



Highlights: Price inflation and population

- Annual price inflation between the second quarter of 2017 and the second quarter of 2016 is estimated to be 5.1 per cent. The rate has fallen slightly from the estimate of annual price inflation last quarter of 7 per cent, but it remains high compared to the last four years.
- Food prices have increased the most compared to one year ago, by 11.7 per cent on average. But in the three month period since the previous quarter, alcohol and tobacco prices rose the most, by just over 3 per cent. The annual inflation rate for alcohol and tobacco increased from 7.1 per cent in Q1 to 9.3 per cent in Q2.
- At the end of May 2017, the on-Island population was estimated to be 4,589. This is a small decline from the end of December, but a small increase of 1.2 per cent compared to May last year. The number of St Helenian residents was estimated to be 4,119.

Chart 1: Annual price inflation rate (per cent)

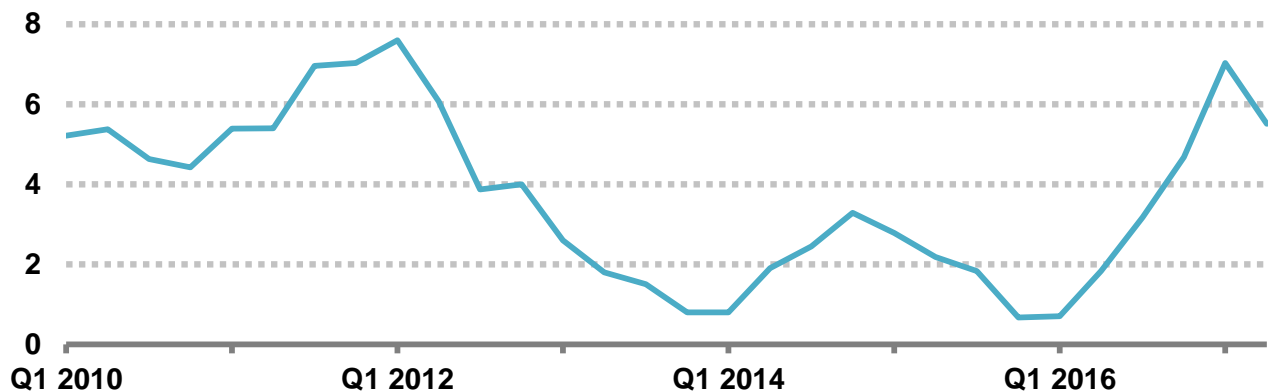
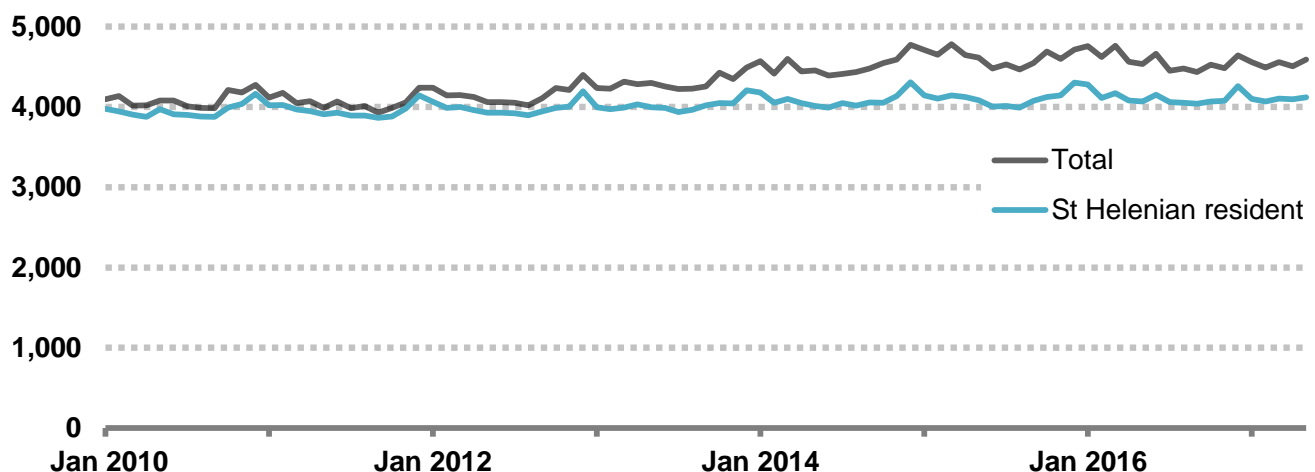


Chart 2: Population, St Helenian residents and total, end of each month



Price inflation: The Retail Prices Index

Average annual price inflation on St Helena, measured using St Helena's Retail Price Index (RPI), was estimated to be 5.1 per cent at the end of the second quarter in 2017. So if the average weekly basket of goods and services purchased by households cost £100 in June 2016, that same basket would cost about £5.10 more in June 2017, when the prices for the latest RPI were collected. The rate has fallen slightly from the estimate last quarter of 7.0 per cent, but it is high compared to the rates recorded over the last four years.

