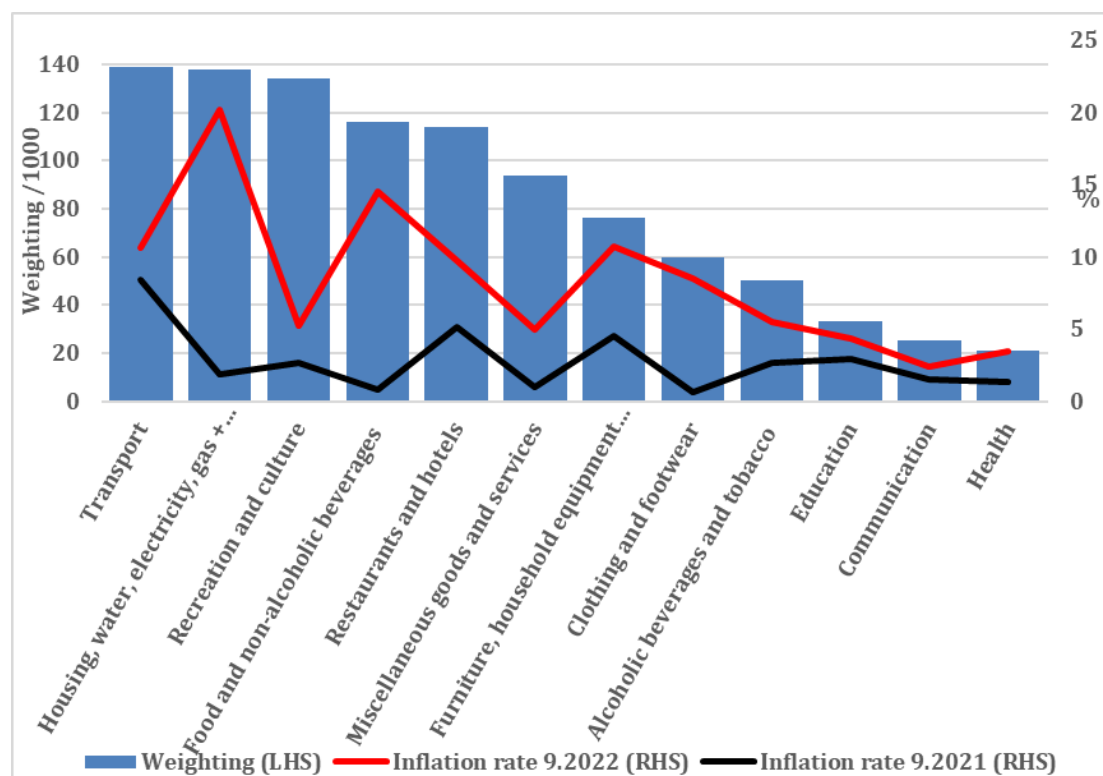


## 10.1 percent inflation breakdown

Synopsis: Inflation returned to its highest level in 40 years in September, but not all prices are rising by 10% a year.

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The CPI for September 2022 was 10.1%, setting the level for the pension Triple Lock, assuming that survives the latest prime ministerial iteration. The same figure also fixes the benchmark for the increase in business rates from next April.

The inflation which the UK is experiencing is exacerbated by where it is happening, as the graph above illustrates...

- The **blue** columns show the weighting of each component in the CPI. Transport (13.9%) is the largest, closely followed by Housing, Water, Electricity, Gas and Other Fuels (13.8%) and Recreation and Culture (13.4%). At the other end of the scale, Education has a weighting of 3.3%, Communication 2.5% and Health just 2.1%.
- In September 2021, the overall inflation rate (the **black line**) was 3.1%. For the dozen categories, the rate varied between 0.6% (Clothing and Footwear) and 8.4% (Transport).
- In September 2022, the overall inflation rate (the **red line**) was 10.1%. For the dozen categories, the rate varied between 20.2% (Housing, Water, Electricity, Gas and Other Fuels) and 2.4% (Communication).

- What stands out are the large upward spikes in Housing, Water, Electricity, Gas and Other Fuels – from 1.9% to 20.2% - and Food and Non-alcoholic Drinks – from 0.8% to 14.5%. Both categories are heavily weighted in the index. The categories where inflation increases have been more constrained are mostly those with the least index weight.

The major categories with high inflation are all being driven by the energy and food price shocks stemming from the Ukraine war, not something over which the Bank of England (or even the Federal Reserve) have any control.

### **Comment**

Inflation has different impacts on different people. As the graph suggests, an uncultured stay-at-home individual is probably not feeling the pain as much as someone who enjoys travel and entertainment. The Office for National Statistics recognises this and its [website now has a tool](#) to allow personal inflation calculations.

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