

UK Inflation Monthly report

Consumer Prices
10.1%

The Consumer Price Index rose by 10.1% in September year-on-year, up from a 9.9% rise the previous month

CPIH Inflation
8.8%

The Consumer Price Index, including owner occupiers' housing costs, rose by 8.8% in September, year-on-year

Food Prices
14.5%

Food and Non-alcoholic beverages inflation rose by 14.5% in September, year-on-year

Producer Prices
15.9%

The Producer Price Index for outputs rose by 15.9% in September, year-on-year

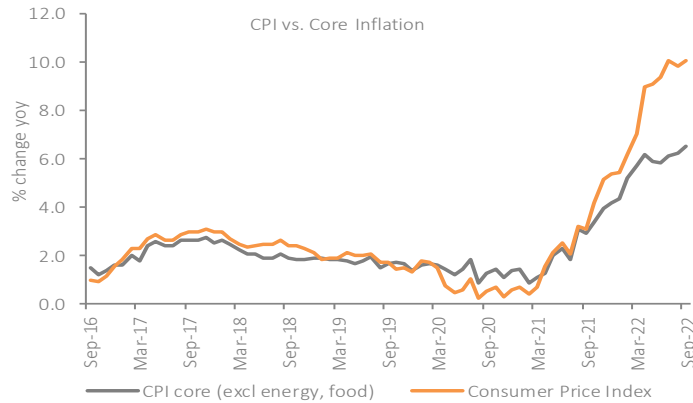
Clothing Prices
8.5%

Clothing and Footwear inflation rose by 8.5% in September, year-on-year

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Consumer Price Index

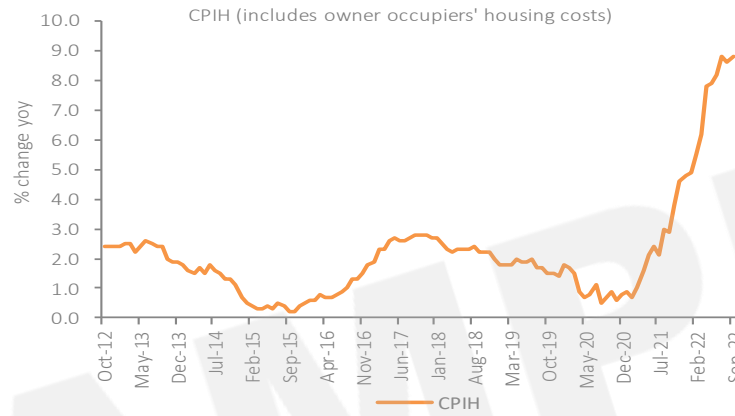
The headline Consumer Price Index (CPI) rose by 10.1% YoY in September, up from the 9.9% rise last month. The core inflation rate (excl. food & energy prices) edged higher, rising by 6.5% YoY from 6.3% last month.



Source: ONS

Consumer Price Index including owner occupiers' housing costs (CPIH)

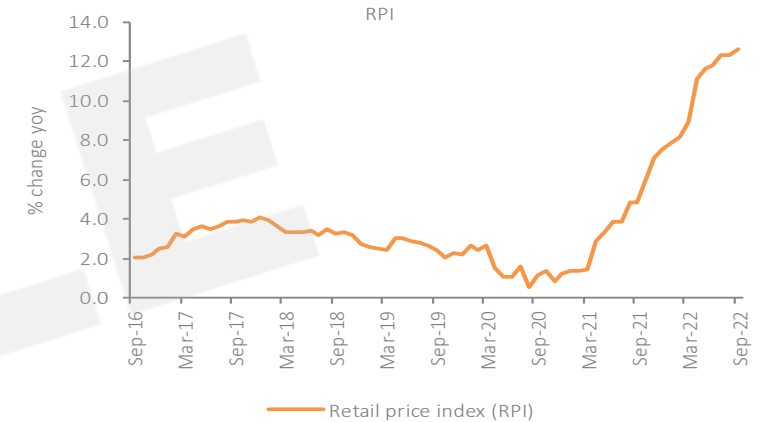
The Consumer Price Index including owner occupiers' housing costs (CPIH) inflation rate rose by 8.8% YoY in September, easing on the previous month. The owner occupiers' housing costs component accounts for around 17% of the CPIH – the main driver of differences in CPIH and CPI.



