



Quarterly Statistical News Bulletin

Government of
St Helena

Published: October 2012

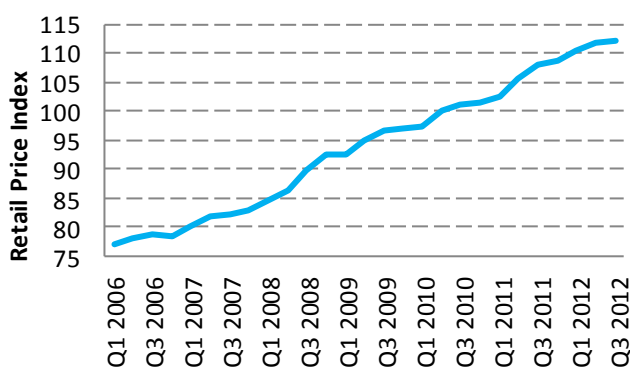
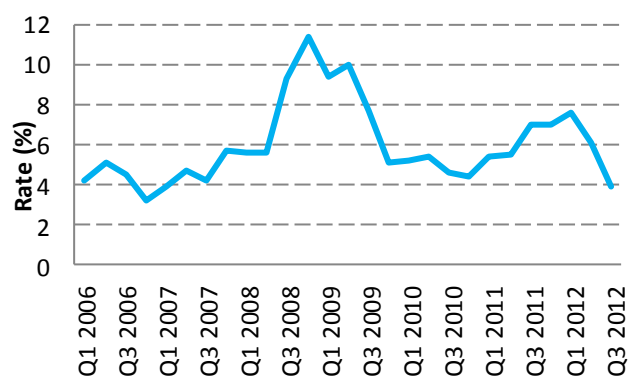
Annual inflation on the Retail Price Index in Q3 2012 - 3.9 per cent

Headlines

- Annual inflation on the RPI at its lowest rate for over five years.
- Large reductions in inflation the result of easing price growth in the Food, Transport and Services sectors.
- Population in 2012 continues to grow.
- In addition to this release, there is also a release on RPI by expenditure which goes hand in hand with this report.

Figure 1a: St Helena Annual rate of inflation on the Retail Price Index, Q1 2006 to Q3 2012.

Figure 1b: St Helena Retail Price Index Q2 2010=100.



For the first time since Q1 2007, over five years ago, annual inflation on the RPI has fallen below 4.0 per cent. This is a result of a significant fall in the rate of annual inflation of the RPI over the last two quarters.

Tab 1: RPI Index, quarterly and annual changes, Q2 2010 to Q3 2012

	Index	12 month change (%)	Quarterly 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



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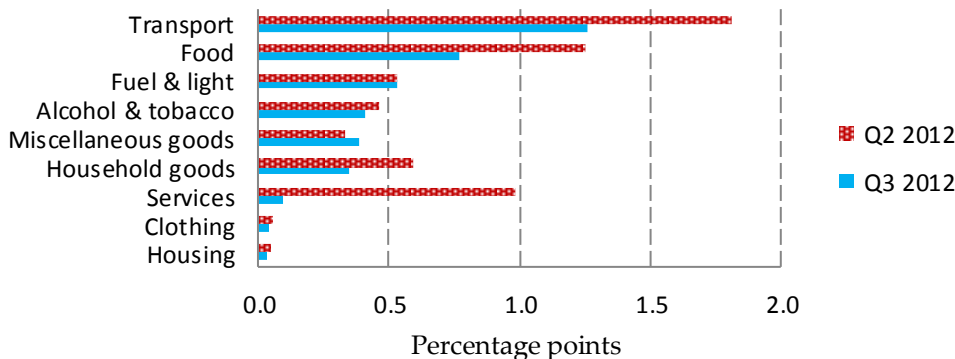
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Tab 2: Annual inflation on the Retail Price Index and by category, Q3 2012, St Helena

Category	Weight (%)	Annual inflation rate Q2 2012 (%)	Annual inflation rate Q3 2012 (%)	Quarterly change in annual rate
Food	33.4	3.8	2.3	-1.5
Transport	18.6	9.8	6.8	-3
Services	12.9	7.6	0.7	-6.9
Housing*	9.8	0.5	0.3	-0.2
Miscellaneous goods	8.9	3.7	4.4	0.7
Fuel & light	7.8	6.8	6.8	0.0
Household goods	4.1	14.7	8.5	-6.2
Alcohol & tobacco	3.2	14.5	13.0	-1.5
Clothing	1.4	4.1	2.6	-1.5
Total	100	6.1	3.9	-2.2

The only sector that experienced positive annual inflation growth in Q3 2012 was the Miscellaneous good sector.

