sea fares. Bicycles, buses, coaches and taxis.
Leisure goods	TVs, computers, music, films, books, newspapers and magazines. Toys, games and sports goods. Gardening supplies and tools.
Leisure services	Entertainment and sport subscriptions, exercise classes, cinema, theatre etc. Holidays (both within and outside the Channel Islands) including catered and self-catering accommodation.

Calculation of the RPIs involves calculating nearly 600 individual items indices based on the average changes in prices of around 2,000 goods and services. The changes are weighted and used to update 14 group indices and the overall index.

Table 2.3.1 provides a summary of the goods and services included within each of the 14 groups of the (all items) RPI.

The RPIX excludes mortgage interest payments (from within the Housing group).

The RPICT excludes mortgage interest payments (from within the Housing group) and also changes in indirect taxes (from within the Alcoholic drink, Tobacco and Motoring expenditure groups).

The RPIY excludes mortgage interest payments (from within the Housing group) and also indirect taxes (from within the Alcoholic drink, Tobacco and Motoring expenditure groups).

For more information on how the indices are aggregated and the weights applied (and how these have changed over time), see the **Guide to the Guernsey Price Inflation Indices** that can be downloaded from <https://gov.gg/rpi>.

2.3 RPIs - group analysis

Figure 2.3.1 shows the percentage change in each of the 14 groups of goods and services within each of the RPIs over the year ending December 2022. Figure 2.3.2 shows the number of percentage points contributed by each group to the annual change in the overall indices over the same time period.

Only the Housing group can show a different annual percentage change between the RPIX and RPI (as a result of the exclusion of mortgage interest payments from that group in the RPIX), whereas the Housing, Alcoholic drink, Tobacco and Motoring expenditure groups can all show a different annual percentage change between the RPICT, the RPIY and the RPI (as a result of the exclusion of mortgage interest payments from the RPICT and the RPIY and different treatment of indirect taxes in each).

Due to differences in the weightings applied to the goods and services within each group, the contribution made by each group to the overall percentage change in the index can differ between the RPI, RPIX, RPICT and RPIY.

In the year ending December 2022, all fourteen of the RPI groups saw an annual increase. The Fuel and light expenditure group saw the largest annual increase at 21.1%, contributing 1.0ppt to the overall percentage change in the RPI and 1.1ppt to the overall percentage change in the RPIX, RPICT and RPIY.

Figure 2.3.1 Annual percentage change by group (for the year ending in December 2022)

