Truflation

Truflation UK CPI Inflation Index (TruCPI-UK)

Methodology

May 6, 2026

Contents

1. Executive Summary

The Truflation UK CPI Inflation Index (TruCPI-UK) is a real-time, market based measure of inflation designed to deliver transparent, high frequency insight into price trends across the UK economy. Unlike traditional inflation metrics, which are published with a lag and rely heavily on sample surveys, the Truflation index is constructed using actual market price data collected daily from more than 20 independent data providers, encompassing over 8 million data points. This approach enables a more timely and comprehensive view of inflation dynamics as they unfold.

By leveraging real-time transaction prices, the Truflation UK CPI Inflation Index captures shifting consumer price pressures across key components such as energy, food, housing, transportation, and services. The result is a daily inflation signal that reflects prevailing market conditions, offering a more responsive and adaptive alternative to conventional inflation measures.

The index serves several critical functions:

- *Real-Time Economic Insight:* Provides up to date inflation readings that support faster, more informed decision making for policymakers, businesses and investors.
- *Market Sensitivity:* Responds dynamically to economic shocks and price volatility, delivering forward looking inflation signals.
- *Transparency and Objectivity:* Relies on observable market prices rather than survey estimates, enhancing reliability and user confidence.
- *Broad Utility:* Delivered via APIs, dashboards, and data products to support financial analysis, risk management, strategic planning and economic research.

In an environment characterized by rapidly evolving price behavior, the Truflation UK CPI Inflation Index represents a next-generation inflation benchmark, one that closely aligns with real economic activity and deepens understanding of inflation trends in real-time.

2. Truflation UK CPI Inflation Index Framework

The Truflation UK CPI Inflation Index employs a structured, multi step framework to construct a modern Consumer Price Index that accurately reflects contemporary consumption patterns. The methodology is governed by strict guardrails to ensure that movements in the index are driven exclusively by observed price changes rather than by structural or methodological distortions. This consistent and balanced approach enables Truflation to aggregate multiple independent data sources into a single, representative measure of consumer price inflation.

The index construction process follows seven core steps:
1. Household expenditure category definitions
2. Determination of relative importance (weights)
3. Data source selection
4. Data ingestion
5. Normalization and indexing
6. Categorization and relative weighting
7. Aggregation of sub-indices

Step 1: Household Expenditure Category definition
Before constructing the Truflation UK CPI Inflation Index, it is essential to understand how households allocate their spending. Accurate and up to date insights into population structure and consumption behavior ensure that each expenditure category is appropriately represented and weighted within the index.

This step focuses on:
- Identifying household spending patterns across goods and services
- Establishing the relative importance (weight) of each expenditure category
- Defining methods to cross reference and validate expenditure data across multiple independent sources
- Creating a robust foundation that supports forward looking analysis and forecasting

Clearly defined expenditure categories are critical to establishing reliable expenditure baselines. Each category definition must:
- Be precise and unambiguous to ensure accurate classification of goods and services
- Reflect actual consumption patterns within the UK economy
- Allow for validation against alternative and independent datasets

Exhibit 1 outlines the twelve (12) expenditure categories used by Truflation, together with their definitions. Collectively, these categories capture the full spectrum of goods and services consumed by UK households.

Exhibit 1 - Truflation UK CPI Inflation Index 12 Expenditure Categories and Definitions

Expenditure Categories	Category Definition
Food & Non-Alcoholic Beverages	- Food at home including cereals and bakery products, meat, poultry, fish, eggs, dairy, fruits, vegetables, and other foods at home. - Food away from home is meals and non-alcoholic beverages consumed outside of home.
Alcohol & Tobacco	- Alcoholic beverages (beer, wine, and spirits) - Tobacco products and smoking supplies.
Clothing & footwear	- Apparel for women, men, children. - Footwear - Related products and services.
Housing	- Owned dwellings that include mortgages, property taxes, maintenance repairs, insurance, and other household expenses. - Rented dwellings including new and existing rentals - Other lodging that includes hotels, Airbnb etc.
Utilities	- Electricity - Natural gas - Fuel oil - Water and other public services.
Household Durables & Daily Use Items	- Household operations (personal services, other household expenses) - Housekeeping supplies (laundry/cleaning supplies, other household products, postage, stationery etc) - Furnishings and equipment (textiles, furniture, floor coverings, appliances and miscellaneous household equipment).
Health	- Health insurance - Medical services - Pharmaceuticals - Medical supplies
Transport	- Vehicle purchases (new & used cars and trucks, other vehicles) - Gasoline, other fuels, and motor oil - Other vehicle expenses (finance charges, maintenance and repairs, vehicle leases, rentals, insurance) - Public transportation
Communications	- Residential phone services, VOIP - Cellular phone services.

