

# Consumer Price Inflation

## December 2016

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*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](#).

The main movements for CPI in December 2016 are:

- The all items CPI is 101.9, up from 101.4 in November.
- The all items CPI annual rate is 1.6%, up from 1.2% in November.
- The annual rate for CPI excluding indirect taxes, CPIY, is 1.5%, up from 1.1% last month.
- The annual rate for CPI at constant tax rates, CPI-CT, is 1.5%, up from 1.1% last month.
- The CPI all goods index is 100.0, down from 100.1 in November.
- The CPI all goods index annual rate is 0.7%, up from 0.2% last month.
- The CPI all services index is 104.0, up from 102.9 in November.
- The CPI all services index annual rate is 2.5%, up from 2.2% last month.

### **CPIH**

On 10 November 2016, the National Statistician published a [statement](#), confirming the intention that CPIH should become our preferred measure of inflation from March 2017. The [Consumer Price Inflation Quality and Methodology Information page](#) is a good starting point for understanding CPIH and how it relates to other measures of inflation.

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 were reported to the UK Statistics Authority at the end of September 2016, and a range of articles were published on 28 October 2016.

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. The [CPIH compendium](#) provides further information,

including the rationale for the choice of methodology for measuring OOH, which is still extensively debated.

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 the [CPIH compendium](#).

The main movements for CPIH in December 2016 are:

- The all items CPIH is 102.2, up from 101.7 in November.
- The all items CPIH annual rate is 1.7%, up from 1.4% in November.
- The annual rate for CPIH excluding indirect taxes, CPIHY, is 1.8%, up from 1.5% last month.
- The OOH component of CPIH is 103.6, up from 103.4 in November.
- The OOH component annual rate is 2.6%, unchanged from last month.
- The CPIH all goods index is 100.1, unchanged from last month.
- The CPIH all goods index annual rate is 0.7%, up from 0.2% last month.
- The CPIH all services index is 103.8, up from 103.0 in November.
- The CPIH all services index annual rate is 2.5%, up from 2.3% 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](#).

RPIJ is a 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 December 2016 are:

- The all items RPI is 267.1, up from 265.5 in November.
- The all items RPI annual rate is 2.5%, up from 2.2% last month.
- The all items RPIJ is 244.0, up from 242.7 in November.
- The all items RPIJ annual rate is 1.8%, up from 1.5% last month.
- The annual rate for RPIX, the all items RPI excluding mortgage interest payments (MIPs) index, is 2.7%, up from 2.5% last month.
- The all goods RPI is 201.5, up from 201.2 in November.
- The all goods RPI annual rate is 2.1%, up from 1.7% last month.
- The all services RPI is 366.6, up from 362.1 in November.
- The all services RPI annual rate is 2.7%, up from 2.4% last month.
- The annual rate for RPIY, the all items RPI excluding MIPs and indirect taxes index, is 2.8%, up from 2.4% last month.
- The Tax and Price Index (TPI) for December is 234.1, up from 232.7 in November.
- The TPI annual rate is 2.9%, up from 2.6% last month.

## CPI SUMMARY

### CONTRIBUTIONS TO CHANGE IN THE CPI ANNUAL RATE

CPI COICOP DIVISIONS	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
01: Food and non-alcoholic beverages	110	103	-0.2	0.8	0.10
02: Alcoholic beverages and tobacco	43	42	-1.3	-0.6	0.03
03: Clothing and footwear	70	71	-1.3	-1.0	0.02
04: Housing, water, electricity, gas and other fuels	128	120	-	0.2	0.02
05: Furniture, household equipment and maintenance	59	59	1.1	0.9	-0.01
06: Health	25	28	-	0.2	0.01
07: Transport	149	153	1.8	2.9	0.20
08: Communication	31	32	0.4	-0.5	-0.03
09: Recreation and culture	147	148	-0.3	-0.1	0.03
10: Education	26	25	-	-	-
11: Restaurants and hotels	121	123	-0.2	0.1	0.03
12: Miscellaneous goods and services	91	96	-0.2	-0.3	-0.01

#### Large upward effects came from:

- Transport**, where prices overall rose by 2.9% between November and December 2016, compared with a rise of 1.8% a year ago. Within transport, the largest upward effect came from air fares, with prices rising by 49% between November and December 2016, compared with a smaller rise of 46% a year earlier. Although this year's December rise was similar to that seen in 2015, the fact that air fares have a higher weight in the index in 2016 amplified the contribution to the change in the overall rate. Prices for motor fuels also had a large upward effect. This continues the pattern seen in recent months, reflecting movements in oil prices, which have increased overall during 2016. Although fuel prices

fell slightly (by 0.4%) between November and December 2016, they fell by more (2.8%) between the same 2 months a year ago; and

- **Food and non-alcoholic beverages**, where prices overall, increased by 0.8% between November and December 2016, having fallen by 0.2% last year. The upward effect came mainly from food (in particular vegetables), with prices increasing by 0.8%, having been unchanged a year ago. It is important to note that last year's result was unusual; prior to this food prices had increased in every December since 2002. The increase in December 2016 is more typical of the movement generally seen at this time of year. We have seen consistent deflation of food prices for some time, with the 12-month rate having been negative since mid-2014 and often being lower than -3.0%. Although it is still negative, the rate is at its highest since July 2014 and has increased for 3 consecutive months.