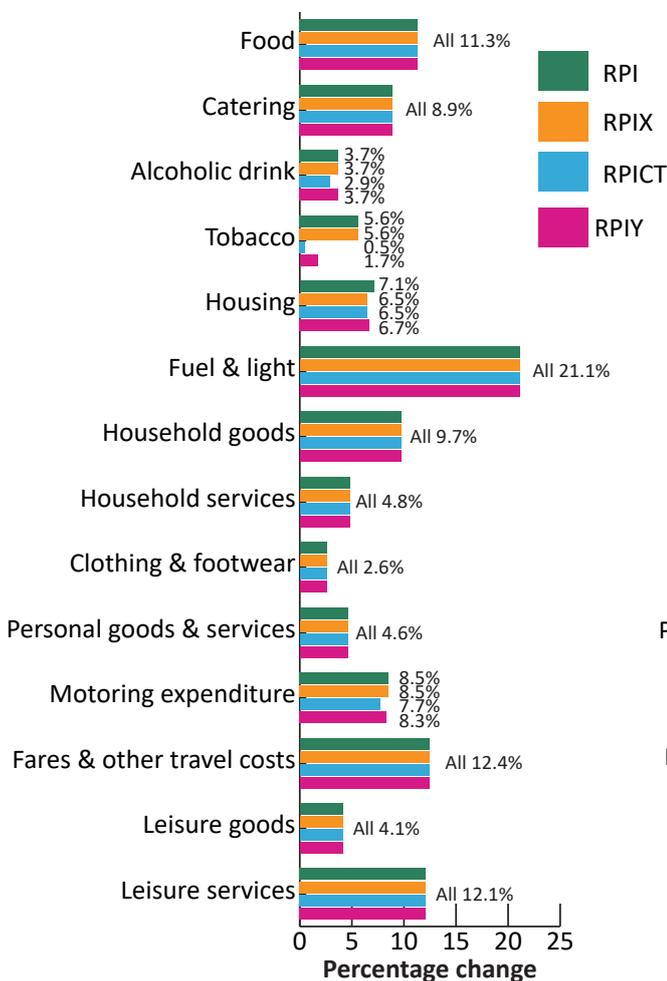
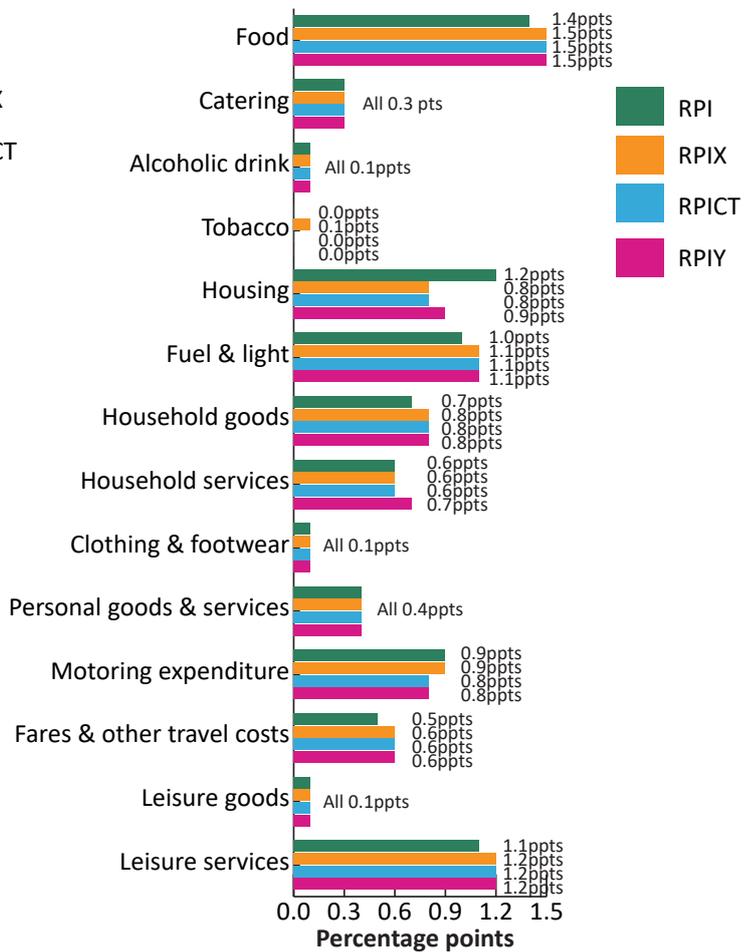


Figure 2.3.2 Contribution of each group to overall annual percentage change in index (for the year ending in December 2022)



NB: Due to the effects of rounding, the sum of the individual group contributions may not add up to the total change

2.3 RPIs - group analysis

Figure 2.3.3 Quarterly percentage change by group (for the quarter ending in December 2022)

