

UK Retail Inflation

Monthly report

Consumer Prices

1.8%

The Consumer Price Index rose by 1.8% in January, year-on-year, up from the 1.3% rise in the previous month.

CPIH Inflation

1.8%

The Consumer Price Index, including owner occupiers' housing costs, rose by 1.8% in January, year-on-year.

Food Prices

1.4%

Food and Non-alcoholic beverages inflation rose by 1.4% in January, year-on-year.

Producer Prices

1.1%

The Producer Price Index for outputs rose by 1.1% in January, year-on-year, rising on the previous month.

Shop Price Inflation

-0.3%

The BRC-Nielsen Shop Price Index reported prices fell 0.3% year-on-year in January.

SUBSCRIBE FOR THE LATEST DATA



What you get from our UK Retail Inflation reports

- ✓ **Key economic trends from the latest available data to inform your decisions**
- ✓ **Insight on the impact of inflation on households**
- ✓ **Analysis on the key drivers of inflation to support your strategy**
- ✓ **A comprehensive view of different measures of inflation affecting retail**
- ✓ **Insight on where inflationary pressures are within the supply chain**
- ✓ **Learn about the cost pressures retailers are facing and how they are reacting**
- ✓ **Covid-19 related insights to assist your forward planning**



COVID-19 Service

We conduct extensive research and analysis on the impact of coronavirus (COVID-19) on the UK retail and leisure industry. Our service consists of frequent, timely analysis and updates in a variety of formats so you can absorb the information quickly in a way that best suits you.

What you get

1. Impact assessment reports for UK retail and leisure

These reports provide an in-depth analysis of the COVID-19 impact on the UK retail and leisure industry including consumer panel surveys, economics analysis, forecasts and other insights.

2. COVID-19 Quick Responses

Get the latest updates from retailers and the wider industry on the impact of COVID-19 as an when it happens - delivered directly to your inbox.

3. Consumer panel research

For the critical duration, we conduct fortnightly surveys using a panel of over 2,000 households to measure: 1) Behavioural shifts 2) Confidence 3) Sentiment These extensive surveys have proved to be a very accurate indicator of future trading vulnerabilities for the industry.

4. Weekly newsletter

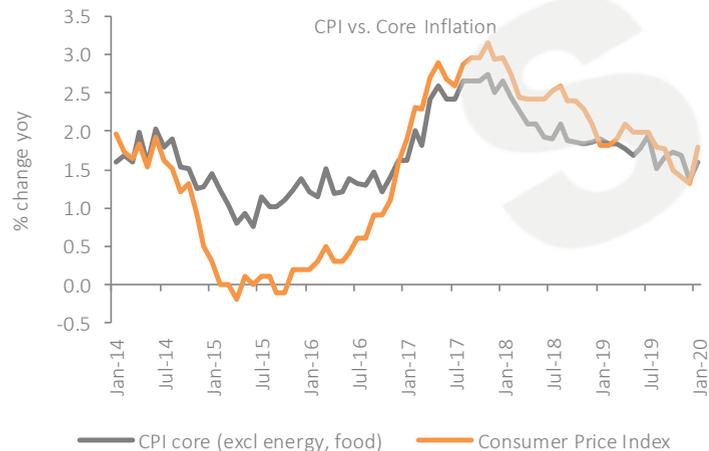
Every week we produce a summary of all the 'need-to-know facts and stats' related to the impact of coronavirus on the retail and leisure industry broken down by sector (e.g. clothing & footwear, food, home and more) and by channel.