## CPI NOTABLE MOVEMENTS

All items CPI	<p>Annual rate +1.6%, up from +1.2% last month</p> <p>Also +1.6% in July 2014</p> <p>Last higher in June 2014 (+1.9%)</p>
All items CPI exc energy, food, alcohol and tobacco	<p>Annual rate +1.6%, up from +1.4% last month</p> <p>Highest since August 2014 (+1.9%)</p>
Food and non-alcoholic beverages	<p>Annual rate -1.1%, up from -2.0% last month</p> <p>Also -1.1% in August 2014</p> <p>Last higher in July 2014 (-0.4%)</p>
Alcoholic beverages and tobacco	<p>Annual rate +2.4%, up from +1.7% last month</p> <p>Highest since April 2015 (+3.0%)</p>
Housing, water, electricity, gas and other fuels	<p>Annual rate +0.4%, up from +0.2% last month</p> <p>Also +0.4% in March 2016, January 2016, August 2015, July 2015, June 2015 and May 2015</p> <p>Last higher in April 2015 (+0.5%)</p>
Transport	<p>Annual rate +3.7%, up from +2.5% last month</p> <p>Also +3.7% in February 2012</p> <p>Last higher in January 2012 (+4.0%)</p>
Recreation and culture	<p>Annual rate +0.9%, up from +0.7% last month</p> <p>Highest since October 2014 (+1.0%)</p>
All goods	<p>Annual rate +0.7%, up from +0.2% last month</p> <p>Highest since July 2014 (+0.8%)</p>
All services	<p>Annual rate +2.5%, up from +2.2% last month</p> <p>Highest since September 2016 (+2.6%)</p>
Fuels and lubricants	<p>Annual rate +10.0%, up from +7.4% last month</p> <p>Highest since November 2011 (+13.1%)</p>

## ANNUAL AVERAGE CPI 12-MONTH CHANGES

All items CPI	Annual average +0.7%, up from 0.0% last year Highest since 2014 (+1.5%)
Food and non-alcoholic beverages	Annual average -2.4%, up from -2.6% last year Highest since 2014 (-0.2%)
Alcoholic beverages and tobacco	Annual average +1.4%, down from +2.1% last year Never lower since official series began in January 1997
Clothing and footwear	Annual average +0.2%, down from +0.3% last year Lowest since 2010 (-1.0%)
Housing, water, electricity, gas and other fuels	Annual average +0.2%, down from +0.5% last year Never lower since official series began in January 1997
Furniture, household equipment and routine maintenance	Annual average -0.1%, down from 0.0% last year Lowest since 2006 (-0.4%)
Health	Annual average +2.1%, up from +1.9% last year Highest since 2014 (+2.8%)
Transport	Annual average +0.5%, up from -2.1% last year Highest since 2013 (+1.0%)
Communication	Annual average +2.7%, up from +1.4% last year Highest since 2013 (+3.0%)
Recreation and culture	Annual average +0.4%, up from -0.6% last year Highest since 2014 (+0.9%)
Education	Annual average +4.7%, down from +8.5% last year Lowest since 1996 (+4.2%)
Restaurants and hotels	Annual average +2.4%, up from +1.9% last year Also +2.4% in 2014 Highest since 2013 (+2.7%)
Miscellaneous goods and services	Annual average +1.1%, up from +0.3% last year Highest since 2012 (+2.3%)
All goods	Annual average -1.0%, up from -2.0% last year Highest since 2014 (+0.6%)
All services	Annual average +2.6%, up from +2.4% last year Highest since 2013 (+3.2%)
CPI excluding energy, food, alcohol & tobacco	Annual average -2.4%, up from -13.2% last year Highest since 2013 (-1.1%)



## 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 Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
01 Food & non-alcoholic beverages	110	103	-0.2	0.8	0.10

- Large upward effect on the all items 12-month rate change.
- Due to **food** and, to a lesser extent, **non-alcoholic beverages**.

<b>01.1 Food</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
01.1 Food	97	91	-	0.8	0.07
01.1.1 Bread and cereals	16	15	0.6	1.3	0.01
01.1.2 Meat	22	21	0.3	0.9	0.01
01.1.3 Fish	4	4	1.6	0.6	-
01.1.4 Milk, cheese and eggs	14	12	1.3	0.5	-0.01
01.1.5 Oils and fats	2	2	-3.5	5.1	0.02
01.1.6 Fruit	10	9	1.2	-	-0.01
01.1.7 Vegetables including potatoes	14	13	-2.3	0.9	0.04
01.1.8 Sugar, jam, syrups, chocolate and confectionery	12	12	-1.3	0.1	0.02
01.1.9 Food products not elsewhere covered	3	3	2.4	0.7	-0.01

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

### Bread and cereals

- Small upward effect.
- Prices overall rose this year by more than a year ago, with the main upward contributions coming from cereal bars and packs of individual cakes.

### Meat

- Small upward effect.
- Prices overall rose this year by more than a year ago.

### Milk, cheese and eggs

- Small downward effect.
- Prices overall rose this year by less than a year ago, particularly for yoghurt/fromage frais.

### Oils and fats

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

### Fruit

- Small downward effect.
- Prices overall were little changed this year but rose a year ago, with the main downward contribution coming from strawberries.

### Vegetables including potatoes

- Large upward effect.
- Prices overall rose this year but fell a year ago, with the main upward contributions coming from old potatoes, cauliflower and premium and multi-packs of crisps.

### Sugar, jam, syrups, chocolate and confectionery

- Small upward effect.
- Prices overall rose this year but fell a year ago, with the main upward contribution coming from bags of chocolate sweets and cartons/boxes of chocolates.

### Food products not elsewhere

- Small downward effect.
- Prices overall rose this year by less than a year ago.

<b>01.2 Non-alcoholic beverages</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
01.2 Non-alcoholic beverages	13	12	-1.8	0.7	0.03
01.2.1 Coffee, tea and cocoa	3	3	-1.0	-1.4	-
01.2.2 Mineral waters, soft drinks and juices	10	9	-2.0	1.4	0.03

- Small upward effect on the all items 12-month rate change.
- Due to **mineral waters, soft drinks and juices**, where prices overall rose this year but fell a year ago, particularly for fresh orange juice, fruit squash, packs of fruit drink bottles and bottled cola flavoured drinks.

<b>02 ALCOHOLIC BEVERAGES AND TOBACCO</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
02 Alcoholic beverages and tobacco	43	42	-1.3	-0.6	0.03

- Small upward effect on the all items 12-month rate change.
- Due to **alcoholic beverages** and **tobacco**.

<b>02.1 Alcoholic Beverages</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
02.1 Alcoholic beverages	19	19	-3.0	-1.5	0.03
02.1.1 Spirits	5	5	-3.5	-0.9	0.01
02.1.2 Wine	9	9	-3.4	-2.1	0.01
02.1.3 Beer	5	5	-1.9	-1.0	-

- Small upward effect on the all items 12-month rate change.
- Due to **spirits** and **wine**.

#### Spirits

- Small upward effect.
- Prices overall fell this year by less than a year ago, with the main upward contribution coming from whisky.

#### Wine

- Small upward effect.
- Prices overall fell this year by less than a year ago, particularly for rosé wine. Partially offset by a small downward contribution coming from bottles of apple cider, where prices fell this year but rose a year ago.

<b>02.2 Tobacco</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
02.2 Tobacco	24	23	-0.1	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.

<b>03 CLOTHING AND FOOTWEAR</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
03 Clothing and footwear	70	71	-1.3	-1.0	0.02

- Small upward effect on the all items 12-month rate change.
- Due to **clothing**.

<b>03.1 Clothing</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
03.1 Clothing	60	61	-1.4	-0.9	0.03
03.1.2 Garments	54	54	-1.5	-1.2	0.02
03.1.3 Other clothing and clothing accessories	5	6	0.1	1.7	0.01
03.1.4 Cleaning, repair and hire of clothing	1	1	0.1	-	-

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

#### Garments

- Small upward effect.
- Prices overall fell this year by less than a year ago, with the main upward contributions coming from men's jackets/coats; women's casual trousers, jumpers and skirts; and girl's fashion tops.
- Partially offset by small downward contributions coming from women's formal tops, casual outer jackets and swimwear.

#### Other clothing and clothing accessories

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

<b>03.2 Footwear including repairs</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
03.2 Footwear including repairs	10	10	-1.0	-1.4	-

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

<b>04 HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
04 Housing, water, electricity, gas and other fuels	128	120	-	0.2	0.02

- 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 Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
04.1 Actual rentals for housing	72	72	0.1	0.1	-

- 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 Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
04.3 Regular maintenance and repair of the dwelling	2	2	0.4	1.0	-
04.3.1 Materials for maintenance and repair	1	1	0.8	2.0	-
04.3.2 Services for maintenance and repair	1	1	0.1	-	-

- 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 Dec 2015	1 month % change Dec 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 Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
04.5 Electricity, gas and other fuels	42	35	-0.2	0.4	0.02
04.5.1 Electricity	20	17	-	-	-
04.5.2 Gas	20	16	-	-	-
04.5.3 Liquid fuels	1	1	-7.9	8.6	0.02
04.5.4 Solid fuels	1	1	-	0.6	-

- Small upward effect on the all items 12-month rate change.
- Due to **liquid fuels**, where kerosene prices rose this year but fell a year ago.

<b>05 FURNITURE, HOUSEHOLD EQUIPMENT AND MAINTENANCE</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
05 Furniture, household equipment and maintenance	59	59	1.1	0.9	-0.01

- Small downward effect on the all items 12-month rate change.
- Due to **goods and services for routine maintenance**; and **glassware, tableware and household utensils**.
- Partially offset by **furniture, furnishings and carpets**; **household textiles**; and **household appliances, fitting and repairs**.

<b>05.1 Furniture, furnishings and carpets</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
05.1 Furniture, furnishings and carpets	21	20	1.9	2.4	0.01
05.1.1 Furniture and furnishings	15	16	2.4	2.6	0.01
05.1.2 Carpets and other floor coverings	6	4	0.9	1.8	-

- Small upward effect on the all items 12-month rate change.
- Due to **furniture and furnishings**, where prices overall rose this year by more than a year ago, particularly for leather settees.

<b>05.2 Household textiles</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
05.2 Household textiles	6	7	-1.0	-	0.01

- Small upward effect on the all items 12-month rate change.
- Prices overall were little changed this year but fell a year ago, with the main upward contribution coming from ready-made curtains.

<b>05.3 Household appliances, fitting and repairs</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
05.3 Household appliances, fitting and repairs	8	8	0.3	1.7	0.01
05.3.1/2 Major appliances and small electric goods	7	7	0.4	1.9	0.01
05.3.3 Repair of household appliances	1	1	-0.2	0.3	-

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

<b>05.4 Glassware, tableware and household utensils</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
05.4 Glassware, tableware and household utensils	6	6	0.7	-1.0	-0.01

- Small downward effect on the all items 12-month rate change.
- Prices overall fell this year but rose a year ago.

<b>05.5 Tools and equipment for house and garden</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
05.5 Tools and equipment for house and garden	5	5	-	0.8	-

- 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 Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
05.6 Goods and services for routine maintenance	13	13	1.7	-0.7	-0.03
05.6.1 Non-durable household goods	5	5	3.7	-2.1	-0.03
05.6.2 Domestic services and household services	8	8	0.5	0.2	-

- Small downward effect on the all items 12-month rate change.
- Due to **non-durable household goods**, where prices overall fell this year but rose a year ago, particularly for cream/liquid household cleaner.

<b>06 HEALTH</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
06 Health	25	28	-	0.2	0.01

- Small upward effect on the all items 12-month rate change.
- Prices overall rose this year but were little changed a year ago.

<b>06.1 Medical products, appliances and equipment</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
06.1 Medical products, appliances and equipment	12	13	-	0.3	-
06.1.1 Pharmaceutical products	7	8	0.3	0.3	-
06.1.2/3 Other medical and therapeutic equipment	5	5	-0.5	0.2	-

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

<b>06.2 Out-patient services</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
06.2 Out-patient services	5	7	-0.1	0.1	-
06.2.1/3 Medical and paramedical services	3	4	0.1	0.1	-
06.2.2 Dental services	2	3	-0.3	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 Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
06.3 Hospital Services	8	8	0.1	0.1	-

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

<b>07 TRANSPORT</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
07 Transport	149	153	1.8	2.9	0.20

- Largest upward effect on the all items 12-month rate change.
- Due to **transport service**; and **operation of personal transport equipment**.

<b>07.1 Purchase of vehicles</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
07.1 Purchase of vehicles	40	43	-	-	-
07.1.1A New cars	24	25	-	0.1	-
07.1.1B Second-hand cars	14	16	-	-	-
07.1.2/3 Motorcycles and bicycles	2	2	0.8	-0.5	-

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

<b>07.2 Operation of personal transport equipment</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
07.2 Operation of personal transport equipment	77	73	-1.0	-0.1	0.07
07.2.1 Spare parts and accessories	6	5	0.4	0.1	-
07.2.2 Fuels and lubricants	34	32	-2.8	-0.4	0.08
07.2.3 Maintenance and repairs	23	22	0.1	0.2	-
07.2.4 Other services	14	14	0.6	0.1	-0.01

- Large upward effect on the all items 12-month rate change.
- Due to **fuels and lubricants**. The average price of petrol across the month, as recorded for the CPI, fell by 0.8 pence per litre between November and December 2016 to stand at 114.6 pence per litre. Last year, the average price of petrol fell by 3.4 pence per litre between November and December 2015 to stand at 103.8 pence per litre. The average price of diesel

remained unchanged between November and December 2016 to stand at 118.0 pence per litre, compared with a fall of 2.3 pence per litre a year earlier to stand at 107.9 pence per litre.

- Partially offset by **other services**, where prices overall rose this year by less than a year ago.

<b>07.3 Transport services</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
07.3 Transport services	32	37	10.5	12.5	0.13
07.3.1 Passenger transport by railway	12	13	-	0.9	0.01
07.3.2 Passenger transport by road	12	12	2.1	1.8	-
07.3.3 Passenger transport by air	6	8	46.0	48.9	0.12
07.3.4 Passenger transport by sea and inland waterway	2	4	13.0	8.6	0.01

- 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 railway**; and **passenger transport by sea and inland waterway**.

#### Passenger transport by railway

- Small upward effect.
- Average charges for international rail journeys rose this year but were little changed a year ago.

#### Passenger transport by air

- Large upward effect.
- Average air fares rose this year by more than a year ago, with the main upward contributions coming from European and long haul flights.

#### 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 Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
08 Communication	31	32	0.4	-0.5	-0.03

- Small downward 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 Dec 2015	1 month % change Dec 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 Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
08.2/3 Telephone equipment and services	29	30	0.4	-0.5	-0.03

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

<b>09 RECREATION AND CULTURE</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
09 Recreation and culture	147	148	-0.3	-0.1	0.03

- Small upward effect on the all items 12-month rate change.
- Due to **audio-visual equipment and related products; other recreational items, gardens and pets** and **recreational and cultural services**.
- Partially offset by **books, newspapers and stationery**.

<b>09.1 Audio-visual equipment and related products</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
09.1 Audio-visual equipment and related products	23	18	-0.8	0.4	0.03
09.1.1 Equipment for the reception and reproduction of sound and pictures	5	5	-2.1	0.7	0.01
09.1.2 Photographic, cinematographic and optical equipment	3	2	-1.9	-0.6	-
09.1.3 Data processing equipment	9	7	-0.7	-2.5	-0.01
09.1.4 Recording media	5	3	0.6	7.4	0.02
09.1.5 Repair of audio-visual equipment and related products	1	1	-0.3	-	-

- Small upward effect on the all items 12-month rate change.
- Due to **recording media**; and **equipment for the reception and reproduction of sound and pictures**.
- Partially offset by **data processing equipment**.

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

- Small upward effect.
- Prices overall rose this year but fell a year ago, particularly for larger television sets.

#### **Data processing equipment**

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

#### **Recording media**

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

<b>09.2 Other major durables for recreation and culture</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
09.2.1/2 Major durables for in/outdoor recreation	10	12	0.1	0.1	-

- 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 Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
09.3 Other recreational items, gardens and pets	36	35	-0.8	-0.4	0.02
09.3.1 Games, toys and hobbies	21	20	-2.1	-1.0	0.03
09.3.2 Equipment for sport and open-air recreation	4	3	1.1	-0.6	-0.01
09.3.3 Gardens, plants and flowers	4	4	2.1	0.7	-0.01
09.3.4/5 Pets, related products and services	7	8	0.5	0.6	-

- Small upward effect on the all items 12-month rate change.
- Due to **games, toys and hobbies**.
- Partially offset by **equipment for sport and open-air recreation**; and **gardens, plants and flowers**.

#### **Games, toys and hobbies**

- Small upward effect.
- Prices overall fell this year by less than a year ago, with the main upward contributions coming from computer game consoles, computer games purchased via the internet, craft kits, construction toys and children's baby dolls.
- Partially offset by a small downward contribution coming from shop-bought computer games, where prices fell this year by more than a year ago.

#### **Equipment for sport and open-air recreation**

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

#### **Gardens, plants and flowers**

- Small downward effect.
- Prices overall rose this year by less than a year ago.

<b>09.4 Recreational and cultural services</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
09.4 Recreational and cultural services	31	33	-0.3	-0.1	0.01
09.4.1 Recreational and sporting services	8	10	-	0.1	-
09.4.2 Cultural services	23	23	-0.4	-0.2	0.01

- Small upward effect on the all items 12-month rate change.
- Due to **cultural services**, where prices overall fell this year by less than a year ago.

<b>09.5 Books, newspapers and stationery</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
09.5 Books, newspapers and stationery	14	14	0.6	-0.4	-0.01
09.5.1 Books	4	4	2.4	0.2	-0.01
09.5.2 Newspapers and periodicals	5	5	-0.5	-1.9	-0.01
09.5.3/4 Misc. printed matter, stationery, drawing materials	5	5	0.2	0.7	-

- Small downward effect on the all items 12-month rate change.
- Due to **books**; and **newspapers and periodicals**.

#### Books

- Small downward effect.
- Prices overall rose this year by less than a year ago, particularly for hardback non-fiction books.

#### Newspapers and periodicals

- Small downward effect.
- Prices overall fell this year by more than a year ago, particularly for periodicals.