Source: Truflation

Recreation & Culture	- Admission fees - Audio and visual equipment and services - Pets, toys, hobbies and playground equipment - Other entertainment supplies and services
Education	- Education Services fees - Education books and materials.
Other	- Personal care products and services - Miscellaneous expenses (finance charges, funeral services etc)

Each of the twelve categories represents a share of total household expenditure. While category definitions remain consistent across all markets covered by Truflation, ensuring scalability and cross market comparability, the relative importance (weight) of each category varies by country and market, reflecting differences in local consumption behavior.

Step 2: Determining Relative Importance

Category weights are derived by triangulating multiple independent data sources to ensure robustness, neutrality and resilience against bias. The sources used in constructing the relative importance of the Truflation UK CPI Inflation Index include:

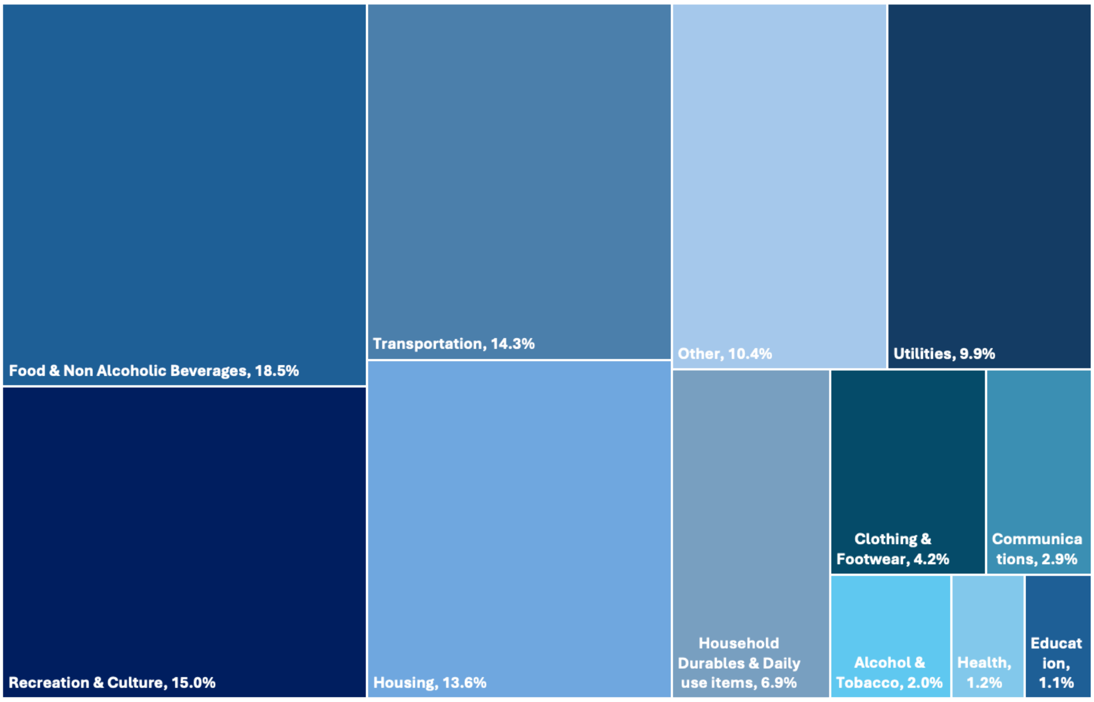
- Truflation Personal Inflation Calculator
- Credit card transaction data
- Census and mini-census data (where available)
- Household expenditure data sourced from Global Demographics, NielsenIQ, and government statistical agencies, including the Office of National Statistics.

These primary inputs are subsequently validated against Truflation's proprietary data feeds and additional third-party sources, such as Retail Trade data, mortgage spending datasets and external reference providers including Statista.

By integrating and harmonizing datasets that employ differing collection methodologies and coverage scopes, Truflation produces a comprehensive and unbiased representation of consumer spending behavior.

