

## Introduction

The Retail Prices Index (RPI) is the principal measure of inflation in Jersey. It measures the quarterly change in the prices of goods and services purchased by the average Jersey household.

## Collection of prices

The RPI is compiled using a representative selection of over 500 individual goods and services (the RPI 'basket'). Each quarter, approximately 2,500 price quotations are collected across a range of outlets, with pricing conducted around the 15th of March, June, September, and December. For example, breakfast cereal is a representative item. Multiple types and brands of cereal are priced, to better reflect household spending and to reduce variability from changes in a particular item.

Prices are collected through a combination of in-person visits to retailers by trained price collectors, as well as through online sources and telephone enquiries. This multi-channel approach ensures comprehensive coverage and reflects the range of purchasing methods used by Jersey households.

## Composition of the basket

The RPI can be thought of as a 'shopping basket' containing the various goods and services purchased by households. As the prices of the items in the basket change over time, so does the total cost of the basket. Movements in the RPI represent this change.

In principle, the cost of the basket should be calculated from all goods and services bought by households, in every outlet that supplies them. In practice this is not feasible, so the RPI is calculated using a sample of representative items. These items are selected to give a reliable measure of price movements for a range of similar items. Some goods and services where spending is large are included in the basket in their own right, such as petrol and utilities.

The RPI groups and their contents are summarised in [table A1](#). The contents of the basket are fixed so that changes in the index from quarter to quarter only reflect changes in price, and not variations in the quality or quantity of items purchased. However, it is important that the contents of the basket and their associated weights are updated periodically. This helps to ensure that price indices remain representative of household spending patterns. The spending patterns that underpin the index are updated using data from the [Living Costs and Household Income Survey \(LCHIS\)](#). This survey measures the spending and incomes of private households. The latest survey for 2021 to 2022 was used to update the RPI basket from [December 2024 onwards](#).

## RPI measures

- **RPI:** The Retail Prices Index is the principal measure of inflation in Jersey.
- **RPI(X):** This index excludes mortgage interest payments. As changes in the Bank of England Bank Rate affect mortgage interest payments, the RPI(X) provides a measure of inflation that is not affected by the Bank Rate.
- **RPI(Y):** This index excludes mortgage interest payments and indirect taxes such as parish rates, impôts (on tobacco, alcohol, and fuel), Goods and Services Tax (GST), Air Passenger Duty, and Vehicle Emissions Duty. The RPI(Y) provides a measure of underlying inflation that is not affected by the Bank Rate or indirect taxes.
- **RPI Low Income:** This index is based on the spending patterns of households in the lowest quintile (the lowest 20%) of income.
- **RPI Pensioners:** This index is based on the spending patterns of pensioner households, defined as single or couple pensioners.

## RPI and international comparisons

### Index calculations

The Jersey RPI and the UK RPI are constructed differently and are therefore not directly comparable. A key difference lies in the formula used to calculate price changes at the lowest level of aggregation (elementary aggregates). The Jersey RPI uses the Jevons formula, which is recognised internationally as a more appropriate method for averaging price relatives. In contrast, the UK RPI uses the Carli formula, which has been shown to introduce an upward bias – known as the “formula effect”.

In 2012, a review by the UK National Statistician concluded that the UK RPI did not meet international statistical standards. As a result, in 2013 the Office for National Statistics (ONS) de-designated the RPI as an official statistic and introduced an alternative index, RPIJ, which used the Jevons formula and was therefore methodologically more consistent with the Jersey RPI. From March 2013 to January 2017, RPIJ served as the most appropriate UK comparator for the Jersey RPI.

Following the discontinuation of RPIJ in February 2017, the Jersey RPI is now compared with the UK [Consumer Prices Index including owner occupiers' housing costs \(CPIH\)](#) – the ONS's headline measure of inflation. While CPIH and the Jersey RPI differ in methodology and coverage, it remains the closest available UK index for broad inflation comparisons.

Between 2013 and 2020, the ONS published estimates of the formula effect, allowing for adjusted comparisons between the UK RPI and Jersey RPI. However, publication of this estimate ceased in February 2020.

### Treatment of housing costs

A key methodological difference between the Jersey RPI and the UK CPIH is how they account for owner-occupier housing costs:

- **Jersey RPI** measures mortgage interest payments, using the Standard Variable Rate (SVR), which is directly influenced by the Bank of England's Bank Rate
- **CPIH** uses the rental equivalence method, estimating the rent that would be paid for an equivalent property

During changes to the Bank Rate, a rental equivalence method is affected more slowly and over a longer period of time than using the SVR. As a result, changes in the Bank Rate cause divergence between the Jersey RPI and the UK CPIH in the short-term, until the rental equivalence method has absorbed the full effects of the change.