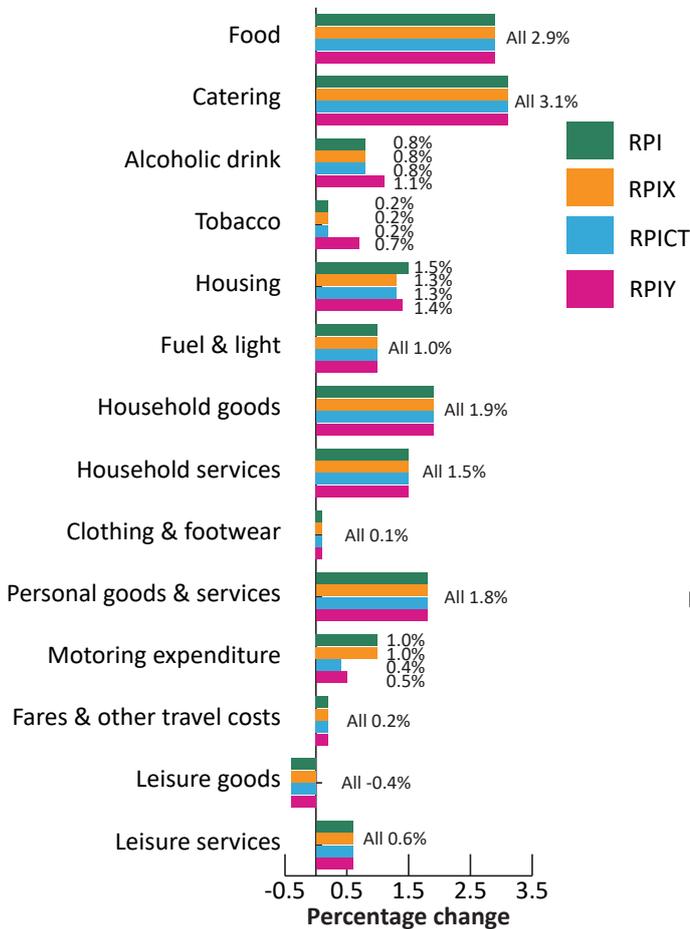
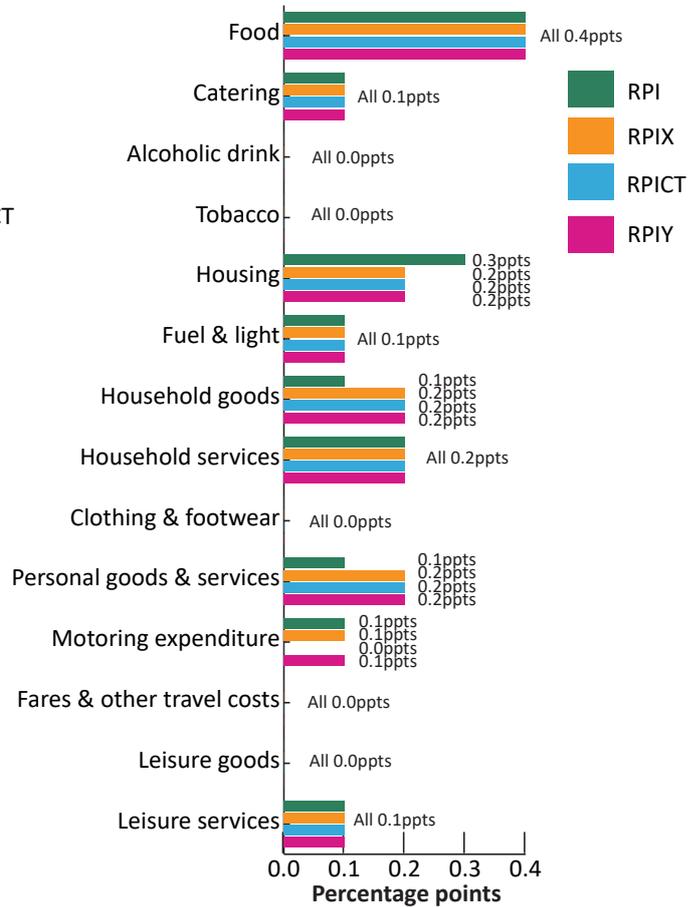


Figure 2.3.4 Contribution of each group to overall quarterly percentage change in index (for the quarter ending in December 2022)



NB: Due to the effects of rounding, the sum of the individual group contributions may not add up to the total change

Thirteen of the fourteen RPI groups saw a price increase in the three months ending in December 2022 (Figure 3.2.3). The Leisure goods expenditure group saw a small decrease.