5. Economic chartbook

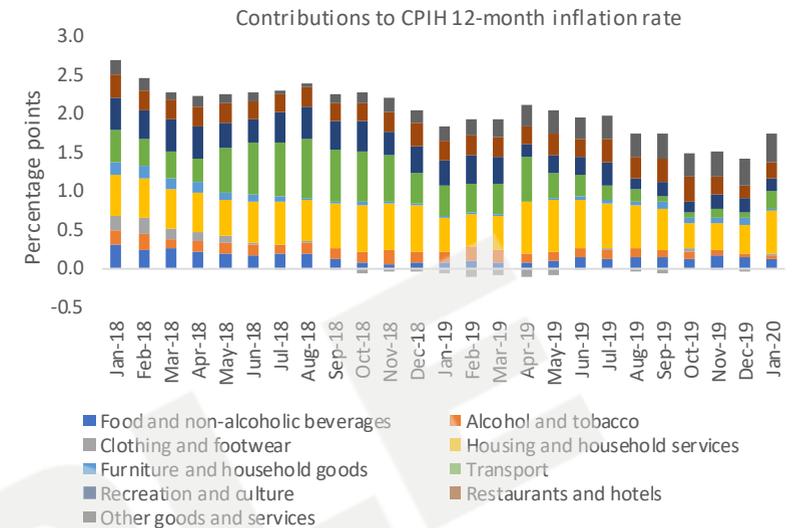
Produced monthly, a summary of all the critical macroeconomic data and trends in an easily digestible chartbook format. Ideal for identifying trends.

[CLICK HERE TO EXPLORE SERVICE NOW ➔](#)

- The headline Consumer Price Index (CPI) rose by 1.8% year-on-year, in January, rising from the 1.3% uplift in the previous month. This was a six-month high and ahead of the consensus view of an 1.6% rise.
- That said, it was in line with the Bank of England’s forecast in their recent Monetary Policy Report and thus we are unlikely to see any movement in Bank Rate when the Monetary Policy Committee (MPC) meet next month, given the markets response to today’s better than expected rise in inflation.
- The Consumer Price Index including owner occupiers’ housing costs (CPIH) 12-month inflation also rose, rising to 1.8% year-on-year. Similarly, the Retail Price Index (RPI) and RPI (excluding mortgage payments, RPIX) rose to 2.7% and 2.8% respectively.
- The largest upward contribution to the change in the 12-month CPI rate came from housing and household services (0.19 percentage points, pp), driven by gas and electricity prices which were unchanged this January, but fell a year earlier as a result of the introduction of the energy price cap on 1 January 2019.
- Transport (0.14pp) made the second-largest upward contribution driven by higher prices at the pump this year compared with last. Indeed, petrol prices increased by 2.3 pence per litre (ppl) to 126.9ppl while diesel prices rose 2.6ppl to 132.5ppl. Further upward pressure within the category was exerted by airfares which rose 17.9% between December 2019 and January 2020 compared with a 25.5% fall between the same two months a year earlier.
- Clothing & Footwear (0.07pp) also made a large upward contribution, driven by women’s clothing. Prices for clothing fell 3.3% between December 2019 and January 2020 compared with a larger decline of 4.6% between the same two months a year earlier.



