

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:

Hermes Investment Management

Section one: Measuring prices across the economy

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

No

Why? Please provide comments.:

Impossible given the bank targets state linked welfare pays CPI, whilst some private accrues at RPI and Govt inflation linked debt and derivatives are priced based on RPI.

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

Not Answered

Why? Please provide comments.:

3. Should its production be governed by legislation?

Not Answered

Why? Please provide comments.:

Section three: The RPI

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

Tax and price Index, RPIY, Component indices of the RPI

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

We 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.

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

Why? Please provide comments.:

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

Not Answered

Why? Please provide comments.:

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