

Statistical Bulletin

BRIEFING NOTE

Consumer Price Inflation May 2020

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CONTENTS

SUMMARY	2
CPIH SUMMARY	5
CPIH NOTABLE MOVEMENTS	8
CPIH DETAILED BRIEFING	9
RPI SUMMARY	26
RPI NOTABLE MOVEMENTS	28
RPI DETAILED BRIEFING	29
RECONCILIATION OF CPIH AND RPI	37
RPI MISCELLANEOUS DATA	38
OUTLOOK	39

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

COVID-19

As a result of the ongoing coronavirus (COVID-19) pandemic, we identified 76 items which were unavailable to UK consumers in May, as detailed in table 58 of the <u>Consumer price inflation</u> <u>dataset</u>. Overall, for the May 2020 CPIH index, we have collected a weighted total of 81.6% (excluding unavailable items) of the number of price quotes collected for the February 2020 index, although the coverage varies across the range of items.

Where items are unavailable due to the coronavirus, their movement has been imputed.

CPIH

The Consumer Prices Index including owner occupiers' housing costs (CPIH) is the most comprehensive measure of inflation. It extends the Consumer Prices Index (CPI) to include a measure of the costs associated with owning, maintaining and living in one's own home, known as owner occupiers' housing costs (OOH), along with Council Tax. Both of these are significant expenses for many households and are not included in the CPI.

Aside from including owner occupiers' housing costs (OOH) and Council Tax, CPIH is otherwise identical to CPI. This means that, aside from these two components, the factors contributing to the CPI rate are the same as those contributing to the CPIH. For example, if food is reported as increasing the CPIH rate, it is also acting to increase the CPI rate. The size of the contributions for components other than OOH and Council Tax are exaggerated in the CPI compared with the CPIH because they account for a larger proportion of the overall index.

The <u>National Statistics</u> status of the CPIH was reinstated on 31 July 2017. <u>A letter from the Director General for Regulation to the National Statistician detailed the actions that were taken to meet the requirements as set out in the <u>CPIH assessment report</u>.</u>

The main movements for CPIH in May 2020 are:

- The all items CPIH is 108.6, unchanged from last month.
- The all items CPIH annual rate is 0.7%, down from 0.9% in April.
- As a direct result of the challenges that we have encountered due to the coronavirus pandemic, we are postponing the publication of the CPIH excluding indirect taxes supplementary series,
 CPIHY. The series will next be published with the July dataset in August.
- The OOH component of CPIH is 107.8, up from 107.7 in April.
- The OOH component annual rate is 1.1%, unchanged from last month.
- The CPIH all goods index is 104.8, unchanged from last month.



- The CPIH all goods index annual rate is -0.9%, down from -0.4% last month.
- The CPIH all services index is 111.5, unchanged from last month.
- The CPIH all services index annual rate is 1.8%, down from 1.9% last month.

Consumer Prices Index (CPI)

The CPI continues to be a National Statistic and 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 <u>Users and uses of consumer price inflation statistics</u>.

The main movements for CPI in May 2020 are:

- The all items CPI is 108.5, unchanged from last month.
- The all items CPI annual rate is 0.5%, down from 0.8% in April.
- As a direct result of the challenges that we have encountered due to the coronavirus pandemic, we are postponing the publication of the CPI excluding indirect taxes, CPIY, and the CPI at constant tax rates, CPI-CT, supplementary series. These series will next be published with the July dataset in August.
- The CPI all goods index is 104.8, unchanged from last month.
- The CPI all goods index annual rate is -0.9%, down from -0.4% last month.
- The CPI all services index is 112.5, unchanged from last month.
- The CPI all services index annual rate is 1.9%, down from 2.0% last month.

Retail Prices Index (RPI)

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 <u>full</u> <u>assessment report</u> can be found on the UK Statistics Authority website.

The RPI is a legacy measure of UK inflation that continues to be published because of its use in long-term contracts and index-linked gilts. For further information see <u>Users and uses of consumer price inflation statistics</u>.

The UK Statistics Authority recommended in 2019 that the publication of the RPI should be stopped at a point in the future and that in the interim, the shortcomings of the RPI should be



addressed by introducing CPIH data sources and methods into its production. The Authority and HM Treasury have launched a <u>consultation</u> on the Authority's proposal to address the shortcomings of the RPI. HM Treasury is consulting on the appropriate timing for the proposed changes to the RPI to take place. The Authority is consulting on how to make its proposed methodological changes to the RPI in a way that follows best statistical practice. The consultation was originally scheduled to run until 22 April 2020 but, because of the coronavirus (COVID-19) pandemic, the period has been extended to 21 August 2020. The UK Statistics Authority and HM Treasury have agreed that they cannot conclude a meaningful consultation with businesses and individuals focused on mitigating the challenges that this public health and economic emergency has created.

The main movements for RPI in May 2020 are:

- The all items RPI is 292.2, down from 292.6 in April.
- The all items RPI annual rate is 1.0%, down from 1.5% last month.
- The annual rate for RPIX, the all items RPI excluding mortgage interest payments (MIPs), is 1.3%, down from 1.6% last month.
- The all goods RPI is 218.0, up from 217.7 in April.
- The all goods RPI annual rate is 0.0%, down from 0.4% last month.
- The all services RPI is 406.2, down from 406.7 in April.
- The all services RPI annual rate is 2.2%, down from 2.3% last month.

Errors in mortgage interest payments and canned tuna series for April

An error has been found in the data used to calculate the mortgage interest payments component of the RPI for April 2020. The source data used in the compilation process did not accurately reflect the level of interest rates in the mortgage market. The CPI and CPIH do not include mortgage interest payments data and so were not affected.

The published RPI annual growth rate for April 2020 was 1.5%. If the index were to be recalculated using the correct interest rate, it would reduce the RPI annual growth rate by 0.1 percentage points to 1.4%. However, in line with the published revisions policy, the index will not be revised. The data issue has been corrected and will not affect future months.

In addition, an error has been identified in the adjustment made to reflect a change in product size for a single price quote for "canned tuna" collected in April 2020. This error has no impact on the CPIH, CPI or RPI headline index numbers, annual or monthly growth rates to one decimal place. However, the various index levels affected for CPIH and CPI have been corrected alongside the publication of May's consumer price statistics. Again, in line with the published revisions policy, the RPI index levels have not been corrected.



CPIH SUMMARY

CONTRIBUTIONS TO CHANGE IN THE CPIH ANNUAL RATE

	Weight	Weight	1 month	1 month	Contribution
CPIH COICOP DIVISIONS	2019	2020	% change	% change	to CPIH annual
	Feb-Dec	Feb-Dec	May 2019	May 2020	rate change
01: Food and non-alcoholic beverages	82	79	0.1	0.5	0.04
02: Alcoholic beverages and tobacco	32	32	0.2	0.3	-
03: Clothing and footwear	54	51	0.5	0.3	-0.01
04: Housing, water, electricity, gas and other fuels	298	296	0.1	0.1	-0.01
05: Furniture, household equipment and maintenance	53	50	1.1	0.7	-0.02
06: Health	22	22	0.2	-1.4	-0.04
07: Transport	123	120	-0.3	-1.0	-0.08
08: Communication	20	17	0.6	0.5	-
09: Recreation and culture	127	136	0.5	-0.1	-0.08
10: Education	18	24	-	-	-
11: Restaurants and hotels	97	96	0.8	0.4	-0.04
12: Miscellaneous goods and services	74	77	0.2	0.1	-0.01

Large downward effects came from:

