

# Consumer price inflation

19 March 2010

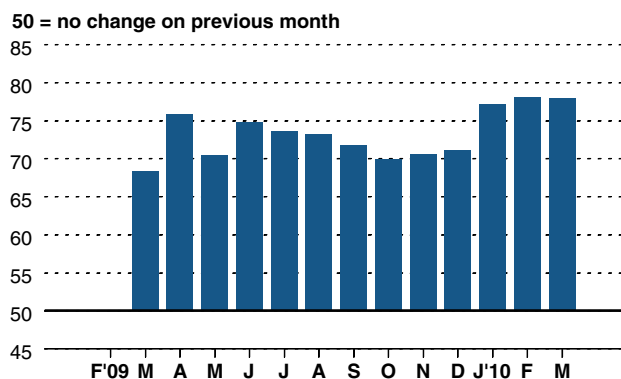
## Perceptions of current and future inflation remain elevated

- **Current inflation perceptions down only fractionally from February's survey high.**
- **Lowest two income groups report strongest current inflation...**
- **...but highest earners expect sharpest rises over coming year.**

Perceptions of current inflation across the UK remained elevated in March, as higher petrol prices and the continued impact of the return to a 17.5% VAT rate affected consumers' current price perceptions.

Looking ahead, UK households foresee further price rises over the coming year. Although still down on January's peak, inflation expectations have picked up since February.

### Current Prices



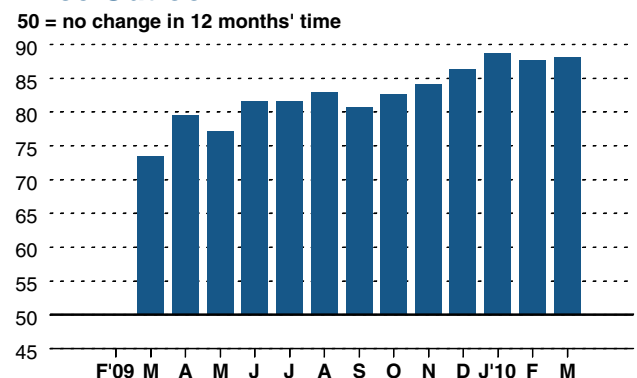
Highlighting the continued strength of current inflationary pressures, just under 60% of the 2,000 households surveyed by Markit and YouGov in March reported that the average prices they had paid for goods and services rose during the month. This was largely unchanged on February, with the index monitoring current price pressures falling only fractionally from 78.1 to 78.0.

Broken down by income group, households with the lowest incomes again reported the strongest monthly rises in prices. Households earning between £15,001 and £23,000 posted the sharpest current inflation perceptions, followed closely by those in the lowest income bracket (households with a combined annual income below £15,000).

By age, it was again the oldest participants (those aged over 55) that adjudged prices to have risen at the steepest pace during March. Survey respondents aged between 45 and 54 saw the second-fastest monthly increase in average prices.

Broken down by region, households in the South East and East of England perceived the strongest rates of current inflation during March. By contrast, respondents in London and Wales noted the weakest price pressures.

### Price Outlook



Following a modest dip in consumers' inflation expectations for the year ahead in February, households' expectations for future price rises increased during March. Although below January's survey-high, price outlooks are, on average, the second-highest in the history of the series.

Although broadly-similar across income categories, households with a combined income between £34,501 and £57,750 signalled the strongest inflation expectations, followed by the highest earners (those earning above £57,751 per year).

Mirroring the trend recorded for current inflationary perceptions, it is the oldest households that foresee the strongest rises in prices over the coming year. Those aged between 18 and 24 have the weakest expectations for future price rises by a wide margin.

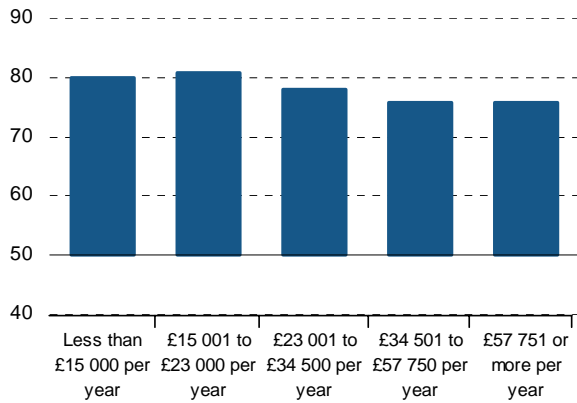
Despite recording the weakest current rates of inflation, households in Wales and London expect prices to rise at the fastest pace over the coming year.

### Current perceptions of inflation

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

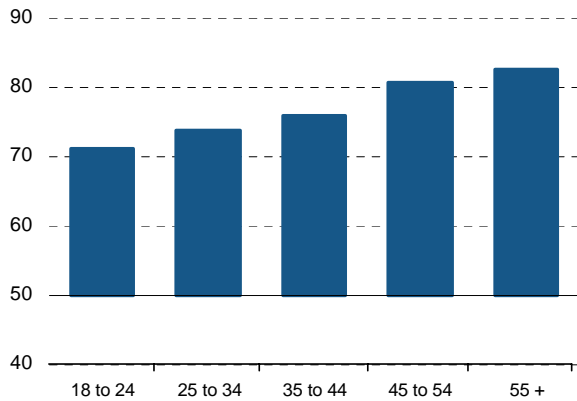
#### By income

50 = no change on previous month



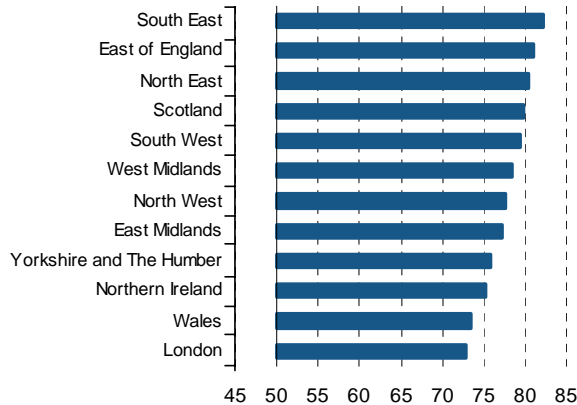
#### By age

50 = no change on previous month



#### By region

50 = no change on previous month



### Inflation expectations

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

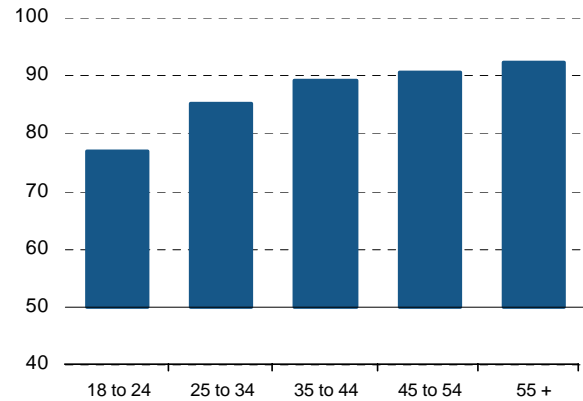
#### By income

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#### By age

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#### By region

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