



## Correction Notice

### Saint Helena Retail Price Index

June, September and December 2011 Reports

18th April 2012

Two production errors were discovered in the Retail Price Index reports covering the periods June 2011, September 2011 and December 2011. The errors affected the rate of inflation for the Food and Services categories and subsequently the headline rate of inflation. As a result of the corrections it has emerged that RPI inflation was weaker over the period than previously estimated.

The errors have now been corrected and the index has been rectified. The revised Retail Price Index data is presented in the table below, alongside the previously reported incorrect data:

**Table: Outline of correction, previous data compared to corrected data**

	Annual Inflation on the RPI		Retail Price Index	
	Previously Report Data	Corrected Data	Previously Report Data	Corrected Data
June 2011	9.1	5.0	109.1	105.4
September 2011	9.7	7.0	110.8	108.0
December 2011	9.7	7.0	111.4	108.6

The Strategic Policy and Planning Unit apologises for any inconvenience caused and is currently considering the impact of these errors.

Strategic Policy and Planning Unit  
The Castle  
Jamestown

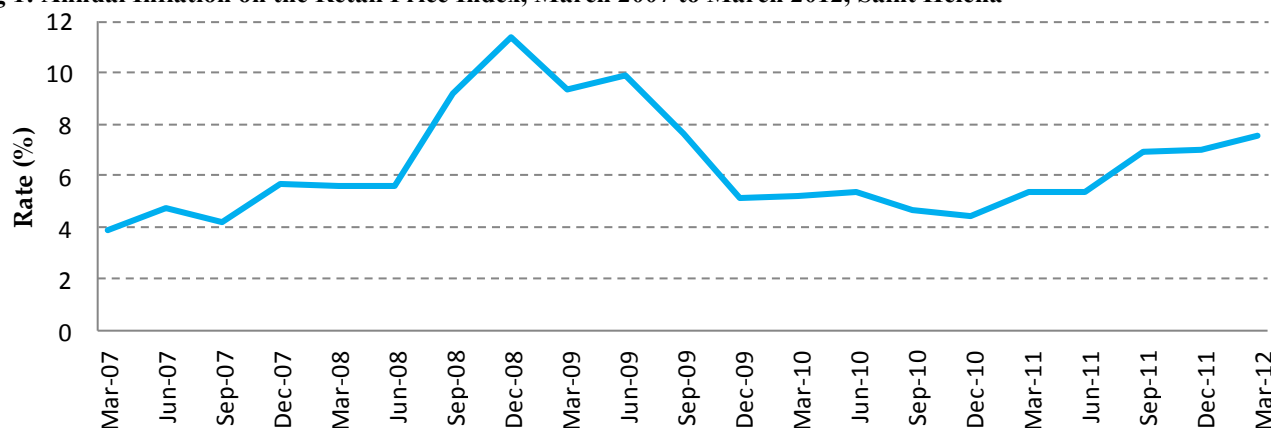


## Annual inflation on the Retail Price Index in March 2012 - 7.6 per cent

### Headlines

- Annual inflation on the RPI stood at 7.6 per cent in March 2012.
- Over the three months to March 2012 annual RPI inflation increased 0.6 percentage points.
- The Transport sector accounted for the greatest upward pressure on the annual rate of RPI inflation over the past three months.
- The Food category contributed the largest downward pressure on the annual rate over the past three months.

Fig 1: Annual Inflation on the Retail Price Index, March 2007 to March 2012, Saint Helena



Annual inflation on the RPI is now at its highest level since September 2009 and is above its ten year average rate of 4.8 per cent.