<b>09.6 Package holidays</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
09.6 Package holidays	33	36	0.1	0.1	-

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

<b>10 EDUCATION</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 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 Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
11 Restaurants and hotels	121	123	-0.2	0.1	0.03

- Small upward effect on the all items 12-month rate change.
- Due to **accommodation services**.
- Partially offset by **catering services**.

<b>11.1 Catering services</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
11.1 Catering services	100	101	0.4	0.2	-0.02
11.1.1 Restaurants and cafes	91	93	0.5	0.2	-0.02
11.1.2 Canteens	9	8	-0.1	-	-

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

<b>11.2 Accommodation services</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
11.2 Accommodation services	21	22	-2.7	-0.6	0.05

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

<b>12 MISCELLANEOUS GOODS AND SERVICES</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
12 Misc. goods and services	91	96	-0.2	-0.3	-0.01

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

<b>12.1 Personal care</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
12.1 Personal care	30	31	-0.9	-0.6	0.01
12.1.1 Hairdressing and personal grooming establishments	7	8	0.3	0.1	-
12.1.2/3 Appliances and products for personal care	23	23	-1.3	-0.8	0.01

- Small upward effect on the all items 12-month rate change.
- Due to **appliances and products for personal care**, where prices overall fell this year by less than a year ago, with the main upward contribution coming from tissues.

<b>12.3 Personal effects not elsewhere covered</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
12.3 Personal effects not elsewhere covered	14	16	-0.1	-1.2	-0.02
12.3.1 Jewellery, clocks and watches	9	9	-0.1	-	-
12.3.2 Other personal effects	5	7	-0.1	-2.7	-0.02

- Small downward effect on the all items 12-month rate change.
- Due to **other personal effects**, where prices overall fell this year by more than a year ago, with the main downward contributions coming from luggage and photo frames.



<b>12.4 Social protection</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
12.4 Social protection	13	16	0.2	0.4	-

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

<b>12.5 Insurance</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
12.5 Insurance	10	9	0.3	0.8	-
12.5.2 House contents insurance	2	2	0.1	1.2	-
12.5.3 Health insurance	3	3	-	-	-
12.5.4 Transport insurance	5	4	0.5	1.1	-

- 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 Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
12.6 Financial services not elsewhere covered	12	12	-	-0.3	-

- 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 Dec 2015	1 month % change Dec 2016	Contribution to CPI annual rate change
12.7 Other services not elsewhere covered	12	12	0.3	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 Dec 2015	1 month % change Dec 2016	Contribution to RPI annual rate change
FOOD	109	102	-	0.6	0.07
CATERING	47	47	0.3	0.2	-
ALCOHOLIC DRINKS	56	57	-0.7	-0.4	0.02
TOBACCO	27	25	-	0.1	-
HOUSING	263	266	0.2	0.1	-0.02
FUEL AND LIGHT	45	41	-0.2	0.5	0.03
HOUSEHOLD GOODS	59	62	1.6	1.7	0.01
HOUSEHOLD SERVICES	65	67	0.3	-	-0.03
CLOTHING AND FOOTWEAR	42	41	-1.4	-1.0	0.02
PERSONAL GOODS AND SERVICES	41	42	-0.3	-0.1	0.01
MOTORING EXPENDITURE	115	117	-0.6	-0.2	0.04
FARES AND OTHER TRAVEL COSTS	25	26	14.0	17.7	0.11
LEISURE GOODS	28	29	-0.2	-0.3	-
LEISURE SERVICES	78	78	-0.2	0.1	0.02

## RPI NOTABLE MOVEMENTS

All items RPI	Annual rate +2.5%, up from +2.2% last month Also +2.5% in July 2014 Last higher in June 2014 (+2.6%)
All items RPI exc MIPS (RPIX)	Annual rate +2.7%, up from +2.5% last month Also +2.7% in June 2014 and February 2014 Last higher in January 2014 (+2.8%)
All items RPI exc MIPS and indirect taxes (RPIY)	Annual rate +2.8%, up from +2.4% last month Also +2.8% in July 2014 Last higher in June 2014 (+3.0%)
Non seasonal food	Annual rate -1.3%, up from -2.1% last month Highest since December 2014 (-1.0%)
Seasonal food	Annual rate -0.5%, up from -0.7% last month Highest since March 2014 (+0.8%)
Alcoholic drink	Annual rate +1.7%, up from +1.3% last month Highest since December 2014 (+2.0%)
Household goods	Annual rate +2.8%, up from +2.7% last month Highest since June 2014 (+3.0%)
Housing	Annual rate +2.4%, down from +2.5% last month Also +2.5% in September 2015 and February 2014 Last lower in January 2014 (+2.2%)
Motoring expenditure	Annual rate +5.2%, up from +4.8% last month Highest since December 2011 (+6.8%)
Furniture	Annual rate +5.3%, up from +4.4% last month Highest since February 2013 (+6.4%)
Fuel and light	Annual rate -0.4%, up from -1.2% last month Highest since November 2014 (+4.0%)
Personal goods and services	Annual rate +1.9%, up from +1.7% last month Highest since May 2014 (+2.1%)
All goods	Annual rate +2.1%, up from +1.7% last month Highest since June 2014 (+2.2%)
All services	Annual rate +2.7%, up from +2.4% last month Highest since August 2016 (+2.9%)
Petrol and oil	Annual rate +9.4%, up from +8.5% last month Highest since December 2011 (+9.7%)

