

**BRC SHOP PRICE INDEX
NOVEMBER 2004**

For Immediate Release

INFLATION RATE STILL LOW

The BRCs Shop Price Index (SPI) showed the annual rate of inflation for November increased slightly to -0.94% from Octobers low level of -1.37% .

The overall shop prices increased by 1.20% , compared to the decrease of 0.38% seen in October.

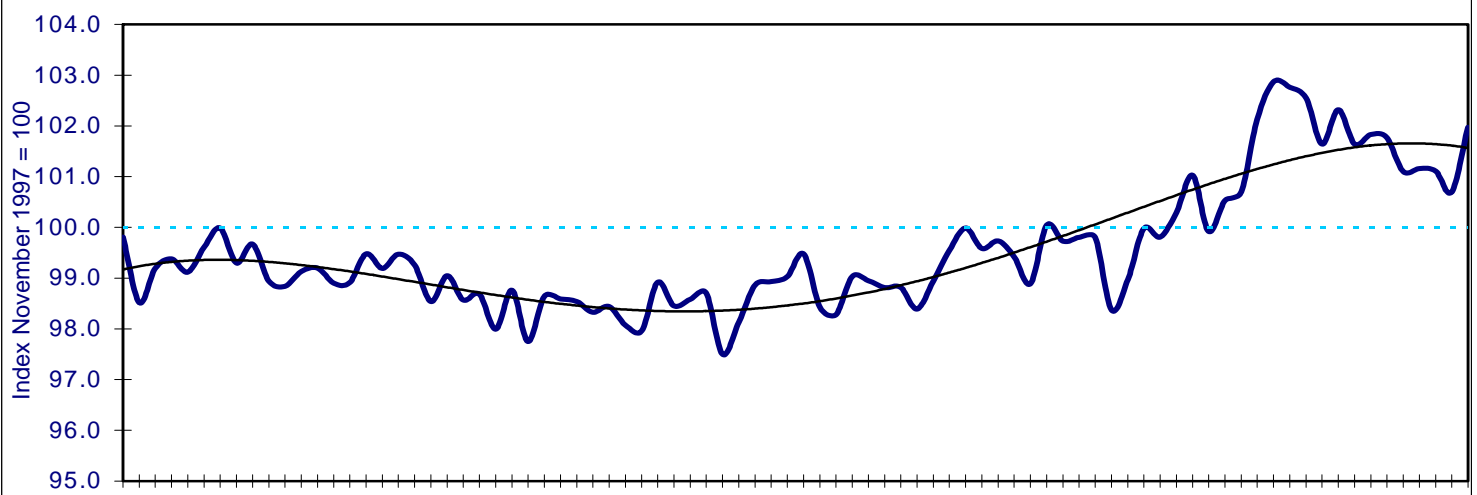
Kevin Hawkins, Director General, BRC comments:

“Despite the continued pressure on margins due to higher staffing, fuel and energy costs, retailers have managed to keep prices down. Shop prices are lower than at this time last year.

“The annual high street inflation rate, up only slightly from it’s exceptionally low level in October, remains in decline for a second month, proving yet again that retail inflation is not a problem for the economy.

“As retail price inflation remains extremely low, there is no justification for a further rise in interest rates.”

**The British Retail Consortium
Shop Price Index**



BRC Comments:

Shop prices increased by 1.20% in November, rising to 101.93. The annual inflation rate increased to -0.94%, suggesting a slight slowdown in the declining rate of inflation seen in recent months.

The price of non-food items increased for the first time in two months, mainly as a result of mid season sales within clothing and footwear coming to an end. Sales within DIY, furniture and soft furnishing also ended, contributing to increases in non-food related items. Despite retailers holding off on pre-Christmas sales, seasonal offers on toiletries, DVD's, Videos, Books and CDs continued.

The cost of food items also contributed to the increase in prices. This was most notable with fruit and vegetables, where supply shortages contributed to increased prices for some fresh produce this year compared with falling prices a year ago. The price of meat, especially poultry increased compared to previous months in line with seasonal demand. Despite these increases, there was evidence of discounting on alcoholic beverages and Christmas related party food items.

	2002		2003		2004	
	Index	Inflation Rate	Index	Inflation Rate	Index	Inflation Rate
January	98.39	0.90%	98.37	-0.01%	102.55	4.24%
February	98.94	0.83%	98.97	0.02%	101.64	2.70%
March	99.54	0.69%	99.98	0.44%	102.32	2.34%
April	99.99	1.07%	99.81	-0.18%	101.64	1.84%
May	99.58	0.56%	100.29	0.71%	101.83	1.53%
June	99.73	0.25%	101.03	1.30%	101.77	0.74%
July	99.42	1.01%	99.92	0.50%	101.10	1.18%
August	98.89	0.62%	100.53	1.66%	101.17	0.63%
September	100.04	1.02%	100.70	0.66%	101.12	0.41%
October	99.72	0.79%	102.13	2.41%	100.73	-1.37%
November	99.80	1.00%	102.87	3.07%	101.93	-0.94%
December	99.80	0.99%	102.76	2.97%		

Notes:

The SPI provides an indicator of the direction of price changes in retail outlets. The BRC launched the Shop Price Index to give an accurate picture of the inflation faced by shoppers on 250 of the most commonly bought items in shops which are representative of the most commonly shopped in stores.

As the Index is designed to reflect changes in shop prices, the sampling points chosen are five large urban areas, spread nationally. Not all sample stores are in city centres; they have been selected to reflect local shopping habits. Therefore, the sample includes superstores on out-of-town sites, town centre department stores, local parade stores, and shopping centres. In each location, a leading market research agency, collect and process the data for the BRC, visit stores of differing types, e.g. grocery, confectionery, DIY, department stores - including small and large multiples and independents. Data collection is monthly and always in the same stores to maintain consistency.

The items for which prices are collected reflect standard consumer purchasing patterns in terms of branded/own label split and price distribution. The Index is constructed of five main sectors of purchase: food, household goods, furniture, clothing, and personal goods. In total there are 250 items representing the five main sectors, there are around 2500-3000 price points collected each period. Each product class category has an individual weighting based on the "All households" expenditure measured in the Family Expenditure Survey. This data is also used to weight the Office for National Statistics Retail Price Index (RPI).

Although it is a proxy measure of inflation, the Shop Price Index is more focused than the Retail Price Index, and demonstrates the extent to which retailers contribute to inflation through their pricing of a range of commonly bought goods.

ENQUIRIES

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