Source: ONS

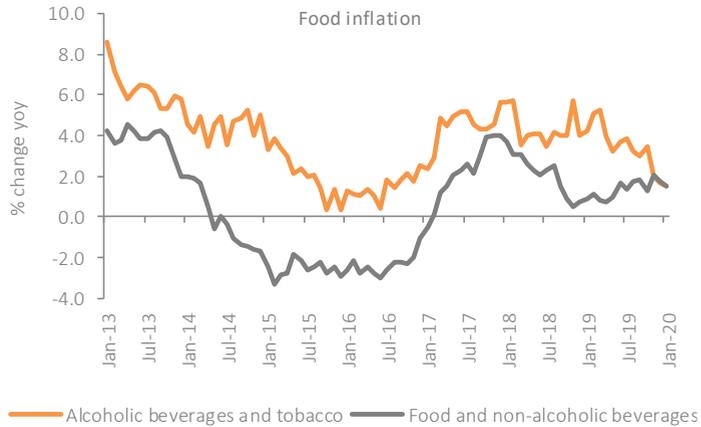


Source: ONS

- A large downward contribution came from the furniture, household equipment and maintenance sub-category where prices fell at a sharper rate this year compared with last, driven by furniture and furnishings (notably double beds and settees).
- Elsewhere, a small downward contribution came from Food & Non-Alcoholic Beverages (0.02pp) with prices falling marginally this year compared with a small rise a year earlier. Downward pressure was exerted by margarine and low-fat spreads, fish, fruit and fruit squash which was somewhat offset by upward pressure from breads and cereals and the category which contains sugar, jam and chocolate.
- Rising pressure from some core basket components pushed up the core inflation rate (which excludes food and energy prices) to 1.6% year-on-year.
- A further pick up in input prices in January suggests that pressure in the supply chain is building which could exert upward pressure on consumer prices in coming months. Indeed Input Price Inflation rose 2.1% year-on-year, from 0.9% in the previous month – the sharpest rise since April 2019. Five out of nine components of the input PPI rate made positive contributions, notably crude oil and imported metals. Output Price inflation also rose, up 0.2 percentage points to 1.1% year-on-year.
- Looking ahead, we expect inflation to fall back next month and to remain at modest levels during the first half of 2020 as a number of regulatory measures come into effect. Indeed, inflation is expected to fall to as low as 1.2% by mid-2020.

Food & Non-alcoholic Beverages

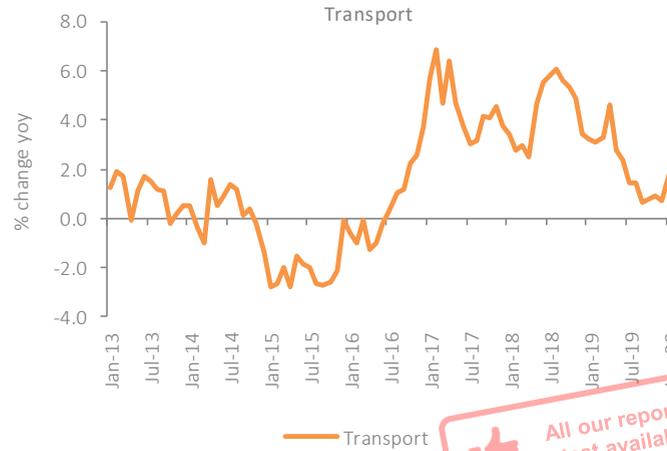
Overall Food & Non-Alcoholic Beverages inflation continued to slow in January, up 1.4% year-on-year, from 1.7% in December. Downward pressure was exerted by margarine and low-fat spreads, fish, fruit and fruit squash while breads and cereals and the category which contains sugar, jam and chocolate exerted upward pressure.



Source: ONS

Transport

As expected, inflation in the Transport category rose in January to 1.8% year-on-year. Upward pressure was provided by rising prices at the pumps while airfares also exerted upward pressure, which rose 17.9% between December 2019 and January 2020 compared with a 25.5% fall a year ago.



Source: ONS

Recreation & Culture

Annual inflation for Recreation & Culture rose by 1.5% year-on-year in January, unchanged for the third consecutive month. Within the category, the recreational and cultural services component continued to demonstrate slowing inflation while audio-visual equipment and related products remained deep in deflationary territory.

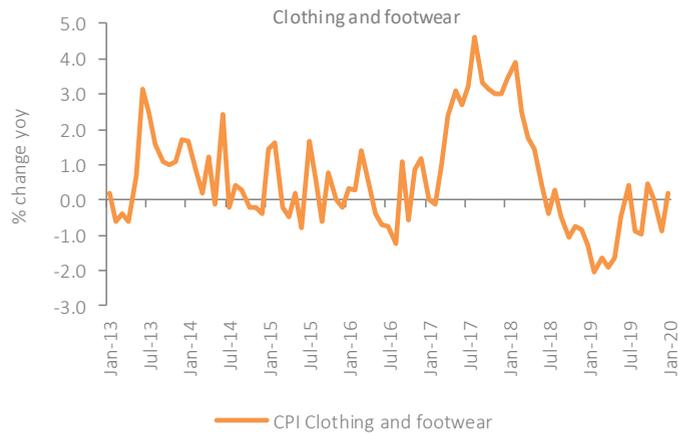


Source: ONS

All our reports draw on the very latest available data keeping you abreast of the most recent trends

