

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

The annual change in the consumer prices index has edged just above the government's target inflation figure of 2%. The largest contributor over the past 12 months has been transport, in particular fuel and lubricant costs, which rose 19%. The retail prices index has risen 4.1%, driven by housing costs and mortgage interest payments in particular. The Bank of England expects inflation to rise in the near term as a result of higher energy, food and import prices.

Industry input costs

Materials and fuels purchased by manufacturing industry	+19.1	+12.9 ▲
Materials and fuels purchased by manufacturing industry excluding food, beverages, tobacco and petroleum industries	+7.3	+7.5 ▲

Industry's input cost inflation has accelerated from 0.6% six months ago to 19.1% – the highest recorded since 1980. More than half the increase is down to crude oil prices, which rose 70% over the year. Excluding food, beverages, tobacco and petroleum, input costs have still risen 7.3%, though this figure was beaten as recently as August 2006. This rise has occurred almost entirely since last August and is on a rising trend. Gas prices have risen by 15% but electricity prices were actually 4% lower in January 2008 than a year earlier.

Industry output prices

Output prices of manufactured products	+5.7	+3.3 ▲
Output prices of manufactured products excluding food, beverages, tobacco and petroleum	+3.1	+1.9 ▲

Industry output prices have reached an annual inflation figure of 5.7%, the highest recorded figure since 1991. Excluding food, beverages, tobacco and petroleum, prices rose a more modest 3.1% – but still the highest rise for 12 years. Product price rises over the past year include 7.9% for wood. The price of recovered secondary raw materials (such as scrap metals) increased 30%. The index jumped 16% (provisionally) in January alone, which is not entirely exceptional – a similar rise occurred in 2005. Despite volatility, prices have risen 250% since 1998.

	Jan '07-'08	Jul '07-Jan '08
Construction materials generally		
New housing	+6.4	+1.4 ▼
Non-housing new work	+4.7	+1.2 ▼
Repair and maintenance	+5.8	+1.3 ▼

Mechanical services materials

Housing only	+4.6	-0.5 ▼
Non-housing	+4.2	+0.6 ▼

Electrical services materials

	+2.4	-0.6 ▼
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Materials prices rose 6.3% in 2007, an annual rise exceeded in the past decade only in 2004 and 2006. Rises have averaged 5.5% a year in the past five years, compared with 1.5% in the previous five. Prices for mechanical and electrical materials rose at a lower rate over the year and had minor falls in the past six months. Major changes include:

	Jan '07-'08	Jul '07-Jan '08
Gas oil	+52.7	+27.6
Sawn wood	+17.4	+2.7
Steel sheet piling	+11.6	+1.0
Imported plywood	+11.3	+6.9
Coated roadstone	+10.8	+2.6
Veneer sheets, such as plywood	+9.1	+0.8
Fabricated structural steel	+9.0	+0.6
Copper products	+4.0	-10.8
Insulated wire and cables	+0.8	+0.2
Concrete reinforcing bars	+0.3	-6.8
Clay bricks and tiles	-0.1	-2.7
Paints and varnishes (oil based)	-2.8	-1.9
Ready-mixed concrete	-5.9	+0.4

(Data sources: ONS and BERR. Jan 2008 figures provisional)

Gas oil tops the table, following oil prices. Timber prices, which have risen sharply since 2002, stabilised in the second half. Steel prices are rising worldwide. Copper products fell 10.8% in the past six months but are now rising. Reinforcing bars peaked last summer then went into decline. However, faced with rapidly rising scrap prices, makers introduced sharp rises at the start of this year. Consecutive monthly increases totalling about £125/tonne amount to a price rise of 25%. Plant hire costs in the fourth quarter of 2007 were 0.1% lower than a year earlier, reflecting continuing competitiveness.