The largest percentage increase (3.1%) came from the Catering group, making a contribution of 0.1ppts to the quarterly changes (Figure 3.2.4). The Food group increased by 2.9%, contributing 0.4 percentage points to the overall quarterly changes in the RPI, RPIX, RPICT and RPIY.

It should be noted that prices of some items are seasonal and, as a result, some groups (particularly Fares and other travel costs and Leisure services) are also impacted by seasonality. The annual changes shown on page 8 may more clearly show the trends in these groups.

2.3 RPIs - group analysis

Within each group, specific items can be identified as having an upward or downward effect on the Index. Details are given below.

The Food group increased by 2.9% for all the RPIs during the latest quarter

There were several fruit and vegetable price increases this quarter, including kiwi, grapes and tomatoes, as well as increases in the prices of many other food items, notably block butter, cheese, quiche and soups.

The Catering group increased by 3.1% for all the RPIs during the latest quarter

There were increases in the prices of some pub and restaurant meals and in some take-away food items, such as soft drinks, coffee and sandwiches.

The Alcoholic drink group increased by 0.8% for RPI, RPIX and the RPICT, and by 1.1% for the RPIY during the latest quarter

There were increases in the prices of canned stout, and some spirits. Some special offers from the previous quarter were no longer available at the end of this quarter.

The Tobacco group increased by 0.2% for the RPI, the RPIX and the RPICT and by 0.7% for the RPIY during the latest quarter

This quarter, there were very few changes in cigarette prices, with some electronic cigarette refills showing a small increase. Duty levels on items within this group did not change this quarter but an 11% increase in duty on tobacco products will come into effect during the first quarter of 2023.

The Housing group increased by 1.5% for the RPI, by 1.3% for the RPIX and the RPICT, and by 1.4% for the RPIY during the latest quarter

The mortgage interest payment item is excluded from the RPIX, RPICT and RPIY calculations but is included in the RPI calculations. The mortgage interest payment item increased in price this quarter and the weighted increase was higher than increases in other items in this group, so the RPI Housing group increase was higher than the RPIX, RPICT and RPIY Housing group increase. There were increases in DIY and gardening items and in dwelling insurance premiums.

The Fuel and light group increased by 1.0% for all the RPIs during the latest quarter

There was a small increase in the average price of kerosene this quarter, which was partly offset by some special offers in coal products. There were no changes in the prices of electricity or gas in this quarter.

The Household goods group increased by 1.9% for all the RPIs during the latest quarter

This quarter, the prices of a variety of items increased, including sticky tape, bin liners, kitchen roll, ink cartridges and printer paper. A small number of items showed average price reductions, including some carpets and rugs which were on special offer.

2.3 RPIs - group analysis

The Household services group increased by 1.5% for all the RPIs during the latest quarter

Prices of gardening, cleaning and window cleaning services all increased this quarter, as did pet insurance.

The Clothing and footwear group increased by 0.1% for all the RPIs during the latest quarter

The prices of many items in this group are volatile, with regular sales and special offers. This quarter, there were price increases in the average cost of several items, such as women's nightwear, children's jackets, women's rainwear and children's tops, and reductions in the prices of other items, including child's pyjamas and women's cardigans.

The Personal goods and services group increased by 1.8% for all the RPIs during the latest quarter

This quarter the prices of many items remained unchanged, but there were increases in the prices of other items, including manicures, toiletries, cosmetics and ambulance fees.

The Motoring expenditure group increased by 1.0% for the RPI and the RPIX, by 0.4% for the RPICT and by 0.5% for the RPIY during the latest quarter

Slight reductions in petrol prices were offset by increases in roadside recovery fees, new cars and vehicle service charges.

The Fares and other travel group increased by 0.2% for all the RPIs during the latest quarter

There were increases in hire car costs, boats and bicycles, and reductions in the prices of sea fares. Sea fare prices tend to be seasonal, with the lowest prices during the winter months. This quarter there was a very small increase in the average air fare price.

The Leisure goods group decreased by 0.4% for all the RPIs during the latest quarter

This quarter there were increases in the prices of computer games and musical instruments. There were reductions in the prices of other items including PCs, sleeping bags, board games and digital radios.