Clothing & Footwear

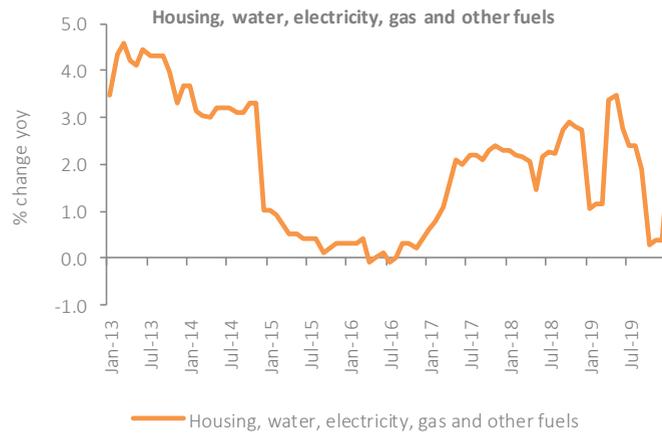
The Clothing & Footwear category returned to inflationary territory in January, rising 0.2% year-on-year. Upward pressure was exerted by women's clothing, with prices falling at a shallower rate this year (-3.3%) compared with a year ago (-4.6% in 2019).



Source: ONS

Housing, Water, Electricity, Gas & Other fuels

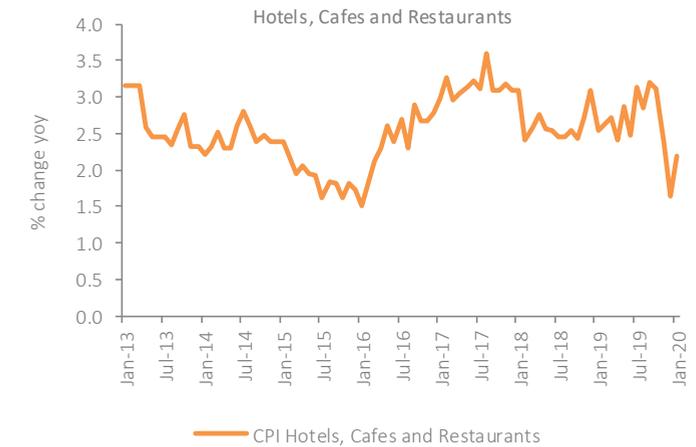
Inflation in the Housing, Water, Electricity, Gas & Other Fuels category rose sharply in January up 2.0% year-on-year. This was driven by prices of gas and electricity being unchanged this year, but falling a year ago as a result of the introduction of the energy price cap on 1 January 2019.



Source: ONS

Restaurants & Hotels

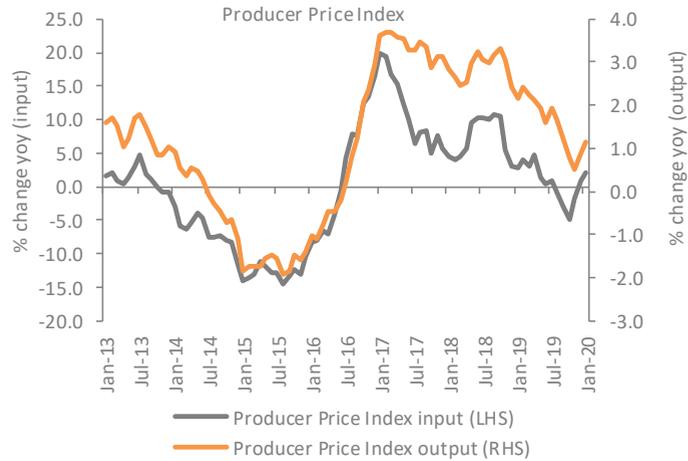
Inflation across Restaurants & Hotels picked up in January, up 2.2% year-on-year, from 1.6% in the previous month. Upward pressure was exerted by catering services which reported a marginal rise in its inflation rate. Furthermore, accommodation services reported a deceleration in its deflation rate.



