

LTSB Corporate Markets UK Monthly Inflation Forecast
19 January 2010

2009	Consumer prices*		CPI index	Core CPI	Comments	All items retail prices (RPI)		RPI ex mortgage interest payments	
	Monthly	Annual	2005 =100	ex energy, food, drink		Index 1987=100	Annual % Change	Index 1987=100	Annual % Change
	January (act)	-0.7	3.0	108.7		1.3	Lower transport costs, fuels, & food. Upward effect: recreation	210.1	0.1
February (act)	0.8	3.2	109.6	1.6	Higher food, drink, petrol and recreation and culture prices	211.4	0.0	209.5	2.5
March (act)	0.2	2.9	109.8	1.7	large -neg from housing, due to lower energy costs but petrol up mom	211.3	-0.4	209.9	2.2
April (act)	0.2	2.3	110.1	1.5	Downward effect from housing (gas & elec), food lower, excise up	211.5	-1.2	210.7	1.7
May (act)	0.6	2.2	110.7	1.6	Higher import prices & Budget effect. Lower prices from food	212.8	-1.1	212.0	1.6
June (act)	0.3	1.8	111.0	1.6	Lower seasonal food prices	213.4	-1.6	212.6	1.0
July (act)	0.0	1.8	110.9	1.7	Favourable seasonal food prices	213.4	-1.4	212.6	1.2
August (act)	0.4	1.6	111.4	1.8	Housing charges were lower but energy (petrol) costs were higher	214.4	-1.3	213.6	1.4
September (act)	0.0	1.1	111.5	1.7	Housing costs lower, food lower but transport higher as petrol up	215.3	-1.4	214.5	1.3
October (act)	0.2	1.5	111.7	1.8	Transport costs were higher, so were food and recreation	216.0	-0.8	215.1	1.9
November (act)	0.3	1.9	112.0	1.9	Price discounting ahead of December sales - but petrol prices up?	216.6	0.3	215.8	2.7
December (act)	0.5	2.8	112.6	2.2	Higher energy & sales tax cuts falling out of index	218.0	2.4	217.2	3.8
Year Average	0.2	2.2	110.8	1.7		213.7	-0.5	212.6	2.0
Jan-Jun	0.2	2.6	110.0	1.6		211.8	-0.7	210.4	1.9
Jul-Dec	0.2	1.8	111.7	1.9		215.6	-0.4	214.8	2.1
Q1	0.1	3.0	109.4	1.5		210.9	-0.1	209.0	2.4
Q2	0.4	2.1	110.6	1.6		212.6	-1.3	211.8	1.4
Q3	0.1	1.5	111.3	1.7		214.4	-1.4	213.6	1.3
Q4	0.3	2.1	112.1	2.0		216.9	0.6	216.0	2.8

* % rates may not work out from index due to rounding

2010 Forecasts	Consumer prices*		CPI index	Core CPI	Comments	All items retail prices (RPI)		RPI ex mortgage interest payments	
	Monthly	Annual	2005 =100	ex energy, food, drink		Index 1987=100	Annual % Change	Index 1987=100	Annual % Change
	<u>Forecasts</u> January	-0.1	3.5	112.5		2.8	Sales effect lowers inflation. VAT back up to 17.5%?	215.8	2.7
February	0.2	2.9	112.8	2.2	New retail stocks	215.6	2.0	215.8	3.0
March	0.6	3.3	113.4	2.4	No special factors. Budget effect could add 0.4	216.5	2.5	217.2	3.5
April	0.5	3.5	114.0	2.2	Utility prices, rents	218.2	3.2	218.9	3.9
May	0.1	3.1	114.1	1.9		218.9	2.9	219.5	3.5
June	0.0	2.8	114.1	1.9	Lower seasonal food prices	219.3	2.8	219.8	3.4
July	-0.2	2.7	113.9	2.1	Favourable seasonal food prices	219.1	2.7	219.4	3.2
August	0.3	2.5	114.2	1.7		219.8	2.5	219.9	2.9
September	0.4	2.9	114.7	2.0		220.7	2.5	220.1	2.6
October	0.0	2.7	114.7	2.1	Insurance costs down	222.0	2.8	220.7	2.6
November	-0.6	1.8	114.0	2.2	Sales and pre sales	221.8	2.4	220.4	2.1
December	0.0	1.2	114.0	2.4		222.9	2.2	221.5	2.0
Year Average	0.1	2.7	113.9	2.2		219.2	2.6	219.1	3.1
Jan-Jun	0.2	3.2	113.5	2.2		217.4	2.7	217.8	3.5
Jul-Dec	0.0	2.3	114.3	2.1		221.0	2.5	220.4	2.6
Q1	0.2	3.2	112.9	2.5		216.0	2.4	216.2	3.5
Q2	0.0	3.1	114.1	2.0		218.8	2.9	219.4	3.6
Q3	0.2	2.7	114.3	1.9		219.9	2.6	219.8	2.9
Q4	-0.2	1.9	114.2	2.2		222.2	2.5	220.9	2.2

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