

# Consumer Price Inflation

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## CONTENTS

<b>SUMMARY</b>	<b>2</b>
<b>CPI SUMMARY</b>	<b>5</b>
<b>CPI NOTABLE MOVEMENTS</b>	<b>7</b>
<b>CPI DETAILED BRIEFING</b>	<b>8</b>
<b>RPI SUMMARY</b>	<b>26</b>
<b>RPI NOTABLE MOVEMENTS</b>	<b>27</b>
<b>RPI DETAILED BRIEFING</b>	<b>28</b>
<b>RECONCILIATION OF CPI AND RPI</b>	<b>35</b>
<b>RPI MISCELLANEOUS DATA</b>	<b>36</b>
<b>OUTLOOK</b>	<b>37</b>

*This note is produced as background briefing for the Consumer Price Inflation Statistical Bulletin. Users who require authoritative figures should use the Consumer Price Inflation Statistical Bulletin or Consumer Price Inflation Dataset.*

## SUMMARY

### **Consumer Prices Index (CPI)**

The CPI is a measure of consumer price inflation produced to international standards and in line with European regulations. First published in 1997 as the Harmonised Index of Consumer Prices (HICP), the CPI is the inflation measure used in the Government's target for inflation.

The CPI is also used for purposes such as uprating pensions, wages and benefits and can aid in the understanding of inflation on family budgets. For more information see [Users and uses of consumer price inflation statistics \(2013\)](#).

The main movements for CPI in August 2016 are:

- The all items CPI is 100.9, up from 100.6 in July.
- The all items CPI annual rate is 0.6%, unchanged from last month.
- The annual rate for CPI excluding indirect taxes, CPIY, is 0.5%, up from 0.4% last month.
- The annual rate for CPI at constant tax rates, CPI-CT, is 0.5%, unchanged from last month.
- The CPI all goods index is 98.3, up from 98.1 in July.
- The CPI all goods index annual rate is -1.4%, unchanged from last month.
- The CPI all services index is 103.8, up from 103.3 in July.
- The CPI all services index annual rate is 2.8%, up from 2.7% last month.

### **CPIH**

CPIH has been re-assessed to evaluate the extent to which it meets the professional standards set out in the Code of Practice for Official Statistics and the [assessment report](#) published on 3 March 2016. The report includes a number of requirements that need to be implemented for CPIH to regain its status as a National Statistic. The actions taken to address these requirements will be reported to the UK Statistics Authority later this month.

CPIH is a measure of UK consumer price inflation that includes owner occupiers' housing costs (OOH). These are the costs of housing services associated with owning, maintaining and living in one's own home. OOH does not include costs such as utility bills, minor repairs and maintenance, which are already included in the index.

CPIH uses an approach called rental equivalence to measure OOH. Rental equivalence uses the rent paid for an equivalent house as a proxy for the costs faced by an owner occupier. In other words, this answers the question "how much would I have to pay in rent to live in a home like mine?" for an owner occupier. OOH does not seek to capture increases in house prices. Although this may be inconsistent with some users' expectations of measures of OOH, the inclusion of an

asset price and therefore capital gains would make the index less suitable as a measure of consumption. OOH currently accounts for 16.5% of the expenditure weight of CPIH. This compares with a weight of 19.5% in 2005.

Currently, the method of calculation, the population coverage, the basket of goods and services and the method of deriving the weights are the same as for the Consumer Prices Index (CPI), with the exception of OOH. A full description of how CPIH is compiled is given in the [Consumer Price Indices Technical Manual](#) and in various papers published on the [prices guidance and methodology webpage](#).

The main movements for CPIH in August 2016 are:

- The all items CPIH is 101.2, up from 100.9 in July.
- The all items CPIH annual rate is 0.9%, unchanged from last month.
- The annual rate for CPIH excluding indirect taxes, CPIHY, is 0.9%, up from 0.8% last month.
- The OOH component of CPIH is 102.7, up from 102.4 in July.
- The OOH component annual rate is 2.4%, unchanged from last month.
- The CPIH all goods index is 98.3, up from 98.1 in July.
- The CPIH all goods index annual rate is -1.4%, unchanged from last month.
- The CPIH all services index is 103.5, up from 103.1 in July.
- The CPIH all services index annual rate is 2.7%, up from 2.6% last month.

### **Retail Prices Index (RPI) and RPIJ**

**In accordance with the Statistics and Registration Service Act 2007, the Retail Prices Index and its derivatives have been assessed against the Code of Practice for Official Statistics and found not to meet the required standard for designation as National Statistics. The [full assessment report](#) can be found on the UK Statistics Authority website.**

The RPI is a long-standing measure of UK inflation that has historically been used for a wide range of purposes such as the indexation of pensions, rents and index-linked gilts. For further information see [Users and uses of consumer price inflation statistics \(2013\)](#).

RPIJ is an improved variant of the Retail Prices Index which is calculated using formulae that meet international standards. The rationale for creating RPIJ was to give users a better alternative to the RPI if their needs were for a measure of inflation based on the same population, classifications, weights, etc. as the RPI. Currently, RPIJ also acts as an analytical series in that it allows users to see the impact of using the Jevons (which meets international standards) in place of the Carli formula (which does not meet international standards) in the RPI. The use of the different formulae

at the elementary aggregate level is currently the only difference between these indices. Detailed goods and services indices are not produced for RPIJ.

The main movements for RPI and RPIJ in August 2016 are:

- The all items RPI is 264.4, up from 263.4 in July.
- The all items RPI annual rate is 1.8%, down from 1.9% last month.
- The all items RPIJ is 241.8, up from 241.1 in July.
- The all items RPIJ annual rate is 1.0%, down from 1.1% last month.
- The annual rate for RPIX, the all items RPI excluding mortgage interest payments (MIPs) index, is 1.9%, unchanged from last month.
- The all goods RPI is 198.0, up from 197.3 in July.
- The all goods RPI annual rate is -0.2%, down from -0.1% last month.
- The all services RPI is 364.9, up from 362.7 in July.
- The all services RPI annual rate is 2.9%, up from 2.7% last month.
- The annual rate for RPIY, the all items RPI excluding MIPs and indirect taxes index, is 1.9%, up from 1.8% last month.
- The Tax and Price Index (TPI) for August is 231.7, up from 230.7 in July.
- The TPI annual rate is 2.2%, down from 2.3% last month.