• Transport, where the price of motor fuels fell this year but rose a year ago, contributing 0.12 percentage points to the easing in the headline rate. Petrol prices fell by 2.8 pence per litre between April and May 2020, compared with a rise of 4.2 pence per litre between the same two months a year ago. Similarly, diesel prices fell by 2.6 pence per litre this year, compared with a rise of 2.8 pence per litre a year ago. Prices for motor fuels tend to move broadly in line with global prices for crude oil, but the effect is generally muted as consumer prices for motor fuels also include other costs such as transport, duty and retail costs, including operating costs that must be met even when sales are low. Global prices for crude oil fell sharply from the beginning of 2020 before recovering throughout May, albeit to



levels well below the start of the year. Within the UK, those rises were not seen at the pumps as the coronavirus (COVID-19) lockdown continued. Within the transport category, the downward contribution from fuels was partially offset by smaller upward contributions from road transport services and second-hand cars. It is important to note that as a result of the travel restrictions in place in the UK since 23 March 2020, the movement between April and May 2020 for some items has been imputed using the all-item monthly rate as outlined in Coronavirus and the effects on UK prices. This has resulted in relatively little change in coach fares between April and May this year compared with a large fall of around 23% a year ago. That fall may have been influenced by the April outbound and return journeys straddling the Easter holiday period in 2019, leading to higher prices in April followed by falls into May;

- Recreation and culture, where prices overall fell by 0.1% between April and May 2020, compared with a rise of 0.5% between the same two months a year ago. Within this broad group, there was a downward contribution (of 0.06 percentage points) from games, toys and hobbies, with the effect coming from a variety of traditional toys and games, plus computer games consoles and computer games. This movement partially reverses a large upward contribution (of 0.11 percentage points) to the change between March and April. Recording media also produced a downward effect between April and May as prices of music downloads and CDs purchased over the internet fell this year but rose a year ago;
- Restaurants and hotels, where prices overall were estimated to have increased by 0.4% between April and May this year, compared with a larger increase of 0.8% between the same two months a year ago. Part of this contribution (0.01 percentage points) came from those items available to consumers this month for fast food and takeaway services, but the majority (0.02 percentage points) was the effect of imputing for the unavailable items using the all-item rate this year compared with actual price rises a year ago; and
- Health, where prices overall fell by 1.4% this year compared with a rise of 0.2% a year ago.
 The effect came from pharmaceutical products, particularly pain killers and antihistamine
 tablets, and other medical and therapeutic products, particularly daily disposable soft
 contact lenses.

A small downward effect came from:

Furniture, household equipment and maintenance, where prices overall rose by 0.7% this year compared with a larger rise of 1.1% a year ago.

A large upward effect came from:

 Food and non-alcoholic beverages, with prices rising by 0.5% this year compared with a smaller rise of 0.1% a year ago. The effect of 0.04 percentage points came from a variety of product groups, with small upward contributions coming from such disparate products as



packs of individual cakes, dried potted snacks, cheese spread, blueberries, packets of peanuts, premium potato crisps, bags of chocolate sweets, instant coffee and orange juice.



CPIH NOTABLE MOVEMENTS

All items CPIH	Annual rate +0.7%, down from +0.9% last month Also +0.7% in May 2016 and April 2016 Last lower in February 2016 (+0.6%)
All items CPIH excl. energy, food, alcohol and tobacco	Annual rate +1.3%, down from +1.5% last month Also +1.3% in October 2015 Last lower in September 2015 (+1.2%)
Clothing and footwear	Annual rate -3.0%, down from -2.8% last month Lowest since July 2010 (-3.1%)
Furniture, household equipment and maintenance	Annual rate -0.6%, down from -0.2% last month Lowest since September 2016 (-1.4%)
Health	Annual rate +0.7%, down from +2.3% last month Never lower since official series began in January 1997
Transport	Annual rate -1.6%, down from -0.9% last month Lowest since November 2015 (-2.1%)
All goods	Annual rate -0.9%, down from -0.4% last month Lowest since August 2016 (-1.4%)
All services	Annual rate +1.8%, down from +1.9% last month Lowest since May 2010 (+1.7%)
Fuels and lubricants	Annual rate -16.7%, down from -12.2% last month Never lower since official series began in January 1997



CPIH DETAILED BRIEFING

The <u>National Statistics</u> status of the Consumer Prices Index including owner occupiers' housing costs (CPIH) was reinstated on 31 July 2017. <u>A letter</u> from the Director General for Regulation to the National Statistician detailed the actions that were taken to meet the requirements as set out in the <u>CPIH assessment report</u>.

Weights are specified as parts per 1000 in the CPIH.

01 FOOD AND NON- ALCOHOLIC BEVERAGES	Weight	Weight	1 month	1 month	Contribution
	2019	2020	% change	% change	to CPIH annual
	Feb-Dec	Feb-Dec	May 2019	May 2020	rate change
01 Food & non-alcoholic beverages	82	79	0.1	0.5	0.04

- Largest upward effect on the all items 12-month rate change.
- Due to food and non-alcoholic beverages.

01.1 Food	Weight 2019	Weight 2020	1 month % change	1 month % change	Contribution to CPIH annual
	Feb-Dec	Feb-Dec	May 2019	May 2020	rate change
01.1 Food	72	71	0.1	0.5	0.02
01.1.1 Bread and cereals	12	13	-	1.0	0.01
01.1.2 Meat	15	14	0.3	0.2	-
01.1.3 Fish	3	3	2.2	-0.9	-0.01
01.1.4 Milk, cheese and eggs	9	8	1.0	0.4	-0.01
01.1.5 Oils and fats	2	2	-1.9	-	-
01.1.6 Fruit	8	9	-1.3	0.3	0.01
01.1.7 Vegetables including potatoes	11	11	-0.5	1.5	0.02
01.1.8 Sugar, jam, syrups, chocolate and confectionery	10	9	0.7	-0.1	-0.01
01.1.9 Food products not elsewhere covered	2	2	0.2	-0.3	-

- Small upward effect on the all items 12-month rate change.
- Due to vegetables including potatoes; bread and cereals; and fruit.
- Partially offset by fish; sugar, jam, syrups, chocolate and confectionery; and milk,
 cheese and eggs.

Bread and cereals

- Small upward effect.
- Prices overall rose this year but were little changed a year ago, with the main upward



- contributions coming from packs of individual cakes and dried potted snacks.
- Partially offset by small downward contributions coming from chilled pizzas, where prices
 overall fell this year but rose a year ago, and cereal bars, where prices overall fell this year
 by more than a year ago.

Fish

- Small downward effect.
- Prices overall fell this year but rose a year ago, particularly for canned tuna.
- Please note that the April figures for fish and canned tuna have been revised following the discovery of an error. This error had no effect on the headline CPIH numbers for April and has been corrected for May.

Milk, cheese and eggs

- Small downward effect.
- Prices overall rose this year by less than a year ago, particularly for yoghurt/fromage frais.
- Partially offset by a small upward contribution coming from cheese spread, where prices overall rose this year but fell a year ago.

Fruit

- Small upward effect.
- Prices overall rose this year but fell a year ago, particularly for blueberries and packets of peanuts.

Vegetables including potatoes

- Small upward effect.
- Prices overall rose this year but fell a year ago, particularly for premium potato crisps.

Sugar, jam, syrups, chocolate and confectionery

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



01.2 Non-alcoholic beverages	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
01.2 Non-alcoholic beverages	10	8	-0.1	1.2	0.01
01.2.1 Coffee, tea and cocoa	3	2	1.2	3.2	-
01.2.2 Mineral waters, soft drinks and juices	7	6	-0.6	0.6	0.01

- 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/chilled orange juice.