Tab 1: RPI Index, 1 month and 12 month changes, March 2010 to March 2012

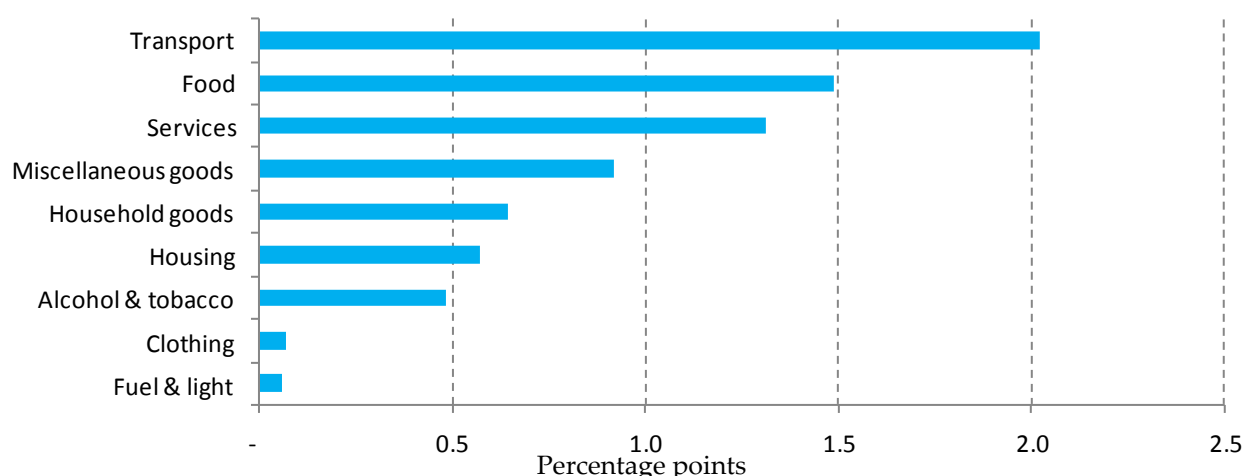
	Index	12 month change	1 month change
Mar-10	97.4	5.2	0.3
Jun-10	100.0	5.4	2.6
Sep-10	101.0	4.6	1.0
Dec-10	101.5	4.4	0.5
Mar-11	102.7	5.4	1.2
Jun-11	105.4	5.4	2.6
Sep-11	108.0	7.0	2.5
Dec-11	108.6	7.0	0.5
Mar-12	110.5	7.6	1.7



**Tab 2: Annual inflation on the Retail Price Index and by category, March 2012, Saint Helena**

Category	Weight (%)	Annual inflation rate
Food	33.4	4.5
Alcohol & tobacco	3.2	15.3
Housing	9.8	5.8
Fuel & light	7.8	0.7
Clothing	1.4	4.9
Household goods	4.1	15.9
Transport	18.6	10.9
Miscellaneous goods	8.9	10.3
Services	12.9	10.2
<b>Total</b>	100	7.6

**Fig 2: Contribution to headline rate of RPI annual inflation of 7.6 per cent, March 2012, Saint Helena**



All categories experienced positive annual inflation in March 2012. As with three months ago, annual inflation on the Transport (10.9%), Food (4.5%) and Services (10.2%) sub-categories contributed the most to the headline rate of inflation due to robust price increases, combined with a heavy weighting in the average Saint Helenian “Shopping Basket”.