## CPI SUMMARY

### CONTRIBUTIONS TO CHANGE IN THE CPI ANNUAL RATE

CPI COICOP DIVISIONS	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
01: Food and non-alcoholic beverages	110	103	-	0.4	0.04
02: Alcoholic beverages and tobacco	43	42	1.1	0.7	-0.02
03: Clothing and footwear	70	71	1.5	1.0	-0.04
04: Housing, water, electricity, gas and other fuels	128	120	0.1	0.1	0.01
05: Furniture, household equipment and maintenance	59	59	1.7	1.4	-0.02
06: Health	25	28	-0.1	0.1	0.01
07: Transport	149	153	0.1	0.9	0.12
08: Communication	31	32	-0.2	0.2	0.01
09: Recreation and culture	147	148	-0.4	-0.3	0.01
10: Education	26	25	-	-	-
11: Restaurants and hotels	121	123	-	-0.4	-0.05
12: Miscellaneous goods and services	91	96	0.4	0.3	-0.01

#### Large upward effects came from:

- Transport**, where prices overall rose by 0.9% between July and August this year, compared with a rise of 0.1% between the same 2 months a year ago. Within transport, the largest upward effect came from motor fuels, with prices falling between July and August 2016 but by less than between the same 2 months last year. The effect came particularly from diesel with prices falling by 1.2 pence per litre this year compared with a fall of 6.2 pence per litre a year ago. There was also a large upward contribution from air fares which rose between July and August by more than they did last year with the upward effect coming from European routes; and

- **Food and non-alcoholic beverages**, where the upward contribution came from food, for which prices overall rose by 0.6% between July and August this year compared with a fall of 0.2% between the same 2 months a year ago. The main upward effects came from a range of bread and cereal products and meat products. These reverse downward effects seen in these categories between June and July. The upward contributions were partially offset by a downward effect from mineral waters, soft drinks and juices with prices falling between July and August 2016, having risen between the same 2 months a year ago.

#### Large downward effects came from:

- **Restaurants and hotels**, where prices overall fell by 0.4%, compared with a negligible change a year ago. The main downward contribution came from accommodation services, in particular overnight hotel accommodation, for which prices fell by more than a year ago; and
- **Clothing and footwear**, where prices overall rose by 1.0% between July and August this year compared with a rise of 1.5% between the same 2 months a year ago. The downward effect came principally from garments, particularly children's outerwear.

#### Small downward effects came from:

- **Alcoholic beverages and tobacco**, where the downward contribution came from alcoholic beverages, for which prices rose overall by 0.3% between July and August 2016, compared with a larger rise of 2.4% between the same 2 months last year. The effect was primarily due to prices for wine, which rose by less than they did a year ago particularly for New World wine. The downward effect from alcohol was partially offset by a small upward contribution from tobacco where prices rose by more than a year ago; and
- **Furniture, household equipment and maintenance**, where the downward contribution came from furniture and furnishings with prices rising by less than a year ago across a range of furniture items.

## CPI NOTABLE MOVEMENTS

All items CPI	Annual rate +0.6%, unchanged from last month Last higher in November 2014 (+1.0%) Last lower in June 2016 (+0.5%)
All items CPI exc energy, food, alcohol and tobacco	Annual rate +1.3%, unchanged from last month Last higher in June 2016 (+1.4%) Last lower in May 2016 (+1.2%)
Food and non-alcoholic beverages	Annual rate -2.2%, up from -2.6% last month Also -2.2% in June 2015 Last higher in May 2015 (-1.8%)
Clothing and footwear	Annual rate -1.2%, down from -0.7% last month Lowest since August 2010 (-1.7%)
Furniture, household equipment and maintenance	Annual rate -1.0%, down from -0.8% last month Lowest since July 2006 (-1.3%)
Transport	Annual rate +1.0%, up from +0.2% last month Highest since August 2014 (+1.2%)
Communication	Annual rate +4.1%, up from +3.6% last month Highest since August 2012 (+4.3%)
All goods	Annual rate -1.4%, unchanged from last month Last higher in December 2014 (-1.0%) Last lower in June 2016 (-1.6%)
All services	Annual rate +2.8%, up from +2.7% last month Also +2.8% in June 2016 and March 2016 Last higher in December 2015 (+2.9%)
Fuels and lubricants	Annual rate -2.6%, up from -4.3% last month Highest since May 2014 (-2.5%)

## CPI DETAILED BRIEFING

- Weights are specified as parts per 1000 in the CPI.

<b>01 FOOD AND NON-ALCOHOLIC BEVERAGES</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
01 Food & non-alcoholic beverages	110	103	-	0.4	0.04

- Large upward effect on the all items 12-month rate change.
- Due to **food**.
- Partially offset by **non-alcoholic beverages**.

<b>01.1 Food</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
01.1 Food	97	91	-0.2	0.6	0.07
01.1.1 Bread and cereals	16	15	-0.4	1.5	0.03
01.1.2 Meat	22	21	-1.1	0.4	0.03
01.1.3 Fish	4	4	-0.8	-0.3	-
01.1.4 Milk, cheese and eggs	14	12	0.4	-0.2	-0.01
01.1.5 Oils and fats	2	2	-0.3	3.6	0.01
01.1.6 Fruit	10	9	-0.5	1.0	0.01
01.1.7 Vegetables including potatoes	14	13	-0.3	-1.1	-0.01
01.1.8 Sugar, jam, syrups, chocolate and confectionery	12	12	1.0	2.1	0.01
01.1.9 Food products not elsewhere covered	3	3	2.8	0.8	-0.01

- Large upward effect on the all items 12-month rate change.
- Due to **meat; bread and cereals; fruit; sugar, jam, syrups, chocolate and confectionery; and oils and fats**.
- Partially offset by **vegetables including potatoes; milk, cheese and eggs; and food products not elsewhere covered**.

### Bread and cereals

- Small upward effect.
- Prices overall rose this year but fell a year ago, with the main upward contributions coming from breakfast cereals and dried potted snacks.
- Partially offset by a small downward contribution coming from chilled pizzas, where prices overall fell this year but rose a year ago.



**Meat**

- Small upward effect.
- Prices overall rose this year but fell a year ago, with the main upward contributions coming from pork sausages.

**Milk, cheese and eggs**

- Small downward effect.
- Prices overall fell this year but rose a year ago, particularly for cheese spread.

**Oils and fats**

- Small upward effect.
- Prices overall rose this year but fell a year ago, particularly for margarine/low fat spread.

**Fruit**

- Small upward effect.
- Prices overall rose this year but fell a year ago.

**Vegetables including potatoes**

- Small downward effect.
- Prices overall fell this year by more than a year ago, with the main downward contribution coming from baked beans.

**Sugar, jam, syrups, chocolate and confectionery**

- Small upward effect.
- Prices overall rose this year by more than a year ago, with the main upward contributions coming from cartons/boxes of chocolates and bags of chocolate sweets.
- Partially offset by small downward contributions coming from chocolate covered ice cream bars and bags of non-chocolate sweets, where prices overall fell this year but rose a year ago.

