

	% change	
	past 12 months (Apr 07-08)	past 6 months (Oct 07-Apr 08)
Consumer prices		
Consumer prices index (CPI)	+2.2	+1.1 ▲

Annual consumer price inflation has started to tick up since September last year, jumping to 3% in April 2008, markedly above its 2% target. Higher energy and wholesale gas prices on world markets have pushed up domestic energy prices, food and commodity prices, while a weak pound is contributing to an increase in imported goods prices. Inflation is anticipated to remain above 3% for most of the this year, indicating that the Bank of England will have little scope to cut interest rates near term to support UK growth.

Industry input costs

Materials and fuels purchased by manufacturing industry	+23.3	+15.7 ▲
Materials and fuels purchased by manufacturing industry excluding food, beverages, tobacco and petroleum industries	+12.6	+10.4 ▲

Manufacturing input prices have surged since the latter half of 2007, with the annual increase rising from 1% in August 2007 to 23.3% in April 2008; this is the fastest pace on record since 1980. Fuel prices rose by 20.5% in the year to April, within which gas prices increased by 54.1% and crude oil surged by nearly 63%. Food prices soared by a third and imported materials prices rose by 16.4%.

Industry output prices

Output prices of manufactured products	+7.5	+5.4 ▲
Output prices of manufactured products excluding food, beverages, tobacco and petroleum	+4.6	+3.7 ▲

Output prices rose by 7.5% in the year to April, a level not seen since the early nineties. The sharpest rise over the past year came from recovered secondary raw materials, which increased by 53.5%. Petroleum and food products jumped by 25.4% and 9.3% respectively and chemical products prices rose by 8.9%. The rise in construction material prices continues to outpace inflation in the wider UK economy, despite a moderation in the pace of price increases in recent months. Overall construction material prices rose by 4.1% in the year to March; this compares to 10% price growth during the beginning of last year.

	Mar 07-08	Sep 07-Mar 08
	Construction materials generally	
All work	+4.1	+1.2 ▼
New housing	+4.6	+1.0 ▼
Non-housing new work	+4.1	+2.0 ▲
Repair and maintenance	+3.5	+0.2 ▼
Mechanical services materials		
Housing only	+4	-1.1 ▼
Non-housing	+3.6	0 ▼
Electrical services materials		
	+4.2	+1.8 ▼

Prices of materials for mechanical works have increased at a more moderate pace over the last year and fell back over the last six months. In contrast material price inflation for electrical works picked up again in recent months.

	Mar 07-08	Sep 07-Mar 08
Gas oil	+28.9	+17.9
Imported plywood	+13.4	+6.9
Sawn wood	+11.9	+1.9
Coated roadstone	+11.5	+14.9
Cement	+11.2	+10.1
Fabricated structural steel	+10.4	+4.0
Insulated wire and cable	+7.2	+4.1
Copper products	+6.1	-7.7
Concrete reinforcing bars	+6.0	+2.0
Clay bricks and tiles	+5.1	+2.6
Sand and gravel	+4.5	+5.7
Ready-mixed concrete	+3.9	+9.3

(Data sources: ONS and BERR)

Gas oil recorded the sharpest rise in prices both over the last year and the last six months, following sharp increases in crude oil prices. Steel prices continue to rise worldwide as increases in raw materials, such as iron ore, are passed on. ArcelorMittal has announced that it would raise flat product prices in Europe in the third quarter of this year. The new base price level for hot band will be €720/tonne and cold rolled and coated product prices will increase accordingly. Fabricated structural steel prices rose by 10% over the past year.

The price increase for concrete reinforcing bars shows a moderate 2% increase over the last six months but this hides an 8% rise since the turn of the year. Prices have risen further since March.