Source: ONS

Producer Prices

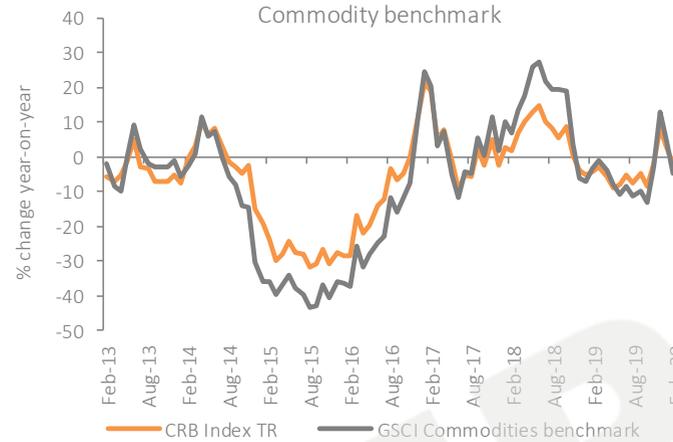
Pressure in the supply chain accelerated in January with input price inflation rising to 2.1% year-on-year, the sharpest rise since April 2019. Factory gate inflation also rose, up 1.1% year-on-year. This could exert upward pressure on consumer prices in coming months.



Source: Datastream

Commodities

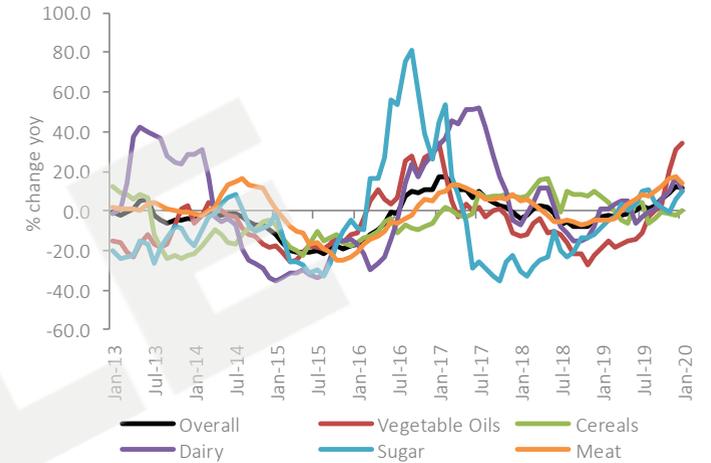
Both commodity benchmarks we follow fell back in February. Indeed, the Thomson Reuters CRB Index fell 2.2% year-on-year, compared with a 4.9% fall in the GSCI Commodities benchmark.



Source: Datastream

UN-FAO Food Price Index

Global food prices rose 11.3% year-on-year in January and 0.7% on the previous month — the fourth consecutive month to report a rise. Rising prices of vegetable oils, sugar, cereals and dairy exerted upward pressure, outweighing declining meat prices.



Source: UN-FAO Food Price Index

Exchange Rates

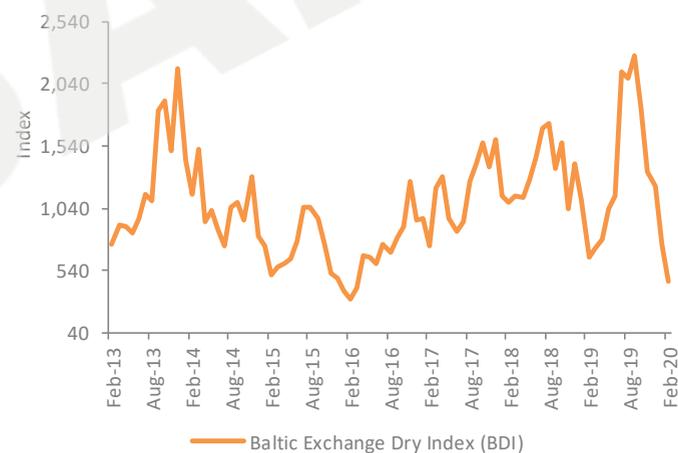
Sterling's trade weighted index rose 3.3% year-on-year in January, but fell 0.3% on the month. The better than expected rise in inflation in January resulted in an uplift in Sterling (against other currencies). That said, it remains vulnerable to ongoing EU-UK trade negotiations.