**Food products not elsewhere covered**

- Small downward effect.
- Prices overall rose this year by less than a year ago, particularly for cook-in sauces.

<b>01.2 Non-alcoholic beverages</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
01.2 Non-alcoholic beverages	13	12	1.6	-1.0	-0.03
01.2.1 Coffee, tea and cocoa	3	3	-1.1	1.2	0.01
01.2.2 Mineral waters, soft drinks and juices	10	9	2.4	-1.7	-0.04

- Small downward effect on the all items 12-month rate change.
- Due to **mineral waters, soft drinks and juices**, where prices overall fell this year but rose a year ago, particularly for cola flavoured drinks and multipacks of fruit drink bottles.
- Partially offset by **coffee, tea and cocoa**, where prices overall rose this year but fell a year ago.

<b>02 ALCOHOLIC BEVERAGES AND TOBACCO</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
02 Alcoholic beverages and tobacco	43	42	1.1	0.7	-0.02

- Small downward effect on the all items 12-month rate change.
- Due to **alcoholic beverages**.
- Partially offset by **tobacco**.

<b>02.1 Alcoholic Beverages</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
02.1 Alcoholic beverages	19	19	2.4	0.3	-0.04
02.1.1 Spirits	5	5	-0.1	0.4	-
02.1.2 Wine	9	9	4.8	0.4	-0.04
02.1.3 Beer	5	5	0.8	-0.2	-0.01

- Large downward effect on the all items 12-month rate change.
- Due to **wine**, and to a lesser extent, **beer**.

### Wine

- Large downward effect.
- Prices overall rose this year by less than a year ago, with the main downward contributions coming from New World wine, cider and rosé wine.

**Beer**

- Small downward effect.
- Prices overall fell this year but rose a year ago, with the main downward contribution coming from larger packs of bottled lager.

<b>02.2 Tobacco</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
02.2 Tobacco	24	23	0.1	1.0	0.02

- Small upward effect on the all items 12-month rate change.
- Average prices for cigarettes rose this year by more than a year ago.

<b>03 CLOTHING AND FOOTWEAR</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
03 Clothing and footwear	70	71	1.5	1.0	-0.04

- Large downward effect on the all items 12-month rate change.
- Due to **clothing and footwear including repairs**.

<b>03.1 Clothing</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
03.1 Clothing	60	61	1.6	1.0	-0.03
03.1.2 Garments	54	54	1.4	1.0	-0.03
03.1.3 Other clothing and clothing accessories	5	6	3.3	1.8	-0.01
03.1.4 Cleaning, repair and hire of clothing	1	1	0.2	0.1	-

- Small downward effect on the all items 12-month rate change.
- Due to **garments**; and **other clothing and clothing accessories**.

**Garments**

- Small downward effect.
- Prices overall rose this year by less than a year ago, with the main downward contributions coming from men's short sleeved T-shirts and tops; children's jumpers, sweaters and cardigans; and women's nightdresses/pyjamas and blouses/shirts.
- Partially offset by small upward contributions coming from women's dresses and formal

trousers, where prices rose this year by more than a year ago.

**Other clothing and clothing accessories**

- Small downward effect.
- Prices overall rose this year by less than a year ago, particularly for ladies' scarves.

<b>03.2 Footwear including repairs</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
03.2 Footwear including repairs	10	10	1.2	0.7	-0.01

- Small downward effect on the all items 12-month rate change.
- Prices overall rose this year by less than a year ago, with the main downward contributions coming from women's footwear.

<b>04 HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
04 Housing, water, electricity, gas and other fuels	128	120	0.1	0.1	0.01

- Small upward effect on the all items 12-month rate change.
- Due to **electricity, gas and other fuels**.

<b>04.1 Actual rentals for housing</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
04.1 Actual rentals for housing	72	72	0.2	0.2	-

- Negligible overall effect on the all items 12-month rate change.

<b>04.3 Regular maintenance and repair of the dwelling</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
04.3 Regular maintenance and repair of the dwelling	2	2	0.4	0.3	-
04.3.1 Materials for maintenance and repair	1	1	0.9	0.4	-
04.3.2 Services for maintenance and repair	1	1	-0.1	0.2	-

- Negligible overall effect on the all items 12-month rate change.

<b>04.4 Other services related to the dwelling</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
04.4 Other services related to the dwelling	12	11	-	-	-
04.4.1 Water supply	6	6	-	-	-
04.4.3 Sewerage collection	6	5	-	-	-

- Negligible overall effect on the all items 12-month rate change.

<b>04.5 Electricity, gas and other fuels</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
04.5 Electricity, gas and other fuels	42	35	-0.3	-0.1	0.01
04.5.1 Electricity	20	17	-	-	-
04.5.2 Gas	20	16	-	-	-
04.5.3 Liquid fuels	1	1	-11.1	-2.0	0.01
04.5.4 Solid fuels	1	1	-	0.1	-

- Small upward effect on the all items 12-month rate change.
- There is a small upward contribution coming from **liquid fuels**, where average kerosene prices fell this year by less than a year ago.

<b>05 FURNITURE, HOUSEHOLD EQUIPMENT AND MAINTENANCE</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
05 Furniture, household equipment and maintenance	59	59	1.7	1.4	-0.02

- Small downward effect on the all items 12-month rate change.
- Due to **furniture, furnishings and carpets**.
- Partially offset by **glassware, tableware and household utensils**.

<b>05.1 Furniture, furnishings and carpets</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
05.1 Furniture, furnishings and carpets	21	20	3.4	2.5	-0.02
05.1.1 Furniture and furnishings	15	16	4.2	2.9	-0.02
05.1.2 Carpets and other floor coverings	6	4	1.2	1.3	-

- Small downward effect on the all items 12-month rate change.
- Due to **furniture and furnishings**, where prices overall rose this year by less than a year ago.

<b>05.2 Household textiles</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
05.2 Household textiles	6	7	1.8	2.0	-

- Negligible overall effect on the all items 12-month rate change.

<b>05.3 Household appliances, fitting and repairs</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
05.3 Household appliances, fitting and repairs	8	8	-	-0.3	-
05.3.1/2 Major appliances and small electric goods	7	7	-	-0.4	-
05.3.3 Repair of household appliances	1	1	0.2	-	-

- Negligible overall effect on the all items 12-month rate change.

<b>05.4 Glassware, tableware and household utensils</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
05.4 Glassware, tableware and household utensils	6	6	1.5	3.0	0.01

- Small upward effect on the all items 12-month rate change.
- Prices overall rose this year by more than a year ago, with the main upward contribution coming from plastic food storage containers.