Fig 2: Contribution to headline rate of RPI annual inflation Q2 and Q3 2012, St Helena



As with last quarter all categories experienced positive annual inflation in Q3 2012. Annual inflation on the Transport (6.8%) and Food (2.3%) sub-categories continued to contribute the most to the headline rate of inflation due to their heavy weighting in the average St Helenian “Shopping Basket”. However, as can be seen from fig 2 the contribution from each of these categories was much lower in Q2 compared to Q3, this will have had a large impact on the headline rate, leading to a large proportion of the reduction.

Historically, inflation in the Services sector has remained low, with a 10 year average of 3.2 per cent. However, inflation in this category has been dominated in the previous 12 months by a 10 per cent service tax introduced to telephone, television and broadband services, as well as an increased insurance premium in Q3 2011. This increase is no longer represented in the annual rate of inflation as this measures year-on-year change, accounting for the large reduction in inflation in the services sub-sector and consequently the headline rate.

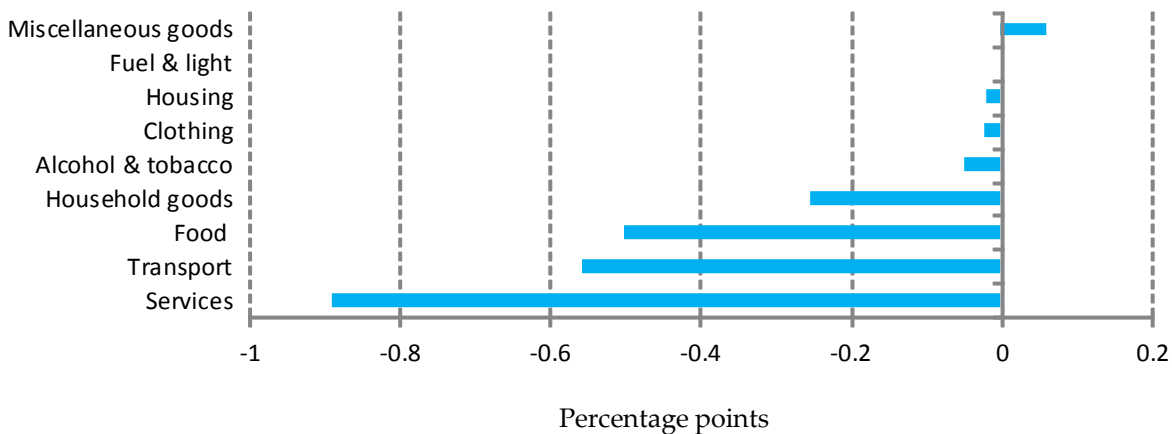


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Fig 3: Contribution to the 2.2 percentage point change in the annual rate of RPI inflation (6.1% to 3.9%) between Q2 2012 and Q3 2012, St Helena



The above graph shows each category's contribution to the 2.2 percentage point decrease in the annual rate of RPI inflation over the past quarter.

The most significant *downward* contributions to the annual rate of RPI inflation between Q2 2012 and Q3 2012 came from:

- **Services:** The annual rate of inflation on this sub-index fell from 7.6 per cent three months ago to 0.7 per cent in Q3 2012. This is largely due to the increase in service tax, introduced in Q3 2011, no longer having an effect on the annual inflation rate as it occurred over a year ago.
- **Transport:** Annual inflation on this index fell 3.0 percentage points over the last quarter to 6.8 per cent. Reductions in the pump price of fuel and travel fare deposits are the main reasons for the fall in annual inflation in this sector.
- **Food:** Annual inflation on the food index continued to fall in Q3 2012 to 2.3 per cent.

The only *upward* contribution to the annual rate of RPI inflation between Q2 2012 and Q3 2012 came from:

- **Miscellaneous goods:** While this category experienced a small increase in annual inflation of 0.7 percentage points, it is worth noting that it is a particularly volatile sector in terms of inflation, with a five year low of -8.1 per cent and a high 13.4 of per cent.