02 ALCOHOLIC	Weight	Weight	1 month	1 month	Contribution
BEVERAGES AND TOBACCO	2019	2020	% change	% change	to CPIH annual
TOBAGGO	Feb-Dec	Feb-Dec	May 2019	May 2020	rate change
02 Alcoholic beverages and tobacco	32	32	0.2	0.3	-

02.1 Alcoholic Beverages	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
02.1 Alcoholic beverages	15	16	0.6	0.7	-
02.1.1 Spirits	4	5	-0.7	0.5	0.01
02.1.2 Wine	7	7	0.7	1.1	-
02.1.3 Beer	4	4	1.5	0.3	-0.01

- Negligible overall effect on the all items 12-month rate change.
- There is a small upward contribution coming from **spirits**, where prices overall rose this year but fell a year ago, with the main upward contributions coming from vodka and gin.
- Offset by a small downward contribution coming from beer, where prices overall rose this
 year by less than a year ago, with the main downward contribution coming from large packs
 of canned lager.



02.2 Tobacco	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
	I GD-DGC	I GD-DGC	Iviay 2019	IVIAY 2020	rate charige
02.2 Tobacco	17	16	-	-	-

03 CLOTHING AND FOOTWEAR	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
03 Clothing and footwear	54	51	0.5	0.3	-0.01

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

03.1 Clothing	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
03.1 Clothing	45	43	0.5	0.3	-0.01
03.1.2 Garments	41	38	0.5	0.3	-0.01
03.1.3 Other clothing and clothing accessories	3	4	1.1	0.7	-
03.1.4 Cleaning, repair and hire of clothing	1	1	-	-1.7	-

- Small downward effect on the all items 12-month rate change.
- Due to garments, where prices overall rose this year by less than a year ago, with the main downward contributions coming from children's jumper/sweatshirt/cardigan and women's formal jackets, long sleeve tops and casual trousers. Partially offset by small upward contributions coming from women's jeans, vests/strappy tops, plain t-shirts and casual jackets, and girls' fashion tops.

03.2 Footwear including repairs	Weight	Weight	1 month	1 month	Contribution
	2019	2020	% change	% change	to CPIH annual
	Feb-Dec	Feb-Dec	May 2019	May 2020	rate change
03.2 Footwear including repairs	9	8	0.4	0.3	-

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



04 HOUSING, WATER,	Weight	Weight	1 month	1 month	Contribution
ELECTRICITY, GAS AND	2019	2020	% change	% change	to CPIH annual
OTHER FUELS	Feb-Dec	Feb-Dec	May 2019	May 2020	rate change
04 Housing, water, electricity, gas and other fuels	298	296	0.1	0.1	-0.01

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

04.1 Actual rentals for housing	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
04.1 Actual rentals for housing	69	68	0.1	0.1	-

04.2 Owner occupiers' housing costs	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
04.2 Owner occupiers' housing costs	165	163	0.1	0.1	-

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

04.3 Regular maintenance and repair of the dwelling	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
04.3 Regular maintenance and repair of the dwelling	3	2	0.6	1.2	-
04.3.1 Materials for maintenance and repair	1	1	1.2	2.0	
04.3.2 Services for maintenance and repair	2	1	0.2	0.4	-

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



04.4 Other services related to the dwelling	Weight 2019	Weight 2020	1 month % change	1 month % change	Contribution to CPIH annual
	Feb-Dec	Feb-Dec	May 2019	May 2020	rate change
04.4 Other services related to the dwelling	9	9	-	-	-
04.4.1 Water supply	4	4	-	-	-
04.4.3 Sewerage collection	5	5	-	-	-

04.5 Electricity, gas and other fuels	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
04.5 Electricity, gas and other fuels	26	27	0.1	-0.1	-0.01
04.5.1 Electricity	14	15	-	-	-
04.5.2 Gas	10	10	-	-	-
04.5.3 Liquid fuels	1	1	1.6	-6.5	-0.01
04.5.4 Solid fuels	1	1	0.8	-	-

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

04.9 Council Tax and rates	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
04.9 Council Tax and rates	26	27	-	-	-

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

05 FURNITURE, HOUSEHOLD EQUIPMENT AND MAINTENANCE	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
05 Furniture, household equipment and maintenance	53	50	1.1	0.7	-0.02

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



05.1 Furniture, furnishings and carpets	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
05.1 Furniture, furnishings and carpets	22	17	1.4	0.5	-0.02
05.1.1 Furniture and furnishings	15	14	2.0	0.6	-0.02
05.1.2 Carpets and other floor coverings	7	3	-	-0.1	-

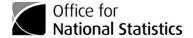
- Small downward effect on the all items 12-month rate change.
- Due to **furniture and furnishings**, where prices overall rose this year by less than a year ago, with the main downward contributions coming from lounge and bedroom furniture. In particular, average prices for single beds fell this year but rose a year ago.

05.2 Household textiles	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
05.2 Household textiles	5	6	2.3	2.8	0.01

- Small upward effect on the all items 12-month rate change.
- Prices overall rose this year by more than a year ago, particularly for bed linen.

05.3 Household appliances, fitting and repairs	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
05.3 Household appliances, fitting and repairs	8	8	1.9	0.5	-0.01
05.3.1/2 Major appliances and small electric goods	7	7	2.2	0.5	-0.01
05.3.3 Repair of household appliances	1	1	-	0.2	-

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



05.4 Glassware, tableware and household utensils	Weight	Weight	1 month	1 month	Contribution
	2019	2020	% change	% change	to CPIH annual
	Feb-Dec	Feb-Dec	May 2019	May 2020	rate change
05.4 Glassware, tableware and household					
utensils	4	6	0.6	1.1	0.01

- Small upward effect on the all items 12-month rate change.
- Prices overall rose this year by more than a year ago.

05.5 Tools and equipment for house and garden	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
05.5 Tools and equipment for house and garden	5	5	0.2	-0.6	-

05.6 Goods and services for routine maintenance	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
05.6 Goods and services for routine maintenance 05.6.1 Non-durable household goods	9	8 3	-0.4 -1.6	0.4 0.9	0.01 0.01
05.6.2 Domestic services and household services	6	5	0.2	0.1	-

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

	Weight	Weight	1 month	1 month	Contribution
06 HEALTH	2019	2020	% change	% change	to CPIH annual
	Feb-Dec	Feb-Dec	May 2019	May 2020	rate change
06 Health	22	22	0.2	-1.4	-0.04

- Large downward effect on the all items 12-month rate change.
- Due to medical products, appliances and equipment.



06.1 Medical products, appliances and equipment	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
06.1 Medical products, appliances and equipment	9	12		-2.5	-0.03
06.1.1 Pharmaceutical products 06.1.2/3 Other medical and therapeutic equipment	5	8	-0.2 0.2	-2.1 -3.4	-0.02 -0.01

- Small downward effect on the all items 12-month rate change.
- Due to pharmaceutical products; and other medical and therapeutic equipment.

Pharmaceutical products

- Small downward effect.
- Prices overall fell this year by more than a year ago, with the main downward contributions coming from painkiller tables/capsules and antihistamine allergy tablets.

Other medical and therapeutic equipment

- Small downward effect.
- Prices overall fell this year but rose a year ago, with the main downward contribution coming from packs of daily disposable soft contact lenses.