The Leisure services group increased by 0.6% for all the RPIs during the latest quarter

There were small increases in the prices of package holidays in the UK and abroad, and within the Channel Islands, with reductions in holiday insurance premiums and digital portable storage devices.

3.1 HCIs - overview

Table 3.1.1 Annual percentage change in each of the HCIs (for the year ending in December 2022)

	Annual % change
Low income households	8.0
High income households	8.6
Households with one or more child(ren)	7.8
Households with no children	8.1
Households with one or more retired person(s)	9.2
Households with no retired persons	8.0
Households with one or more disabled person(s)	8.3
Households with no disabled persons	8.6
Owner occupier households without mortgages	9.4
Owner occupier households with mortgages	8.5
Private renter households	7.6
Social renter and partial owner households	6.1
All households - overall average	8.4

NB: A definition of each index (e.g. what is meant by high income vs. low income) is provided in the [Guide to the Guernsey Price Inflation Indices](#), which is available online at <https://gov.gg/rpi>. It should be noted that households can feature in more than one of the HCIs listed above, but not in both of the indices presented paired alongside each other nor in more than one of the groups of the four tenure-related indices.

Table 3.1.2: HCI categories

Category	Goods and Services Included
Staple goods & services	Essential goods and services, where the consumer has little choice regardless of price and income pressures. Such as: basic foods and non-alcoholic drinks, housing, utilities, phone and computer connectivity, postage, child minders, clothes and shoes, licences and fees for financial services.
Additional goods & services	Goods and services where the consumer exercises some degree of choice over whether or not to buy and how much they spend (the price and amount purchased). Such as: biscuits, cakes, sweets, restaurant and take-away foods and drinks, alcoholic drinks, cigarettes, home furnishings, cleaners, gardeners, clothing accessories, vehicle purchases, air and sea fares, toys, games, books, exercise classes, sports, entertainment, DIY and gardening tools and materials, private and higher education.

To aid understanding of how inflation is impacting on different households, thirteen HCIs were established (at base 100) in December 2021 and have been updated each quarter since then.

They use a method of weighting that gives each household equal representation, that differs to the RPIs, which intentionally give higher spenders a higher representation (and is appropriate for measures that are intended to show the average inflation across all goods and services bought by all households, but is not favoured for measures intended to aid understanding of how inflation is impacting on smaller groups of households). They use the Jevons method for working out average price changes, which is supposed to best model consumer habits when faced with price changes (and so are not susceptible to the formula effect). All the HCIs are based on the same shopping basket as each other and the RPIs and include mortgage interest payments and indirect taxes. The only difference between each of the HCIs is the weights used. They are designed to be compared with each other, but not with the RPIs.

Table 3.1.1 shows the annual percentage change in each of the HCIs for the year ending December 2022.

Over the next pages, these percentage changes are further broken down into two categories: staple goods and services and additional goods and services, as described below. In practice, each individual household will consider different goods and services to be staple (essential) and others to be additional to that.

3.1 HCIs - overview

Figure 3.1.1 Annual percentage change in each of the HCIs (for the year ending in December 2022), showing contributions from staple and additional goods and services