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) 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)

The Retail Prices Index (RPI) annual inflation stands at 2.6 per cent in September 2012, down from 2.9 per cent in August. As with the CPI, by far the largest downward pressure to the change in the RPI came as a result of September 2011's utility bill rises falling out of the index calculation. The majority of the upward pressure to the index came from an increase in the price of motor fuels. The RPI stands at 244.2 in September 2012 based on January 1987 = 100

South Africa (Statistics South Africa: www.statssa.gov.za)

The headline Consumer Price Index (CPI) (for all urban areas) annual inflation rate in August 2012 was 5.0%. This rate was 0.1 of a percentage point higher than the corresponding annual rate of 4.9% in July 2012. On average, prices increased by 0.2% between July 2012 and August 2012.

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

For more details on this press release contact the Statistics Office at the Castle on email: statistician@sainthelena.gov.sh or Telephone: 2138



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Resident Population

- The estimated resident population of St Helena was 4,108 at the end of Q3 2012, an increase of 180 persons from Q3 2011 (28 births, 62 deaths, net in-migration of 214).
- The resident population in 2012 has been consistently greater than same reporting period in any year since the Census enumeration in February 2008.

Figure 4: Quarterly average resident population*, Q1 2008 to Q3 2012.

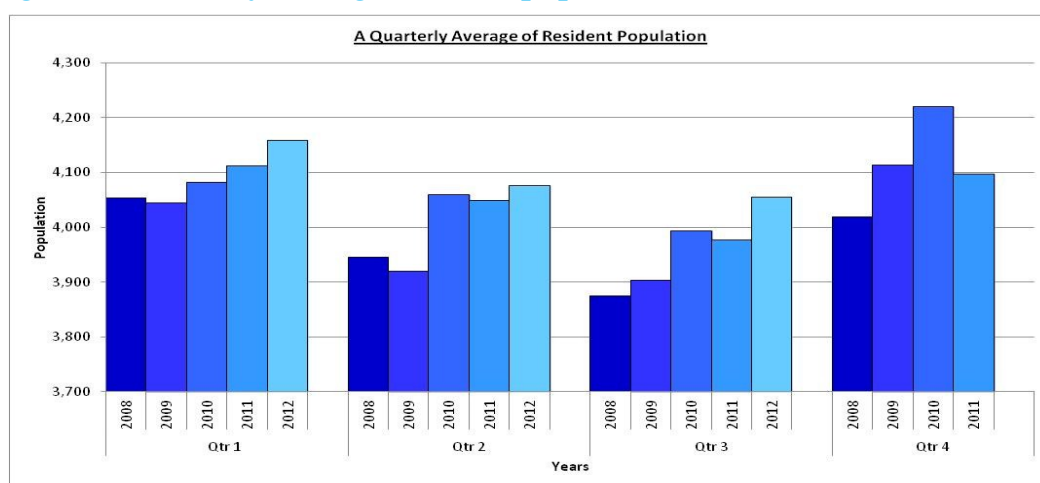


Table 2: RMS passenger arrivals Q3 2012, breakdown by reported main reason for coming to St Helena.

Reason for arrival	Number	% of all RMS arrivals
Total	497	100
Holiday	114	23
Business/ Employment	73	15
Visiting friends or relatives	92	19
Transit	8	2
Returning Resident	210	42

The dominant declared reason for arrival in Q3 2012 was returning resident. This category applies only to St Helenian residents by birth and includes both long and short term absences from the island.

Grouping the "Holiday", "Visiting friends or relatives" and "Transit" figures suggests recreational visitors to St Helena accounted for 44 per cent of arrivals on the RMS in Q3 2012.



Methodology and Fact Sheet

What is Inflation?

Inflation simply means that something is growing or increasing. In economics, the most commonly measured form of inflation is the change in prices of goods and services over time. On St Helena we measure this through the increase on the Retail Price Index (RPI). The Annual Inflation rate tells 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. The current RPI of 112.2 would mean that the basket of goods that cost £100 at the time of baseline (Q2 2010) would now cost £112.20.

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 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 as point of entry/exit



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ST HELENA RETAIL PRICE INDEX Quarter 2 2010 = 100

		Food	Alcohol & tobacco	Housing	Fuel & light	Clothing	Household goods	Transport	Miscellaneous goods	Services	Total
Weights 2002		33.10	6.70	9.30	8.10	2.40	3.40	23.00	6.10	7.90	100.00
Weights 2009		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

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