

	Percentage change over past 12 months (Apr 06 - Apr 07)	Direction of movement
Consumer prices index	+2.8	▼

The annual percentage change in the consumer prices index eased back from 3.1% in March. Falling domestic energy prices are expected to help the annual inflation rate decline quite rapidly as the year progresses and fall below the 2% target early in 2008. The retail prices index declined to 4.5% in April from 4.8% in March.

### Industry input costs

Materials and fuels purchased by manufacturing industry	-0.2	▲
Materials and fuels purchased by manufacturing industry excluding food, beverages, tobacco and petroleum industries (fbt&p)	+2.3	▲

The cost of materials and fuel purchased by the industry overall fell by 0.2% over the year, but prices have risen by 3.6% in the three months since January. The cost of materials and fuel purchased excluding fbt&p shows the reverse trends, increasing 2.3% over the year but rising only 0.4% in the past three months. However, allowing for seasonal adjustments, the latter is above recent trend. The difference in the two indices is largely because of a fall in the price of crude oil of 12.5% over the 12 months to April. The annual inflation figures are a stark contrast to the figures recorded a year ago, 15.2% and 9.8% respectively. The fall to the current low inflation figures is in large part due to the decline in gas prices of 26% over the year.

Despite the long-term fall in inflation, with crude oil prices rising again along with imported metals, prices are back on the rise.

### Industry output prices

Output prices of manufactured products	+2.5	▲
Output prices of manufactured products excluding (fbt&p)	+2.3	▲

Industries' output prices have started to rise a little after bottoming out at 1.6% last October. Prices have risen 1.5% in the three months since January, including strong rises in petroleum and tobacco and alcohol products. Excluding fbt&p, prices in the last three months have increased by a lower 0.9% (or 0.7% seasonally adjusted).

	March 2006-March 2007	Direction of movement
<b>Construction materials generally</b>		
New housing	+8.7	▶
Non-housing new work	+9.2	▼
Repair and maintenance	+9.8	▼
<b>Mechanical services materials</b>		
Housing only	+6.0	▼
Non-housing	+5.0	▼
Electrical services materials	+5.8	▼

Over the year to March, materials prices recorded a rise of 9.4%, slightly down from 10.1% last November. The trend for non-housing new work and repair and maintenance materials is marked as down because the pace of increase has eased slightly. In the first three months of 2007, the price of non-housing new work materials has increased by 2%, compared to 2.9% for the same period last year. Nevertheless, the pace of increase remains at near record levels.

The annual rate of inflation for mechanical and electrical materials has come down (from 17.5% for mechanical housing materials and 12.5% for mechanical non-housing materials in June last year and 9.8% for electrical materials in August last year). Both mechanical and electrical prices have fallen slightly since autumn, largely owing to the drop in copper prices from September 2006 to February 2007. A recovery in copper prices between February and the start of May may have led to an upturn in mechanical and electrical materials prices in April and May. Significant price changes over the past year include:

April 2006-April 2007	% change
Concrete reinforcing bars	+28.1*
Steel sheet piling	+27.5*
Fabricated structural steel	+23.4*
Insulated wire and cables	+22.7
Recovered secondary raw materials (eg scrap metal)	+21.1
Sawn wood	+15.4
Asphalt products	+14.5
Copper products	+10.2
Veneer sheets (eg plywood)	+9.6
Precast concrete products	+9.0
Coated roadstone	+8.4
Gas oil	-3.1*

\*March 2006-March 2007 (Sources: ONS and DTI; Mar/Apr 2007 figures provisional)

The table shows how the largest increases in materials prices have resulted from the surge in steel prices that began in 2006. The biggest increase was in stainless steel, partly related to soaring nickel prices.