

# Consumer price inflation

23 November 2009

Inflation expectations rose to series high, while current inflationary pressures intensified since October

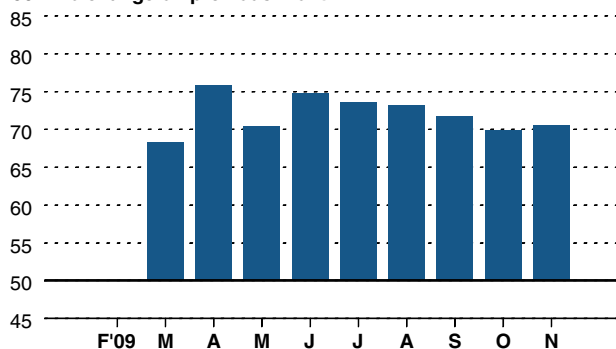
- **Inflation expectations highest in nine-month series history.**
- **Perceived current rate of inflation rose for first time in five months.**
- **Older households faced steepest increase in costs, and have highest inflation expectations.**

Latest data from the Markit/YouGov HFI indicate that UK households' inflation expectations rose to the highest level in nine months of data collection during November.

According to survey participants, current prices rose during November, and at a marginally faster pace than that registered in the previous survey period. Moreover, it was the first rise in current inflation perceptions since June.

## Current Prices

50 = no change on previous month



Approximately 49% of the 2,000 households questioned by the Markit/YouGov survey reported a rise in average prices paid for goods and services during November. By way of contrast, less than 8% of respondents reported a reduction.

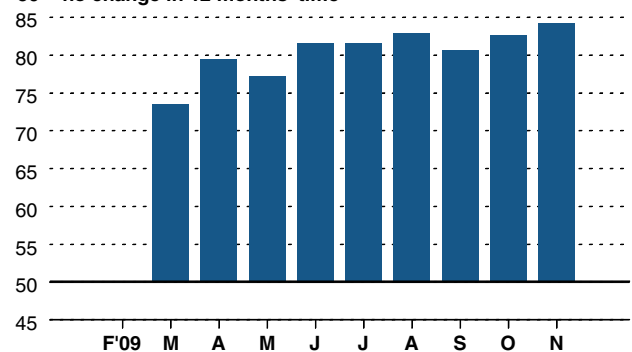
Current inflation perceptions were highest in households with a total annual income below £15,000, while those households in the highest income bracket (over £57,751) adjudged prices to have risen at the slowest pace.

Broken down by region, households in Northern Ireland noted the highest rate of perceived inflation. Households in the East of England, Wales, West Midlands and the South West all recorded above-average perceived rates of consumer price inflation during November.

Older respondents (those aged 55+) continued to record the highest perceived rates of current inflation in November, as they have done throughout the short survey history.

## Price Outlook

50 = no change in 12 months' time



Expectations for prices in one year's time rose to the highest since data collection began. Around 74% of UK households expect prices to be higher this time next year, compared with just 5% that foresee lower prices.

Higher average prices are expected over all age breakdowns. However, expectations of higher prices are much more prevalent in older age categories than among the younger age groups.

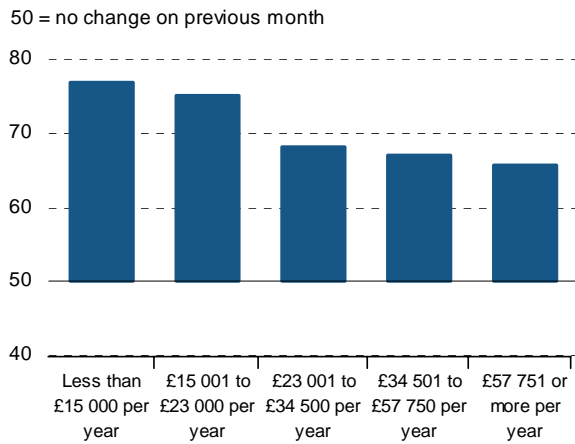
Broken down by household income, the lowest earners (under £15,000) reported the sharpest expectations of inflation. Nevertheless, price outlooks are broadly-consistent across all income categories.