Source: ONS

Retail Price Index and RPIX

Inflation rates for the Retail Price Index (RPI) and RPI excluding mortgage payments (RPIX) rose by 12.6% and 12.4% respectively in September, rising on the previous month.



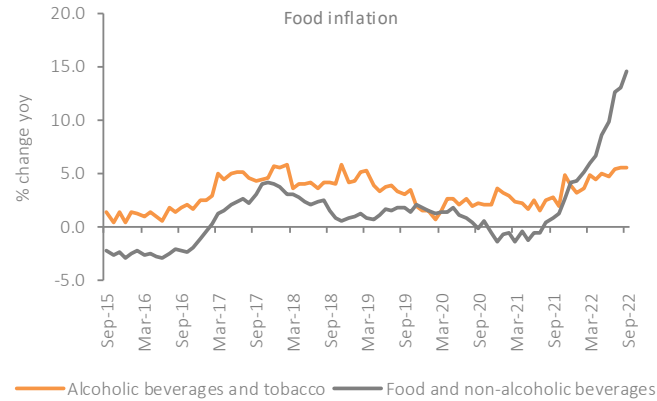
Source: ONS

- The headline inflation rate rose back to 10.1% September, from 9.9% YoY last month, supported by surging food prices. This was slightly ahead of the 10.0% rise expected by economists. On a MoM basis, inflation rose by 0.5%.
- Annual food inflation rose at its fastest rate in more than 40 years, rising for the fourteenth consecutive month. Bread and cereals, meat, milk, cheese and eggs recorded notable price rises. Households are now facing the prospect of their average annual shop rising by an eye-watering £643 as prices rise across the shopping basket (Kantar). Against this harsh backdrop, consumers are increasingly on the search for discounts, with supermarkets own label lines growing in popularity.
- Restaurants and hotels also exerted upward pressure, driven entirely by accommodation services as the cost of hotel stays rose this year compared with a fall a year ago.
- Elsewhere, Transport made the largest downward contribution, driven by falling motor fuel prices. Petrol prices dipped 8.7 pence per litre (ppl) on average on the month, while diesel prices fell by 5.0 ppl. However, petrol prices rose for the first time in three months following the OPEC+ bloc's recent decision to cut daily oil production, which pushed up the price of oil. Air fares and second-hand cars also provided downward pressure.

- Pressures in the supply chain remain at historically high levels although eased again in September with input (raw materials) price inflation falling back to 20.0% from 20.9% in August. Factory gate inflation (output prices), also fell back for the second consecutive month to 15.9% (16.4% last month). The recent easing in global oil prices are contributing to the decline.
- Following a turbulent few weeks for the UK economy, economists expect inflation to peak next month when October's energy price cap rise is realised in the numbers. Headline inflation is likely to remain above 10% for the remainder of the year.
- The outlook for 2023 is less certain following the government's mini-budget and the subsequent reversal of many of the measures announced, notably, the decision to reduce the scope of the energy price relief, making it more targeted from April 2023. It previously said the scheme would remain in place for two years. We wait for further clarity on how this will be administered by the government, however, it's possible that many consumers may end up back on the standard Ofgem tariff which will have a significant impact on inflation in six-month's time.
- Before these reversals were announced, Bank of England chief Andrew Bailey, warned that the extra stimulus provided in the ill-fated mini-budget would add to inflationary pressure next year and thus interest rates would need to rise higher than previously planned to bring inflation under control. Current forecasts suggest the Bank could raise interest rates between 0.75-1.00 percentage points when they meet next month.