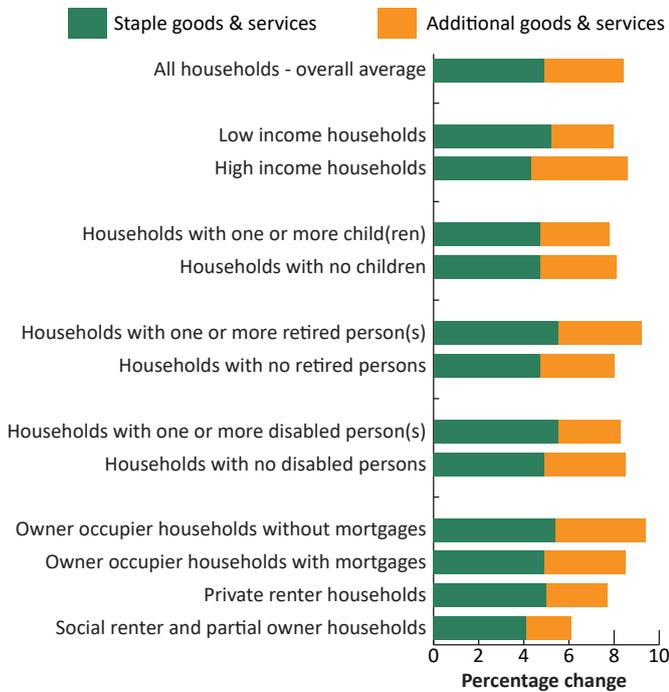
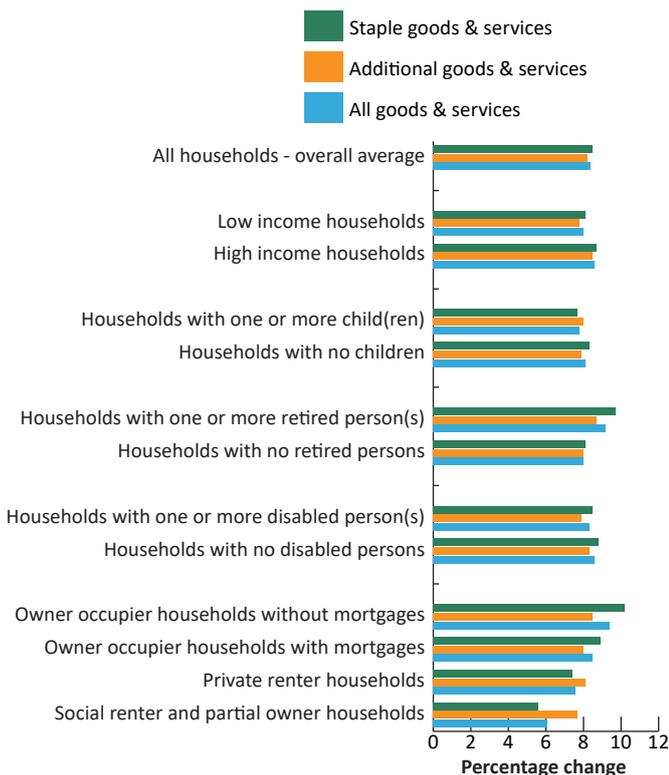


Figure 3.1.2 Annual percentage change in staple, additional and all goods and services for each HCI (for the year ending in December 2022)



The categorisation of goods and services as either staple or additional is intended to aid understanding of inflationary pressures being experienced by different household types. A summary of the items under each heading is provided on [page 12](#).

Figure 3.1.1 displays the contribution to each HCI annual change from staple goods and services and from additional goods and services over the year ending in December 2022. Figure 3.1.2 shows the annual percentage change (over the year ending in December 2022) in staple goods and services, additional goods and services and all goods and services for each HCI.

The HCIs increased by between 6.1% and 9.4% over the year ending in December 2022; the biggest range was seen in the indices for households with different housing tenures.

The index for owner occupier households without mortgages was the HCI with the highest overall increase at 9.4% (1.0 percentage points above the increase in the overall average HCI). Staple goods and services increased by 10.2% on average for Owner occupier households without mortgages and contributed 5.4 percentage points to the 9.4% increase in their index. Additional goods and services increased by 8.5% on average and contributed 4.0 percentage points.

The index for Social renter and partial owner households was the HCI with the lowest overall increase at 6.1% (2.3 percentage points below the increase in the overall average HCI). Staple goods and services increased by 5.6% on average for Social renter and partial owner households and contributed 4.1 percentage points to the 6.1% increase in their index. Additional goods and services increased by 7.7% on average and contributed 2.0 percentage points.

More detailed data tables are provided in the supplementary spreadsheet, which can be downloaded from <https://gov.gg/rpi>.