Source: Datastream

Baltic Dry Index

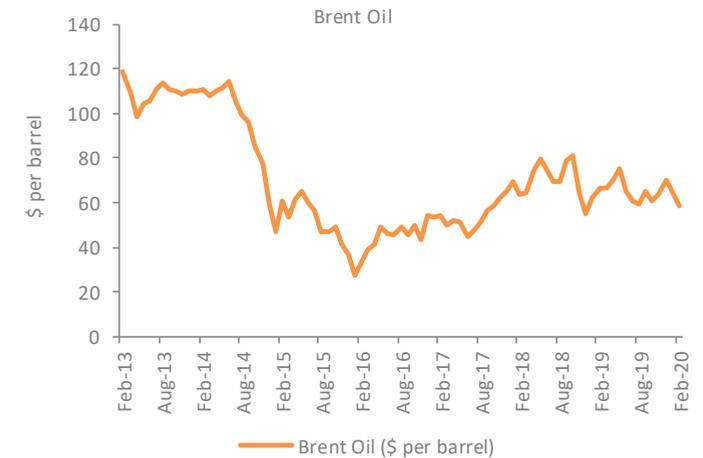
The Baltic Dry Index (indicative of shipping costs) continued to decline in February, down 40% on the previous month and 30% year-on-year (as of 19 February 2020). Falling rates of both capsize and panama segments exerted downward pressure on the index as demand continued to falter.



Source: Datastream

Oil Prices

The average price of a barrel of oil stood at \$58 (as of 19 February), falling 9.6% on the month, and down 13.0% year-on-year. Concerns over the impact of the coronavirus outbreak on oil demand has weighed on prices in recent weeks.



Source: Datastream

WE PUBLISH MANY OTHER RETAIL REPORTS

Economic Retail Reports



UK Retail Sales

Monthly: covers a range of retail sales indices and category breakdowns including online retail sales, clothing and footwear, household goods, food, DIY and gardening, consumer electricals and more. [More info >](#)



UK Online Retail

Monthly: covers a range of online retail sales indices and category breakdowns including online retail sales, online growth rates by sector, online penetration rates, forecasts and market size estimates. [More info >](#)



UK Retail Inflation

Monthly: covers a range of retail inflation indices and category breakdowns including food inflation, non-food inflation, clothing and footwear, household goods, food, DIY and gardening, consumer electricals, commodity prices, exchange rates and more. [More info >](#)



UK Consumer*

Quarterly: analyses a range of UK consumer spending indicators including housing market data, consumer confidence, consumer credit, household inflation, labour market statistics, wage growth, retail sales and more. [More info >](#)



UK Retail Economic Briefing

Monthly: analyses a range of macroeconomic indicators including GDP, consumer spending, inflation, labour market, commodity prices, exchange rates, monetary indicators, credit and lending market data, house prices, mortgage data, retail sales and more. [More info >](#)



UK Retail Industry Outlook*

Quarterly: provides a forward-looking critical retail analysis. Predictive forecasts and insightful narrative draw upon our econometric models to help you identify the key risks and future opportunities to drive your strategic planning. [More info >](#)



Executive Report

Monthly: provides a succinct one-page summary ideal for senior management and meeting notes; concise need-to-know retail data for the month which includes a mix of the major economic indicators and retail metrics. [More info >](#)