Food & Non-alcoholic Beverages

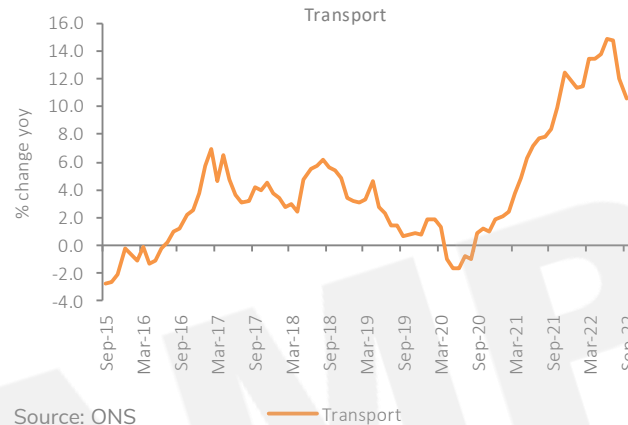
Food & Non-Alcoholic Beverages inflation surged by 14.5% in September YoY, up from 13.1% last month – the sharpest rise since April 1980. Upward pressure came from eight categories, notably, bread and cereals, meat products, and milk, cheese and eggs.



Source: ONS

Transport

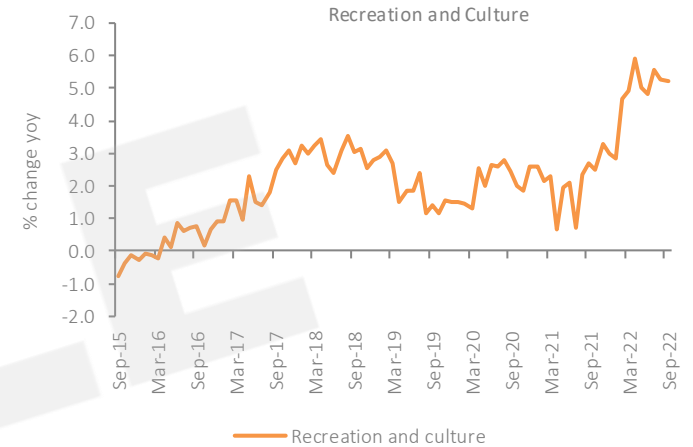
Transport inflation rose by 10.6% YoY in September from 12.0% last month. Changes in the price of motor fuels was the main driver with petrol and diesel prices down 8.7 pence per litre (ppl) and 5.0 ppl respectively on the previous month. Easing second-hand car prices also exerted downward pressure. Air fares also provided some downward pressure.



Source: ONS

Recreation & Culture

Recreation & Culture inflation edged lower to 5.2% YoY from 5.3% last month. Upward pressure was exerted by the other recreational items category driven by games, toys and hobbies and pet-related items.



Source: ONS

Clothing & Footwear

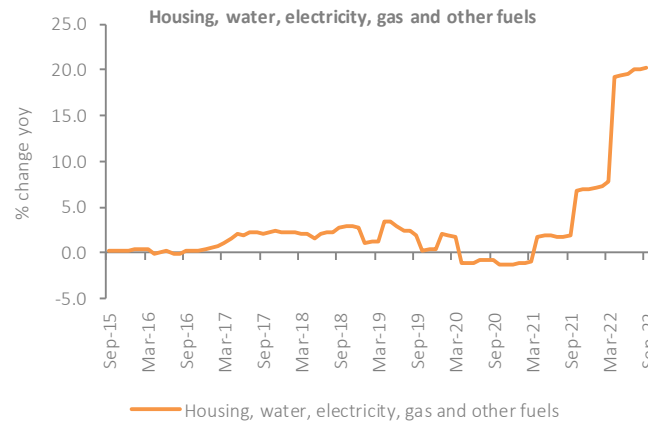
Annual inflation in the Clothing & Footwear category rose by 8.5% YoY in September from 7.6% last month. Upward pressure came from both clothing and footwear components.



Source: ONS

Housing, Water, Electricity, Gas & Other fuels

Inflation in the Housing, Water, Electricity, Gas & Other Fuels category rose by 20.2% in September from 20.0% last month. Upward pressure was exerted by occupiers' housing costs, private rents, and electricity, gas and other fuels.



