

	Jan 08-Jan 09	Jul 08-Jan 09
Consumer prices index (CPI)	+3.0	-0.3

This index peaked at 5.2% in September and has since fallen 1.5%. One contributor to the fall was the reduction in VAT from 17.5% to 15% last December. The retail prices index has fallen from 5% last September to 0.1% in January, reflecting the fall in mortgage interest payments and house depreciation.

Industry input costs	Feb08-Feb09	August 08-Feb09
Materials and fuels purchased by manufacturing industry	+0.5	-9.6
Materials and fuels purchased by manufacturing industry excluding food, beverages, tobacco and petroleum	+8.9	-0.1

The inflation rate has tumbled from 34.1% last June to 0.5% in February. Prices actually fell 14.5% in the last six months of 2008, largely owing to the collapse of oil prices. There was a slight increase in January and February as the oil price bounced back from its \$34 Boxing Day low. Excluding food, beverages, tobacco and petroleum, the rate of increase has fallen from 21.3% in July to 8.9% in February.

Industry output prices		
Output prices of manufactured products	+3.1	-2.0
Output prices of manufactured products excluding food, beverages, tobacco and petroleum	+3.7	+0.1

Prices fell 2.8% between July and November, led by a fall in petroleum prices but have since stabilised. Excluding food, beverages, tobacco and petroleum, prices have been fairly stable since May. Over the past year, the following price changes have occurred:

Wood and wood products	+2.3%
Rubber and plastic products	+4.1%
Fabricated metal products	+7.5%
Electrical machinery and apparatus	+1.2%
Recovered secondary raw materials	-16.6%

The statistic for secondary raw materials disguises the huge increase in price that occurred in the first half of 2008 (up 86% in the first half of 2008) followed by a matching collapse in the second half of the year.

Construction industry

Materials price increases over the past year and the six months to

January 2009 are detailed below:

	Jan 08-Jan 09	July 08-Jan 09
Construction materials generally		
New housing	+3.8	-0.2
Non-housing new work	+8.6	-1.8
Repair and maintenance	+5.6	-0.3

Materials prices rose 6.9% over the year to January but have fallen 2.8% in the past three months. Over the year, prices for non-housing new work rose faster than for other sectors but have now started falling at a faster rate: between November and January they fell 4%. Prices in all sectors are now declining but the fall in steel prices in particular has affected the new non-housing sector more than the housing or repair and maintenance markets.

	Feb08-Feb09	August 08-Feb09
Mechanical services materials		
Housing only	+10.5	+2.0
Non-housing	+5.2	+0.5
Electrical services materials	+1.2	-3.4

Mechanical services materials for housing rose more than 10% last year as the cost of boilers and radiators leaped in response to the increase in steel prices. The cost of electrical services materials have been in decline since last October. Significant price changes recorded by official sources over the last year and the past six months include:

Imported plywood	21.7	23.2
Steel tubes and fittings	18.9	8.1
Asphalt products	16.9	4.7
Cast and spun iron products	14.7	4.9
Coated macadam and bituminous products	10.8	2.0
Cement	9.4	6.9
Timber doors and windows	8.4	7.7
Reinforcing steel	7.1	-28.0
Clay bricks and tiles	2.9	10.30
Fabricated structural steel	1.9	-15.3
Metal sections	1.3	-24.8
Ready mixed concrete	0.8	-0.9
Insulated wire and cables	-2.2	-7.9
Steel sheet piling	-4.7	-23.8
Imported copper tubes and fittings	-8.1	-20.7

Data sources: ONS and BERR, January 2009 figures provisional