4.1 Methodology

The calculations of the RPIs and HCIs are based on the price change of items within a “shopping basket”. Whilst a single household’s shopping basket may contain anywhere in the region of one to several hundred items, the “basket” of goods and services used in the calculations contains over 1,700 items. The goods and services included in calculations are kept the same from one quarter to the next, in order to accurately assess price inflation (rather than changes in basket contents) each quarter.

The price change for each item is weighted and then combined to give the overall change in the index. Different indices use different weights and the RPIX, RPICT and RPIY all exclude the mortgage interest payment item, which is one of the items in the basket.

Periodically, new items are added to the basket and other items are removed and the weights are updated. Also, the main source of information for these updates is the Household Expenditure Survey. The results of the 2018-19 survey are available from <https://gov.gg/household> and the weights derived from the 2018-19 survey were implemented in January 2022 (to the price inflation between September and December 2021).

The methodology is continuously monitored and is occasionally audited and updated to ensure it remains accurate and representative.

The **Guide to the Guernsey Price Inflation Indices**, which is available online from <https://gov.gg/rpi>, provides more detail regarding the weights, methodology, calculation and uses of the inflation indices.

Note on the impact of COVID-19 on the inflation indices

The prices used to calculate the inflation rates are collected as close to the end of each quarter as possible in order to give a snapshot at that point in time. Fewer prices than normal could be collected when social distancing measures were in place in 2020 and 2021. Eurostat guidance on how to maintain the indices in these circumstances was followed. The guidance covered two areas:

- 1. Goods and services that were still available to purchase**, such as grocery items, medicines etc, but for which prices could not be collected. In this event, the missing prices were assumed to have changed in the same way that other, similar prices had changed, e.g. if prices could not be collected from a particular shop, the prices of items from that shop were assumed to have changed by the same proportion as prices of those same items from other shops.
- 2. Goods and services that were not available**, such as flights, hairdressing services etc, even if prices could still be collected from websites etc. The prices were assumed to have either:
 - i. remained the same as for the previous quarter (for prices not affected by seasonal variations), or
 - ii. changed in the same way they would have changed at the same time in previous years (for prices susceptible to seasonal variations)

It is normal for assumptions or imputations, such as these, to be made and included in the calculation of the indices, when a particular item is out of stock for example. However, it is not normal for these to be applied so widely. Price collection continued to be impacted up to and including December 2021.

4.1 Methodology

By handling price collection as described above regarding individual goods and services that were not available for consumption at the end of each quarter of 2020 and 2021, only the changes in prices of items available to consume will have resulted in changes in the published indices.

The basket and weights, which were due to be updated in 2020 to reflect the results of the 2018-2019 Household Expenditure Survey were not updated until lockdown measures had been lifted in late 2021. The measures were lifted in phases and the routine updates to the indices were postponed until all goods and services were available to be bought and consumed again. By this time, new data had become available via the 2021 Community Survey to inform how the 2018-19 Expenditure Survey results needed to be adjusted to better reflect 2022 expenditure patterns. The routine up-dating of the weights was undertaken in January 2022 i.e. first applied to the December 2021 indices and the quarterly changes between September and December 2021 indices.

By taking this approach, it is hoped that the clearest possible picture of the impacts on retail prices of the coronavirus pandemic has been provided, whilst enabling continuity of the indices to be maintained in exceptional circumstances.

4.2 Contact details

For more information on how the inflation indices are calculated, please see the [Guide to the Guernsey Price Inflation Indices](#), which, along with the Inflation Calculator, is available via <https://gov.gg/rpi>. The inflation hotline telephone number is 01481 227012.

The next inflation bulletin (for March 2023) will be published at 9:30am on Tuesday 25th April 2023 (provisional date).

You may also be interested in other publications from States of Guernsey Data and Analysis Service, which are all available online at www.gov.gg/data. Please contact us for further information.

E-mail: dataandanalysis@gov.gg

Write: Data and Analysis
Sir Charles Frossard House
La Charroterie
St Peter Port
Guernsey
GY1 1FH



For more information
go to gov.gg/data