Prices changes by expenditure category

Compared to the prices collected in the first quarter, the biggest upward change in the annual inflation rate – the price increase over a twelve month period – was for 'Alcohol and Tobacco'. The annual inflation rate went up from 7.1 per cent in Q1 2017 to 9.3 per cent in Q2 2017, partly because taxes on alcohol and tobacco were increased at the start of the financial year. However the category with the highest annual inflation rate was 'Food', at 11.7 per cent. This is down only slightly from the previous quarter, and contributes 3.9 percentage points of the total inflation rate of 5.1 per cent. Many items contribute to this, but some of the notable ones include bread, imported meats, and imported fruit and vegetables. 'Food' is the largest category in the average household shopping basket – it has ten times more weight in the RPI basket than 'Alcohol and Tobacco', for example.

Table 1: Annual inflation rates by category

Category	Weight in RPI (per cent)	Annual inflation rate Q1 2017 (per cent)	Annual inflation rate Q2 2017 (per cent)	Change in annual rate since Q1 2017 (percentage points)
Food	33.4	12.5	11.7	-0.8
Transport	18.6	3.7	2.0	-1.7
Services	12.9	-0.5	-0.5	0.0
Housing	9.8	1.7	0.3	-1.4
Miscellaneous Goods	8.9	8.2	4.8	-3.4
Fuel and Light	7.8	10.3	-0.2	-10.5
Household Goods	4.1	6.1	5.0	-1.1
Alcohol and Tobacco	3.2	7.1	9.3	+2.2
Clothing	1.4	2.8	2.7	-0.1
Total	100.0	7.0	5.1	-1.9

The categories with the lowest annual inflation rates for Q2 2017 are 'Services', which includes broadband internet and mobile phone services, and 'Fuel and Light', which includes electricity - but not petrol and diesel, which is included in 'Transport'. Since the electricity tariff was last increased in the first quarter of 2016, now over a year ago, this change is no longer detected in the annual inflation rate.

Inflation in South Africa

St Helena imports many goods from South Africa and the UK, and so price changes on St Helena are partly a reflection of the change in prices of goods from those countries. Whilst caution is advised when comparing inflation rates between countries because the methods and coverage of the calculations are not harmonised, South African inflation – measured using the Consumer Price Index (CPI) published by Statistics South Africa – has fluctuated between 4 and 7 per cent for the last five years or so. In May 2017, the annual inflation rate was 5.3 per cent, with a higher rate of 7 per cent in the 'Food' category.

Chart 3: South African inflation rate (per cent), using the Consumer Price Index

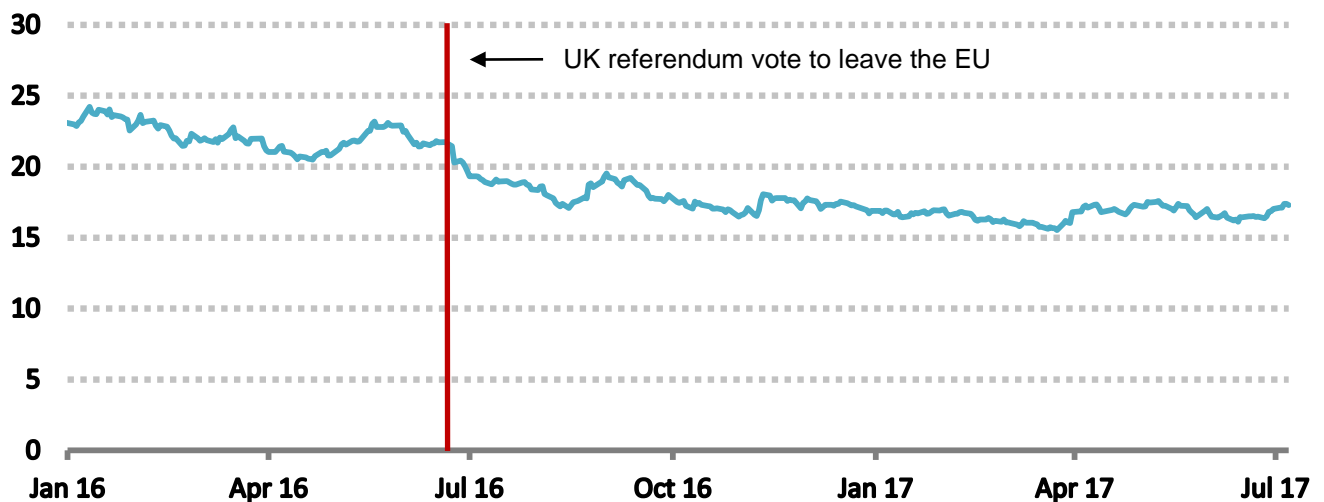


Source: Statistics South Africa

Exchange rates

The prices St Helenians pay for South African goods are also affected by the currency exchange rate, and since the UK voted to leave the European Union in the 2016 referendum the value of the UK Sterling has fallen including against the South African Rand. As a result, South African goods have become more expensive, contributing to the higher price inflation rates currently experienced on St Helena.