	Weight	Weight	1 month	1 month	Contribution
06.2 Out-patient services	2019	2020	% change	% change	to CPIH annual
	Feb-Dec	Feb-Dec	May 2019	May 2020	rate change
06.2 Out-patient services	8	6	0.1	-	-
06.2.1/3 Medical and paramedical					
services	5	4	0.1	-	-
06.2.2 Dental services	3	2	0.1	-0.1	-

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

06.3 Hospital services	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
06.3 Hospital Services	5	4	0.5	-0.1	-

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



07 TRANSPORT	Weight 2019	Weight 2020	1 month % change	1 month % change	Contribution to CPIH annual
	Feb-Dec	Feb-Dec	May 2019	May 2020	rate change
07 Transport	123	120	-0.3	-1.0	-0.08

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

07.1 Purchase of vehicles	Weight 2019	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
07.1 Purchase of vehicles	37	35	-0.4	0.4	0.03
07.1.1A New cars	21	19	0.1	0.3	-
07.1.1B Second-hand cars	14	14	-1.1	0.5	0.02
07.1.2/3 Motorcycles and bicycles	2	2	0.1	0.9	-

- Small upward effect on the all items 12-month rate change.
- Due to **second-hand cars**, where prices overall rose this year but fell a year ago.

07.2 Operation of personal transport equipment	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
07.2 Operation of personal transport equipment	60	62	1.3	-1.1	-0.14
07.2.1 Spare parts and accessories	4	4	-	0.4	-
07.2.2 Fuels and lubricants	24	25	2.8	-2.4	-0.12
07.2.3 Maintenance and repairs	20	21	0.4	-0.6	-0.02
07.2.4 Other services	12	12	0.1	-0.1	-

- Large downward effect on the all items 12-month rate change.
- Due to fuels and lubricants; and, to a lesser extent, maintenance and repairs.

Fuels and lubricants

- Large downward effect.
- Prices overall fell this year but rose a year ago.
- The average price of petrol across the month, as recorded for the CPIH, fell by 2.8 pence per litre between April and May 2020, to stand at 106.2 pence per litre.
- Last year, the average price of petrol rose by 4.2 pence per litre between April and May 2019, to stand at 128.3 pence per litre.



• The average price of diesel fell by 2.6 pence per litre between April and May 2020, to stand at 113.4 pence per litre, compared with a rise of 2.8 pence per litre a year earlier, to stand at 135.8 pence per litre.

Maintenance and repairs

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

07.3 Transport services	Weight 2019	Weight 2020	1 month % change	1 month % change	Contribution to CPIH annual
	Feb-Dec	Feb-Dec	May 2019	May 2020	rate change
07.3 Transport services	26	23	-3.8	-3.0	0.03
07.3.1 Passenger transport by railway	11	9	-2.6	-2.8	-
07.3.2 Passenger transport by road	9	8	-3.6	-	0.03
07.3.3 Passenger transport by air	4	4	-5.2	-5.6	-
07.3.4 Passenger transport by sea and inland waterway	2	2	-7.9	-8.2	-

- Small upward effect on the all items 12-month rate change.
- Due to passenger transport by road, where average coach fares were little changed this
 year but fell a year ago. Coach fares are unavailable due to the current coronavirus (COVID19) pandemic so their movement has been imputed.

08 COMMUNICATION	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
08 Communication	20	17	0.6	0.5	-

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

	Weight	Weight	1 month	1 month	Contribution
08.1 Postal services	2019	2020	% change	% change	to CPIH annual
	Feb-Dec	Feb-Dec	May 2019	May 2020	rate change
08.1 Postal services	1	1	-	-	-

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



08.2/3 Telephone equipment and services	Weight	Weight	1 month	1 month	Contribution
	2019	2020	% change	% change	to CPIH annual
	Feb-Dec	Feb-Dec	May 2019	May 2020	rate change
08.2/3 Telephone equipment and services	19	16	0.7	0.5	-

09 RECREATION AND CULTURE	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
09 Recreation and culture	127	136	0.5	-0.1	-0.08

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

09.1 Audio-visual equipment and related products	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
09.1 Audio-visual equipment and related products	17	18	1.0	-1.4	-0.04
09.1.1 Equipment for the reception and reproduction of sound and pictures	4	3	0.1	1.6	-
09.1.2 Photographic, cinematographic and optical equipment	2	2	2.6	1.2	-
09.1.3 Data processing equipment	7	7	1.4	-	-0.01
09.1.4 Recording media	3	5	0.8	-5.9	-0.04
09.1.5 Repair of audio-visual equipment and related products	1	1	-	-	-

- Large downward effect on the all items 12-month rate change.
- Due to recording media and, to a lesser extent, data processing equipment.

Data processing equipment

- Small downward effect.
- Prices overall were little changed this year but rose a year ago.



Recording media

- Large downward effect.
- Prices overall fell this year but rose a year ago, particularly for music downloads and CDs bought via the internet.
- Partially offset by a small upward effect coming from shop bought CDs, where prices overall
 rose this year but fell a year ago.

09.2 Other major durables for recreation and culture	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
09.2.1/2 Major durables for in/outdoor recreation	14	14	-	-	-

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

09.3 Other recreational items, gardens and pets	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
09.3 Other recreational items, gardens and pets	30	33	1.6	-0.2	-0.05
09.3.1 Games, toys and hobbies	18	16	2.9	-0.6	-0.06
09.3.2 Equipment for sport and open-air recreation	2	3	-0.3	-0.4	-
09.3.3 Gardens, plants and flowers	3	5	-0.4	0.7	0.01
09.3.4/5 Pets, related products and services	7	9	0.1	0.1	-

- Large downward effect on the all items 12-month rate change.
- Due to games, toys and hobbies, where prices overall fell this year but rose a year ago, with the main downward contributions coming from computer game consoles, shop bought computer games, board games and children's craft kits. Partially offset by a small upward contribution coming from computer games purchased via the internet, where prices overall rose this year but fell a year ago.
- Partially offset by gardens, plants and flowers, where prices overall rose this year but fell a
 year ago.



09.4 Recreational and cultural services	Weight 2019	Weight 2020	1 month % change	1 month % change	Contribution to CPIH annual
	Feb-Dec	Feb-Dec	May 2019	May 2020	rate change
09.4 Recreational and cultural services	22	28	-	0.4	0.01
09.4.1 Recreational and sporting services	6	8	0.2	1.6	0.01
09.4.2 Cultural services	16	20	-0.1	-0.1	-

- Small upward effect on the all items 12-month rate change.
- Due to **recreational and sporting services**, where average charges rose this year by more than a year ago.
- Some of these items are unavailable due to the current coronavirus (COVID-19) pandemic so their movement has been imputed.

09.5 Books, newspapers and stationery	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
09.5 Books, newspapers and stationery	10	9	-0.2	0.7	0.01
09.5.1 Books	3	3	-0.2	2.1	0.01
09.5.2 Newspapers and periodicals	3	3	-0.5	-0.2	-
09.5.3/4 Misc. printed matter, stationery, drawing materials	4	3	0.1	0.3	-

- Small upward effect on the all items 12-month rate change.
- Due to books, where average prices for non-fiction paperbacks rose this year but fell a year ago. Partially offset by a small downward contribution coming from fiction books.

09.6 Package holidays	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
09.6 Package holidays	34	34	-0.1	-	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.
- These items are unavailable due to the current coronavirus (COVID-19) pandemic so their movement has been imputed.