The relative importance of each expenditure category is reviewed and updated annually, with new weights implemented each April using the prior year's data. This annual recalibration ensures that the index remains closely aligned with evolving consumer preferences and spending patterns. Exhibit 2 presents the relative importance of the twelve expenditure categories used in the Truflation UK CPI Inflation Index for 2026.

Exhibit 2 - Truflation UK CPI Inflation Category Importance for 2026



Step 3: Data Sources

Truflation collaborates with a broad and diverse network of data partners to ensure a robust and representative data universe to calculate accurate average prices across all categories and subcategories. This diversified sourcing strategy minimizes measurement error, avoids dependence on any single provider and reduces the risk of systemic bias or single points of failure.

Data is licensed from a combination of commercial and public sources, including data aggregators and research institutions. The Truflation UK CPI Inflation Index currently incorporates data from more than 20 providers and aggregators, each contributing to census level coverage. Collectively, these partnerships give Truflation access to over 8 million individual price points for goods and services, far exceeding traditional inflation indices, which typically rely on approximately 180,000 observations.

The network of data providers is dynamic and continuously evolving. Truflation regularly expands and refines its partnerships to improve coverage, granularity, and accuracy. Current data partners (non-exhaustive) include NielsenIQ, GfK, Amazon, Big Mac Index, Kantar, HomeLet, Property Data, Rightmove, Yahoo, Ofgem, NHS, Autotrader, RAC, Numbeo, Trivago, Kayak, Zoopla among others.

Source: Truflation

Prior to inclusion in the index, each data partner is subject to a rigorous audit and certification process. This process includes:

- A comprehensive review of the provider's data collection methodology.
- An assessment of data representativeness, including geographic coverage, alignment with the UK population distribution, and estimated market share relative to Truflation's category and subcategory definitions.
- Evaluation of data quality, validation procedures, internal controls, and error checking systems.
- Completion of all administrative and legal approvals, ensuring Truflation has the rights to integrate, aggregate, and repurpose the data within the index.

Until all requirements are fully satisfied, new data providers remain in a sandbox environment. Only upon successful completion of the audit and certification process are providers formally incorporated into the Truflation UK CPI Inflation Index.

Step 4: Data Ingestion

The Truflation UK CPI Inflation Index ingests data from partners that update at varying intervals; daily, weekly, or monthly. Each dataset is incorporated at its native update frequency, enabling the index to reflect price changes as soon as new information becomes available. As a result, Truflation publishes inflation readings up to 30 times more frequently than traditional inflation measures, which are typically released monthly with an average publication lag of approximately 20 days. In contrast, Truflation updates its indices on a daily basis.

All new data is collected each day at 23:00 Coordinated Universal Time (UTC). Historical price observations are ingested directly into Truflation's source database, with each data provider maintained in a dedicated, immutable table to preserve data integrity and auditability.

Data Quality

Every data ingestion triggers a mandatory daily quality control (QC) process. During QC, data is not altered or adjusted; instead, Truflation verifies the integrity, consistency and representativeness of each data source. The key quality control checks include:

- *Historical Data Comparison:* Incoming data is compared against historical observations from the same source to assess consistency. Any inconsistencies trigger a red flag.
- *Data Presence and Continuity:* Each source is reviewed to ensure sufficient historical depth, at least 13 consecutive months (adjusted for data frequency), to support year over year comparisons. Missing data

triggers a red flag. For weekly or monthly datasets, the most recent verified value is carried forward daily until a new observation is received.
    - Example: September data may be carried forward throughout October until October data is received in early November, at which point it replaces the interim values.
- *Current Data Validation:* Incoming observations are checked to ensure they differ appropriately from previously logged values and that no expected data points are missing. If data remains unchanged or absent beyond the expected update interval, a red flag is raised.
- *Data Variation Thresholds:* If new data deviates by more than ±5% from the prior observation from the same source, it is flagged for review. If no issues are detected, the data is cleared to proceed.

If a red flag is raised at any stage, a detailed investigation is initiated, either internally or in coordination with the data provider and continues until resolution. If the investigation extends beyond one business day, the most recently verified data from that source is temporarily carried forward as interim input. Once the issue is resolved and the new data is validated, it replaces the interim values and proceeds to the calculation stage.

Historical Data Backcasting for New Providers
When onboarding new data providers, Truflation evaluates the historical depth of the dataset. If a dataset does not extend back to January 1, 2010, Truflation applies a backcasting methodology using existing category or subcategory index data.