<b>05.5 Tools and equipment for house and garden</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
05.5 Tools and equipment for house and garden	5	5	0.3	-0.1	-

- Negligible overall effect on the all items 12-month rate change.

<b>05.6 Goods and services for routine maintenance</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
05.6 Goods and services for routine maintenance	13	13	0.4	0.2	-
05.6.1 Non-durable household goods	5	5	-	-	-
05.6.2 Domestic services and household services	8	8	0.7	0.4	-

- Negligible overall effect on the all items 12-month rate change.

<b>06 HEALTH</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
06 Health	25	28	-0.1	0.1	0.01

- Small upward effect on the all items 12-month rate change.
- Due to **medical products, appliances and equipment**.

<b>06.1 Medical products, appliances and equipment</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
06.1 Medical products, appliances and equipment	12	13	-0.4	0.2	0.01
06.1.1 Pharmaceutical products	7	8	-0.6	0.3	0.01
06.1.2/3 Other medical and therapeutic equipment	5	5	-0.1	-0.1	-

- Small upward effect on the all items 12-month rate change.
- Due to **pharmaceutical products**, where prices overall rose this year but fell a year ago, particularly for multi-vitamins.

<b>06.2 Out-patient services</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
06.2 Out-patient services	5	7	0.2	-	-
06.2.1/3 Medical and paramedical services	3	4	0.4	0.1	-
06.2.2 Dental services	2	3	-0.2	-0.1	-

- Negligible overall effect on the all items 12-month rate change.

<b>06.3 Hospital services</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
06.3 Hospital Services	8	8	0.2	0.1	-

- Negligible overall effect on the all items 12-month rate change.

<b>07 TRANSPORT</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
07 Transport	149	153	0.1	0.9	0.12

- Largest upward effect on the all items 12-month rate change.
- Due to **transport services** and **operation of personal transport equipment**.
- Partially offset by **purchase of vehicles**.



<b>07.1 Purchase of vehicles</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
07.1 Purchase of vehicles	40	43	-0.4	-0.6	-0.01
07.1.1A New cars	24	25	-	0.2	0.01
07.1.1B Second-hand cars	14	16	-1.2	-1.6	-0.01
07.1.2/3 Motorcycles and bicycles	2	2	-0.6	-3.6	-0.01

- Small downward effect on the all items 12-month rate change.
- Due to **second-hand cars**; and **motorcycles and bicycles**, where prices overall fell this year by more than a year ago.
- Partially offset by **new cars**, where prices overall rose this year but were little changed a year ago.

<b>07.2 Operation of personal transport equipment</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
07.2 Operation of personal transport equipment	77	73	-1.4	-0.6	0.06
07.2.1 Spare parts and accessories	6	5	-0.2	-0.1	-
07.2.2 Fuels and lubricants	34	32	-3.0	-1.3	0.06
07.2.3 Maintenance and repairs	23	22	0.1	0.1	-
07.2.4 Other services	14	14	0.1	-0.2	-

- Large upward effect on the all items 12-month rate change.
- Due to **fuels and lubricants**, with the main upward contribution coming from diesel, where the average price across the month, as recorded for the CPI, fell by 1.2 pence per litre between July and August 2016 to stand at 111.8 pence per litre. Last year, the average price of diesel fell by 6.2 pence per litre between July and August 2015 to stand at 112.5 pence per litre. A smaller upward contribution came from petrol, where the average price fell by 1.8 pence per litre between July and August 2016 to stand at 110.0 pence per litre, compared with a fall of 2.4 pence per litre a year earlier to stand at 114.1 pence per litre.

<b>07.3 Transport services</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
07.3 Transport services	32	37	3.9	5.1	0.08
07.3.1 Passenger transport by railway	12	13	-1.0	-0.9	-
07.3.2 Passenger transport by road	12	12	0.1	1.0	0.01
07.3.3 Passenger transport by air	6	8	13.9	14.4	0.04
07.3.4 Passenger transport by sea and inland waterway	2	4	10.0	9.1	0.02

- Large upward effect on the all items 12-month rate change.
- Due to **passenger transport by air**; and, to a lesser extent, **passenger transport by sea and inland waterway**; and **passenger transport by road**.

#### Passenger transport by road

- Small upward effect.
- Prices overall rose this year by more than a year ago, with the main upward contribution coming from coach fares.

#### Passenger transport by air

- Large upward effect.
- Average air fares rose this year by more than a year ago, particularly for European flights.
- Partially offset by downward contributions coming from long-haul and domestic flights, where average fares rose this year by less than a year ago.

#### Passenger transport by sea and inland waterway

- Small upward effect.
- The upward contribution is due to weight changes in 2016. Average fares rose this year by less than a year ago. However, as the weight for passenger transport by sea and inland waterway has increased between 2015 and 2016, this has resulted in a small upward effect on the all items 12-month rate change.

<b>08 COMMUNICATION</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
08 Communication	31	32	-0.2	0.2	0.01

- Small upward effect on the all items 12-month rate change.
- Due to **telephone equipment and services**.

<b>08.1 Postal services</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
08.1 Postal services	2	2	-	-	-

- Negligible overall effect on the all items 12-month rate change.

<b>08.2/3 Telephone equipment and services</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
08.2/3 Telephone equipment and services	29	30	-0.2	0.2	0.01

- Small upward effect on the all items 12-month rate change.
- Prices overall rose this year but fell a year ago, with the main upward contributions coming from bundled telecommunication services and mobile phone applications.

<b>09 RECREATION AND CULTURE</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
09 Recreation and culture	147	148	-0.4	-0.3	0.01

- Small upward effect on the all items 12-month rate change.
- Due to **recreational and cultural services** .
- Partially offset by **other recreational items, gardens and pets**.

<b>09.1 Audio-visual equipment and related products</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
09.1 Audio-visual equipment and related products	23	18	-0.4	-0.6	-
09.1.1 Equipment for the reception and reproduction of sound and pictures	5	5	1.1	-2.2	-0.02
09.1.2 Photographic, cinematographic and optical equipment	3	2	-1.1	1.6	0.01
09.1.3 Data processing equipment	9	7	-0.9	0.2	0.01
09.1.4 Recording media	5	3	-0.6	-1.3	-
09.1.5 Repair of audio-visual equipment and related products	1	1	-	-	-

- Negligible overall effect on the all items 12-month rate change.
- There is a small downward contribution coming from **equipment for the reception and reproduction of sound and pictures**.
- Offset by small upward contributions coming from **data processing equipment**; and **photographic, cinematographic and optical equipment**.

#### Equipment for the reception and reproduction of sound and pictures

- Small downward effect.
- Prices overall fell this year but rose a year ago, particularly for televisions.