### Reference population

The Jersey RPI measures costs for Jersey residents of private households. In contrast, the UK CPIH covers all spending in the UK, so their reference population also includes residents of institutions (such as nursing homes, retirement homes and university halls of residence), and spending by foreign visitors to the UK.

### More information

Further details on CPIH and its methodological differences from UK RPI can be found in the ONS [Consumer Price Indices technical manual](#).

## Methodological updates

### Future developments

- Improved data sources are being explored for measuring private rental prices, including administrative data and a survey of rental properties. This will improve the quality and coverage of the data, making it more representative of private rental households.
- The UK Office for National Statistics (ONS) is expanding their use of administrative data and data from third parties to improve their price indices. Some ONS price indices are used to measure certain representative items in the Jersey RPI, such as foreign holidays. As the ONS update their methodologies, we are monitoring their indices for suitability as potential data sources for the Jersey RPI. For example, since [March 2025](#) the ONS price index for used cars has been used in the Jersey RPI. We are also exploring the feasibility of using administrative data from local retailers in the Jersey RPI.

### March 2025

The methodologies used for fresh fruit, fresh vegetables, and used cars were updated:

- **Fresh produce:** Previously, prices were compared on a year-on-year basis with quarterly chaining. This was due to the highly seasonal nature of these items, which has become less evident with products being imported and available year-round. As a result, they are no longer treated as seasonal and are now compared quarterly, using the standard method used for other items in the RPI.
- **Used cars:** Local price quotes have been replaced with indices produced by the ONS. This change provides broader coverage of vehicles and is considered a reliable proxy for price changes in the local market.

### December 2007

- **RPI(Y)** was introduced to measure underlying inflation, ahead of the introduction of Goods and Services Tax (GST) on 6 May 2008.
- **RPI Low Income** and **RPI Pensioners** were introduced using new statistics from the [Household Expenditure Survey 2004 to 2005 report](#).

## Basket updates

Note that when the basket is updated, this applies to all price indices: RPI, RPI(X), RPI(Y), RPI Low Income and RPI Pensioners.

### December 2024

The Jersey RPI basket was updated using the results of the [Household Spending 2021 to 2022 report](#).

The details of the basket update can be found in the [Updating the RPI basket of goods and services 2024 report](#), which is summarised below:

- **Basket items:** 40 new representative items were added to the RPI basket and a similar number were removed, out of a total of over 500 items.
  - **Additions** included: pre-cut vegetables, non-dairy milk, peanut butter, women's sports leggings, smartwatches, smart speakers and e-bikes.
  - **Removals** included: women's skirts, men's ready-made suits, men's ties, hi-fi systems, camcorders, digital cameras, CDs and DVDs.
- **Basket weights:** The weights applied to each item were updated to reflect changes in household spending patterns.

## Appendix

Table A1: RPI Groups, summary of contents and contribution to overall RPI

Group	Items included	Contribution to RPI basket weight
Food	Supermarket and other shop bought food, fresh produce and non-alcoholic beverages	10.6%
Catering	Restaurant, café and takeaway food including non-alcoholic drinks	4.2%
Alcoholic drinks	On and off premises sales of alcoholic drinks	6.0%
Tobacco	Tobacco based products and e-cigarettes	1.4%
Housing	Rents, mortgage interest payments, parish rates, water rates, repairs and maintenance costs, DIY materials and tools and dwelling insurance	26.0%
Fuel and light	Coal, electricity, gas and oil	3.9%
Household goods	Furniture, soft furnishings, household electrical appliances, kitchen and dining ware, cleaning products and pet care	5.6%
Household services	Postal charges, telephone and internet charges, domestic services, fees and subscriptions, and course fees including school, nursery, and university fees	11.1%
Clothing and footwear	Clothes, outer-wear, and shoes	2.3%
Personal goods and services	Personal articles, chemist goods and beauty, dental and medical treatments	6.2%
Motoring	Motor vehicles, sundry motoring costs, petrol and diesel and motor insurance	8.7%
Fares and other travel	Air and sea fares, bicycles, buses, and taxi	2.7%
Leisure goods	Audio-visual equipment, toys, books, papers and magazines and gardening products	2.8%
Leisure services	TV licence, TV subscriptions, entertainments, sports and leisure fees, and foreign and UK holidays	8.5%
<b>RPI</b>	<b>All items</b>	<b>100%</b>