Illustrative example: Cereals data provider that only has data from January 1st 2015:
- Extract the existing Cereals index data from the Truflation UK CPI Inflation Index from January 1, 2015 onward.
- Compare the existing series with the new dataset to calculate a correlation factor.
- Apply this correlation factor to the existing Cereals index from January 1, 2010 through December 31, 2014.
- Validate and ingest the resulting extended series into the system.

Once verified, the new dataset is added to the database as a date stamped entry, becoming part of the active calculation universe. The system records the exact backcast period, documenting the start and end dates of the historical data incorporated.

Data Integrity and Immutability

All source data tables within Truflation are immutable. Upon ingestion, every data point is time stamped and permanently preserved. Historical data is never overwritten, only supplemented with new or revised observations.

All calculations are likewise time stamped, enabling Truflation to:
- Maintain full historical transparency
- Support reproducibility and auditability
- Enable customized client use cases

As a result, Truflation maintains two distinct datasets:
- *Frozen Values:* These values are published as of a specific date and are immutable once finalized. They do not change, even if higher quality or revised source data becomes available later. Frozen values are displayed across Truflation dashboards and ensure consistency, reproducibility, and auditability.
- *Unfrozen Values:* These values are updated over time to incorporate late arriving or higher quality source data. Historical observations may be revised to improve accuracy. Unfrozen data is available to subscribing customers through Truflation's delivery channels, together with frozen data.

Monthly Index Updates and Change Management

In addition to daily data ingestion, Truflation conducts monthly index updates on the 15th of each month. This process includes adding new data providers or removing existing ones. Index trends may change for three primary reasons:
- The addition or removal of data sources.
- Significant enhancements or revisions by existing data providers.
- Updates to Truflation's calculation model, including annual category weight updates or changes to raw data inputs.

When such changes occur, Truflation performs a parallel run to assess their impact on index levels, trends and correlations. This process includes:
- Explaining observed changes across key metrics
- Verifying affected components using appropriate analytical techniques
- Documenting outcomes in Truflation's quality control log
- Communicating changes and their impact to customers via email and the Truflation dashboard on the effective date

Ingested Date vs Published Date

Once data is ingested and successfully passes all quality control procedures, it moves to the calculation stage and is then locked until publication at 23:59 UTC on the following day.

This intentional delay ensures:

- Adequate time to resolve any outstanding QC issues.
- Independence between data ingestion timing and index activation.
- Protection against data transmission or system disruptions.

For example data collected at 23:00 UTC on January 4 is published at 23:59 UTC on January 5. Accordingly, the index values published on January 5, reflect pricing data from January 4.

Step 5: Normalizing and Indexing

At this stage, each data partner's raw price data is converted into a normalized price index. This process is performed independently for every data source to ensure consistency, comparability and methodological integrity across all datasets.

The index construction follows the steps outlined below:

- *Base Value:* The system identifies a price observation dated January 1, 2010, which is assigned a base index value of 100. If a data point is not available for this exact date, the exception automatically triggers a red flag and the dataset is subject to the standard onboarding and validation procedures applied to new data providers.
- *Current Value:* The current value is defined as the most recent verified observation, adjusted to reflect the 24-hour publication delay applied across the index.
- *Index Calculation Formula:* Current Index Value = (Current Value ÷ Base Value) × 100.

Following index construction, Truflation conducts a second automated Quality Control (QC) review, which includes:

- Historical data comparison
- Verification of data presence and continuity
- Current data consistency checks
- Data variation threshold analysis

If the indexed data successfully passes this QC process, it is cleared to advance to the next stage of calculation. Should any red flags arise, the process is paused and the dataset is escalated for manual review and resolution before proceeding.

Step 6: Categorization and Relative Weighting

At this stage, each indexed data source is classified into its appropriate category and subcategory. A single data source may contribute to multiple categories or subcategories, depending on the breadth and scope of its coverage.

Example: NielsenIQ data contributes to several expenditure areas, including:
- Food at Home
- Alcohol & Tobacco
- Household Durables and Daily Use Items (e.g., small appliances, household goods, stationery)
- Recreation & Culture (e.g., pet food and toys)
- Other (e.g., personal care products)

Each data source is assigned a relative weighting factor within its category or subcategory. These weights are calibrated against existing sources and are determined using three equally weighted components:

1. *Number of Items Tracked:* Data sources covering a larger number of individual items receive a higher weighting. This is calculated as:

   Items tracked by new source ÷ Items tracked in the existing category or subcategory

2. *Data Representativeness:* Representativeness is assessed based on geographic coverage, population coverage, and contribution to national sales within the category.
   a. A nationally representative dataset receives a factor of 1.0
   b. Sub-national datasets are adjusted proportionally.