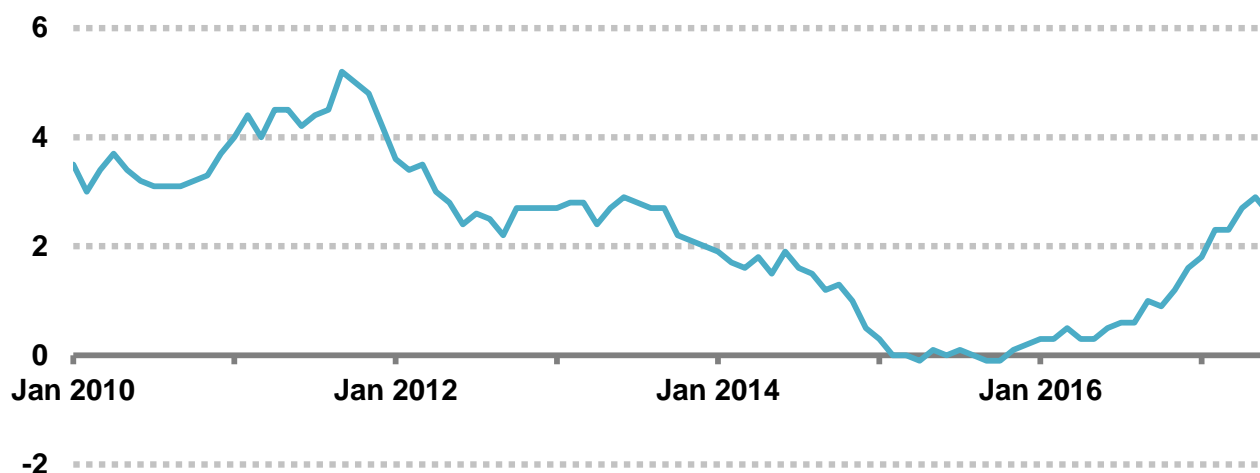
Chart 4: UK Pound/South African Rand exchange rate (Rands per UK Pound, daily spot)



Source: Bank of England

Inflation in the United Kingdom

In the UK, the inflation rate was close to zero during 2015, but since early 2016 average prices have been increasing, and the inflation rate has risen. Measured using the UK Consumer Prices Index, it was 2.9 per cent in May 2017, although it dropped slightly to 2.6 per cent for June.

Chart 5: UK inflation rate (per cent), using the Consumer Price Index

Source: UK Office for National Statistics

Population estimates

At the end of May 2017 the estimated number of persons on St Helena, residents plus visitors, was 4,589. The resident population, excluding visitors, was estimated to be 4,504. This is a small decline from the end of December 2016, but a small increase of about 1.2 per cent compared to a year previously. A small decline in the population following the Christmas months is fairly typical, when holiday-makers and visitors return to their overseas employment or place of usual residence. The resident St Helenian population is estimated to have been 4,119 at the end of May 2017.

Births and deaths (table 2)

In the first five months of 2017 there were a total of 19 births and 24 deaths on St Helena, a very slight increase compared to the same period in 2016.

Table 2: Number of registered births and deaths on St Helena per year

	2012	2013	2014	2015	2016	2017 (up to May)
Births	32	35	48	40	35	19
Male	15	13	25	24	16	9
Female	17	22	23	16	19	10
Deaths	62	55	61	55	45	24
Male	36	34	36	32	26	12
Female	26	21	25	23	19	12

Source: Customer Service Centre, St Helena Post Office

Arrivals

The total number of passenger arrivals in April and May 2017 was 551, 113 less than the number of arrivals compared to the same period in 2016. This does not indicate any trend, however, since the RMS St Helena experienced an extended emergency dry dock during this period. Of the 551 arrivals, 278 were by the RMS St Helena, 187 were by yacht, and 86 were by air, following the first arrival of a passenger flight. In the same period in 2016, 430 were by the RMS St Helena, 194 by yacht, and 40 by air.

Some Frequently Asked Questions

What is the Retail Price Index (RPI)?