Retail Sector Reports



Food & Grocery

Food & Grocery retail sales index
Bespoke sector specific economic analysis
Food online sales and penetration rates
Market share data
Food inflation analysis and more. [More info >](#)



Clothing & Footwear

Clothing & Footwear retail sales index
Bespoke sector specific economic analysis
Clothing online sales and penetration rates
Consumer trends for online shopping
Spend on clothing by region and more. [More info >](#)



Homewares

Homewares retail sales index
Bespoke sector specific economic analysis
Homewares region spending data
Analysis of key economic drivers such as house moves, personal finances etc.
Weather data and more. [More info >](#)



Furniture & Flooring

Furniture & Flooring retail sales index
Bespoke sector specific economic analysis
Consumer trends for online shopping
Analysis of key economic drivers such as consumer confidence, credit and lending
Regional footfall statistics and more. [More info >](#)



DIY & Gardening

DIY & Gardening retail sales index
Bespoke sector specific economic analysis
DIY & Gardening region spending data
Analysis of key economic drivers such as weather data, 'improve not move' trends
Executive summary and more. [More info >](#)



Electricals

Electricals retail sales index
Bespoke sector specific economic analysis
Consumer trends for online shopping
Analysis of key economic drivers such as disposable income growth, product launches etc.
Electricals inflation and more. [More info >](#)



Health & Beauty

Health & Beauty retail sales index
Bespoke sector specific economic analysis
Health & Beauty shopper trends such as 'lipstick effect', own-brand cosmetics etc.
Impact of digital and social media
Household spend by region and more. [More info >](#)

Subscription Bolt-On Services



COVID-19 Service

Get impact assessment reports for the UK retail and leisure industry to help identify threats "COVID-19 Quick Responses", consumer panel research COVID-19 newsletters, economic chartbooks and more... [info >](#)



Shopper Sentiment Survey

Keep a finger on the pulse of what's driving UK consumer shopping behaviour. Identify the range of macroeconomic factors that influences household spending. Really understand your consumer base and the cost pressures they face Identify opportunities within your sector.



Quick Response Service

Get the latest need-to-know retail news straight to your inbox. Choose: 1) Economic updates — GDP, consumer spending, retail sales, wages, house prices, credit and more; or 2) Retailer results — key financial results and critical retailer news reported for around 50 listed retailers.



Face-to-face presentation

Hear our thought-provoking views and opinions at your conferences, seminars, company away-days or board meetings Get the personal touch from senior staff members — Richard Lim (CEO) & Stephen Robertson (Chairman) being in popular demand.



Retail Cost Base Index

Essential for improving your financial planning strategy Gain a deeper understanding of your operating costs in order to manage risk. Learn how macroeconomic factors might affect your supply chain. Producer Price Index (inputs and outputs) data. Understand the impact of labour costs, business rates etc.



Tailored Reporting

Get the precise data you're looking for and accurately answer key retail questions. It cuts through the noise and enables us to deliver bespoke reporting tools which are relied on by executive teams to identify the need-to-know economic indicators and to interpret what they mean for your business.



Additional users

Need more user accounts? No problem, this bolt-on allows you to add additional users so you can share insights directly within your team.

Why use Retail Economics?

“ Retail Economics is more than a subscription. They provide insightful and thought-provoking economic and retail analysis.



Head of Retail and Leisure

“ Retail Economics provides the business with the latest socio-economic data that enables us to understand the latest factors impacting customer behaviour.



Customer & Commercial Insight Director

“ Retail Economics helps put in to context the volatile economic environment which adds significant value to our business.



Business Manager

We're an authoritative voice...



Trusted by many



Our services



Subscription Service

Our subscription service is a completely tailored, holistic, retail intelligence package:

- Monthly economic reports
- Monthly retail sector reports
- Downloadable timeseries data
- Help desk assistance
- Quick response retail updates
- Shopper sentiment surveys
- COVID-19 Service content
- Retail cost base index
- Tailored reporting
- Face-to-face presentations
- Newsletters and more...

