

To what extent has the current inflation been engineere...

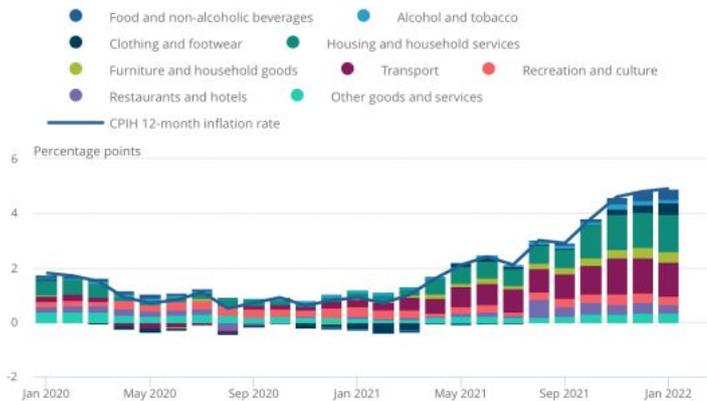
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There is new [inflation data](#) out this morning from the Office for National Statistics. This is their chart for CPIH inflation:

3. Contributions to the annual CPIH inflation rate

Figure 2: Contributions from 4 of the 12 divisions were larger than in the previous three years

Contributions to the CPIH 12-month inflation rate, UK, January 2020 to January 2022



I am, of course, well aware that only the ONS prefer this measure to CPI, but the trend in CPI, which also went up by 0.1% in January, is similar, albeit that it is overall 0.6% higher.

Why comment on this? Simply to note the trend, which suggests that a peak is being reached, even if we are not quite there yet. As I have suggested for some time, this was always going to happen, most especially given this trend:

5. Owner occupiers' housing costs

Figure 5: Housing and household services' overall contribution to the CPIH 12-month inflation rate at its highest since early 2009

Contributions of housing components to the CPIH 12-month inflation rate, UK, January 2015 to January 2022



A year ago fuel prices were in negative territory. Any increase was going to have a significant impact on inflation in that case. And it has, as is obvious.

But so too have letting costs and the costs of property ownership had a big impact, as does council tax, which for these purposes is considered a cost and not a tax payment.

It's almost as if we had an officially engineered inflation resulting from increases in tax, interest rates and regulated prices.

I hate to be a cynic, but to what extent has this inflation been desired by those who wanted an excuse to raise interest rates? It is a question worth asking, because some have been desperate to do so for so long. Do not also doubt that some have also been as desperate to reimpose austerity.

That question will also be worth asking as the year progresses and the inflation rate falls, which as a near mathematical certainty it most likely will. Why those rate increases were required will then have to be asked.

That we have a rate of inflation that at least in part might have been desired by some, and which has been engineered by some incompetent economics, is a possibility to be mused upon.