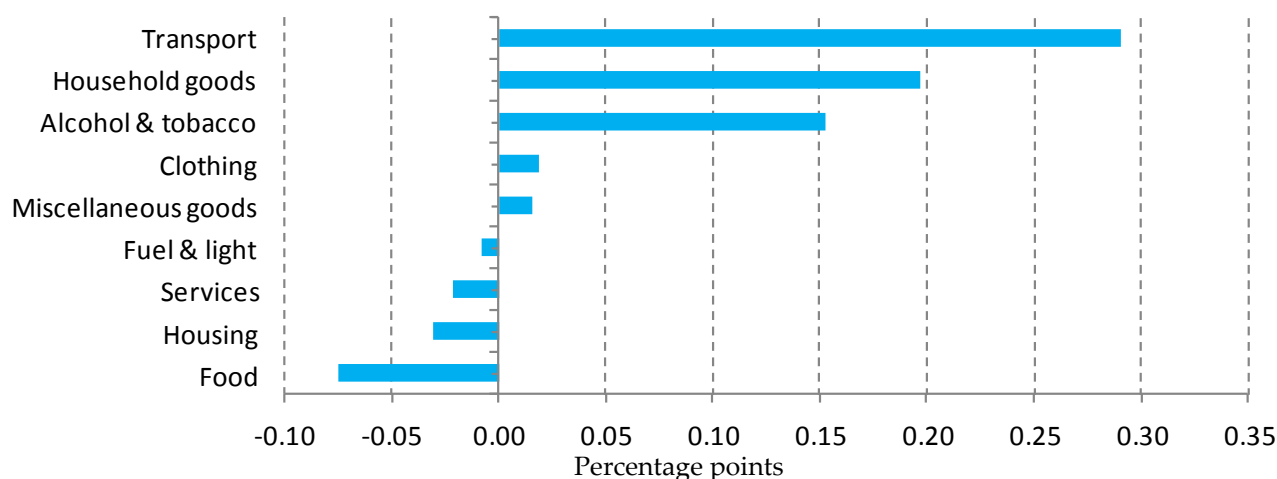
While no category experienced a reduction in prices over the past twelve months, only modest contributions to the headline rate were made by the Fuel & Light and Clothing categories.

Although Fuel and Light represents a reasonably large chunk of the average “Shopping Basket”, prices only increased by 0.7 per cent on average over the past twelve months.

Clothing, on the other hand, experienced an annual increase in prices of 4.9 per cent. Its impact on the headline rate was small, however, due to accounting for a relatively small (1.4%) proportion of the average Saint Helenian “Shopping Basket”.



**Fig 3: Contribution to the 0.6 percentage point change in the annual rate of RPI inflation between December 2011 and March 2012, Saint Helena**



The above graph shows each categories contribution to the 0.6 percentage point increase in the annual rate of RPI inflation over the past three months. The figures are calculated by subtracting the year-on-year increase in prices for individual categories over the latest time period from the equivalent figure for the previous time period and then weighing each category by its weight in the average “Shopping Basket”.

The most significant *downward* contributions to the annual rate of RPI inflation between December 2011 and March 2012 came from:

- **Food:** The annual rate of inflation on this sub-index fell from 4.7 per cent three months ago to 4.5 per cent in March 2011. Annual food price inflation is now at its lowest level in four years.
- **Housing:** At 6.1 per cent in December 2011, annual housing cost inflation eased to 5.8 per cent in March 2012.
- **Fuel and Light:** Annual inflation on this index is at its lowest rate since December 2007.

The most significant *upward* contributions to the annual rate of RPI inflation between December 2011 and March 2012 came from:

- **Transport:** At 10.9 per cent, annual inflation on the transport index is well above 10 year average trend levels of 5.2 per cent and up from 9.3 per cent three months ago. The annual rate of increase has also steadily grown from a low of 1.0 per cent in June 2010.
- **Household Goods:** 15.9 per cent annual inflation represents the strongest annual rate on this sub-index since records began and is up 4.9 percentage points from three months ago.



## Other Statistical News

### Population and vital statistics

- **Population:** Estimated population at December 2011 was 4,250.
- **Births:** The number of births recorded for 2011 was the same as 2010. The birth rate, therefore, stood at 8.5 births per 1000 people on Saint Helena.
- **Deaths:** The number of deaths recorded in 2011 was 49, slightly down from 2010 (53), resulting in a reduction in the death rate. Both years recorded no infant deaths.
- **Life Expectancy:** Average life expectancy for men and women was 76.5 years in 2011, showing a consistent pace over the past few years, although up from 1997 when the average life expectancy rate on Saint Helena was 73.2 years.