## ANNUAL AVERAGE RPI 12-MONTH CHANGES

All items RPI	Annual average +1.8%, up from +1.0% last year Highest since 2014 (+2.4%)
All items RPI exc. MIPS (RPIX)	Annual average +1.9%, up from +1.0% last year Highest since 2014 (+2.4%)
All items RPI exc. MIPS & Indirect Taxes (RPIY)	Annual average +1.8%, up from +0.9% last year Highest since 2014 (+2.6%)
Food	Annual average -2.2%, up from -2.3% last year Highest since 2014 (0.0%)
Non seasonal food	Annual average -2.1%, up from -2.3% last year Highest since 2014 (+0.6%)
Seasonal food	Annual average -2.2%, up from -2.3% last year Highest since 2013 (+7.1%)
Catering	Annual average +2.1%, up from +1.6% last year Highest since 2014 (+2.3%)
Alcoholic drink	Annual average +0.6%, up from +0.5% last year Highest since 2014 (+1.9%)
Tobacco	Annual average +4.9%, down from +5.6% last year Lowest since 2009 (+4.0%)
Housing	Annual average +3.0%, up from +2.9% last year Also +3.0% in 2014 Last higher in 2007 (+9.5%)
Fuel and light	Annual average -2.9%, up from -4.1% last year Highest since 2014 (+4.0%)
Household goods	Annual average +1.1%, down from +1.4% last year Lowest since 2005 (+0.7%)
Household services	Annual average +3.3%, up from +2.9% last year Highest since 2014 (+3.4%)
Clothing and footwear	Annual average +6.3%, down from +7.8% last year Lowest since 2009 (-4.3%)

Personal goods and services	Annual average +1.3%, up from +0.8% last year Highest since 2014 (+1.8%)
Motoring expenditure	Annual average +1.4%, up from -4.3% last year Highest since 2011 (+8.8%)
Fares and other travel	Annual average +2.4%, down from +5.6% last year Lowest since 2006 (+1.8%)
Leisure goods	Annual average 0.0%, up from -1.3% last year Highest since 2014 (+2.3%)
Leisure services	Annual average +2.3%, down from +2.6% last year Lowest since 2014 (+2.1%)
All goods	Annual average +0.2%, up from -0.9% last year Highest since 2014 (+1.5%)
All services	Annual average +2.6%, up from +2.2% last year Highest since 2014 (+2.8%)

## 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 Dec 2015	1 month % change Dec 2016	Contribution to RPI annual rate change
FOOD	109	102	-	0.6	0.07

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

<b>Seasonal Food</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to RPI annual rate change
SEASONAL FOOD	18	18	0.4	0.6	-
Home killed lamb	1	1	6.7	2.9	-
Fresh fish	2	2	1.5	1.2	-
Eggs	1	1	-0.1	0.7	-
Unprocessed potatoes	2	1	-2.1	0.4	-
Other fresh vegetables	6	6	-1.0	1.8	0.02
Fresh fruit	6	7	1.5	-0.7	-0.01

- Negligible overall effect on the all items 12-month rate change.
- There was a small upward contribution coming from **other fresh vegetables**, where prices overall rose this year but fell a year ago, particularly for cauliflower.
- Offset by a small downward contribution from **fresh fruit**, where prices overall fell this year but rose a year ago, particularly for strawberries.

<b>Non-Seasonal Food</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to RPI annual rate change
NON-SEASONAL FOOD	91	84	-0.2	0.6	0.06
Bread	4	4	1.4	-0.2	-0.01
Cereals	4	4	0.5	-0.4	-
Biscuits and cakes	7	6	0.3	2.6	0.01
Beef	4	4	-1.3	-1.4	-
Imported lamb	1	1	-2.5	-1.2	-
Pork	1	1	-4.5	-3.2	-
Bacon	2	1	0.2	0.9	-
Poultry	4	4	-0.9	0.6	0.01
Other meat	7	6	1.2	1.7	-
Processed fish	2	2	1.2	-2.3	-0.01
Butter	1	1	-3.4	3.2	0.01
Oils and fats	1	1	-4.4	7.5	0.01
Cheese	4	3	0.2	0.3	-
Milk, fresh	3	3	0.8	0.6	-
Milk products	4	4	2.5	0.7	-0.01
Tea	1	1	-0.9	-1.7	-
Soft drinks	10	9	-1.8	1.3	0.03
Sugar and preserves	1	1	1.4	0.3	-
Sweets and chocolates	11	11	-0.8	0.6	0.02
Potato products	3	2	-5.9	-0.1	0.02
Processed vegetables	2	2	1.5	2.9	-
Processed fruit	2	1	-0.4	-0.1	-
Other foods	11	10	1.7	0.4	-0.01
Coffee and other hot drinks	1	2	-1.2	-1.1	-

- Large upward effect on the all items 12-month rate change.
- Due to:
  - **Soft drinks, sweets and chocolates, oils and fats, butter** and **poultry**, where prices overall rose this year but fell a year ago, with the main upward contributions coming from fresh orange juice, fruit squash, packs of bottled fruit drinks, bottles of cola flavoured drinks, bags of chocolate sweets, margarine/low fat spread and olive oil;
  - **Potato products**, where prices overall fell this year by less than a year ago, particularly for premium potato crisps; and
  - **Biscuits and cakes**, where prices overall rose this year by more than a year ago, with the main upward contribution coming from packs of individual cakes.
- Partially offset by:
  - **Other foods** and **milk products**, where prices overall rose this year by less than a year ago, particularly for jars/cans of cook-in sauce and yoghurt/Fromage Frais; and
  - **Processed fish** and **bread**, where prices overall fell this year but rose a year ago, particularly for canned tuna and chilled garlic bread.

<b>CATERING</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to RPI annual rate change
CATERING	47	47	0.3	0.2	-
Restaurant meals	28	28	0.4	0.3	-
Canteen meals	3	3	-0.1	0.1	-
Take-away meals and snacks	16	16	0.3	0.3	-

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

<b>ALCOHOLIC DRINKS</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to RPI annual rate change
ALCOHOLIC DRINKS	56	57	-0.7	-0.4	0.02
Beer on sales	19	19	0.4	0.1	-0.01
Beer off sales	5	5	-1.2	-1.6	-
Wines and spirits on sales	18	19	0.8	0.1	-0.01
Wines and spirits off sales	14	14	-4.3	-1.5	0.04

- Small upward effect on the all items 12-month rate change.
- Due to **wines and spirits off sales**, where prices overall fell this year by less than a year ago, with the main upward contributions coming from whisky, European red wine, vodka and rosé wine.
- Partially offset by **beer on sales**; and **wines and spirits on sales**, where prices overall rose this year by less than a year ago.