With our Subscription Service, you choose the monthly insight reports and services you need, we create a maximum value package for you. We offer:

Discover how our subscription service can improve your performance...

[EXPLORE SUBSCRIPTIONS NOW →](#)



Thought Leadership Research

Be a prominent thought leader and command authority within your field by publishing thought leadership research.

Publishing cutting edge research on ahead-of-the-curve issues and trends affecting the industry is a proven method to command authority and raise profile. We plan and implement research, analyse results, identify key findings and generate reports with complete flexibility of input. This is a complete end-to-end service from research planning to campaign launch.



CEO Presentations

Get the personal touch and interact face-to-face with the CEO Retail Economics (City AM Analyst of the Year 2019 nominee).

Secure an opportunity to hear our thought-provoking views and opinions at your conferences, seminars, company away-days or board meetings; both Richard Lim (CEO) and Stephen Robertson (Chairman) being in popular demand.



Media, PR & Comms

Maximise impact and media traction for your projects and campaigns using our extensive industry expertise and well-established networks.

Secure the attention your work deserves and achieve its intended impact. We assist and advise on: campaign creation and planning, media engagement, messaging, propositioning, events, trends, insight analysis, thought leadership and influencer targeting.



COVID-19 Service

Better assess the impact of the coronavirus crisis; essential to inform critical decisions, mitigate risk and to plan ahead in such challenging times.

Keep abreast of the latest developments affecting the industry. Gauge consumer sentiment by sector and channel with proprietary data. Identify opportunities from the myriad of challenges facing the industry.



Data & Benchmarking

Using industry standard methodology and best practices, we provide bespoke proprietary data and benchmarking services allowing you to accurately measure and monitor performance.

Avoid inaccurate estimates and 'second guessing' to assess your performance. Get the precise data and use robust economic models to accurately gauge your performance against tailored metrics.



Economic modelling

Better understand how your key industry variables affect your organisation: demography, socio-economic profiles, regional, sector, policy, industry and skills etc.

Our economic consultancy team use industry standard practices for: forecasting, scenario analysis, data analytics, socio-demographic projections and economic impact modelling. We also undertake highly bespoke modelling for forecasting.



Advisory & Business planning

Accelerate and grow your business with intelligent planning, forecasting and risk management using our business advisory service.

We work with multiple retailers, institutional investors and government departments using robust data and expert advice on: business plans, propositioning, funding, marketing and strategy. We can also conduct market research for more informed planning.



Brexit advisory service

Our Brexit advisory service arms you with critical insights needed to limit your risk and ensure Brexit readiness and beyond.

Brexit is affecting many industries above and beyond retail. Our specialist Brexit advisors can help you navigate the policy implications, bringing clarity to your planning strategies and ensure you are best placed going forward.

Get in touch



Retail Economics
4th Floor
86-90 Paul Street
London
EC2A 4NE

+44 (0)20 3633 3698
www.retaileconomics.co.uk
amy.yates@retaileconomics.co.uk
[@retaileconomics](https://twitter.com/retaileconomics)

Retail Economics is an independent economics research consultancy focusing exclusively on the UK retail and consumer industry. Our subscription service empowers you with a deeper understanding of the key economic drivers supporting the UK retail industry, providing a competitive edge needed to make critical business and investment decisions.

Disclaimer: The articles and opinions contained in this publication do not necessarily reflect the views of Retail Economics. Whilst Retail Economics endeavours to ensure that the information in this publication is accurate and that the articles contain nothing prejudicial to the position or reputation of any party, Retail Economics shall not be liable for any damages (including without limitation, damages for loss of business or loss of profits) arising in contract, tort or otherwise from this publication or any information contained in it, or from any action or decision as a result of reading this report.

(C) Retail Economics (2020). The contents of this report and those of all ancillary documents and preparatory materials are the sole property of Retail Economics and are not to be copied, modified, published, distributed or commercially exploited other than with the express permission of Retail Economics. All rights reserved.