

# Guernsey Quarterly Inflation Forecast

Quarter 1 2024

Issue date January 2024

The Inflation Forecast Bulletin provides 12 month forecasts for the primary inflation measures used in Guernsey: RPIX and RPI.



States of  
Guernsey

## 1.1 Introduction

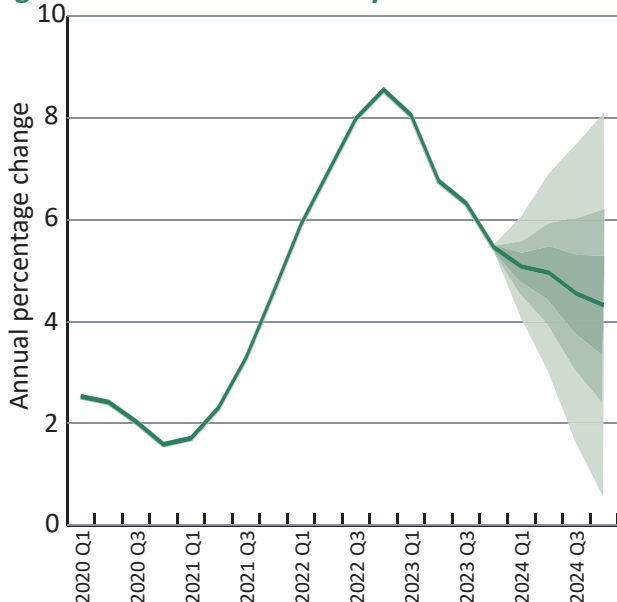
The Inflation Forecast Bulletin provides 12 month forecasts for the primary inflation measures used in Guernsey: RPIX and RPI. Forecasts are based on historical trends, expectations of inflation in the UK, and forecast movements in the price of key commodities. Forecasts are revised and published on a quarterly basis in the month following the publication of the Guernsey Inflation Bulletin.

*NB - Forecasts are presented with statistical confidence (or error) bands (the shaded area). These represent the range of possible outcomes with a 30%, 60% and 90% statistical certainty.*

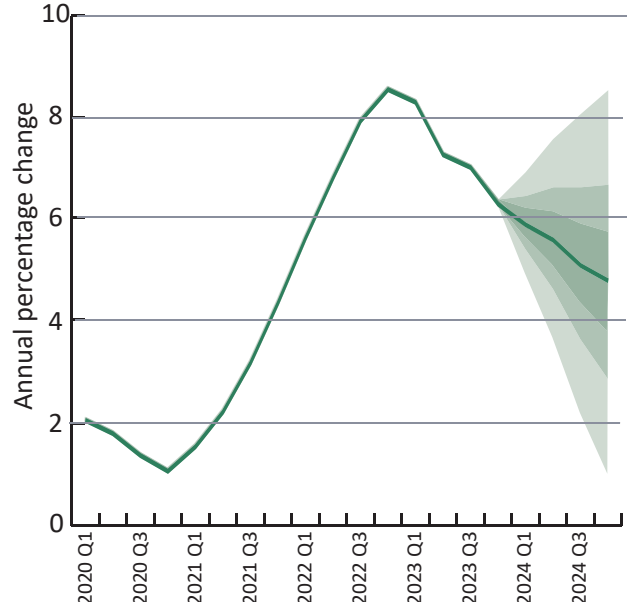
## 1.2 Forecasts

- The annual change in RPIX was 5.5% in December 2023, compared to 6.3% in September 2023, in line with central forecasts.
- The upward pressure on inflation from food price increases has receded over the last six months but remains fairly high. Upward pressure from housing costs also continues to be a significant contributor to inflation, particularly within the RPI where the impact of increased interest rates continues to feed through to higher mortgage repayment.
- The risk to inflation from the geopolitical situation has intensified, with the disruption of shipping through the Red Sea region creating potential for increases in prices on a wide range of goods.
- Current central forecasts show RPIX is likely to continue to fall throughout 2024 but at a slightly slower rate than previously forecast. The current expectation is that RPIX will return to more typical levels during 2025.
- The effect of the increases in the base rate made during 2023 will continue to add additional upward pressure to RPI over an extended period as those on low fixed-rate mortgages transition onto higher fixed or variable rate mortgages. As a result, RPI is expected to be higher than RPIX throughout the projected period.

**Figure 1.1: Forecast Guernsey RPIX**



**Figure 1.2: Forecast Guernsey RPI**



## 1.2 Forecasts

**Table 1.1: RPIX Forecasts**

	Central	30% confidence interval	60% confidence interval	90% confidence interval
<b>Q4 2023</b>	<b>5.5</b>	5.5	5.5	5.5
<b>Q1 2024</b>	<b>5.1</b>	4.8-5.3	4.6-5.6	4.1-6.0
<b>Q2 2024</b>	<b>5.0</b>	4.5-5.4	4.0-5.9	3.1-6.9
<b>Q3 2024</b>	<b>4.6</b>	3.8-5.3	3.1-6.0	1.7-7.4
<b>Q4 2024</b>	<b>4.3</b>	3.4-5.2	2.5-6.2	0.6-8.0

**Table 1.2: RPI Forecasts**

	Central	30% confidence interval	60% confidence interval	90% confidence interval
<b>Q4 2023</b>	<b>6.3</b>	6.3	6.3	6.3
<b>Q1 2024</b>	<b>5.9</b>	5.7-6.2	5.5-6.4	5.0-6.9
<b>Q2 2024</b>	<b>5.6</b>	5.1-6.1	4.7-6.6	3.7-7.5
<b>Q3 2024</b>	<b>5.1</b>	4.4-5.8	3.7-6.6	2.2-8.0
<b>Q4 2024</b>	<b>4.8</b>	3.8-5.7	2.9-6.6	1.0-8.5

## 1.3 Forecast assessment

**Table 1.3** below presents an overview of the performance of the RPIX forecasts against actual data three, six, nine and twelve months ahead of publication. For example, T+3 months presents a summary of how accurate the forecasts are one quarter before publication of the actual data, detailing how many of the actual observations fall within 30%, 60% and 90% confidence intervals of the forecasts represented by the coloured bands in **Figure 1.1**.

**Table 1.3: Summary of RPIX forecast performance**

	t +3 months	t +6 months	t +9 months	t +12 months
<b>Total number of observations</b>	33	32	31	30
<b>Within 30% confidence interval</b>	42%	50%	58%	60%
<b>Within 60% confidence interval</b>	67%	69%	74%	73%
<b>Within 90% confidence interval</b>	97%	88%	87%	83%
<b>Outside 90% confidence interval</b>	3%	13%	13%	17%

## 1.4 Contact Details

For more information on this and other publications issued by the States of Guernsey Strategy and Policy Unit, please contact:

Email: [dataandanalysis@gov.gg](mailto:dataandanalysis@gov.gg)

Routine statistical publications, including quarterly publication of inflation statistics, are issued by the States of Guernsey Data and Analysis Services. These publications are available online at [www.gov.gg/data](http://www.gov.gg/data).