<b>TOBACCO</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to RPI annual rate change
TOBACCO	27	25	-	0.1	-
Cigarettes	23	21	-0.1	0.1	-
Other tobacco products	4	4	0.2	0.3	-

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



<b>HOUSING</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to RPI annual rate change
HOUSING	263	266	0.2	0.1	-0.02
Rent	84	83	0.1	0.1	-
Mortgage interest payments	29	28	-0.3	-0.4	-
Council tax and rates	40	40	-	-	-
Water and other charges	14	13	-	-	-
Repairs and maintenance charges	9	9	0.1	-	-
DIY materials	8	7	0.2	2.1	0.01
Dwelling insurance and ground rent	6	6	0.2	-0.2	-
House depreciation	73	80	0.6	0.2	-0.03

- Small downward effect on the all items 12-month rate change.
- Due to **house depreciation**, with the smoothed house price index used to calculate this component rising this year by less than a year ago.
- Partially offset by **DIY materials**, where prices overall rose this year by more than a year ago, particularly for wallpaper.

<b>FUEL AND LIGHT</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to RPI annual rate change
FUEL AND LIGHT	45	41	-0.2	0.5	0.03
Coal and solid fuels	1	1	-	0.6	-
Electricity	21	20	-	-	-
Gas	21	18	-	-	-
Oil and other fuels	2	2	-6.4	7.7	0.03

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

<b>HOUSEHOLD GOODS</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to RPI annual rate change
HOUSEHOLD GOODS	59	62	1.6	1.7	0.01
Furniture	22	25	2.6	3.4	0.03
Furnishings	9	8	0.6	1.3	0.01
Electrical appliances	5	7	0.4	1.4	0.01
Other household equipment	4	4	0.7	-0.2	-
Household consumables	12	11	2.0	-0.8	-0.03
Pet care	7	7	0.6	1.4	0.01

- Small upward effect on the all items 12-month rate change.
- Due to **furniture**; **furnishings**; **electrical appliances** and **pet care** where prices overall rose this year by more than a year ago, with the main upward contributions coming from leather settees, dining room furniture, vacuum cleaners and the purchase of small pet mammals. Partially offset by a small downward contribution coming from complete dry dog food.
- Partially offset by **household consumables**, where prices overall fell this year but rose a year ago, particularly for cream/liquid household cleaner.

<b>HOUSEHOLD SERVICES</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to RPI annual rate change
HOUSEHOLD SERVICES	65	67	0.3	-	-0.03
Domestic services	13	14	0.4	0.3	-
Fees and subscriptions	26	27	-	0.1	-
Postage	1	1	-	-	-
Telephone charges	25	25	0.7	-0.4	-0.03

- Largest downward effect on the all items 12-month rate change.
- Due to **telephone charges**, where average charges fell this year but rose a year ago, with the main downward contributions coming from mobile telephone applications, bundled telecommunication services and mobile telephone charges.

<b>CLOTHING AND FOOTWEAR</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to RPI annual rate change
CLOTHING AND FOOTWEAR	42	41	-1.4	-1.0	0.02
Men's outerwear	8	9	-0.3	-0.2	-
Women's outerwear	16	15	-2.3	-1.9	0.01
Children's outerwear	5	4	-1.6	-	0.01
Other clothing	5	5	-0.2	0.2	-
Footwear	8	8	-1.1	-1.3	-

- Small upward effect on the all items 12-month rate change.
- Due to:
  - **Women's outerwear**, where prices overall fell this year by less than a year ago, with the main upward contributions coming from women's skirts and jumpers. Partially offset by a small downward contribution coming from women's casual jackets, where prices overall fell this year but rose a year ago; and
  - **Children's outerwear**, where prices overall were little changed this year but fell a year ago.

<b>PERSONAL GOODS AND SERVICES</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to RPI annual rate change
PERSONAL GOODS AND SERVICES	41	42	-0.3	-0.1	0.01
Personal articles	10	12	0.5	-0.2	-0.01
Chemists' goods	17	15	-1.2	-0.2	0.02
Personal services	14	15	0.1	0.1	-

- Small upward effect on the all items 12-month rate change.
- Due to **chemists' goods**, where prices overall fell this year by less than a year ago, with the main upward contribution coming from tissues.
- Partially offset by **personal articles**, where prices overall fell this year but rose a year ago.

<b>MOTORING EXPENDITURE</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to RPI annual rate change
MOTORING EXPENDITURE	115	117	-0.6	-0.2	0.04
Purchase of motor vehicles	42	45	-	-	-
Maintenance of motor vehicles	16	16	0.2	0.2	-
Petrol and oil	35	33	-2.5	-1.7	0.02
Vehicle tax and insurance	22	23	0.7	1.5	0.02

- Large upward effect on the all items 12-month rate change.
- Due to **petrol and oil**, where prices overall fell this year by less than a year ago. The price of petrol, as recorded for the RPI, fell by 2.3 pence per litre between November and December 2016, to stand at 114.2 pence per litre, compared with a fall of 3.1 pence per litre last year to stand at 104.0 pence per litre. Diesel prices fell by 1.4 pence per litre, to stand at 117.5 pence per litre in December 2016, compared with a fall of 2.0 pence per litre last year to stand at 108.1 pence per litre; and
- **Vehicle tax and insurance**, where average premiums for car insurance rose this year by more than a year ago.

<b>FARES AND OTHER TRAVEL COSTS</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to RPI annual rate change
FARES AND OTHER TRAVEL COSTS	25	26	14.0	17.7	0.11
Rail fares	7	7	-	0.7	0.01
Bus and coach fares	3	3	3.3	3.2	-
Other travel costs	15	16	22.5	27.7	0.11

- Largest upward effect on the all items 12-month rate change.
- Due to:
  - **Other travel costs**, where average charges rose this year by more than a year ago, particularly for air fares; and
  - **Rail fares**, where average charges rose this year but were little changed a year ago.