Source: ONS

Restaurants & Hotels

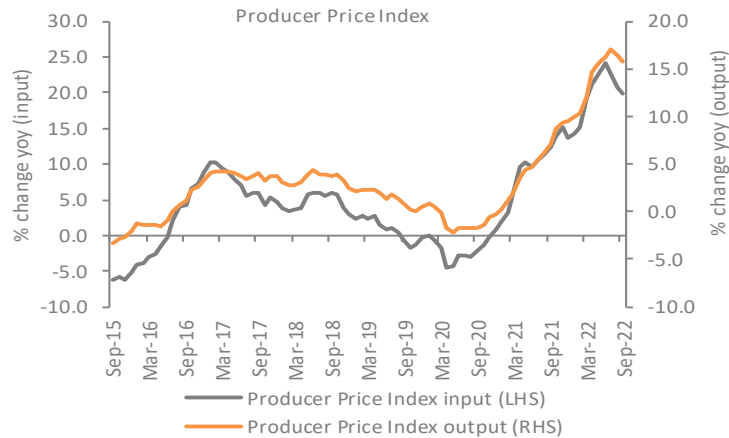
Inflation in the Restaurants & Hotels category rose by 9.7% YoY, from 8.7% last month. Upward pressure was exerted by the Accommodation Services category, supported by an increase in the price of overnight hotel stays.



Source: ONS

Producer Prices

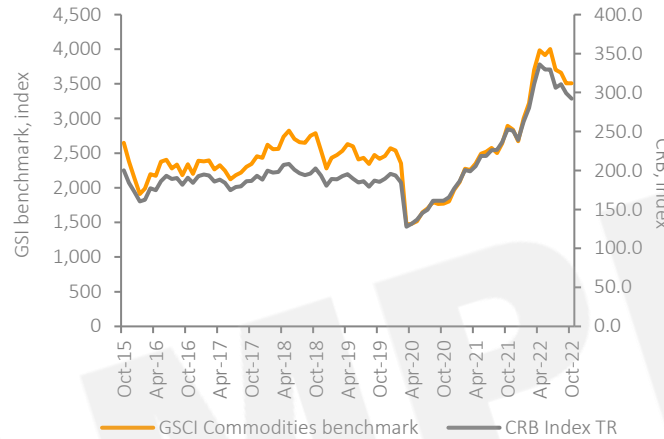
Factory gate (output) inflation eased further in September to 15.9% YoY, from 16.4% last month with petroleum products providing downward pressure. Input price inflation also dipped, falling to 20.0% YoY from 20.9% last month, as crude oil prices eased.



Source: Datastream

Commodities

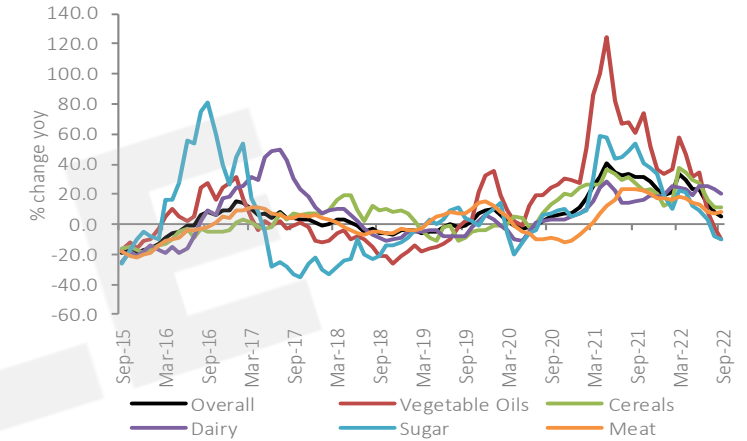
The commodity indices we measure continued to slow, driven by talk of a global economic slowdown. The Thomson Reuters CRB Index rose by 15% YoY, compared to a 21% rise for the GSCI Commodities benchmark.



