

Inflation Measures from the Office of National Statistics.

16th December 2008.

Consumer Prices Index (**CPI**) annual inflation – the Government's target measure – was **4.1** per cent in November, down from 4.5 per cent in October.

The largest downward pressure on the CPI annual rate came from transport costs where the price of fuels and lubricants fell this year but rose a year ago. The average price of petrol fell by 9.3 pence per litre between October and November this year, to stand at 95.2 pence, compared with a rise of 3.5 pence last year. Diesel prices fell by 7.5 pence per litre this year compared with a rise of 5.0 pence last year. There was also a fall in the price of second-hand cars compared with a rise a year ago. Partially offsetting these effects was a large upward pressure from air fares due to smaller seasonal price reductions than a year ago. The effect came from the cost of European and, to a lesser extent, domestic flights.

There was a further large downward pressure from housing and household services due to heating oil prices falling this year but rising a year ago, reflecting movements in the price of crude oil.

The largest upward pressure on the CPI annual rate came from food and non-alcoholic beverages. This was mainly due to fruit and vegetables where prices overall rose by more than a year ago with contributions from across a range of fresh and processed products. These effects were partially offset by milk, cheese and eggs, and bread and cereals, where prices rose by less than a year ago.

There was also a large upward pressure from recreation and culture where, overall, prices rose this year but fell a year ago. The effects were spread across a range of goods and services.

Retail Prices Index (**RPI**) inflation slowed to **3.0** per cent in November, down from 4.2 per cent in October. The main factors affecting the CPI also affected the RPI. Additionally, there were large downward contributions from mortgage interest payments and house depreciation which are excluded from the CPI.

RPIX inflation – the all items RPI excluding mortgage interest payments – was 3.9 per cent in November, down from 4.7 per cent in October.

As an internationally comparable measure of inflation, the CPI shows that the UK inflation rate in October, at 4.5 per cent, was above the provisional figure for the European Union as a whole of 3.7 per cent.