   Example:
   a. Geographic coverage: 15% of the UK population → factor 0.15
   b. Market share within that geography: 50%
   c. Final representation factor: 0.15 × 0.50 = 0.075

3. *Data Collection Methodology:* Weighting adjustments reflect the robustness of data collection:
   a. Census-level data: factor 1.0
   b. Primary collection methods (e.g., surveys with quality controls): 50% discount
   c. Secondary collection methods (e.g., social or claimed data): an additional 50% discount, resulting in a 75% total discount.

These three components are combined in equal proportion to determine the final relative weighting of each data source within its assigned category or subcategory.

The final weight calculation:

Weight in Truflation CPI = Subcategory Weight × Subcategory Relative Importance

Relative importance values are stored in a dedicated database table. A full breakdown of category and subcategory weights for the UK Inflation Index is provided in Appendix A.

Housing Specific Methodologies: Owned Housing Calculation Method

Owned housing presents a unique challenge in measuring the cost of living, as it reflects both housing consumption services and financial service components (mortgage interest and related charges).

Truflation employs a hybrid methodology that combines census level housing data with a modeled approach for mortgage related costs.

- Repairs, maintenance, insurance, and property taxes are indexed directly using observed market prices.
- Mortgage interest and charges are calculated using a model based on:
    - Average monthly weighted property values for new and existing homes
    - Average weighted down payment assumptions:
        - First-time buyers (18% of purchases) with an average down payment of 20%
        - Repeat buyers (82% of purchases) with an average down payment of 25%
    - Fixed-Rate Mortgages account for approximately 74% of all mortgages where interest rates remain the same for a set period, usually 2 to 10 years.

Newly issued mortgages are weighted and combined with the existing mortgage stock to produce monthly price changes. This approach captures both home price movements and interest rate effects, providing a more accurate representation of housing related inflation.

Housing Specific Methodologies: Rented Housing Calculation Method

Lease renewals tend to be stickier, with smoother and more gradual rent increases driven by fixed lease terms and long standing landlord-tenant relationships. New rental leases, by contrast, are more volatile, respond quickly to real-time market conditions, and exhibit sharper peaks and troughs.

Truflation tracks both renewal rents and new lease rents, allowing analysts to distinguish between structural stability and market driven volatility and to form a more complete picture of rental inflation dynamics.

Step 7: Aggregated Indexes

Following the application of relative weightings, an adjusted index is calculated for each data series by multiplying the normalized source index by its assigned weight:

$$\text{Adjusted Index} = \text{Source Index} \times \text{Weight in the TruCPI-UK Index}$$

All component indices are then aggregated upward to form their respective subcategories, which are subsequently aggregated into categories and ultimately into the headline Truflation UK CPI Inflation Index.

Upon completion of aggregation, Truflation performs a third automated Quality Control (QC) review, which includes:

- Historical data comparison
- Verification of data presence and continuity
- Current data consistency checks
- Data variation analysis

If the data successfully passes this final QC stage, it proceeds to the delivery phase. Should any red flags be identified, the process is immediately halted and escalated for manual investigation and formal sign off by at least two authorized individuals within Truflation.

Treatment of Consumer Substitution

The use of census level data provides a significant methodological advantage for Truflation, as it inherently captures consumer substitution effects without the need for explicit modeling. Unlike traditional inflation measures that rely on substitution formula adjustments, Truflation's approach reflects evolving consumer behavior organically through the breadth and depth of its underlying pricing data.

Truflation collects price, volume and spending information across a wide range of goods and services, enabling the calculation of true average prices. For example, within food categories, pricing data is captured across all available stock keeping units (SKUs). This comprehensive coverage, combined with volumetric information, allows the index to naturally reflect real world shifts in consumer purchasing patterns over time.

As a result, Truflation does not apply separate substitution adjustments. Instead, the index is designed to provide the most complete and accurate representation of consumer experiences possible, based directly on observed market behavior rather than inferred assumptions.