Source: Datastream

UN-FAO Food Price Index

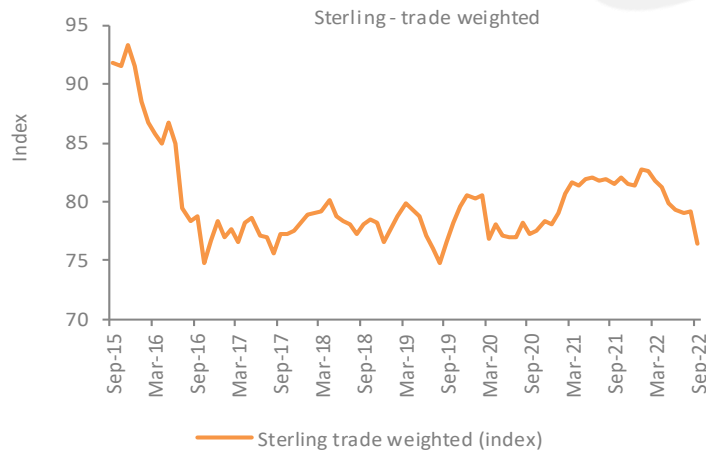
The FAO Food Price Index eased for the sixth consecutive month, averaging 136.3 points in September, down 1.1% MoM, but up 5.5% YoY. Declines in the Vegetable Oils (-6.6%), Sugar (-0.7%) and Dairy (-0.6%) offset a rise in the Cereals (1.5%) category.



Source: UN-FAO Food Price Index

Exchange Rates

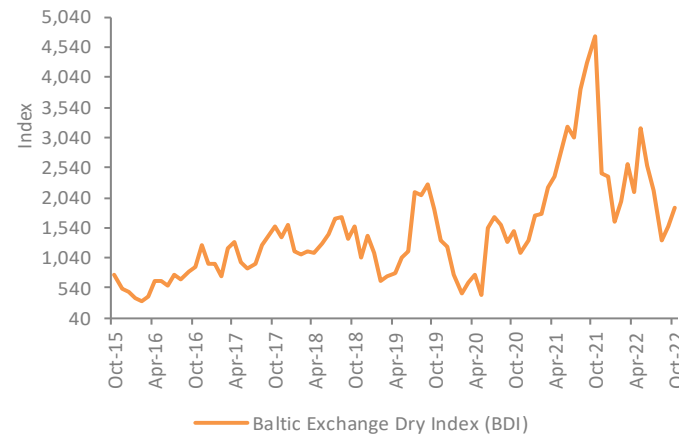
Sterling's trade weighted index fell by 6.3% YoY in September and 3.5% MoM after a turbulent month in money markets. The index fell back sharply following the mini-budget on 23 September. Persistent weakness in sterling will lead to higher import prices, which would push up headline inflation.



Source: Datastream

Baltic Dry Index

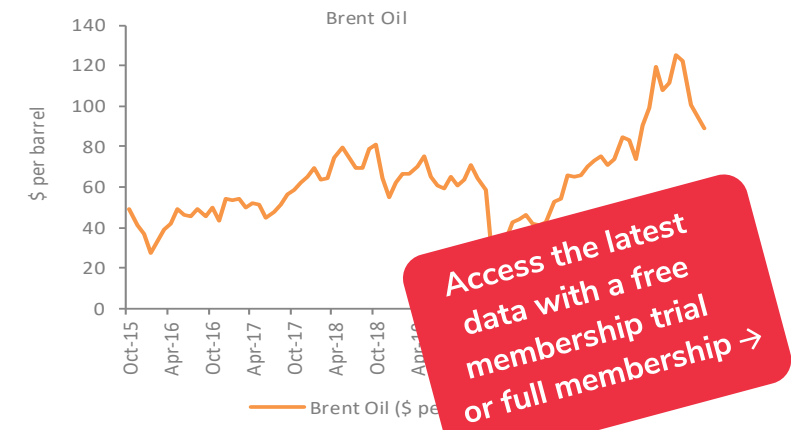
The Baltic Dry Index (indicative of shipping costs) ticked up in October, rising by 20% on the previous month and currently averaging 1,875 (as of 19 October) as demand improved. Despite the recent uplift, the index has fallen by c.60% YoY following the post-pandemic squeeze.



Source: Datastream

Oil Prices

The average price of oil stood at \$89 per barrel in October, down 6% on the previous month, driven lower by fears of a global recession. Demand is expected to fall back in the final months of the year. The IMF warned that OPEC+ bloc's recent move to lower supply would increase worldwide energy security risks.



Source: Datastream

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

UK Retail Economic Briefing

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Executive Report

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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 >](#)

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About

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.


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