Inflation expectations are highest in Northern Ireland, followed by Wales and the South West. Households in the East Midlands foresee prices rising at the weakest pace of the monitored regions.

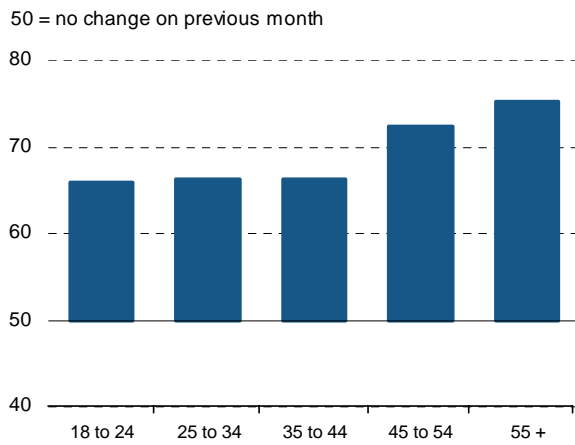
### Current perceptions of inflation

November data: Compared to one month ago, how do you think prices generally for goods and services that you buy have changed?

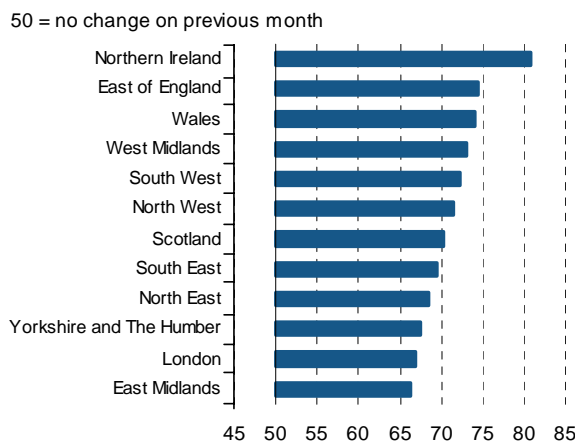
#### By income



#### By age



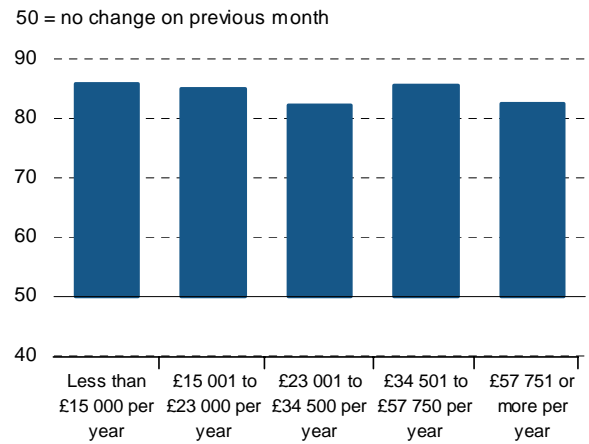
#### By region



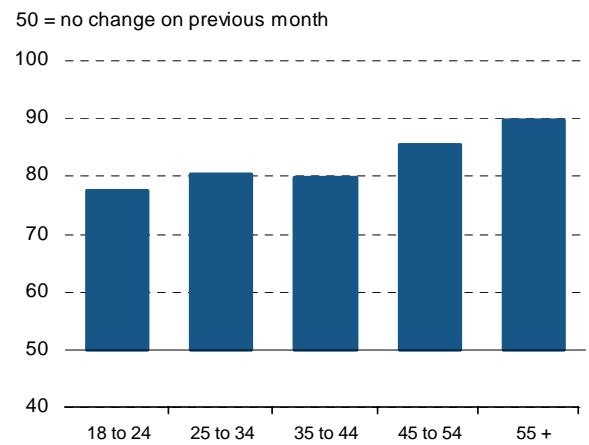
### Inflation expectations

November data: How do you think prices generally for goods and services that you buy will have changed 12 months from now?

#### By income



#### By age



#### By region