3. The Output Metrics

The Truflation UK CPI Inflation Index is updated daily and produces the following data outputs:

- Truflation UK CPI Inflation headline index value (current day)
- Truflation UK CPI Inflation headline index value (one year prior)
- Year over year percentage change in the headline index
- Index values for each category and subcategory (current day)
- Index values for each category and subcategory (one year prior)
- Year over year percentage change for each category and subcategory
- Full historical time series

The Truflation UK CPI Inflation Index, along with all associated category and subcategory indices, is available through the Truflation Dashboard. The level of data granularity and historical depth accessible to users depends on their subscription tier. At Truflation's highest subscription level, the Enterprise Solution, users have access to the full suite of indices outlined in Exhibit 3.

Exhibit 3 - Truflation UK CPI Inflation Indexes

Category	Sub-Categories	Components
Truflation UK CPI Inflation	- Core & Non Core - Goods & Services	
Food & Non Alcoholic Beverages	- Food at Home - Food Away from Home	- Food at Home - Cereals Index - Food at Home - Dairy - Food at Home - Fruit & Veg - Food at Home - Meat, Fish & Eggs - Food at Home - Other Foods
Housing	- Rented Housing - Owned Housing	
Transportation	- Vehicle Purchases - Gasoline - Public Transportation	
Utilities	- Natural Gas Utilities - Electricity Utilities	
Health		

Household Durables & Daily Items	- Housekeeping Supplies - Hhold Furnishings & equipment	
Alcohol & Tobacco	- Alcoholic Beverages - Tobacco Products	
Clothing & Footwear	- Men and boys - Women and girls - Footwear	
Communications		
Education		
Recreation & Culture	- Admission fees - Pets, toys & hobbies equipment & services	
Others	- Personal care products and services	

All Truflation UK CPI Inflation Indexes are distributed through multiple delivery channels, including the Truflation Dashboard, APIs, FTP, and other data feeds, providing users with seamless access to the full dataset.

The TruCPI-UK Index was launched on June 10, 2022 with historical data extending back to January 1, 2010.

In addition to the headline Truflation UK CPI Inflation Index and its category and subcategory indices, the underlying price level data enables the construction of a suite of specialized sub indices that provide deeper insights into inflation dynamics. These include:

Sub-Indices	Definition / Methodology
Truflation UK CPI Aggregate Inflation Index (TruCPIAgg-UK)	Aggregated inflation measures the cumulative change in prices over a specified period. It is calculated as the percentage change between the current index level and a defined base period. For the Truflation UK CPI Aggregated Index, the base period is January 20, 2020. Consequently, the aggregated inflation figure reflects the total price change from January 20, 2020, to the present day.
Truflation UK CPI Core Inflation Index	Core inflation measures the change in prices excluding the volatile categories of food and energy prices which are subject to

(TruCPIc-UK)	sudden price shocks providing a clearer picture for monetary policy by focussing on the broader, more stable inflation pressures. It reflects the underlying persistent price trends.
Truflation UK CPI Non-Core Inflation Index (TruCPInc-UK)	Non Core inflation measures the change in prices of food and energy components only.
Truflation UK CPI Goods Inflation Index (TruCPIg-UK)	Goods inflation measures the change in prices of physical products purchased by consumers, such as food, clothing, electronics, vehicles, and household items. It reflects how the cost of tangible goods evolves over time and is influenced by factors like supply chain disruptions, raw material costs, production expenses, and retail pricing trends.
Truflation UK CPI Services Inflation Index (TruCPIs-UK)	Services inflation tracks the change in prices for non-tangible products or services, including education, transportation, health care, insurance, utilities, housing and leisure activities. It captures shifts in the cost of services provided to consumers and is affected by labor costs, regulatory changes, demand for services, and operational expenses.

The underlying price index data also allows users to calculate percentage changes across all categories and subcategories for custom intervals, including day over day, month over month, or other user defined periods.

4. Truflation versus other Inflation Measurement Tools

For decades, the UK Office for National Statistics (ONS) Consumer Prices Index including owner occupiers' housing costs (CPIH) has served as the primary benchmark for measuring UK inflation. More recently, Truflation has emerged as an alternative, offering a fresh perspective on inflation dynamics.

Both metrics aim to track changes in the prices of goods and services over time but they differ fundamentally in purpose, methodology, data sources and behavior. ONS CPIH is designed as an official, policy relevant cost of living index, while Truflation is designed to provide a real-time indicator of price changes using high frequency data.

