

Measuring Inflation in a Small Island Economy:

The Jersey Retail Prices Index

Dan Edmunds

 Statistics Jersey

info@stats.je

Measuring inflation in small jurisdictions

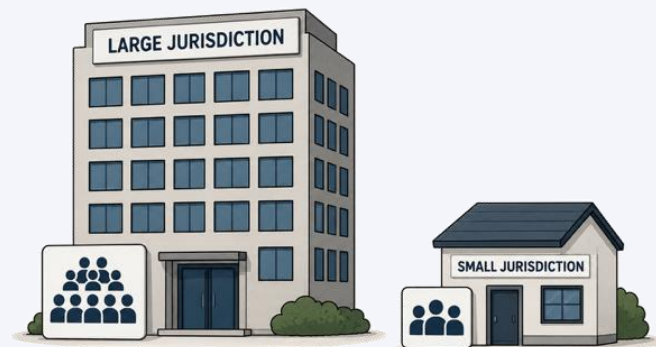
Inflation is a core economic statistic. Even in small jurisdictions, local price experiences can differ significantly from larger neighbouring economies - This makes locally-produced measures essential, rather than relying on external indicators

International guidance tends to assume:

- large teams
- large markets
- specialist roles

But in many smaller jurisdictions the reality is:

- small teams
- limited markets
- resource-constrained



So, what does measuring inflation look like in a small Island economy?

The Island of Jersey



Institutional context

Self-governing jurisdiction
Independent fiscal and legal framework
Tied to some UK institutions (e.g. Bank of England)



Scale

Population: ~105,000
~9 × 5 miles (about a third the size of Malta)
Main town: St Helier



Economic structure

Most goods imported (sea)
Limited manufacturing
(famous for Jersey Royal potatoes and the Jersey dairy cow)

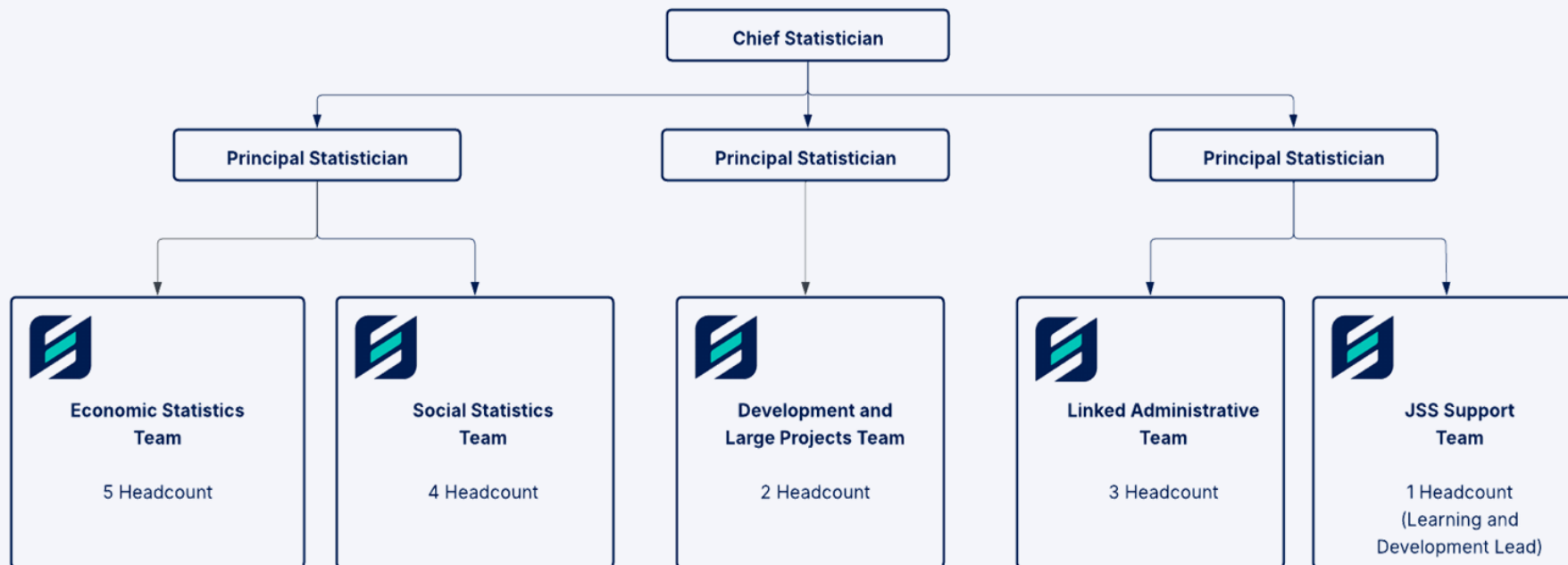


Market characteristics

Predominantly small businesses
Utilities are often a monopoly
Limited choice for things like supermarkets
Key industries are finance (almost half of GDP) and tourism



Jersey's National Statistics Office:



The Jersey RPI

Key features

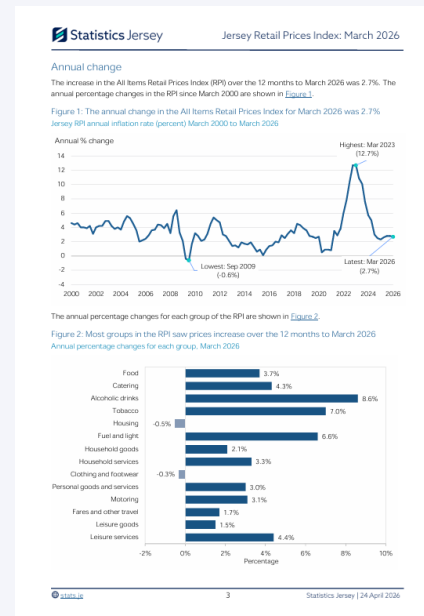
- Official measure of inflation (one of Jersey's "Tier 1" statistics)
- Produced quarterly - Also produce supporting measures such as RPI(X), and low-income index
- Weights from Household Expenditure Survey (produced every ~5 years)