The Retail Price Index is the official measure of the average change in the retail prices of goods and services. It is estimated each quarter, or once every three months. Changes in the RPI measure retail price inflation, and are usually computed on an annual basis; that is, comparing price changes over a twelve month period. For details tables of the RPI, please visit www.sainthelena.gov.sh/statistics.

What is price inflation?

Inflation simply means that something is growing or increasing, but when used in the context of the economy it usually refers to the change in average prices of goods and services over time. On St Helena, the primary measure of inflation is the RPI, and it is usually quoted as an annual estimate: it is the amount by which the RPI has grown over the preceding twelve months. A decrease in the RPI is also possible, though unusual: over a twelve month period, a drop in the RPI would result in retail price deflation.

Why do we measure the RPI?

The rate of change of retail prices is an important indicator of economic performance and is used by Government, businesses and society in general. It enables an understanding of the impact of price changes on households and individuals, including for specific groups of goods and services.

How is the Retail Price Index (RPI) constructed?

The basis for the RPI is the average cost of goods and services purchased by households on St Helena, or a weekly 'shopping basket'. Items which households purchase more of, such as food, have a bigger share, or weight, in the RPI basket (the full specification of the RPI basket is available from the Statistics Office website). The current RPI uses a basket from the last Household Expenditure Survey in 2009, and baseline prices for that basket were recorded in the second quarter of 2010. Prices have been collected every quarter since then, to calculate the latest price of the average shopping basket. By convention, the value of the basket in the baseline period is scaled to 100, and the RPI values are quoted in relation to that baseline. Thus, an RPI value of 120 means that average prices have increased by 20 per cent compared to those recorded in the base period.

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 RPI measurement is not distorted. An important principle is that price changes should reflect actual price increases, and not changes in the quality of items. If an item is not available then either the previous price will be carried forward from the previous quarter, or a suitable substitute item will be identified and an adjustment calculation made. Great care is taken to ensure that this substitution is similar to the original item, that it represents the item category, and that it does not introduce error to the measurement of the RPI.

What is the resident population?

The resident population is the population that is normally resident on St Helena, and excludes short-term visitors and those staying on board yachts or ships, including the RMS St Helena. It is estimated through the St Helena population census, and then adjusted each quarter for the number of births and deaths, using registrations, and net migration, using immigration records.

News from the Statistics Office

Staff changes

Neil Fantom joined the Statistics Office in June, as St Helena's new Government Statistician. As part of his appointment, he was sworn in by the Governor as Statistical Commissioner, as required by the Statistics Ordinance, 2000.

Neil joins us from the World Bank in Washington DC, where he worked for fifteen years, first as a Senior Statistician, and then as a Manager. He was involved in programs to help several countries improve their statistical work, and was responsible for the World Bank's major statistical outputs, including World Development Indicators and the Atlas of Sustainable Development. Prior to that, he worked as a Statistical Adviser in the Malawi and Botswana National Statistics Offices, and as a Desk Officer for Eurostat, the Statistical Office of the European Commission in Luxembourg. Neil has also had several spells working for the UK Department for International Development, in London and East Kilbride.

Neil is not new to St Helena, or to St Helena's statistical work – he's also married to a Saint Helenian, Debbie Williams from Sandy Bay. He first came to the Island in 1987 to help rebase the Retail Price Index and analyse the 1987 Population Census, and he subsequently worked for the Department of Economic Planning & Development in 1990 and 1991.

Planning for a new Household Expenditure Survey

The Statistics Office is developing proposals for a new Household Expenditure Survey, to be conducted in October and November 2017. Sample household surveys like this one are typically conducted every five years or so, and are used for many purposes. One of the most important is to calculate the basis for the average 'basket' of goods and services used in the Retail Prices Index; the current basket was measured in 2009, and spending patterns will have changed since then.

The survey is essential, and the Statistics Office will ensure that responses will be treated with the utmost confidentiality, as required by the Statistics Ordinance. Your cooperation with this survey will be greatly appreciated!

Contact us and find out more

Who we are: Neil Fantom, Statistician; Kelly Clingham, Senior Statistical Assistant; Justine Joshua, Senior Statistical Assistant; Asita O'Bey, Statistics Assistant.

In person: the Statistics Office is on the **first floor of the Castle**, Jamestown, at the back of the main courtyard. Call by, we would love to see you!

By telephone: our direct line is **22138** or via the Castle switchboard on 22470. If calling from overseas, the international dialling code for St Helena is +290.

By email: our general office email address is **statistics@sainthelena.gov.sh**, or you can email team members directly (the format is firstname.lastname@sainthelena.gov.sh)

On the web: for data and reports, including the detailed tables for the RPI and population estimates in excel format, previously published in this bulletin, please visit **www.sainthelena.gov.sh/statistics**.