10 EDUCATION	Weight 2019	Weight 2020	1 month % change	1 month % change	Contribution to CPIH annual
	Feb-Dec	Feb-Dec	May 2019	May 2020	rate change
10 Education	18	24	-	-	-

11 RESTAURANTS AND	Weight	Weight	1 month	1 month	Contribution
HOTELS	2019	2020	% change	% change	to CPIH annual
	Feb-Dec	Feb-Dec	May 2019	May 2020	rate change
11 Restaurants and hotels	97	96	0.8	0.4	-0.04

- Large downward effect on the all items 12-month rate change.
- Due to accommodation services and catering services.

11.1 Catering services	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
11.1 Catering services	76	80	0.2	-	-0.02
11.1.1 Restaurants and cafes	70	74	0.2	-	-0.02
11.1.2 Canteens	6	6	0.6	0.2	-

- Small downward effect on the all items 12-month rate change.
- Due to restaurants and cafes, where prices overall were little changed this year but rose a
 year ago.
- Some of these items are unavailable due to the current coronavirus (COVID-19) pandemic so their movement has been imputed.

11.2 Accommodation	Weight	Weight	1 month	1 month	Contribution
services	2019	2020	% change	% change	to CPIH annual
	Feb-Dec	Feb-Dec	May 2019	May 2020	rate change
11.2 Accommodation services	21	16	2.9	2.6	-0.02

- Small downward effect on the all items 12-month rate change.
- Prices overall rose this year by less than a year ago.
- Some of these items are unavailable due to the current coronavirus (COVID-19) pandemic so their movement has been imputed.



12 MISCELLANEOUS GOODS AND SERVICES	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
12 Misc. goods and services	74	77	0.2	0.1	-0.01

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

12.1 Personal care	Weight 2019	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
12.1 Personal care	24	23	-	0.5	0.01
12.1.1 Hairdressing and personal grooming establishments	6	6	0.1	0.2	-
12.1.2/3 Appliances and products for personal care	18	17	-0.1	0.6	0.01

- Small upward effect on the all items 12-month rate change.
- Due to **appliances and products for personal care**, where prices overall rose this year but fell a year ago. Partially offset by a small downward contribution coming from shower gel.

12.3 Personal effects not elsewhere covered	Weight 2019	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
12.3 Personal effects not elsewhere covered	15	11	0.3	-0.2	-0.01
12.3.1 Jewellery, clocks and watches	10	7	0.3	0.2	-
12.3.2 Other personal effects	5	4	0.2	-1.0	-0.01

- Small downward effect on the all items 12-month rate change.
- Due to **other personal effects**, where prices overall fell this year but rose a year ago.

12.4 Social protection	Weight 2019	Weight 2020	1 month % change	1 month % change	Contribution to CPIH annual
	Feb-Dec	Feb-Dec	May 2019	May 2020	rate change
12.4 Social protection	13	17	0.5	0.5	-



12.5 Insurance	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
12.5 Insurance	5	5	1.0	-0.4	-0.01
12.5.2 House contents insurance	1	1	1.3	-0.4	-
12.5.3 Health insurance	2	2	-	-	-
12.5.4 Transport insurance	2	2	1.9	-0.9	-0.01

- Small downward effect on the all items 12-month rate change.
- Due to **transport insurance**, where average premiums for car insurance fell this year but rose a year ago.

12.6 Financial services not elsewhere covered	Weight 2019	Weight 2020	1 month % change	1 month % change	Contribution to CPIH annual
	Feb-Dec	Feb-Dec	May 2019	May 2020	rate change
12.6 Financial services not elsewhere covered	8	8	-	-0.5	-

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

12.7 Other services not elsewhere covered	Weight 2019 Feb-Dec	Weight 2020 Feb-Dec	1 month % change May 2019	1 month % change May 2020	Contribution to CPIH annual rate change
12.7 Other services not elsewhere covered	9	13	0.3	-	-

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



RPI SUMMARY

CONTRIBUTIONS TO CHANGE IN THE RPI ANNUAL RATE

	Weight	Weight	1 month	1 month	Contribution
GROUPS	pre-Jul	2020	% change	% change	to RPI annual
	2019		May 2019	May 2020	rate change
F00D	100	400	0.0	0.0	0.04
FOOD	100	102	0.2	0.6	0.04
CATERING	49	51	0.2	0.1	-0.01
ALCOHOLIC DRINKS	59	62	0.3	0.3	-
TOBACCO	21	22	_	-0.2	_
TOD/NOCO	21	<u>LL</u>		0.2	
HOUSING	260	266	0.4	-0.3	-0.18
FUEL AND LIGHT	38	40	0.1	-0.2	-0.01
HOUSEHOLD GOODS	69	67	0.9	0.5	-0.03
HOUSEHOLD SERVICES	61	55	0.6	0.2	-0.02
CLOTHING AND FOOTWEAR	39	37	0.7	1.0	0.01
PERSONAL GOODS AND SERVICES	42	42	0.2	-	-0.01
MOTORING EXPENDITURE	125	113	1.3	-0.9	-0.24
FARES AND OTHER TRAVEL COSTS	28	26	-3.9	-3.3	0.02
LEISURE GOODS	24	26	0.5	-	-0.01
LEISURE SERVICES	85	91	0.2	0.3	0.01

As a result of the <u>error identified in the Retail Prices Index (RPI) in 2019</u> (resulting from an issue with the 2017 and 2018 Living Costs and Food Survey (LCF) dataset, which is used to produce the weights unpinning the RPI), the 2019 RPI was based on two weight structures – prior to July 2019, on the incorrect basis and, from July 2019 onwards, on the corrected basis.

From February 2020, the new 2020 RPI weights structure has been implemented and it should be noted that contributions calculations will be based on the comparison between the latest 2020 weights structure and the structure used at the time of publication. This means that contribution



calculations between now and July 2020 will be based on the uncorrected 2019 weights structure to ensure that no revisions are made to the RPI.

In addition, an error has been found in the data used to calculate the mortgage interest payments component of the RPI for April 2020. The source data used in the compilation process did not accurately reflect the level of interest rates in the mortgage market.

The published RPI annual growth rate for April 2020 was 1.5%. If the index were to be recalculated using the correct interest rate, it would reduce the RPI annual growth rate by 0.1 percentage points to 1.4%. However, in line with the published revisions policy, the index has not been revised. The data issue has been corrected and does not affect the index for May or future months.

At the same time, an error has been identified in the adjustment made to reflect a change in product size for a single price quote for 'canned tuna' collected in April 2020. This error has no impact on the RPI headline index numbers, annual or monthly growth rates to 1 decimal place. Again, in line with the published revisions policy, the RPI index levels for April have not been corrected. However, the data issue has been corrected and does not affect the index for May or future months.



RPI NOTABLE MOVEMENTS

All items RPI	Annual rate +1.0%, down from +1.5% last month Lowest since October 2015 (+0.7%)
All items RPI excl. MIPS (RPIX)	Annual rate +1.3%, down from +1.6% last month Also +1.3% in December 2015 Last lower in November 2015 (+1.1%)
Housing	Annual rate +1.3%, down from +2.0% last month Also +1.3% in March 2012, February 2012, January 2012 and December 2011 Last lower in November 2011 (+1.2%)
Fuel and light	Annual rate -8.3%, down from -8.0% last month Never lower since official series began in June 1948
Household services	Annual rate +2.9%, down from +3.2% last month Lowest since November 2018 (+2.7%)
Personal goods and services	Annual rate +2.1%, down from +2.4% last month Lowest since October 2018 (+1.7%)
Motoring expenditure	Annual rate -2.5%, down from -0.4% last month Lowest since December 2015 (-2.7%)
All goods	Annual rate 0.0%, down from +0.4% last month Lowest since August 2016 (-0.2%)
All services	Annual rate +2.2%, down from +2.3% last month Also +2.2% in March 2017 and April 2016 Last lower in October 2015 (+2.1%)
Petrol and oil	Annual rate -17.3%, down from -11.7% last month Lowest since August 1986 (-19.4%)



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.