From a methodological standpoint, there are several key differences in data coverage, timeliness and calculation approaches. The main distinctions between the ONS CPIH and Truflation are as follows:

- *Data Sources:* ONS CPIH relies on a combination of structured retail price surveys, administrative data and scanner data collected using statistically designed samples and subject to sampling bias. Where prices can't be directly observed, imputation methods are used.

Truflation instead draws on high frequency data sources, including online prices, APIs, data aggregators information and direct from the sources, which allows for rapid updates and is less constrained by traditional statistical sampling frameworks.

- *Basket Construction and Weighting:* ONS CPIH basket consists of a fixed representative sample based on 700 goods and services which are reviewed annually to represent average household consumption in the UK. Expenditure weights are derived from national accounts data and updated annually meaning changes in consumption patterns are incorporated with a lag. Truflation uses a more dynamic basket, with weights updated more frequently to reflect current consumption behaviour. This enables quicker incorporation of substitution effects and shifts in spending patterns, but also reduces comparability over time relative to a fixed basket approach.
- *Housing Costs:* A key distinguishing feature of ONS CPIH is the inclusion of owner occupiers housing costs using the rental equivalence method. This approach measures the cost of consuming housing services rather than changes in house prices, resulting in a smoother and less volatile housing component. Truflation incorporates actual home purchase costs by modeling mortgage payments using current mortgage rates, mortgage volumes, and average home prices, providing a direct reflection of the housing costs faced by consumers.

Exhibit 4 - Comparison between ONS CPIH vs Truflation UK Inflation

	ONS CPIH	Truflation (UK CPI)
Publication	UK Office of National Statistics (ONS)	Truflation
Data Source	Retail price surveys, administrative data and scanner data collected using statistically designed samples. Where prices can’t be observed they are imputed	Market price data from 20+ data sources
# of Data Points	Sample of 700 goods and services with their price movements measured in approx 20,000 outlets covering 180,000 price quotations per month	8+ million items of goods and services
Publish Frequency	Monthly	Daily
Markets / Indexes	Headline, Goods, Services, Core and categories	Headline, Goods, Services, Core and categories
Weighting	Reviewed Annually	Reviewed Annually
Substitution	Yes, a chain linked Laspeyres framework.	Already included

Source: Truflation

Calculation	(ONS CPIH in the current period - ONS CPIH in the previous period) / [ONS CPIH in the previous period] x 100%	(Truflation in the current period - Truflation in the previous period) / [Truflation in the previous period] x 100%
Exclusions	No exclusions	No exclusions
Main Users	Government, Businesses, Economists & Analysts	Businesses, Retail Users, Economists & Analysts

Truflation's approach is built on transparency, scale, and speed:

- *Deep Data Coverage:* Tracks more than 8 million items from over 20 data sources in the UK
- *Data Validation:* Every published data point is cross verified against at least three independent sources to ensure accuracy.
- *Granular Categorization:* A comprehensive and growing hierarchy of categories and subcategories provides deeper insights into market dynamics.
- *Daily Updates:* Inflation data is refreshed daily, rather than monthly for a more timely view.

Truflation's data and methodologies have been validated by academic institutions and economists, including Stockholm School of Economics, among others.

5. Truflation UK CPI Inflation Index Benefits

The Truflation UK CPI Inflation Index (TruCPI-UK) offers several distinct advantages over traditional inflation measures benefiting policymakers, investors, businesses, and individual users alike:

- ***Real-Time Inflation Insights:*** Unlike government measures that are published monthly with significant lag, Truflation is updated daily. This enables users to monitor inflation as it evolves, detect turning points earlier and respond promptly to emerging price pressures or disinflation trends.
- ***Leading Indicator Advantage:*** Historically, Truflation has led official government inflation indices by approximately 20 days, providing early signals ahead of ONS CPIH releases. This lead time offers a competitive edge for forecasting, strategy, and decision making, allowing timely adjustments to policies, portfolios, pricing, or hedging strategies.
- ***Unmatched Data Depth and Coverage:*** Truflation tracks over 8 million daily price points across goods and services from 20+ data providers. This extensive coverage enables a more accurate representation of real

world consumer spending, reduces reliance on statistical assumptions such as substitution adjustments and enhances resilience during volatile or rapidly changing market conditions.

