

Inflation stuck at 6.7% as petrol goes up but food prices drop

The rate of inflation failed to nudge downwards as expected last month, remaining at an annual rate of 6.7% according to official figures.

The headline consumer prices index (CPI) measure had been predicted to slow to 6.6% in September by a Reuters poll of economists.

The higher than expected number – largely a consequence of rising fuel prices – hangs over the government's target of halving [inflation](#) this year.

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However, a big drop in the inflation rate is tipped for the month of October when shifts in the energy price cap will be reflected in the data.

September's inflation number is important as it is used to calculate how much benefits payments will increase next April, along with increases in some taxes including business rates.

In an interview with Sky News, Treasury Minister Andrew Griffith said no decisions had yet been taken on the levels to be imposed ahead of next month's autumn statement, adding that the target to halve inflation this year was on track.

The Office for National Statistics (ONS) said the largest contribution to the easing of inflation came from food and non-alcoholic drinks.

The report marked the first monthly fall in these costs since

September 2021.

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They have been a thorn in family budgets since energy and commodity costs soared in the wake of Russia's invasion of Ukraine, with higher prices passing along supply chains from field, to factory and fork.

While lower wholesale costs are now being reflected at the shops, production cuts by major oil-producing nations have raised global oil costs and will maintain pressure on fuel prices in the weeks ahead.

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[Israel's war against Hamas](#) will be another crucial factor in determining the future path for pump costs, with a barrel of Brent crude currently costing almost \$91 a barrel. It stood at \$72 in June.

The wider ONS data showed a slight slowing in so-called core inflation, which strips out volatile elements such as energy and food costs.

Along with data on Tuesday showing a fall in the pace of wage growth, it gives some further hope that the Bank of England will hold off on a further interest rate hike next month.

Financial markets currently see a 76% chance of no change to borrowing costs.

ONS chief economist Grant Fitzner said of the big picture for prices: "After last month's fall, annual inflation was unchanged in September.

"Food and non-alcoholic drinks prices eased again across a range of items with the cost of household appliances and air fares also falling this month.

"These were offset by rising prices for motor fuels and the cost of hotel stays."

Chancellor Jeremy Hunt responded: "As we have seen across other G7 countries, inflation rarely falls in a straight line, but if we stick to our plan then we still expect it to keep falling this year.

"Today's news just shows this is even more important so we can ease the pressure on families and businesses."