FOOD	Weight pre-Jul	Weight 2020	1 month % change	1 month % change	Contribution to RPI annual
	2019		May 2019	May 2020	rate change
FOOD	100	102	0.2	0.6	0.04

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

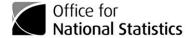
Seasonal Food	Weight pre-Jul	Weight 2020	1 month % change	1 month % change	Contribution to RPI annual
	2019		May 2019	May 2020	rate change
SEASONAL FOOD	18	18	-0.2	-	-
Home killed lamb	1	1	-0.5	1.5	-
Fresh fish	2	2	2.4	-1.1	-0.01
Eggs	1	1	-	2.3	-
Unprocessed potatoes	1	1	2.7	-1.4	-
Other fresh vegetables	6	6	0.3	0.3	-
Fresh fruit	7	7	-1.8	-0.2	0.01

- Negligible overall effect on the all items 12-month rate change.
- There is a small upward contribution coming from **fresh fruit**, where prices overall fell this year by less than a year ago, with the main upward contribution coming from blueberries.
- Offset by a small downward contribution coming from fresh fish, where prices overall fell this
 year but rose a year ago, particularly for salmon fillets.



	Weight	Weight	1 month	1 month	Contribution
Non-Seasonal Food	pre-Jul	2020	% change	% change	to RPI annual
	2019		May 2019	May 2020	rate change
NON-SEASONAL FOOD	82	84	0.3	0.7	0.03
Bread	3	3	-0.2	-0.9	-
Cereals	3	3	0.2	-2.0	-0.01
Biscuits and cakes	6	6	-0.8	2.8	0.02
Beef	3	3	0.8	-1.0	-0.01
Imported lamb	1	0	2.1	•	-
Pork	1	1	2.0	-	-
Bacon	1	1	2.2	-0.6	-
Poultry	4	3	-0.6	0.2	-
Other meat	6	6	-0.2	0.2	-
Processed fish	2	2	3.6	5.2	-
Butter	1	1	-0.6	-2.0	-
Oils and fats	1	1	-3.0	0.1	-
Cheese	3	3	-2.4	0.8	0.01
Milk, fresh	3	3	0.6	-	-
Milk products	4	4	5.6	-0.7	-0.03
Tea	1	1	1.8	0.2	-
Soft drinks	9	9	-0.4	0.4	0.01
Sugar and preserves	1	1	-0.3	4.3	-
Sweets and chocolates	11	12	0.5	-	-0.01
Potato products	3	3	-2.2	4.9	0.02
Processed vegetables	1	2	-0.2	0.1	-
Processed fruit	1	2	-0.9	1.6	-
Other foods	11	12	0.4	0.6	-
Coffee and other hot drinks	2	2	0.8	4.2	0.01

- Small upward effect on the all items 12-month rate change.
- Due to:
 - Biscuits and cakes, potato products, cheese and soft drinks, where prices overall rose this year but fell a year ago, with the main upward contributions coming from premium potato crisps, packs of individual cakes, cheese spread, whole sponge cakes and fresh/chilled orange juice. Partially offset by a small downward contribution coming from bottles of diet/sugar free cola drinks, where prices overall fell this year but rose a year ago; and
 - Coffee and other hot drinks, where prices overall rose this year by more than a year ago, with the main upward contribution coming from instant coffee.
- Partially offset by:
 - Milk products, cereals and beef, where prices overall fell this year but rose a year
 ago, with the main downward contributions coming from yoghurt/fromage frais and
 cereal bars; and
 - Sweets and chocolates, where prices overall were little changed this year but rose a
 year ago, with the main downward contributions coming from cartons/boxes of



chocolate and bags of non-chocolate sweets. Partially offset by a small upward contribution coming from bags of chocolate sweets, where prices overall rose this year by more than a year ago.

CATERING	Weight pre-Jul	Weight 2020	1 month % change May 2019	1 month % change May 2020	Contribution to RPI annual rate change
CATERING	49	51	0.2	0.1	-0.01
Restaurant meals	29	30	0.1	0.2	-
Canteen meals	3	3	0.6	0.2	-
Take-away meals and snacks	17	18	0.3	-0.2	-0.01

- Small downward effect on the all items 12-month rate change.
- Due to **take-away meals and snacks**, where prices overall fell this year but rose a year ago.
- Some of these items are unavailable due to the current coronavirus (COVID-19) pandemic so their movement has been imputed.

ALCOHOLIC DRINKS	Weight pre-Jul	Weight 2020	1 month % change	1 month % change	Contribution to RPI annual
	2019		May 2019	May 2020	rate change
ALCOHOLIC DRINKS	59	62	0.3	0.3	-
Beer on sales	19	19	0.1	-0.1	-
Beer off sales	6	6	1.1	0.4	-
Wines and spirits on sales	19	21	0.3	-0.1	-0.01
Wines and spirits off sales	15	16	0.2	0.9	0.01

- Negligible overall effect on the all items 12-month rate change.
- There is a small upward contribution coming from wines and spirits off sales, where prices
 overall rose this year by more than a year ago, with the main upward contributions coming
 from New World red wine, vodka and gin. Partially offset by a small downward contribution
 coming from New World white wine, where prices overall rose this year by less than a year
 ago.
- Offset by a small downward contribution coming from wines and spirits on sales, where
 prices overall fell this year but rose a year ago. The items in this section are unavailable due
 to the current coronavirus (COVID-19) pandemic so their movement has been imputed.

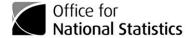


ТОВАССО	Weight pre-Jul 2019	Weight 2020	1 month % change May 2019	1 month % change May 2020	Contribution to RPI annual rate change
TOBACCO	21	22	- Ividy 2015	-0.2	-
Cigarettes	17	18	-	0.2	-
Other tobacco products	4	4	-0.1	-1.9	-0.01

- Negligible overall effect on the all items 12-month rate change.
- There is a small downward contribution coming from **other tobacco products**, where prices overall fell this year by more than a year ago, particularly for hand rolling tobacco.

HOUSING	Weight	Weight	1 month	1 month	Contribution
110031140	pre-Jul	2020	% change	% change	to RPI annual
	2019		May 2019	May 2020	rate change
HOUSING	260	266	0.4	-0.3	-0.18
Rent	77	82	0.2	0.2	-
Mortgage interest payments	25	24	0.3	-5.5	-0.14
Council Tax and rates	39	41	-	-	-
Water and other charges	12	13	-	-	-
Repairs and maintenance charges	10	9	0.2	0.3	-
DIY materials	7	7	1.4	1.1	-
Dwelling insurance and ground rent	6	6	0.6	-0.1	-
House depreciation	84	84	0.7	0.2	-0.03

- Large downward effect on the all items 12-month rate change.
- Due to:
 - Mortgage interest payments, where average charges fell this year but rose a year ago; and, to a lesser extent,
 - **House depreciation**, where the smoothed house price index used to calculate this component rose this year by less than a year ago.
- Please note that the movement in mortgage interest payments is affected by an error in the series for April 2020. The source data used in the compilation process did not accurately reflect the level of interest rates in the mortgage market. In line with the published revisions policy, the index has not been revised. However, the data issue has been corrected and does not affect the index for May or future months.