#### Photographic, cinematographic and optical equipment

- Small upward effect.
- Prices overall rose this year but fell a year ago.

#### Data processing equipment

- Small upward effect.
- Prices overall rose this year but fell a year ago, particularly for PC peripherals.
- Partially offset by a small downward contribution coming from tablet computers, where prices overall fell this year but rose a year ago.

<b>09.2 Other major durables for recreation and culture</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
09.2.1/2 Major durables for in/outdoor recreation	10	12	-	-	-

- Negligible overall effect on the all items 12-month rate change.

<b>09.3 Other recreational items, gardens and pets</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
09.3 Other recreational items, gardens and pets	36	35	-0.7	-0.9	-0.01
09.3.1 Games, toys and hobbies	21	20	-0.9	-1.2	-
09.3.2 Equipment for sport and open-air recreation	4	3	-0.2	-0.8	-
09.3.3 Gardens, plants and flowers	4	4	0.1	-0.1	-
09.3.4/5 Pets, related products and services	7	8	-1.0	-0.6	-

- Small downward effect on the all items 12-month rate change.
- Prices overall fell this year by more than a year ago, with the main downward contribution coming from computer game consoles. Partially offset by small upward contributions coming from computer games purchased over the internet and dry dog food.

<b>09.4 Recreational and cultural services</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
09.4 Recreational and cultural services	31	33	-0.3	0.1	0.02
09.4.1 Recreational and sporting services	8	10	0.1	-	-
09.4.2 Cultural services	23	23	-0.5	0.2	0.02

- Small upward effect on the all items 12-month rate change.
- Due to **cultural services**, where average theatre admission charges rose this year but fell a year ago.

<b>09.5 Books, newspapers and stationery</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
09.5 Books, newspapers and stationery	14	14	-1.1	-1.1	-
09.5.1 Books	4	4	-1.9	-2.9	-
09.5.2 Newspapers and periodicals	5	5	-0.5	0.1	-
09.5.3/4 Misc. printed matter, stationery, drawing materials	5	5	-1.0	-0.8	-

- Negligible overall effect on the all items 12-month rate change.

<b>09.6 Package holidays</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
09.6 Package holidays	33	36	0.2	0.3	-

- Negligible overall effect on the all items 12-month rate change.

<b>10 EDUCATION</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
10 Education	26	25	-	-	-

- Negligible overall effect on the all items 12-month rate change.

<b>11 RESTAURANTS AND HOTELS</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
11 Restaurants and hotels	121	123	-	-0.4	-0.05

- Largest downward effect on the all items 12-month rate change.
- Due to **accommodation services**.

<b>11.1 Catering services</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
11.1 Catering services	100	101	0.1	0.1	-
11.1.1 Restaurants and cafes	91	93	0.1	0.2	0.01
11.1.2 Canteens	9	8	0.1	-0.1	-

- Negligible overall effect on the all items 12-month rate change.
- There is a small upward contribution coming from **restaurants and cafes**, where prices overall rose this year by more than a year ago.

<b>11.2 Accommodation services</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
11.2 Accommodation services	21	22	-0.5	-2.5	-0.05

- Large downward effect on the all items 12-month rate change.
- Prices overall fell this year by more than a year ago, particularly for overnight hotel accommodation.

<b>12 MISCELLANEOUS GOODS AND SERVICES</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
12 Misc. goods and services	91	96	0.4	0.3	-0.01

- Small downward effect on the all items 12-month rate change.
- Due to **personal care**.
- Partially offset by **personal effects not elsewhere covered**.

<b>12.1 Personal care</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
12.1 Personal care	30	31	0.4	-	-0.01
12.1.1 Hairdressing and personal grooming establishments	7	8	0.2	0.2	-
12.1.2/3 Appliances and products for personal care	23	23	0.5	-0.1	-0.01

- Small downward effect on the all items 12-month rate change.
- Due to **appliances and products for personal care**, where prices overall fell this year but rose a year ago, particularly for electric razors and deodorant. Partially offset by small upward contributions coming from toilet rolls and baby wipes, where prices overall rose this year but fell a year ago.

<b>12.3 Personal effects not elsewhere covered</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
12.3 Personal effects not elsewhere covered	14	16	1.2	1.4	0.01
12.3.1 Jewellery, clocks and watches	9	9	0.6	2.4	0.02
12.3.2 Other personal effects	5	7	2.3	0.2	-0.01

- Small upward effect on the all items 12-month rate change.
- Due to **jewellery, clocks and watches**, where prices overall rose this year by more than a year ago, with the main upward contributions coming from silver earrings and diamond solitaire rings.
- Partially offset by **other personal effects**, where prices overall rose this year by less than a year ago, with the main downward contribution coming from ladies' handbags.

<b>12.4 Social protection</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
12.4 Social protection	13	16	0.1	0.3	-

- Negligible overall effect on the all items 12-month rate change.

<b>12.5 Insurance</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
12.5 Insurance	10	9	0.5	0.3	-
12.5.2 House contents insurance	2	2	-0.7	0.2	-
12.5.3 Health insurance	3	3	-	-	-
12.5.4 Transport insurance	5	4	1.3	0.5	-

- Negligible overall effect on the all items 12-month rate change.

<b>12.6 Financial services not elsewhere covered</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
12.6 Financial services not elsewhere covered	12	12	-	-0.2	-

- Negligible overall effect on the all items 12-month rate change.



<b>12.7 Other services not elsewhere covered</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to CPI annual rate change
12.7 Other services not elsewhere covered	12	12	-0.1	0.1	-

- Negligible overall effect on the all items 12-month rate change.

## RPI SUMMARY

### CONTRIBUTIONS TO CHANGE IN THE RPI ANNUAL RATE

<b>GROUPS</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to RPI annual rate change
FOOD	109	102	0.3	0.5	0.03
CATERING	47	47	0.1	0.2	-
ALCOHOLIC DRINKS	56	57	1.0	0.2	-0.04
TOBACCO	27	25	0.1	1.0	0.02
HOUSING	263	266	0.3	-	-0.09
FUEL AND LIGHT	45	41	-0.4	-0.1	0.01
HOUSEHOLD GOODS	59	62	2.3	1.8	-0.02
HOUSEHOLD SERVICES	65	67	-0.2	-0.1	0.01
CLOTHING AND FOOTWEAR	42	41	1.6	1.5	-
PERSONAL GOODS AND SERVICES	41	42	0.3	0.4	-
MOTORING EXPENDITURE	115	117	-0.4	-0.7	-0.03
FARES AND OTHER TRAVEL COSTS	25	26	5.1	6.3	0.04
LEISURE GOODS	28	29	-0.3	-0.7	-0.01
LEISURE SERVICES	78	78	0.1	0.2	0.01