### Production statistics

- **Animals:** 1,311 animals were slaughtered in 2011, comprising of 977 pigs, 130 sheep and 204 cattle. Overall, this is an increase of 3.7 per cent, as in 2010 only 1,264 animals were slaughtered made up of 946 pigs, 119 sheep and 199 cattle.
- **Fish:** 475,950 kg of tuna was landed in 2011 compared with only 78,510 kg in 2010, possibly due to a poor fishing season.
- **Potatoes:** In 2011 only 62 tonnes of ware potatoes were imported which indicates a 27 per cent decrease compared to 2010 (85 tonnes). In terms of seed potatoes, 14 tonnes of were imported in 2011, with no importation in 2010.
- **Onions:** There was a 7.4 per cent increase in the amount of onions imported in 2011 (58 tonnes) with 54 tonnes imported in 2010.
- **Eggs:** Importation of eggs decreased by 43 per cent in 2011 with only 105,840 being imported in comparison with 186,480 in 2010.
- **Electricity:** There were 2,323 domestic consumers showing a 1.8 per cent increase from 2010 (2,283).
- **Building activity:** Whilst the number of new houses planned declined from 25 in 2010 to 15 in 2011, the number of houses completed rose from 14 to 19.



## Methodology and Fact Sheet

### What is Inflation?

Inflation just means something is growing or increasing (and is opposed to deflation). In economics 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 inflation on the Retail Price Index. The Retail Price Index (RPI) is an official measure of prices and is calculated every three months. Changes in the RPI relate to changes in prices.

### How is Inflation Measured?

Firstly a survey is conducted called the 'Household Expenditure Survey'. This asks households what goods and services they purchase. By working out averages a representative "Shopping Basket" for the whole economy is formed.

The cost of this basket is then compared over time. This results in what is called the 'Retail Price Index' (RPI), which is the cost of the items in the shopping basket today as a percentage of the cost of that identical basket at the base point in time.

Every three months the Statistics Office collects prices of items in the 'Shopping Basket' from retail stores and service establishments. On Saint Helena this price information is tracked to measure price changes and ultimately inflation on the RPI.

### How Inflation affects the Economy

A steady level of inflation on the Retail Price Index can be a sign of a healthy, growing, economy. But too much inflation can suggest an economy is overheating, meaning supply can't keep pace with demand (think China), or that inflation is being kept artificially high by some policy change (think VAT increase in the UK and the 2011 tax changes on Saint Helena).

In some situations, little inflation (or even deflation) can be worst than positive inflation, as it is an indication of a weakening economy (think the US Great Depression of the 1930s).

As you can see, it's not so easy to label inflation as either good or bad - it depends on the overall economy and personal situations.