FUEL AND LIGHT	Weight pre-Jul 2019	Weight 2020	1 month % change May 2019	1 month % change May 2020	Contribution to RPI annual rate change
FUEL AND LIGHT	38	40	0.1	-0.2	-0.01
Coal and solid fuels	1	1	0.9	-	-
Electricity	19	21	-	-	-
Gas	15	15	-	-	-
Oil and other fuels	3	3	1.3	-4.1	-0.01

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

HOUSEHOLD GOODS	Weight pre-Jul	Weight 2020	1 month % change	1 month % change	Contribution to RPI annual
	2019		May 2019	May 2020	rate change
HOUSEHOLD GOODS	69	67	0.9	0.5	-0.03
Furniture	27	27	2.1	0.5	-0.04
Furnishings	10	9	1.0	0.9	-
Electrical appliances	7	6	0.9	-	-0.01
Other household equipment	5	4	1.3	1.5	-
Household consumables	11	12	-1.5	0.5	0.02
Pet care	9	9	0.1	0.1	-

- 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, with the main
 downward contributions coming from single beds, settees, sofa beds and coffee tables.
 Partially offset by a small upward contribution coming from dining tables and chairs,
 where prices overall rose this year by more than a year ago; and, to a lesser extent,
 - **Electrical appliances**, where prices overall were little changed this year but rose a year ago.
- Partially offset by household consumables, where prices overall rose this year but fell a
 year ago, with the main upward contribution coming from household cleaner cream/liquid.



HOUSEHOLD SERVICES	Weight pre-Jul 2019	Weight 2020	1 month % change May 2019	1 month % change May 2020	Contribution to RPI annual rate change
HOUSEHOLD SERVICES	61	55	0.6	0.2	-0.02
Domestic services	14	12	0.3	0.2	-
Fees and subscriptions	22	18	0.5	-0.5	-0.02
Postage	1	1	-	-	-
Telephone charges	24	24	0.9	0.8	-

- Small downward effect on the all items 12-month rate change.
- Due to **fees and subscriptions**, where average estate agent fees and house contents insurance premiums fell this year but rose a year ago.

CLOTHING AND FOOTWEAR	Weight pre-Jul 2019	Weight 2020	1 month % change May 2019	1 month % change May 2020	Contribution to RPI annual rate change
CLOTHING AND FOOTWEAR	39	37	0.7	1.0	0.01
Men's outerwear	8	7	1.1	-0.7	-0.01
Women's outerwear	14	13	0.4	2.8	0.03
Children's outerwear	4	4	1.0	-0.2	-
Other clothing	5	5	0.8	1.1	-
Footwear	8	8	0.5	0.1	-

- Small upward effect on the all items 12-month rate change.
- Due to women's outerwear, where prices overall rose this year by more than a year ago,
 with the main upward contributions coming from short sleeve/sleeveless formal tops,
 vets/strappy tops, jeans, plain t-shirts, casual jackets and formal trousers. Partially offset by
 small downward contributions coming from long sleeve tops, formal jackets and casual
 trousers.
- Partially offset by men's outerwear, where prices overall fell this year but rose a year ago.

PERSONAL GOODS AND SERVICES	Weight pre-Jul 2019	Weight 2020	1 month % change	1 month % change	Contribution to RPI annual
	2019		May 2019	May 2020	rate change
PERSONAL GOODS AND SERVICES	42	42	0.2	-	-0.01
Personal articles	10	10	0.7	-0.1	-0.01
Chemists' goods	16	16	0.1	0.1	-
Personal services	16	16	0.1	-0.1	•

- Small downward effect on the all items 12-month rate change.
- Due to **personal articles**, where prices overall fell this year but rose a year ago, with the



main downward contribution coming from packs of daily disposable soft contact lenses.

Partially offset by a small upward contribution coming from mobile phone accessories, where prices overall rose this year by more than a year ago.

MOTORING EXPENDITURE	Weight pre-Jul 2019	Weight 2020	1 month % change May 2019	1 month % change May 2020	Contribution to RPI annual rate change
MOTORING EXPENDITURE	125	113	1.3	-0.9	-0.24
Purchase of motor vehicles	51	37	-0.5	0.4	0.04
Maintenance of motor vehicles	17	15	0.4	-0.3	-0.01
Petrol and oil	35	37	3.5	-3.1	-0.22
Vehicle tax and insurance	22	24	2.3	-	-0.05

- Largest downward effect on the all items 12-month rate change.
- Due to:
 - **Petrol and oil**, where prices overall fell this year but rose a year ago. The price of petrol, as recorded for the RPI, fell by 3.5 pence per litre between April and May 2020, to stand at 105.1 pence per litre, compared with a rise of 5.3 pence per litre last year, to stand at 128.0 pence per litre. Diesel prices fell by 3.5 pence per litre, to stand at 112.2 pence per litre in May 2020, compared with a rise of 3.3 pence per litre last year, to stand at 135.4 pence per litre;
 - **Vehicle tax and insurance**, where average premiums for car insurance were little changed this year but rose a year ago; and, to a lesser extent,
 - **Maintenance of motor vehicles**, where average charges for roadside recovery services fell this year but rose a year ago.
- Partially offset by purchase of motor vehicles, where average prices for second-hand cars rose this year but fell a year ago.

FARES AND OTHER TRAVEL COSTS	Weight pre-Jul 2019	Weight 2020	1 month % change May 2019	1 month % change May 2020	Contribution to RPI annual rate change
FARES AND OTHER TRAVEL COSTS	28	26	-3.9	-3.3	0.02
Rail fares	7	7	-2.6	-2.8	-
Bus and coach fares	3	3	-8.1	-	0.03
Other travel costs	18	16	-3.7	-4.0	-

- Small upward effect on the all items 12-month rate change.
- Due to bus and coach fares, where average coach fares were little changed this year but fell a year ago. Coach fares are unavailable due to the current coronavirus (COVID-19) pandemic so their movement has been imputed.



LEISURE GOODS	Weight pre-Jul 2019	Weight 2020	1 month % change May 2019	1 month % change May 2020	Contribution to RPI annual rate change
LEISURE GOODS	24	26	0.5	-	-0.01
Audio-visual equipment	4	5	1.5	1.5	-
CDs and tapes	1	1	1.2	-4.6	-0.01
Toys, photographic and sports goods	9	9	1.6	-0.3	-0.02
Books and newspapers	5	5	-1.0	0.5	0.01
Gardening products	5	6	-0.4	0.2	-

- Small downward effect on the all items 12-month rate change.
- Due to toys, photographic and sports goods and CDs and tapes, where prices overall fell
 this year but rose a year ago.
- Partially offset by **books and newspapers**, where prices overall rose this year but fell a year ago, with the main upward contribution coming from non-fiction paperbacks.

LEISURE SERVICES	Weight pre-Jul 2019	Weight 2020	1 month % change May 2019	1 month % change May 2020	Contribution to RPI annual rate change
LEISURE SERVICES	85	91	0.2	0.3	0.01
TV licence and rentals	10	14	-	-	-
Entertainment and other recreation	16	16	-	0.8	0.01
Foreign holidays	46	50	-0.1	-	-
UK holidays	13	11	1.4	1.1	-0.01

- Small upward effect on the all items 12-month rate change.
- Due to entertainment and other recreation, where prices overall rose this year but were little changed a year ago. Some of these items are unavailable due to the current coronavirus (COVID-19) pandemic so their movement has been imputed.
- Partially offset by UK holidays, where prices overall rose this year by less than a year ago.
 These items are unavailable due to the current coronavirus (COVID-19) pandemic so their movement has been imputed.