## RPI NOTABLE MOVEMENTS

All items RPI	Annual rate +1.8%, down from +1.9% last month Lowest since June 2016 (+1.6%)
All items RPI exc MIPS (RPIX)	Annual rate +1.9%, unchanged from last month Last higher in November 2014 (+2.0%) Last lower in June 2016 (+1.7%)
All items RPI exc MIPS and indirect taxes (RPIY)	Annual rate +1.9%, up from +1.8% last month Highest since November 2014 (+2.2%)
Catering	Annual rate +2.2%, up from +2.1% last month Highest since November 2014 (+2.3%)
Tobacco	Annual rate +5.9%, up from +4.9% last month Also +5.9% in May 2015 Last higher in April 2015 (+6.3%)
Fuel and light	Annual rate -2.9%, up from -3.2% last month Also -2.9% in January 2015 Last higher in December 2014 (-2.6%)
Household goods	Annual rate -0.2%, down from +0.3% last month Lowest since April 2005 (-0.3%)
Household services	Annual rate +3.9%, up from +3.8% last month Also +3.9% in June 2016 Last higher in September 2013 (+6.7%)
All goods	Annual rate -0.2%, down from -0.1% last month Lowest since June 2016 (-0.6%)
All services	Annual rate +2.9%, up from +2.7% last month Also +2.9% in March 2016, December 2015, October 2014, September 2014 and August 2014 Last higher in April 2014 (+3.0%)

## RPI DETAILED BRIEFING

In accordance with the Statistics and Registration Service Act 2007, the Retail Prices Index and its derivatives have been assessed against the Code of Practice for Official Statistics and found not to meet the required standard for designation as National Statistics. A consultation was carried out in March 2013 on whether to maintain this detailed RPI briefing and, based on views received, it was decided to continue with its publication.

- Weights are specified as parts per 1000 in the RPI.

<b>FOOD</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to RPI annual rate change
FOOD	109	102	0.3	0.5	0.03

- Small upward effect on the all items 12-month rate change.
- Due to **non-seasonal food** and **seasonal food**.

<b>Seasonal Food</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to RPI annual rate change
SEASONAL FOOD	18	18	-0.6	-	0.01
Home killed lamb	1	1	-3.5	2.3	0.01
Fresh fish	2	2	-4.3	-4.1	-
Eggs	1	1	0.1	-0.4	-
Unprocessed potatoes	2	1	2.5	-	-
Other fresh vegetables	6	6	0.3	-0.1	-
Fresh fruit	6	7	-0.7	1.1	0.01

- Small upward effect on the all items 12-month rate change.
- Due to **home killed lamb** and **fresh fruit**, where prices overall rose this year but fell a year ago.

<b>Non-Seasonal Food</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to RPI annual rate change
NON-SEASONAL FOOD	91	84	0.4	0.7	0.02
Bread	4	4	0.6	1.5	-
Cereals	4	4	-0.7	1.3	0.01
Biscuits and cakes	7	6	0.4	0.1	-
Beef	4	4	-1.0	1.1	0.01
Imported lamb	1	1	-0.7	-2.3	-
Pork	1	1	0.4	1.0	-
Bacon	2	1	-1.1	-2.2	-
Poultry	4	4	-0.4	-0.1	-
Other meat	7	6	-1.9	0.9	0.02
Processed fish	2	2	3.1	1.5	-
Butter	1	1	2.8	-2.5	-0.01
Oils and fats	1	1	-2.5	7.5	0.01
Cheese	4	3	-1.7	-1.6	-
Milk, fresh	3	3	0.2	-0.1	-
Milk products	4	4	2.3	1.2	-
Tea	1	1	-1.0	2.3	-
Soft drinks	10	9	2.5	-1.6	-0.04
Sugar and preserves	1	1	-1.3	3.2	-
Sweets and chocolates	11	11	-0.1	2.7	0.03
Potato products	3	2	-4.5	-3.5	0.01
Processed vegetables	2	2	2.0	-2.5	-0.01
Processed fruit	2	1	1.1	-0.4	-
Other foods	11	10	3.1	2.2	-0.01
Coffee and other hot drinks	1	2	-0.9	0.2	-

- Small upward effect on the all items 12-month rate change.
- Due to:
  - **Sweets and chocolates, other meat, cereals, beef and oils and fats**, where prices overall rose this year but fell a year ago, particularly for cartons/boxes of chocolates, breakfast cereals, margarine/low fat spread, topside of home killed beef and bags of chocolate sweets. Partially offset by a downward contribution coming from bags of non-chocolate sweets; and
  - **Potato products**, where prices overall fell this year by less than a year ago.
- Partially offset by:
  - **Soft drinks** and, to a lesser extent, **butter** and **processed vegetables**, where prices overall fell this year but rose a year ago, particularly for cola flavoured drinks, baked beans and multipacks of fruit drink bottles; and
  - **Other foods**, where prices overall rose this year by less than a year ago, with the main downward contributions coming from cook-in sauces, chocolate covered ice cream bars and chilled pizzas. Partially offset by a small upward contribution coming from dried potted snacks, where prices overall rose this year but fell a year ago.

<b>CATERING</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to RPI annual rate change
CATERING	47	47	0.1	0.2	-
Restaurant meals	28	28	-0.1	0.1	0.01
Canteen meals	3	3	-	-0.1	-
Take-away meals and snacks	16	16	0.3	0.3	-

- Negligible overall effect on the all items 12-month rate change.
- There is an upward contribution coming from **restaurant meals**, where prices overall rose this year but fell a year ago.

<b>ALCOHOLIC DRINKS</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to RPI annual rate change
ALCOHOLIC DRINKS	56	57	1.0	0.2	-0.04
Beer on sales	19	19	0.1	0.2	-
Beer off sales	5	5	0.6	-1.3	-0.01
Wines and spirits on sales	18	19	0.2	0.1	-
Wines and spirits off sales	14	14	3.6	0.8	-0.03

- Large downward effect on the all items 12-month rate change.
- Due to:
  - **wines and spirits off sales**, where prices overall rose this year by less than a year ago, with the main downward contributions coming from New World wine, European white wine, vodka and rosé wine; and
  - **beer off sales**, where prices overall fell this year but rose a year ago, with the main downward contributions coming from cider and larger packs of bottled lager.

<b>TOBACCO</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to RPI annual rate change
TOBACCO	27	25	0.1	1.0	0.02
Cigarettes	23	21	0.1	1.1	0.02
Other tobacco products	4	4	-	0.4	-

- Small upward effect on the all items 12-month rate change.
- Due to **cigarettes**, where prices overall rose this year by more than a year ago.