- *More Realistic Housing Cost Measurement:* Unlike ONS CPIH which relies on Owner's Occupied Housing (OOH), Truflation incorporates actual housing market dynamics, including mortgage rates, mortgage volumes, and home prices. This approach provides a more direct and intuitive measure of how housing costs impact consumers.
- *Transparency and Methodological Consistency:* Truflation indices are constructed from observable market prices, providing a clear linkage between underlying data and published inflation readings. The methodology is consistent, robust, and externally validated by academic institutions, economists and professional analysts, reinforcing confidence in its use for high-stakes decision-making.
- *Applicability for Financial and Analytical Use Cases:* Truflation is well suited for financial market applications and analytical use cases. Its timeliness and sensitivity make it useful for inflation now-casting, macroeconomic research, trading, risk management and monitoring cost pressures in real-time. By capturing early changes in price dynamics, the index supports informed decisions in contexts where traditional monthly or quarterly measures may be too slow or insufficiently granular.

6. Summary

The Truflation UK CPI Inflation Index delivers an unmatched, real-time dataset for macroeconomic analysis. Built on the pillars of speed, scale, granularity and transparency, Truflation provides an early and detailed view of inflation pressures. Its design makes it especially useful for analysts, investors, and policymakers who require timely information to inform decisions in rapidly changing economic environments.

Key Foundations:

- Data Sources: 20+
- Data Points: 8+ million
- Update Frequency: Daily
- Most Recent Household Expenditure Weight Update: 2026

This next generation inflation index supports a wide range of applications, from smarter, faster market hedging strategies to more accurate cost forecasting and pricing decisions for new product development.

By combining real time price data with broad market coverage, the Truflation UK CPI Inflation Index offers a timely, actionable, and transparent view of inflation, empowering investors, businesses, policymakers, and researchers alike.

7. Version History

Version	Date Released	Notes
1.0	June 10, 2022	Genesis of the Truflation UK CPI Inflation Index
1.1	February 26, 2023	2023 weighting update and new data partners
1.2	February 23, 2024	2024 weighting update and new data partners
1.3	February 24, 2025	2025 weighting update, new data partners, and housing calculations explanation (owned and rented)
1.4	May 6, 2026	2026 weighting update and new data partners

APPENDIX A

Relative Importance for the UK

Below is the relative importance data, including the exact weights of each category, sub category and constituents for the Truflation UK CPI Inflation Index.

Truflation Category	Truflation Sub-Category	Weighting
Food & Non-alcoholic Beverages		18.5
Food & Non-alcoholic Beverages	Food at home	10.4
Food & Non-alcoholic Beverages	Food away from home	8.1
Housing		13.6
Housing	Other lodging	1.3
Housing	Owned dwellings	9.2
Housing	Rented dwellings	3.1
Transportation		14.3
Transportation	Gasoline, other fuels, and motor oil	2.8
Transportation	Other vehicle expenses	5.5
Transportation	Public and other transportation	1.5
Transportation	Vehicle purchases (net outlay)	4.6
Utilities		9.9
Utilities	Electricity	4.2
Utilities	Fuel oil and other fuels	0.5
Utilities	Natural gas	2.9
Utilities	Water and other public services	2.3
Health		1.2
Health	Drugs	0.5

Health	Health insurance	0.1
Health	Medical services	0.2
Health	Medical supplies	0.5
Household Durables & Daily Use Items		6.9
Household Durables & Daily Use Items	Household furnishings and equipment	5.4
Household Durables & Daily Use Items	Household operations	0.3
Household Durables & Daily Use Items	Housekeeping supplies	1.2
Alcohol & Tobacco		2.0
Alcohol & Tobacco	Alcoholic beverages	1.1
Alcohol & Tobacco	Tobacco products and smoking supplies	0.9
Clothing & Footwear		4.2
Clothing & Footwear	Children under 2	0.5
Clothing & Footwear	Footwear	0.5
Clothing & Footwear	Men and boys	1.1
Clothing & Footwear	Other apparel products and services	0.7
Clothing & Footwear	Women and girls	1.5
Communications		2.9
Communications	Cellular phone service	1.3
Communications	Residential phone, VOIP & phone cards	1.6
Education		1.1
Education	Education fees	0.8
Education	Reading	0.3
Recreation & Culture		15.0
Recreation & Culture	Audio and visual equipment and services	3.6

Recreation & Culture	Fees and admissions	4.0
Recreation & Culture	Other entertainment supplies, equip services	3.8
Recreation & Culture	Pets, toys, hobbies & playground equipment	3.8
Other		10.4