<b>LEISURE GOODS</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to RPI annual rate change
LEISURE GOODS	28	29	-0.2	-0.3	-
Audio-visual equipment	7	7	-1.4	-1.4	-
CDs and tapes	2	2	-0.2	5.7	0.01
Toys, photographic and sports goods	8	9	-1.0	-0.3	0.01
Books and newspapers	6	6	0.5	-1.3	-0.01
Gardening products	5	5	1.6	0.6	-

- Negligible overall effect on the all items 12-month rate change.
- There are small upward contributions coming from **CDs and tapes**, where prices rose this year but fell a year ago, particularly for internet bought DVDs; and **toys, photographic and sports goods**, where prices overall fell this year by less than a year ago.
- Offset by a small downward contribution coming from **books and newspapers**, where prices overall fell this year but rose a year ago.

<b>LEISURE SERVICES</b>	Weight 2015	Weight 2016	1 month % change Dec 2015	1 month % change Dec 2016	Contribution to RPI annual rate change
LEISURE SERVICES	78	78	-0.2	0.1	0.02
TV licence and rentals	12	12	-	-	-
Entertainment and other recreation	15	16	-0.3	-0.1	-
Foreign holidays	41	40	0.1	0.2	-
UK holidays	10	10	-1.2	-	0.01

- Small upward effect on the all items 12-month rate change.
- Due to **UK holidays**, where prices overall were little changed this year but fell a year ago, with the main upward contribution coming from hotel overnight stays.

## 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 December 2016 was -0.95 percentage points, narrowing from -1.05 percentage points in November 2016.

The main factors contributing to the narrowing were:

- **Other differences including weights**, which decreased the RPI 12-month rate relative to the CPI 12-month rate by 0.09 percentage points between November and December 2016. The effect came mainly from fuels and lubricants; and games, toys and hobbies and equipment for sport and open air recreation. This was partially offset by insurance.
- **Other housing components excluded from the CPI**, which decreased the RPI 12-month rate relative to the CPI 12-month rate by 0.04 percentage points between November and December 2016. The effect came mainly from house depreciation.

The only significant offsetting factor was:

- **The formula effect**, which increased the RPI 12-month rate relative to the CPI 12-month rate by 0.02 percentage points between November and December 2016. The effect came mainly from hotels, cafes and restaurants. The upward effects were partially offset by food and non-alcoholic beverages.

## RPI MISCELLANEOUS DATA

### Selected Average Prices

Description		October 2016	November 2016	December 2016
Petrol per litre	Diesel	£1.14	£1.19	£1.18
	Petrol	£1.12	£1.17	£1.14
Alcohol pub prices	Draught bitter (pint)	£3.01	£3.01	£3.01
	Draught lager (pint)	£3.51	£3.51	£3.52
	Whisky (per nip)	£2.72	£2.73	£2.73
Cigarettes	Per 20 king size	£9.43	£9.47	£9.48

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
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
September 2016	+0.2	Up +0.06% points	+0.05% points
October 2016	0.0	Down -0.09% points	-0.08% points
November 2016	+0.3	Down -0.03% points	-0.03% points
December 2016	+0.6	Down -0.02% points	-0.02% 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 tend to fall in January.

Monthly % change for CPI seasonal food index			
Year	November	December	January
2010/11	3.0	2.8	-1.1
2011/12	1.8	3.3	-1.6
2012/13	2.5	2.9	0.1
2013/14	-0.1	0.8	0.1
2014/15	0.6	0.6	-1.1
2015/16	0.8	-0.5	-1.1
2016/17	1.3	0.5	

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

### CLOTHING AND FOOTWEAR

- Prices for clothing and footwear tend to fall in January.

Monthly % change for CPI clothing and footwear index			
Year	November	December	January
2010/11	2.0	-1.9	-5.9
2011/12	1.2	-2.8	-4.9
2012/13	0.6	-1.5	-5.4
2013/14	0.7	-0.9	-5.4
2014/15	0.7	-1.1	-3.7
2015/16	-0.1	-1.3	-3.1
2016/17	1.4	-1.0	

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



## FURNITURE, HOUSEHOLD EQUIPMENT AND MAINTENANCE

- Prices tend to fall in January.

Monthly % change for CPI furniture, household equipment and maintenance index			
Year	November	December	January
2010/11	1.6	1.2	-1.9
2011/12	1.0	1.0	-2.2
2012/13	-0.1	1.3	-2.3
2013/14	-0.1	1.7	-3.1
2014/15	0.1	1.6	-2.5
2015/16	-0.2	1.1	-2.4
2016/17	0.5	0.9	

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

## TRANSPORT

### Fuels and Lubricants

- Oil dipped on lingering doubts that crude production cuts would go deep enough to curb a global fuel supply glut, with sentiment worsened by concerns over the health of the Chinese economy after it reported the steepest falls in exports since 2009. Brent crude futures LCOc1, the international benchmark for oil prices, were trading at \$55.87 per barrel at 0816 GMT on Friday, down 14cents from their last close (uk.reuters.com 13 January 2017)
- When considering the price of petrol between December 2016 and January 2017, it may be useful to note that the average price of petrol fell by 2.0 pence per litre between December 2015 and January 2016, standing at 101.8 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 in January.

Monthly % change for CPI air fares index			
Year	November	December	January
2010/11	-6.4	41.8	-30.9
2011/12	-7.5	40.9	-28.4
2012/13	-8.3	21.9	-20.5
2013/14	-8.1	19.8	-18.5
2014/15	-12.3	19.3	-17.1
2015/16	-13.0	46.0	-35.8
2016/17	-13.4	48.9	

- 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 remained unchanged at 0.25% on Thursday 15 December 2016. The next announcement and minutes from the Bank of England's Monetary Policy Committee are scheduled to be published on 02 February 2017.
- The change in average mortgage interest rates recorded in the RPI was -0.01% between December 2015 and January 2016. The Bank of England Bank Rate remained unchanged at 0.5% in December 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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