<b>HOUSING</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to RPI annual rate change
HOUSING	263	266	0.3	-	-0.09
Rent	84	83	0.3	0.2	-0.01
Mortgage interest payments	29	28	-0.2	-3.9	-0.10
Council tax and rates	40	40	-	-	-
Water and other charges	14	13	-	-	-
Repairs and maintenance charges	9	9	-0.1	0.2	-
DIY materials	8	7	0.7	0.2	-
Dwelling insurance and ground rent	6	6	-1.2	1.6	0.02
House depreciation	73	80	1.0	1.0	-

- Largest downward effect on the all items 12-month rate change.
- Due to:
  - **Mortgage interest payments**, following August's quarter point decrease in the Bank rate, which fell from 0.5 per cent to 0.25 per cent; and to a lesser extent
  - **Rent**, where average charges for private rented properties rose this year by less than a year ago.
- Partially offset by **dwelling insurance and ground rent**, where average insurance charges rose this year but fell a year ago.

<b>FUEL AND LIGHT</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to RPI annual rate change
FUEL AND LIGHT	45	41	-0.4	-0.1	0.01
Coal and solid fuels	1	1	-	0.1	-
Electricity	21	20	-	-	-
Gas	21	18	-	-	-
Oil and other fuels	2	2	-9.3	-1.6	0.01

- Small upward effect on the all items 12-month rate change.
- Due to **oil and other fuels**, where average prices for kerosene fell this year by less than a year ago.

<b>HOUSEHOLD GOODS</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to RPI annual rate change
HOUSEHOLD GOODS	59	62	2.3	1.8	-0.02
Furniture	22	25	5.1	3.5	-0.03
Furnishings	9	8	1.7	1.9	-
Electrical appliances	5	7	0.6	0.1	-
Other household equipment	4	4	2.2	2.9	-
Household consumables	12	11	-	-0.1	-
Pet care	7	7	-1.2	-0.5	-

- Small downward effect on the all items 12-month rate change.
- Due to **furniture**, where prices overall rose this year by less than a year ago, particularly for dining room furniture and mattresses.

<b>HOUSEHOLD SERVICES</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to RPI annual rate change
HOUSEHOLD SERVICES	65	67	-0.2	-0.1	0.01
Domestic services	13	14	0.4	0.2	-
Fees and subscriptions	26	27	-0.3	-0.3	-
Postage	1	1	-	-	-
Telephone charges	25	25	-0.3	-	0.01

- Small upward effect on the all items 12-month rate change.
- Due to **telephone charges**, where prices overall were little changed this year but fell a year ago, with the main upward contribution coming from bundled telecommunication services.

<b>CLOTHING AND FOOTWEAR</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to RPI annual rate change
CLOTHING AND FOOTWEAR	42	41	1.6	1.5	-
Men's outerwear	8	9	0.6	0.3	-
Women's outerwear	16	15	2.0	2.7	0.01
Children's outerwear	5	4	2.1	1.2	-0.01
Other clothing	5	5	2.4	1.7	-
Footwear	8	8	1.2	0.9	-

- Negligible overall effect on the all items 12-month rate change.
- There is an upward contribution coming from **women's outerwear**, where prices overall rose this year by more than a year ago, with the main upward effect coming from dresses.
- Offset by a downward contribution coming from **children's outerwear**, where prices overall



rose this year by less than a year ago.

<b>PERSONAL GOODS AND SERVICES</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to RPI annual rate change
PERSONAL GOODS AND SERVICES	41	42	0.3	0.4	-
Personal articles	10	12	1.6	1.5	-
Chemists' goods	17	15	-0.2	-	-
Personal services	14	15	0.1	0.1	-

- Negligible overall effect on the all items 12-month rate change.

<b>MOTORING EXPENDITURE</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to RPI annual rate change
MOTORING EXPENDITURE	115	117	-0.4	-0.7	-0.03
Purchase of motor vehicles	42	45	-0.6	-0.8	-0.01
Maintenance of motor vehicles	16	16	-	0.1	-
Petrol and oil	35	33	-1.7	-2.1	-0.01
Vehicle tax and insurance	22	23	1.8	1.1	-0.01

- Small downward effect on the all items 12-month rate change.
- Due to:
  - **Vehicle tax and insurance**, where average premiums for car insurance rose this year by less than a year ago;
  - **Petrol and oil**, where prices overall fell this year by more than a year ago. The price of petrol, as recorded for the RPI, fell by 2.6 pence per litre between July and August 2016, to stand at 109.3 pence per litre, compared with a smaller fall of 0.9 pence per litre last year to stand at 115.5 pence per litre. Partially offset by a small upward contribution coming from diesel, where prices fell by 2.1 pence per litre, to stand at 111.0 pence per litre in August 2016, compared with a larger fall of 4.6 pence per litre last year to stand at 114.2 pence per litre; and
  - **Purchase of motor vehicles**, where average prices for second-hand cars fell this year by more than a year ago.

<b>FARES AND OTHER TRAVEL COSTS</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to RPI annual rate change
FARES AND OTHER TRAVEL COSTS	25	26	5.1	6.3	0.04
Rail fares	7	7	-0.8	-0.7	-
Bus and coach fares	3	3	-0.1	1.7	0.01
Other travel costs	15	16	8.2	9.4	0.04

- Largest upward effect on the all items 12-month rate change.
- Due to:
  - **Other travel costs**, where average prices rose this year by more than a year ago, particularly for air fares; and to a lesser extent
  - **Bus and coach fares**, where average coach fares rose this year but fell a year ago.

<b>LEISURE GOODS</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to RPI annual rate change
LEISURE GOODS	28	29	-0.3	-0.7	-0.01
Audio-visual equipment	7	7	-	-1.4	-0.01
CDs and tapes	2	2	-0.5	-1.6	-
Toys, photographic and sports goods	8	9	-0.6	-0.5	-
Books and newspapers	6	6	-0.9	-1.0	-
Gardening products	5	5	0.2	-	-

- Small downward effect on the all items 12-month rate change.
- Due to **audio-visual equipment**, where prices overall fell this year but were little changed a year ago, with the main downward contribution coming from televisions.

<b>LEISURE SERVICES</b>	Weight 2015	Weight 2016	1 month % change Aug 2015	1 month % change Aug 2016	Contribution to RPI annual rate change
LEISURE SERVICES	78	78	0.1	0.2	0.01
TV licence and rentals	12	12	-	-	-
Entertainment and other recreation	15	16	-0.3	0.2	0.01
Foreign holidays	41	40	0.4	0.3	-
UK holidays	10	10	-0.2	-0.2	-

- Small upward effect on the all items 12-month rate change.
- Due to **entertainment and other recreation**, where average theatre admission charges rose this year but fell a year ago.

