

Inflation: the good, the bad and the ugly news

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As the [Office for National Statistics has reported](#) this morning with regard to inflation in September:

- * The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 6.3% in the 12 months to September 2023, the same rate as in August.
- * On a monthly basis, CPIH rose by 0.5% in September 2023, compared with a rise of 0.4% in September 2022.
- * The Consumer Prices Index (CPI) rose by 6.7% in the 12 months to September 2023, the same rate as in August.
- * On a monthly basis, CPI rose by 0.5% in September 2023, the same rate as in September 2022.
- * The largest downward contributions to the monthly change in both CPIH and CPI annual rates came from food and non-alcoholic beverages, where prices fell on the month for the first time since September 2021, and furniture and household goods, where prices rose by less than a year ago.
- * Rising prices for motor fuel made the largest upward contribution to the change in the annual rates.
- * Core CPIH (excluding energy, food, alcohol and tobacco) rose by 5.9% in the 12 months to September 2023, the same rate as in August; the CPIH goods annual rate fell slightly from 6.3% to 6.2%, while the CPIH services annual rate rose from 6.1% to 6.3%.
- * Core CPI (excluding energy, food, alcohol and tobacco) rose by 6.1% in the 12 months to September 2023, down from 6.2% in August; the CPI goods annual rate fell slightly from 6.3% to 6.2%, while the CPI services annual rate rose from 6.8% to 6.9%.

In summary, after inflation falling more than expected in August, it got stuck in September with some slight good news on core inflation.

The good news is inflation did not rise.

The bad news is that inflation does not move as predictably as the world would like: two small declines in August and September would have been better for PR than what we got.

The worse news is that the recession mongers at the Bank of England might see this, [in combination with yesterday's news on wages](#), as a reason to increase interest rates again. Almost any excuse will do for them.

That possibility worries me.

It also worries me how little people understand inflation data. Last night I was on Times Radio discussing the wages data with Angela Knight, once upon a time a Tory Treasury minister. Her claim was that food prices are falling. She seems to think that a falling inflation rate means that. I assured her that she must do a very different food shop to most of us. It's true that some items have fallen, of course: that is what seasonality does. But overall that is not true. The reality is, I am quite sure, that she does not understand statistics.

She also completely rejected my suggestion that interest rate rises are fuelling inflation.

A little competence would help right now.