# Quarterly Statistical News Bulletin

Government of  
Saint Helena

Published: April 2012

## ST HELENA RETAIL PRICE INDEX June 2010 = 100

Index numbers and percentages											
		Food	Alcohol & tobacco	Housing	Fuel & light	Clothing	Household goods	Transport	Misc. goods	Services	Total
Weights 2002	(1)	33.1	6.7	9.3	8.1	2.4	3.4	23.0	6.1	7.9	100.0
Weights 2009	(2)	33.4	3.2	9.8	7.8	1.4	4.1	18.6	8.9	12.9	100.0
Index and sub-indices											
Mar-07		72.4	76.3	92.4	68.8	114.4	97.1	87.2	91.7	84.1	80.2
Jun-07		72.1	81.6	91.8	67.7	123.2	97.3	89.3	91.9	95.8	81.7
Sep-07		74.0	80.9	91.8	69.5	107.2	101.0	89.1	87.9	95.8	82.1
Dec-07		75.5	80.9	91.8	69.6	101.8	102.5	91.1	86.8	95.9	83.0
Mar-08		76.2	86.9	92.9	69.6	113.0	96.4	94.6	87.2	96.1	84.7
Jun-08		78.2	91.7	92.8	71.7	112.2	108.2	94.4	89.3	96.1	86.3
Sep-08		83.3	93.3	96.5	73.2	111.8	104.1	99.0	89.6	96.4	89.7
Dec-08		91.4	93.7	96.7	74.6	107.4	105.6	97.7	90.1	96.5	92.4
Mar-09		90.0	89.8	96.3	82.4	105.8	105.4	97.9	93.0	96.5	92.6
Jun-09		94.5	90.5	97.6	85.5	105.4	101.1	99.1	90.4	99.3	94.9
Sep-09		96.4	97.5	97.7	85.9	106.4	101.5	98.8	97.5	99.3	96.5
Dec-09		96.9	95.3	98.7	85.9	106.9	101.9	100.1	102.1	99.3	97.2
Mar-10		97.6	100.5	99.3	85.9	99.1	100.0	99.9	98.6	99.3	97.4
Jun-10		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sep-10		101.7	101.6	100.0	100.0	100.5	100.8	101.1	101.7	100.0	101.0
Dec-10		101.7	105.6	100.0	101.0	101.3	100.7	101.6	103.5	100.0	101.5
Mar-11		102.5	106.0	100.3	101.1	100.9	100.5	106.1	104.1	100.2	102.7
Jun-11		104.6	107.2	105.8	101.6	103.0	103.4	108.5	109.6	102.5	105.4
Sep-11		107.0	110.4	106.0	101.6	106.7	106.2	110.7	111.1	110.3	108.0
Dec-11		106.5	116.6	106.1	101.8	104.9	111.8	111.0	114.0	110.3	108.6
Mar-12		107.1	122.1	106.1	101.9	105.8	116.5	117.7	114.8	110.3	110.5
Percentage change current month on corresponding month in previous year											
Mar-07		0.5	9.8	1.0	2.4	-0.5	-5.7	12.7	1.6	0.1	3.9
Jun-07		-2.6	18.1	0.5	0.6	7.7	2.9	12.6	1.8	13.9	4.7
Sep-07		-0.9	15.6	0.3	-1.5	-6.1	6.8	12.2	-4.4	13.9	4.2
Dec-07		3.7	8.8	0.3	1.2	-11.9	5.5	14.7	-8.1	14.1	5.7
Mar-08		5.3	13.8	0.5	1.2	-1.2	-0.7	8.5	-4.9	14.2	5.6
Jun-08		8.4	12.5	1.1	5.9	-9.0	11.2	5.8	-2.8	0.4	5.6
Sep-08		12.7	15.3	5.1	5.3	4.3	3.1	11.1	1.9	0.6	9.2
Dec-08		21.0	15.8	5.3	7.1	5.5	3.0	7.3	3.8	0.6	11.4
Mar-09		18.0	3.4	3.7	18.3	-6.4	9.3	3.5	6.7	0.4	9.4
Jun-09		20.9	-1.3	5.2	19.2	-6.0	-6.5	4.9	1.2	3.3	9.9
Sep-09		15.7	4.5	1.2	17.3	-4.8	-2.5	-0.2	8.8	3.0	7.7
Dec-09		6.1	1.8	2.0	15.1	-0.5	-3.5	2.5	13.4	2.9	5.1
Mar-10		8.5	11.8	3.2	4.2	-6.3	-5.1	2.0	6.0	2.9	5.2
Jun-10		5.8	10.4	2.4	17.0	-5.1	-1.1	1.0	10.7	0.7	5.4
Sep-10		5.5	4.2	2.3	16.5	-5.6	-0.7	2.3	4.3	0.7	4.6
Dec-10		4.9	10.8	1.3	17.6	-5.3	-1.2	1.4	1.3	0.7	4.4
Mar-11		5.0	5.5	1.0	17.8	1.8	0.5	6.3	5.5	0.9	5.4
Jun-11		4.6	7.2	5.8	1.6	3.0	3.4	8.5	9.6	2.5	5.4
Sep-11		5.2	8.7	6.0	1.6	6.2	5.4	9.5	9.3	10.3	7.0
Dec-11		4.7	10.4	6.1	0.8	3.6	11.1	9.3	10.1	10.3	7.0
Mar-12		4.5	15.3	5.8	0.7	4.9	15.9	10.9	10.3	10.2	7.6

Note: Weights used from March 2002  
Weights used from June 2010