

Background

Please confirm you have read and understood this important background information.

Yes, I have read and understood the information on this page.

About you

1 What is your name?

Name:

2 What is your email address?

Email:

3 What is your organisation?

Organisation:

Scotiabank

Section one: Measuring prices across the economy

1 Should ONS identify a main measure of price change across the economy?

Yes

Why? Please provide comments.:

No strong feelings on this one. But if the CPIX is chosen as the 'main measure' it needs a fanfare to get the man on the street to actually acknowledge that this is the measure to watch, not the legacy CPI and RPI etc

2 If you answered 'yes' to question 1a, then what should this measure be?

the CPI, ONS's current headline measure. The CPI is an EU measure, designed by Eurostat to ensure comparable consumer prices statistics across the EU.

Why? Please provide comments.:

As desirable as it is to have a housing component of the CPI, the housing component doesn't really move around much and it is hard for the man on the street to understand what owners equivalent rent really means.

3. Should its production be governed by legislation?

Yes

Why? Please provide comments.:

The uncertainty surrounding the CPAC clothing component experience a couple of years ago could be reduced in future if there are set 'rules of the game' for changes in methodology etc.

Section two: Measuring consumer price inflation for different household types

4 Should ONS seek to measure changes in prices as experienced by different households?

Yes

Why? How often? Please provide comments.:

5 If yes, how should ONS seek to do so?

On the same basis as existing measures such as CPI.

Why? Please provide comments.:

no strong feeling

Section three: The RPI

6 Do you use the following indices? (Please select those that you use)

Component indices of the RPI

If yes, for what purposes? Please provide comments.:

I use the components of the RPI to help construct my forecast for the headline RPI inflation rate. This is a hugely important part of our inflation linked trading business and a service to our clients. I also run scenario analysis based on hypothetical shocks to the RPI.

7 Do you agree that the following indices should be discontinued? (Please select those that you suggest should be discontinued)

Why? Please provide comments.:

I feel extremely strongly that the component indices of the RPI should NOT be discontinued. While the CPI does have mostly the same / similar components, there are subtle differences in their weights and behaviour that make these inappropriate to accurately construct a reliable RPI forecast. With hundreds of billions of pounds of inflation linked gilts outstanding, coupled with even more pension funds linked to the RPI, there should be no diluting of what information is available for the RPI. Since the RPI will continue to be published on a headline basis, the ONS will still be producing the components, so I see no harm in continuing to publish those components. There would only be harm in not publishing them.

8 Do you have any views on what 'freezing' changes to the RPI should mean in practice?

Yes

Why? Please provide comments.:

One of the key principals behind the CPAC decision a couple of years ago was continuity and the fact that the RPI had a long legacy track record. While its methodology may have its flaws, it will only get worse if the ONS makes no further methodology changes. There is still around 50 years of maturity left on the longest inflation linked gilts - so the RPI should be as robust as possible over that remaining period.

Section four: Evolving consumer price statistics

9 Are the priorities identified by ONS in its forward work plan appropriate?

Yes

Why? Please provide comments.:

no strong feeling

10 Should ONS include council tax in the CPIH?

Yes

Why? Please provide comments.:

no strong feeling

Additional information

Do you have any further comments relevant to this consultation?

Do you have any further comments relevant to this consultation?:

no

User satisfaction

Overall, how satisfied were you with this online consultation service today?

Neither satisfied or dissatisfied

Please tell us if there are any specific areas for improvement, or if you have any other comments.: