



## Annual inflation of the Retail Price Index in Q1 2013 – 2.4 per cent Resident Population at end of March 2013 – 4,281

### Headlines

- Annual Inflation on the RPI stood at 2.4 per cent at the end of March 2013, the lowest rate in over 7 years
- Annual inflation on the RPI has been falling for the last year and decreased by 1.4 percentage points in Q1 2013
- A correction to the RPI calculation for Q4 2012 results in a revised figure for annual inflation on the RPI of 3.8 per cent (*see page 2 for correction notice*)
- The St Helena resident population continues to grow

Figure 1a: Annual rate of inflation on the St Helena Retail Price Index, Q1-2006 to Q4 2012

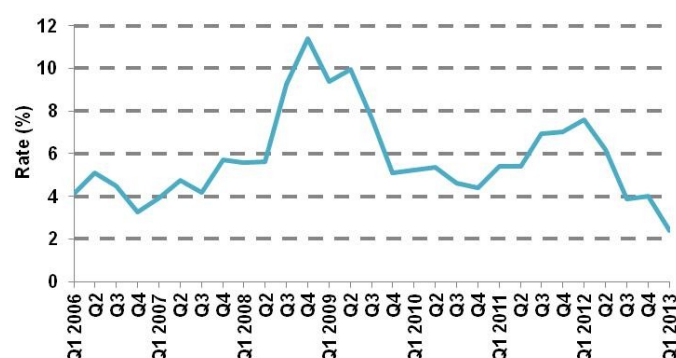


Figure 1b: St Helena retail price index, Q2 2010= 100

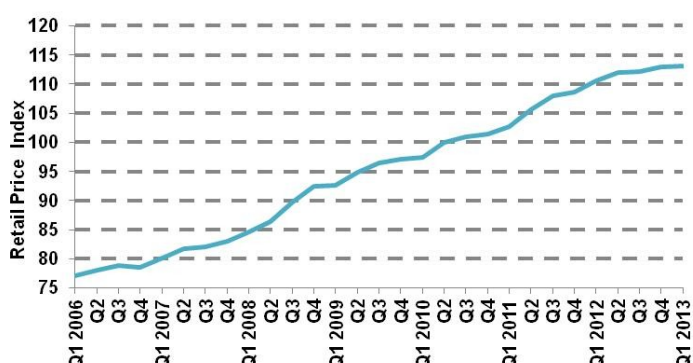


Figure 1a shows the historical trend in annual inflation and figure 1b the trend in the RPI. Table 1, overleaf, lists annual and quarterly changes in inflation of the RPI since it was re-based at the end of Q2 2010.

At the end of Q1 2013 the annual rate of inflation of the St Helena retail price index (RPI) stood at 2.4 per cent. This is a 1.4 percentage point decrease from Q4 2012 when the revised figure for annual rate of inflation stood at 3.8 per cent. This is the lowest annual rate of inflation since Q2 2005.

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## Correction to Q4 2012 RPI

During price checks for the Q1 2013 retail price index (RPI) calculation, errors were identified in the data for Q4 2012. These errors affect the rate of inflation for the Household Goods and Miscellaneous Goods categories. The overall impact means that the headline rate of annual inflation of the retail price index stood at 3.8 per cent at the end of Q4 2012, a 0.2 per cent drop from the initial calculation, meaning a 0.1 per cent decrease from the previous quarter. The average rate of annual inflation of the RPI in 2012 remains unchanged at 5.4 per cent.

The errors have now been corrected. Revised figures for the RPI and inflation in Q4 2012 are published in this bulletin. Users of RPI statistics do not need to issue corrections for calculations based on previous published figures but should use revised figures in future work.

The Statistics Office apologises for any inconvenience caused.

**Table 1: St Helena Retail Price Index (RPI), Annual and Quarterly, Q2 2010 to Q1 2013.** <sup>r</sup> Revised figures.

	Index	Annual or 12 month change (%)	Quarterly or 3 month change (%)
Q2 2010	100.0	5.4	2.6
Q3 2010	101.0	4.6	1.0
Q4 2010	101.5	4.4	0.5
Q1 2011	102.7	5.4	1.2
Q2 2011	105.6	5.6	2.8
Q3 2011	108.0	7.0	2.3
Q4 2011	108.6	7.0	0.5
Q1 2012	110.5	7.6	1.7
Q2 2012	112.0	6.1	1.3
Q3 2012	112.2	3.9	0.2
Q4 2012	112.7 <sup>r</sup>	3.8 <sup>r</sup>	0.5 <sup>r</sup>
Q1 2013	113.10	2.4	0.4

**Table 2: Annual Inflation on the St Helena RPI, total and by category, Q4 2012 and Q1 2013.** <sup>r</sup> Revised figure.

Category	Weight (%)	Annual inflation rate Q4 2012 (%)	Annual inflation rate Q1 2013 (%)	Quarterly change in annual rate
Food	33.4	2.6	2.5	-0.1
Transport	18.6	6.5	1.1	-5.4
Services	12.9	5.5	4.4	-1.1
Housing*	9.8	0.2	0.3	+0.1
Miscellaneous goods	8.9	-0.9 <sup>r</sup>	0.6	+1.5
Fuel & light	7.8	6.6	6.5	-0.1
Household goods	4.1	4.2 <sup>r</sup>	-0.5	-4.7
Alcohol & tobacco	3.2	7.4	4.7	-2.8*
Clothing	1.4	10.9	5.6	-5.3
<b>Total</b>	<b>100</b>	<b>3.8</b>	<b>2.4</b>	<b>-1.4</b>

\* Rounding of presented figures results in apparent discrepancy in quarterly change

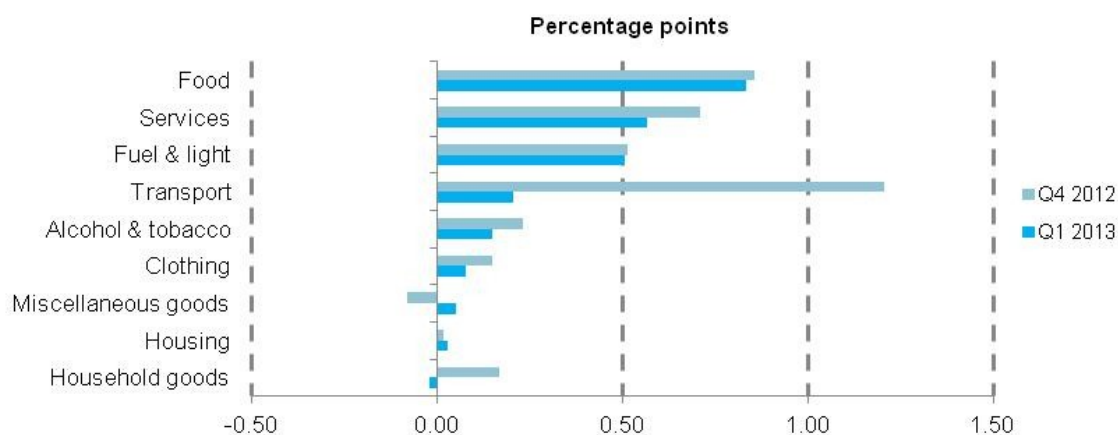
The biggest contributions to the headline rate of inflation in Q1 2013 came from inflation in the Food (2.5%), Services (4.4%) and Fuel & Light (6.5%) sub-categories. This is a result of price increases in the goods and services in these sub-categories along with a heavy weighting in the average St Helenian "Shopping Basket".

All categories have seen price increases in the twelve months from Q1 2012– Q1 2013 with the exception of Household Goods which has seen an overall decrease in prices. Smallest overall price increases have been in the Housing and Miscellaneous Goods sub-categories. Largest overall increases have been seen in the Fuel & Light and Clothing sub-categories which account for approximately 10 per cent of the basket. These are the only categories where annual inflation of the RPI is higher than in the same period in 2012.

A reduction in the annual rate of inflation of the RPI means that overall the price of goods and services in the St Helena shopping basket are increasing, but not by as much as was seen in the same period twelve months ago. Price checks measure the cost of goods and services "on shelf" and do not take account of special offers or sale of items at a reduced rate due to being past their sell-by date.

Negative inflation seen in the Household Goods sub-category means that overall prices are lower than they were in March 2012. This is however a typically volatile category with regards to pricing and many goods have increased and decreased in price over the past twelve months.

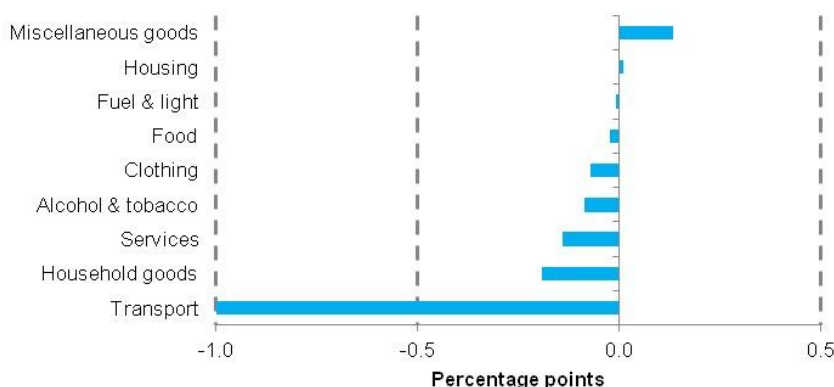
**Figure 2: Contribution to the headline rate of annual inflation of the St Helena RPI, Q4 2012 (AI = 3.8%) and Q1 2013 (AI = 2.4%)**



Changes in the annual rate of inflation of the RPI from Q4 2012 to Q1 2013 are most significant in the Transport sub-category which contributed 1.2 percentage points to the headline rate of inflation in Q4 2012 and 0.2 percentage points in Q1 2013.

The Miscellaneous Goods and Household Goods sub-categories are very changeable with many items increasing and decreasing in price between checks. The revised figure for annual inflation in the Miscellaneous Goods in Q4 2012 was negative, meaning a downwards pressure on the headline rate. In Q1 2013 this is now a small positive or upwards pressure on the headline rate of inflation. In contrast, the Household Goods subcategory was an upwards pressure on the headline rate of annual inflation of the RPI in Q4 2012, (the revised figures show that this was a bigger pressure than originally estimated), but in Q1 2013 overall price reductions resulted in a negative rate of inflation or deflation.

**Figure 3: Contribution to the 1.4 percentage point change in the annual rate of inflation of the St Helena RPI (3.8% to 2.4%) between Q4 2012 and Q1 2013**



The *upwards* contributions to the quarterly change in annual rate of inflation of the RPI between Q4 2012 and Q1 2013 came from:

- **Miscellaneous Goods** Inflation in this sub-category is low at 0.6 per cent and provides the only notable upwards contribution to the quarterly change in annual inflation of the RPI. In the previous quarter annual inflation of the RPI in the Miscellaneous Goods sub-category was negative.
- **Housing** was the only other category to show an upwards pressure but a small increase combined with moderate weight means this contribution is negligible.

The three largest *downwards* pressures on annual inflation of the RPI came from:

- **Transport** Inflation in the transport sub-category stood at 1.1 per cent at the end of Q1 2013. This is the lowest rate since Q2 2010. The fall in the level of inflation in this sub-category contributes 1 percentage point of the 1.4 percentage point drop from Q4 2012 to Q1 2013. This is caused by increases in the cost of vehicle purchase and also drivers licence and motor vehicle licence fees in Q1 2012 no longer contributing to the calculation for annual inflation of the RPI.
- **Household Goods** Over the past year the rate of annual inflation in the Household Goods sub-category has decreased steadily. It currently stands at -0.5 per cent, a negative figure indicating that the overall price of goods and services in this category is lower than twelve months ago in Q1 2012.
- **Services** The reduction in price of broadband services in January 2013 creates a downwards pressure on rate of increase of the RPI which was not present in the previous quarter. Increases in cost of television services in Q4 2012 and Hospital and Prescription Charges in Q3 2012 are upwards pressures which are now partially off-set.

The predominantly downwards pressures on the RPI is reflecting a lower rate of annual increase in the price of goods and services than was seen in the previous quarter. This general downwards trend in the rate at which prices are increasing has been seen throughout 2012 in the major categories of the RPI shopping basket.

### Global Context

The economic indicators produced by the Statistics Office reflect the economy and social environment of St Helena. If you wish to find out more facts and figures about the economy of other countries, the IMF website ([www.imf.org](http://www.imf.org)) contains a lot of information which will help you. Some of the information which may help to provide context and information on external influences on the St Helena economy include: inflation indices in other countries, currency exchange rates and commodity prices (i.e. price of fuel and food in other countries).

### International Headlines

#### **UK (Office for National Statistics: [www.ons.gov.uk](http://www.ons.gov.uk))**

The Consumer Prices Index (CPI) grew by 2.8% in March 2013, unchanged from February. Over the last six months, the CPI 12-month rate has been particularly stable, standing at 2.7% for four months followed by 2.8% for February and March 2013. The contributions to change in the CPI rate from the various detailed categories were small compared with most months.

#### **South Africa (Statistics South Africa: [www.statssa.gov.za](http://www.statssa.gov.za))**

The official inflation rate (i.e. the percentage change in the CPI for all urban areas in March 2013 compared with that in March 2012) was 5.9% at March 2013. This rate was the same as the corresponding annual rate of 5.9% in February 2013 (i.e. the Consumer Price Index for all urban areas in February 2013 compared with that in February 2012).

**NOTE: INTERNATIONAL INFLATION FIGURES ARE NOT DIRECTLY COMPARABLE WITH FIGURES FOR ST HELENA. THESE FIGURES ARE INCLUDED TO PROVIDE SOME CONTEXT FOR LOCAL ECONOMIC INDICATORS.**

## Methodology and Fact Sheet

### What is Inflation?

Inflation simply means that something is growing or increasing. In the context of the economy the most commonly measured form of inflation is the change in prices of goods and services over time. On Saint Helena we measure this through the increase on the Retail Price Index (RPI). Annual Inflation figures tell us by how much the RPI has grown over the preceding twelve months.

### What is the Retail Price Index (RPI)?

The Retail Price Index is an official measure of prices and is calculated every three months (once per calendar quarter). The RPI measures changes in prices of a basket of goods relative to a base point in time. Increases in the RPI reflect increases in the price of goods.

### How is the Retail Price Index (RPI) constructed?

1. Firstly a Household Expenditure Survey is conducted to identify a list of items bought by a range of households. Analysis of these results allow us to compile a basket of goods which represent an 'average' St Helenian household. Corresponding weights are calculated to show the relative importance of each of these items.
2. The results of this provide the new standard or baseline relative to which RPI is calculated. Price changes are measured relative to this point in time.
3. Each quarter the current price of each item in the basket is collected.
4. The change in price of each item relative to the base point is multiplied by the item weight and this is summed to produce the overall change in price of the standard basket.
5. An RPI of 113.10 means that the basket of goods that cost £100 at the time of baseline would now cost £113.10.

### Why do we measure the RPI?

The rate of change of price indices are important indicators of how the economy is performing. They are used in many ways by the government, businesses and society in general. They also show the impact of inflation on family budgets.

### What happens when an item is not available?

If a particular item is not available during a round of price checks a series of prescribed steps are followed to ensure the correct action is taken. Either the price will be carried forward from the previous quarter or a suitable substitution will be made. Great care is taken to ensure that this substitution is the closest possible comparison for the original item and that no unfair impact is made on RPI calculations.

### What are the upper- and lower-band RPIs?

These bandings show the rates for inflation for typical households in two weekly spending brackets– £0-100 and £150+. You may find that one of these inflation figures is more relevant to you as it more closely reflects changes in the products you regularly buy.

The upper- and lower-band RPI calculations include a different set of weights to those used in the overall RPI calculations. This reflects the differing proportions of weekly expenditure spent on items in each group of items in the RPI shopping basket. A detailed explanation of this analysis along with a description of historical trends was given in the Q3 2012 release "RPI by Expenditure". A copy of this publication is available from the Statistics Office website: [www.statistics.gov.sh/statistics](http://www.statistics.gov.sh/statistics)



## Resident Population

The estimated resident population of St Helena at the end of March 2013 was 4,281. This is an expected drop from the previous quarter when the Island population was temporarily swollen by friends and family returning from overseas for the Christmas holidays. Once again the quarterly average resident population is higher in Q1 2013 than the same period in any year since the 2008 population Census. The presence of Basil Read and expatriate workers living on Island for an extended period ( more than six months) is included in the estimate of resident population.

The effect of migration on the St Helena population far out-weighs the effect of births and deaths. We are currently seeing more Saints of working age returning to the Island than are leaving.

Figure 4: St Helena resident population, averaged over quarter, Q1 2008 – Q1 2013

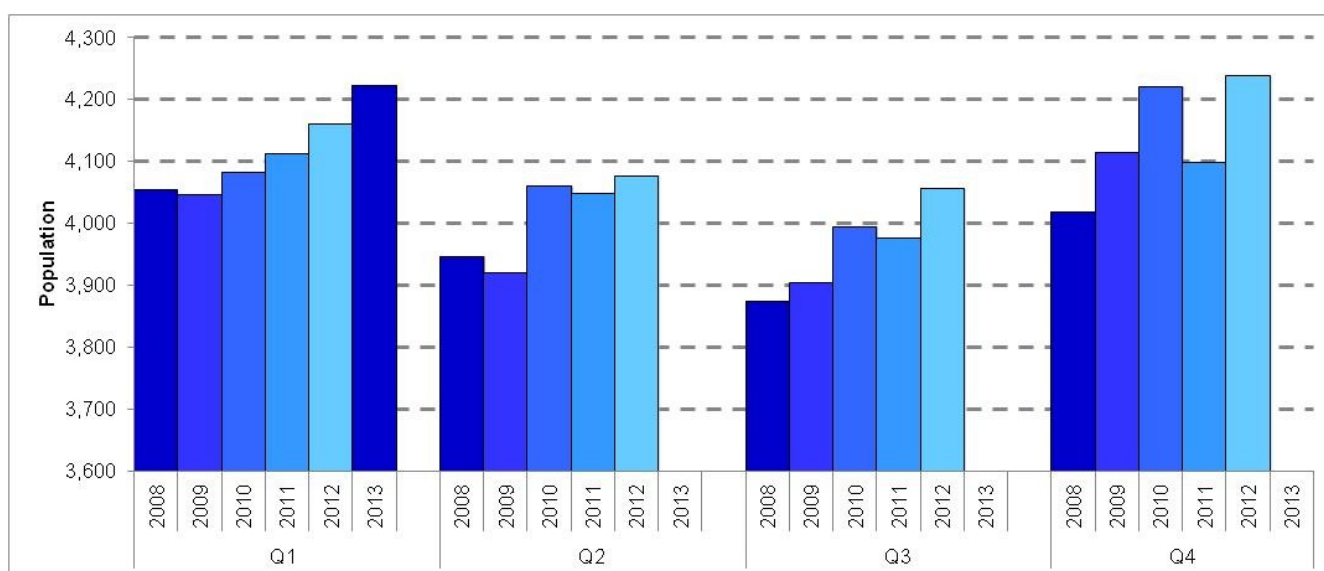


Table 4: Births, Deaths and long-term in-migration of individuals with St Helenian status, St Helena 2012.

	Births	Deaths	Saint arrivals <sup>1</sup>	
			All	Age 20-60
Total number (January to March 2013)	8	12	21	18
Of which: Male	1	8	8	8
Female	7	4	13	10

<sup>1</sup> Long term arrivals, BOTC nationality, date of arrival two years or greater than date of departure.

## What is the resident population?

The resident population at time of publishing ( $P_t$ ) is calculated as:

$$P_t = P_{census} + Births - Deaths + Net Migration$$

Where  $P_{census}$  = Census enumerated usual resident population

(‘de jure’ population enumerated on Census night, 10th February 2008)

Births = Number of registered births

Deaths = Number of registered deaths

Net Migration = Migration figures as captured on immigration forms at point of entry/exit

## Visitors to St Helena: 2012

The total number of arrivals to St Helena in Q1 2013 was up by twenty four per cent from Q1 2012.

Business is the largest category of visitors arriving on the RMS. Tourist visitors in the eight-night “excursion” category are essentially unchanged from 2012 to 2013. The dominant route for tourist visitors to the Island is by yacht. The rise in yachting visitors has been associated with two significant events– the Governors yacht race 2012 and the World Arc Rally 2012/13. Disembarkation of a single cruise ship—the MSC Sinfonia in the first quarter of 2013 resulted in 975 day-visitors to the Island.

**Table 5: Total number of arrivals, RMS arrivals and Yacht arrivals to St Helena, Quarter 1 (January to March) 2013 versus 2012.**

Arrival	2013	2012	Change 2012 to 2013	
			Actual	Percentage
<b>Total Passenger Arrivals</b>	<b>1,236</b>	<b>996</b>	<b>+240</b>	<b>+24%</b>
Number of RMS arrivals	9	9	0	0%
Total RMS passenger arrivals	722	680	+42	+6%
Of which: Business	233	167	66	+39.5%
Tourist	169	168	+1	+0.6%
Visiting Friends or Relatives	103	128	-25	-19.5%
Returning Resident	200	204	-4	-1.9%
Transit	17	13	+4	+30.8%
Total Yacht arrivals (vessels)	141	101	+40	+39.6%
Passengers/ Crew	422	292	+130	+44.5%
Other Vessels	2	3	-1	-33.3%
Passengers	92	24	+68	(+238%)
Cruise Ship	1	0	+1	N/A
Day visitors	975	0	+975	N/A

*Source: St Helena Immigration database.*



# ST HELENA RETAIL PRICE INDEX

Quarter 2 2010 = 100

	Index numbers and percentages									
	Food	Alcohol & tobacco	Housing	Fuel & light	Clothing	Household goods	Transport	Miscellaneous goods	Services	Total
Weights 2002 <sup>(1)</sup>	33.10	6.70	9.30	8.10	2.40	3.40	23.00	6.10	7.90	100.00
Weights 2009 <sup>(2)</sup>	33.40	3.15	9.84	7.78	1.37	4.05	18.57	8.92	12.92	100.00
2002 Qtr 4	61.62	57.78	88.41	50.01	96.86	93.28	70.52	81.16	81.42	67.65
2003 Qtr 4	65.88	68.51	88.74	56.69	97.70	94.16	71.59	82.39	82.89	71.21
2004 Qtr 4	70.09	68.11	90.26	60.92	104.87	102.52	69.55	85.60	83.95	73.37
2005 Qtr 4	71.95	69.42	90.83	65.89	113.13	108.35	73.33	89.09	83.99	76.03
2006 Qtr 4	72.82	74.35	91.60	68.79	115.52	97.22	79.36	94.52	84.07	78.50
2007 Qtr 4	75.51	80.90	91.84	69.63	101.79	102.53	91.05	86.83	95.90	82.98
2008 Qtr 4	91.38	93.67	96.75	74.59	107.44	105.63	97.72	90.11	96.49	92.44
2009 Qtr 4	96.95	95.34	98.72	85.86	106.93	101.93	100.13	102.15	99.29	97.18
2010 Qtr 4	101.73	105.59	100.01	100.96	101.31	100.68	101.56	103.49	100.00	101.48
2011 Qtr 1	102.50	105.98	100.30	101.13	100.87	100.46	106.13	104.09	100.15	102.70
Qtr 2	104.62	107.22	105.79	101.64	102.97	103.36	108.49	111.31	102.50	105.55
Qtr 3	106.98	110.45	105.96	101.64	106.69	106.18	110.68	111.14	110.33	108.03
Qtr 4	106.49	116.60	106.14	101.81	104.94	111.84	111.03	113.98	110.33	108.61
2012 Qtr 1	107.07	122.15	106.15	101.88	105.84	116.47	117.69	114.82	110.33	110.50
Qtr 2	108.56	122.80	106.29	108.54	107.16	118.55	119.08	115.42	110.33	111.96
Qtr 3	109.45	124.82	106.30	108.54	109.50	115.25	118.20	115.98	111.10	112.21
Qtr 4	109.22	125.28	106.37	108.54	116.40	116.50	118.19	112.91	116.40	112.71
2013 Qtr 1	109.74	127.85	106.52	108.54	111.79	115.83	118.94	115.50	115.20	113.10

## Percentage change current quarter on corresponding quarter in previous year

2002 Qtr 4	-4.6	1.9	0.9	25.8	6.5	-2.9	2.5	0.3	-1.9	0.2
2003 Qtr 4	6.9	18.6	0.4	13.4	0.9	0.9	1.5	1.5	1.8	5.3
2004 Qtr 4	6.4	-0.6	1.7	7.5	7.3	8.9	-2.8	3.9	1.3	3.0
2005 Qtr 4	2.7	1.9	0.6	8.2	7.9	5.7	5.4	4.1	0.0	3.6
2006 Qtr 4	1.2	7.1	0.8	4.4	2.1	-10.3	8.2	6.1	0.1	3.3
2007 Qtr 4	3.7	8.8	0.3	1.2	-11.9	5.5	14.7	-8.1	14.1	5.7
2008 Qtr 4	21.0	15.8	5.3	7.1	5.5	3.0	7.3	3.8	0.6	11.4
2009 Qtr 4	6.1	1.8	2.0	15.1	-0.5	-3.5	2.5	13.4	2.9	5.1
2010 Qtr 4	4.9	10.8	1.3	17.6	-5.3	-1.2	1.4	1.3	0.7	4.4
2011 Qtr 1	5.0	5.5	1.0	17.8	1.8	0.5	6.3	5.5	0.9	5.4
Qtr 2	4.6	7.2	5.8	1.6	3.0	3.4	8.5	11.3	2.5	5.6
Qtr 3	5.2	8.7	6.0	1.6	6.2	5.4	9.5	9.3	10.3	7.0
Qtr 4	4.7	10.4	6.1	0.8	3.6	11.1	9.3	10.1	10.3	7.0
2012 Qtr 1	4.5	15.3	5.8	0.7	4.9	15.9	10.9	10.3	10.2	7.6
Qtr 2	3.8	14.5	0.5	6.8	4.1	14.7	9.8	3.7	7.6	6.1
Qtr 3	2.3	13.0	0.3	6.8	2.6	8.5	6.8	4.4	0.7	3.9
Qtr 4	2.6	7.4	0.2	6.6	10.9	4.2	6.5	-0.9	5.5	3.8
2013 Qtr 1	2.5	4.7	0.3	6.5	5.6	-0.5	1.1	0.6	4.4	2.4

Note: <sup>(1)</sup> Weights used from Qtr 1 2002

<sup>(2)</sup> Weights used from Qtr 2 2010