Methodology

- Based on commonly used RPI framework
- Chosen for local use cases
- Updated methods (no UK RPI bias issue)

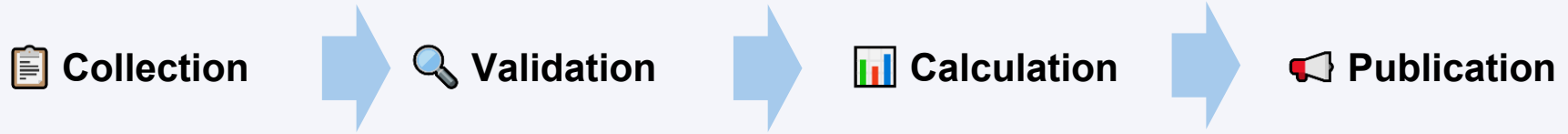
Uses

- Upates pensions and benefits
- Widely used in pay negotiations
- Used in contracts (e.g. leases and rent increases)



Producing the Jersey RPI

Production process is very similar to most jurisdictions:



The typical staff model for large statistical offices:

- Specialist teams
- Distributed roles
- Multiple handoffs



The Jersey staff model




One analyst

End-to-end responsibility


Oversees all stages of production and manages small team of fieldworkers

The Jersey staff mode




 **Collection**
 ~6,000 prices
 2-week window
 Most in person
 (75%), but also by
 phone and online




 **Validation**
 Cleaning &
 checking of data
 Outliers reviewed

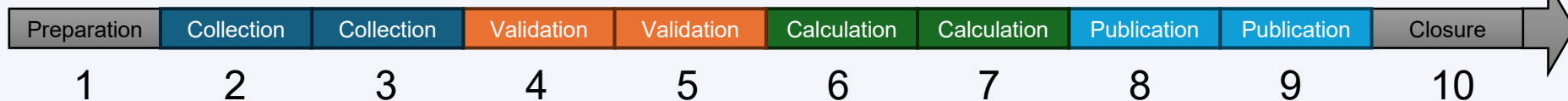


 **Calculation**
 Index compiled
 Weights applied



 **Publication**
 Statistical report
 Public release at
 10am on our
 website

Weekly plan:



The Jersey staff model

Strengths

- Deep understanding of data and markets
- Strong coherence and consistency
- Detailed local knowledge
- Continuity over time



Challenges

- Single point of failure
- High workload concentration
- Competing demands (production vs development)



Challenges specific to a small Island economy



Structural challenges

- Limited retailer choice
- Monopoly / near-monopoly providers
- Representativity challenges
- High frequency of items not being available



Methodological implications

- Greater price volatility
- Interpretation complexities
- Small number of observations

Key judgement calls – aim to be reflective of Islanders “real” experiences:

Example: Utilities – gas (single provider)

- Large price change → direct impact on index
- No real alternative options for Islanders
- So real impact and want index to reflect this



Example: representative item... coffee pods

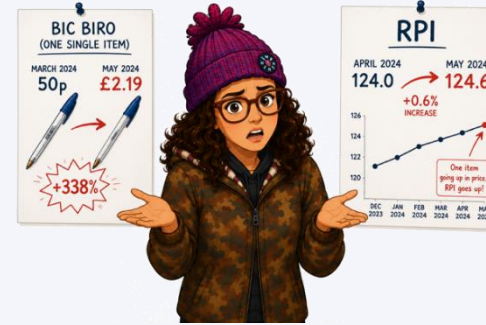
- Specific flavour / brand we collect (for consistency)
- Large price change → direct impact on index
- Multiple substitutions clearly available not showing price increase
- Probably not reflective of Islanders actual experience



Some “fun” examples of things we deal with



Shortages due to bad weather



Bic biro tale



Great hamster shortage of 2024



Businesses not wanting to respond

Modernisation efforts

Development resource limited in small jurisdiction – However recently completed a project:

- 2 people working for over a year on improving methods and technology

Key developments

Mobile app for price collection

Replacing paper-based processes - reduced manual data entry
Data validation
Real-time updates to office
Price history available for fieldworkers
Photos of items

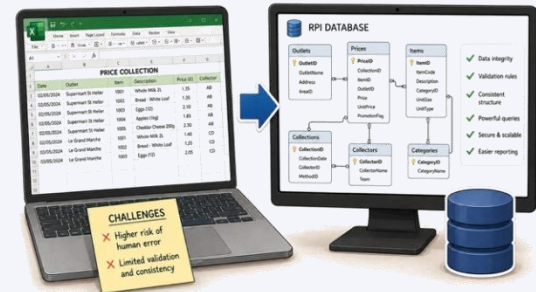
Move to structured database

Replaced spreadsheet-based process with SQL database
(previously used 14 separate excels each quarter)
Integration with app – data easily in and out
Makes analysis much easier (including additional indices)
Full price and index history in one place



FROM SPREADSHEETS

TO STRUCTURED SQL DATABASE



Modernisation efforts



Impact

- Improved data quality
- Greater efficiency and consistency
- Stronger audit trail
- More sustainable process

Key takeaways

Small jurisdictions often need to produce the same outputs as larger ones

Small systems offer unique strengths as well as constraints

Methods often need be adapted to local context / situation – flexibility is key

Modernisation is possible - even with limited resources

Questions?



THANK YOU.

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