RECONCILIATION OF CPIH AND RPI

(Table 5a of the Consumer Price Inflation Dataset)

This table identifies the main factors contributing to the differences between the unrounded inflation rates for the CPIH and the RPI. These differences are broken down into: mortgage interest payments, other housing components excluded from the CPIH, imputed rents (included in CPIH as a measure of owner occupiers' housing costs and excluded from RPI), other differences in the coverage of goods and services, and the formula effect. The final component titled 'other differences including weights' is derived as a residual.

The corresponding figures for the Consumer Prices Index (CPI) can be found in Table 5b of the Consumer price inflation dataset.

The difference between the CPIH and RPI unrounded annual rates in May 2020 was -0.40 percentage points, narrowing from -0.60 percentage points in April 2020.

The main factors contributing to the narrowing were:

- Mortgage interest payments, which decreased the RPI 12-month rate by 0.14 percentage points between April and May 2020 but are excluded from the CPIH. Please note that the movement in mortgage interest payments is affected by an error in the series for April 2020. The source data used in the compilation process did not accurately reflect the level of interest rates in the mortgage market. In line with the published revisions policy, the index has not been revised. However, the data issue has been corrected and does not affect the index for May or future months.
- Other housing components, which decreased the RPI 12-month rate relative to the CPIH
 12-month rate by 0.05 percentage points between April and May 2020. The effect came
 mainly from house depreciation.
- Other differences including weights, which decreased the RPI 12-month rate relative to
 the CPIH 12-month rate by 0.02 percentage points between April and May 2020. The effect
 came from a range of sectors and encompasses the difference between imputed price
 movements, for items that are currently unavailable to consumers to purchase, in the CPIH
 and the RPI. The coronavirus and the effects on UK prices article describes the approach
 we have taken.

There were no significant offsetting factors.



RPI MISCELLANEOUS DATA

Selected Average Prices

Description		March 2020	April 2020	May 2020
Fuel per litre	Diesel	£1.24	£1.16	£1.12
	Petrol	£1.20	£1.09	£1.05
Alcohol pub	Draught bitter (pint)	£3.13		
	Draught lager (pint)	£3.75		
	Whisky (per nip)	£3.05		
Cigarettes	Per 20 king size	£11.02	£11.10	£11.12

Average prices are as recorded for the RPI.

Due to the coronavirus pandemic (COVID-19), we have been unable to collect alcohol pub prices.

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
May 2019	+0.3	Negligible	-
June 2019	+0.1	Down 0.02% points	-0.02% points
July 2019	0.0	Negligible	-
August 2019	+0.8	Negligible	-
September 2019	-0.2	Negligible	-
October 2019	-0.2	Down 0.02% points	-0.02% points
November 2019	+0.2	Down 0.01% points	-0.01% points
December 2019	+0.3	Negligible	-
January 2020	-0.4	Down 0.03% points	-0.03% points
February 2020	+0.5	Down 0.02% points	-0.02% points
March 2020	+0.2	Negligible	-
April 2020	0.0	Down 0.02% points	-0.02% points
May 2020	-0.1	Down 0.13% points	-0.13% points

NB: A one percentage point change in the average mortgage interest rate contributes approx. 1.0 percentage points to the 1-month percentage change in the RPI.

Please note that the movements in mortgage interest rates in April and May 2020 are affected by an error in the series for April. In line with the published revisions policy, the series has not been revised. However, the issue has been corrected and does not affect the rate for May or future months.



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 CPIH and RPI in the next few months.

COVID-19

In preparing to collect the prices for this publication, we identified 76 goods or services across the CPIH/CPI and RPI baskets of goods and services that were unavailable for consumers. These are listed in table 58 of the <u>Consumer price inflation dataset</u>, together with the changes in unavailable items between April and May.

As the collection issues are likely to continue in subsequent months, we are continuing to monitor the resumption of services stopped during the lockdown period, and we will carefully consider how we will reintroduce items in the coming months.

FOOD

Seasonal Food

 Seasonal food prices have tended to fall in June of recent years and are typically dependent on weather conditions both in the UK and around the world.

Monthly % change for CPIH seasonal food index				
Year	April	May	June	
2014	-1.7	-1.6	-0.5	
2015	-0.7	0.1	-	
2016	-0.8	-0.7	-0.8	
2017	-0.2	-0.5	-0.3	
2018	-0.8	0.5	-0.9	
2019	-0.8	-0.4	1.1	
2020	1.2	0.7		

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



CLOTHING AND FOOTWEAR

Prices for clothing and footwear tend to fall in June as a result of the summer sales.

Monthly % change for CPIH clothing and footwear index				
Year	April	May	June	
2014	1.0	-0.1	0.6	
2015	0.7	0.5	-0.4	
2016	-0.3	-0.2	-0.7	
2017	1.1	0.5	-1.0	
2018	0.4	0.2	-2.1	
2019	0.2	0.5	-1.0	
2020	-1.5	0.3		

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

FURNITURE, HOUSEHOLD EQUIPMENT AND MAINTENANCE

Prices tend to rise in June.

Monthly % change for CPIH furniture, household equipment and maintenance index					
Year	Year April May June				
2014	-0.9	0.5	0.2		
2015	-1.2	0.6	0.4		
2016	-1.5	0.4	-0.3		
2017	-1.0	1.2	0.5		
2018	-0.8	0.6	0.3		
2019	-1.2	1.1	0.7		
2020	-1.5	0.7			

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

TRANSPORT

Fuels and Lubricants

- Oil prices rose more than 2% as signs that fuel demand was recovering, while OPEC+
 members were complying with a production cut deal, outweighed fears that new coronavirus
 infections could further slow the global economy. U.S. West Texas Intermediate crude rose
 to settle at \$37.12 a barrel. Brent crude rose to settle at \$39.72 a barrel. (uk.reuters.com 15
 June 2020)
- When considering the price of petrol between May and June 2020, it may be useful to note that the average price of petrol fell by 0.1 pence per litre between May and June 2019, to stand at 128.2 pence per litre as measured in the CPIH.
- A 1 pence change on average in the cost of a litre of motor fuel contributes approximately
 0.02 percentage points to the 1-month change in the CPIH.



Passenger Transport by Air

 Air fares have tended to rise in June historically. However, they are unavailable in 2020 due to the current coronavirus (COVID-19) pandemic so their movement will be imputed.

Monthly % change for CPIH air fares index				
Year	April	May	June	
2014	17.9	-3.2	7.0	
2015	4.5	10.4	0.3	
2016	-14.2	3.8	10.9	
2017	18.6	-6.4	14.5	
2018	-0.2	10.0	8.1	
2019	26.4	-5.2	4.5	
2020	15.5	-5.6		

The air fares index used in the RPI is the same as that used in the CPIH and is included in the other travel costs section.

HOUSING (RPI)

Mortgage Interest Payments (MIPs)

- The Bank of England Bank Rate was unchanged at 0.10% on Thursday 7 May 2020. The
 next announcement and minutes from the Bank of England's Monetary Policy Committee are
 scheduled to be published on 18 June 2020.
- The change in average mortgage interest rates recorded in the RPI was -0.02 percentage points between May and June 2019. The Bank of England Bank Rate remained unchanged at 0.75% in May 2019.
- A one percentage point change in the average mortgage interest rate contributes approximately 1.0 percentage points to the 1-month percentage change in the RPI.



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