## RECONCILIATION OF CPI AND RPI

### (Table 5 of the Consumer Price Inflation Dataset)

This table identifies the main factors contributing to the differences between the unrounded inflation rates for the CPI and the RPI. These differences are broken down into: mortgage interest payments, other housing components excluded from the CPI, other differences in the coverage of goods and services, and the formula effect. The final column titled 'other differences including weights' is derived as a residual.

The difference between the CPI and RPI unrounded annual rates in August 2016 was -1.11 percentage points, narrowing from -1.26 percentage points in July 2016.

The main factors contributing to the narrowing were:

- **Mortgage Interest Payments**, which decreased the RPI 12-month rate by 0.10 percentage points between July and August 2016 but are excluded from the CPI.
- **Other differences including weights**, which decreased the RPI 12-month rate relative to the CPI 12-month rate by 0.07 percentage points between July and August 2016. The effect came mainly from fuels and lubricants; and sea fares.

There were no significant offsetting factors.

## RPI MISCELLANEOUS DATA

### Selected Average Prices

Description		June 2016	July 2016	August 2016
Petrol per litre	Diesel	£1.12	£1.13	£1.11
	Petrol	£1.11	£1.12	£1.09
Alcohol pub prices	Draught bitter (pint)	£2.99	£3.00	£3.00
	Draught lager (pint)	£3.48	£3.48	£3.49
	Whisky (per nip)	£2.69	£2.70	£2.70
Cigarettes	Per 20 king size	£9.28	£9.29	£9.39

Average prices are as recorded for the RPI.

### Changes in Mortgage Interest Rates

This table gives an estimate of the contribution that changes in the average mortgage interest rate (MI) make to the 1-month percentage change in the RPI.

Month	1-month % change in the RPI	Approx. change in average MI rate	Approx. contribution to the 1-month % change in the RPI
August 2015	+0.5	Down -0.02% points	-0.02% points
September 2015	-0.1	Down -0.02% points	-0.02% points
October 2015	0.0	Down -0.02% points	-0.02% points
November 2015	+0.1	Down -0.01% points	-0.01% points
December 2015	+0.3	Down -0.02% points	-0.02% points
January 2016	-0.7	Down -0.01% points	-0.01% points
February 2016	+0.5	Down -0.01% points	-0.01% points
March 2016	+0.4	Down -0.01% points	-0.01% points
April 2016	+0.1	Down -0.02% points	-0.02% points
May 2016	+0.3	Down -0.01% points	-0.01% points
June 2016	+0.4	Down -0.02% points	-0.02% points
July 2016	+0.1	Down -0.01% points	-0.01% points
August 2016	+0.4	Down -0.12% points	-0.11% points

**NB:** A one percentage point change in the average mortgage interest rate contributes approx. 0.9 percentage points to the 1-month percentage change in the RPI.

## OUTLOOK

The outlook is a summary of seasonal trends, selected news cuttings and other sources of information. It gives some indication of expected changes to the annual rate of the CPI and RPI in the next few months.

### FOOD

#### Seasonal Food

- Seasonal food prices have shown a mixed pattern of rises and falls in September of previous years, but are typically dependent on weather conditions both in the UK and around the world.

Monthly % change for CPI seasonal food index			
Year	July	August	September
2010	0.7	-0.5	-0.7
2011	-1.0	-1.0	0.8
2012	-0.5	0.2	-0.1
2013	0.2	0.2	1.1
2014	0.2	-0.3	-0.5
2015	-1.4	-0.4	0.3
2016	0.5	-0.3	

- Seasonal food prices in the RPI tend to show a similar movement.

### CLOTHING AND FOOTWEAR

- Prices for clothing and footwear tend to rise in September.

Monthly % change for CPI clothing and footwear index			
Year	July	August	September
2010	-4.9	2.8	6.4
2011	-3.5	3.7	4.4
2012	-2.6	2.8	4.7
2013	-3.2	2.0	4.2
2014	-5.7	2.6	4.0
2015	-3.4	1.5	2.8
2016	-3.4	1.0	

- The clothing and footwear group in the RPI exhibits a similar seasonal pattern.

## FURNITURE, HOUSEHOLD EQUIPMENT AND MAINTENANCE

- Prices tend to rise in September.

Monthly % change for CPI furniture, household equipment and maintenance index			
Year	July	August	September
2010	-1.9	1.0	1.7
2011	-1.1	2.0	1.2
2012	-1.1	0.8	0.5
2013	-1.0	1.8	0.2
2014	-1.5	1.0	0.6
2015	-1.4	1.7	0.7
2016	-1.7	1.4	

- The household goods group in the RPI exhibits a similar seasonal pattern.

## TRANSPORT

### Fuels and Lubricants

- Oil prices have fallen as U.S. crude drillers have added more rigs for a tenth week running. Brent crude oil futures fell 53 cents to £47.48 a barrel, while U.S. West Texas Intermediate futures fell 66 cents to \$45.22 a barrel. Traders said the price falls were a result of increasing oil drilling activity in the United States, which indicated that producers can operate profitably around current levels. ([www.reuters.com](http://www.reuters.com) 12 September 2016)
- When considering the price of petrol between August and September 2016, it may be useful to note that the average price of petrol fell by 3.7 pence per litre between August and September 2015, standing at 110.4 pence per litre as measured in the CPI.
- A 1 pence change on average in the cost of a litre of motor fuel contributes approximately 0.03 percentage points to the 1-month change in the CPI.

### Passenger Transport by Air

- Air fares tend to fall sharply in September.

Monthly % change for CPI air fares index			
Year	July	August	September
2010	9.6	16.1	-27.8
2011	9.8	11.2	-21.2
2012	21.7	10.2	-25.2
2013	13.9	9.4	-18.8
2014	14.0	11.3	-21.7
2015	21.6	13.9	-20.4
2016	15.9	14.4	

- The air fares index used in the RPI is the same as that used in the CPI, and is included in the

**other travel costs** section.

## HOUSING (RPI)

### Mortgage interest payments (MIPs)

- The Bank of England Bank Rate was decreased by a quarter point to 0.25% on Thursday 4 August 2016. The next announcement and minutes from the Bank of England's Monetary Policy Committee are scheduled to be published on 15 September 2016.
- The change in average mortgage interest rates recorded in the RPI was -0.02% between August and September 2015. The Bank of England Bank Rate remained unchanged at 0.5% in August 2015.
- A one percentage point change in the average mortgage interest rate contributes approximately 0.9 percentage points to the 1-month percentage change in the RPI.

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