

% change

past 12 months
(Oct 06-07) past 6 months
(Apr 07-Oct 07)

Sept 2006-2007

March 2007-
Sept 2007**Consumer prices**

Consumer prices index (CPI)	+2.1	+0.8 ▲
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The annual percentage change in the CPI is now almost spot-on the government's target inflation figure of 2%, after being above it from May 2006 to June 2007. The Monetary Policy Committee brought the rate of inflation down to below 2% between July and September, but the rate now seems to be rising again, driven by higher petrol and food prices. The Bank of England's November report expects higher inflation in 2008, reflecting higher energy and import price inflation.

Industry input costs

Materials and fuels purchased by manufacturing industry	+8.6	+6.2 ▲
Materials and fuels purchased by manufacturing industry excluding food, beverages, tobacco and petroleum industries	+3.0	+2.2 ▲

Annual inflation for industry's input costs rose from 0.7% in August to 8.6% in October, largely owing to crude oil prices and fuel costs. Oil prices rose 15% in September and October and have since risen from about £40 a barrel in mid October, approaching £47 at the end of November. Fuel rose 11% between August and October, with gas rising 26.6%. October saw prices rise 33% from their low point in June. This matches the increase in October 2004, when prices went on to rise another 29% over the winter. In 2005, prices had risen only 21% at this period but peaked in December with an increase of 127%.

Industry output prices

Output prices of manufactured products	+3.8	+1.8 ▲
Output prices of manufactured products excluding food, beverages, tobacco and petroleum	+2.3	+0.8 ▲

Output prices have been fairly steady over the past year, but a 0.6% rise in October took the annual inflation rate to 3.8%, the highest figure since November 1995. These were attributed to rises in petrol and food products so the narrower range above (excluding food, beverages, tobacco and petroleum products) rose only half as much in October and the annual rate of inflation has been steady at about 2.3% over the past year. The sharp rise in input costs, however, is likely to see output prices taking an upward turn.

Construction materials generally

New housing	+8.1	+3.5 ►
Non-housing new work	+5.4	+2.2 ▼
Repair and maintenance	+7.5	+3.3 ▼
Mechanical services materials		
Housing only	+2.2	+5.1 ►
Non-housing	+2.4	+3.6 ►
Electrical services materials	+1.2	+2.4 ►

Materials prices rose 6.7% over the year to September, in contrast to the 10.1% at the end of last year. M&E prices have risen more over the past six months but have now stabilised. Significant changes include:

	Oct 2006-2007	April 2007- Oct 2007
Imported softwood	+25.2*	+15.0*
Sawn wood (home produced)	+22.5	+12.7
Steel sheet piling	+20.5*	+8.7*
Recovered secondary raw materials	+20.3	-0.4
Fabricated structural steel	+16.0	+7.3
Veneer sheets eg: plywood, etc	+12.5	+5.4
Gas oil and derv	+11.6	+8.5
Copper products	-0.5	+6.6
Mortars	-1.4	-3.1
Aluminium bars, rods and profiles	-4.6	-3.1
Ready-mixed concrete	-5.1	-5.5

* 12 or six months to September 2007

(Data sources: ONS and BERR) (September/October 2007 figures provisional)

Timber products continue to lead the price rises. Imported softwood prices rose 25% over the past year and 15% over six months and still appear to be rising. This seems likely to continue as European timber producers increase their exports to China and the Middle East.

Non-ferrous metal prices have stabilised: aluminium has eased downwards and this is reflected in the price of aluminium bars. World and European steel prices have been fairly steady, although UK fabricated steel prices have still been edging upwards. New rises are expected in 2008, owing to escalating raw material costs.

ONS figures identified a fall in ready-mixed concrete and mortar prices over the past year. Nevertheless, suppliers have already announced price increases at the turn of the year for aggregates, mortars and concrete of up to 10%, so it will remain to be seen whether the price rises can be made to stick. **C**