



Annual inflation of the Retail Price Index in Q4 2014 – 3.3 per cent

Headlines

- The St Helena RPI grew by 3.3 percent in the year leading up to the fourth calendar quarter of 2014, up from 2.4 percent growth in the year leading up to the third calendar quarter.
- Annual inflation of the RPI averaged 2.1 per cent during 2014 and 2.5 per cent in the first three quarters of financial year 2014/15.

Figure 1a: Annual rate of inflation of the St Helena Retail Price Index, Q1-2006 to Q4 2014

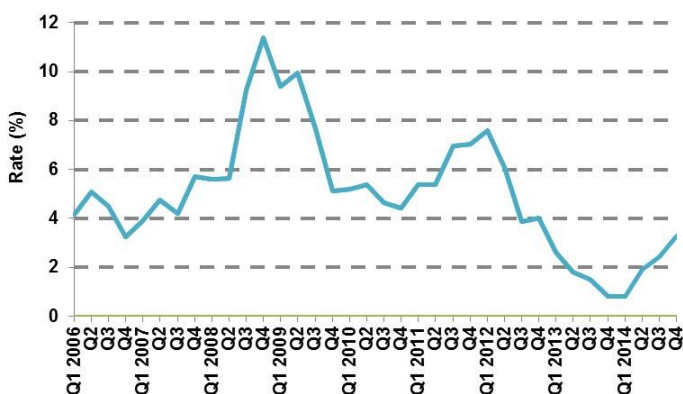


Figure 1b: St Helena Retail Price Index, Q2 2010 = 100

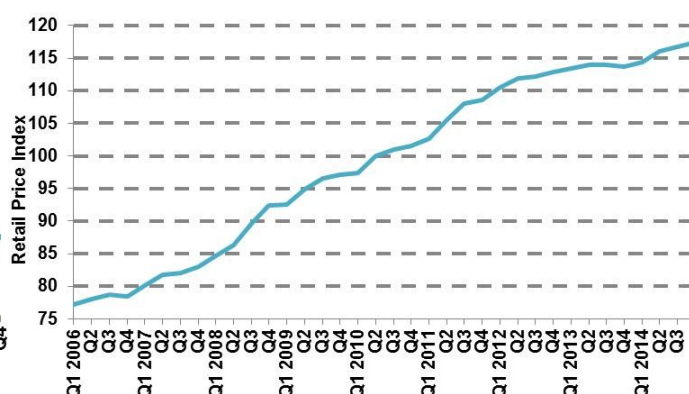


Figure 1a shows the historical trend in annual inflation and figure 1b shows the trend in the RPI. Table 1, overleaf, lists annual and quarterly changes in inflation of the Retail Price Index (RPI) since it was re-based at the end of Q2 2010.

At the end of Q4 2014, annual inflation of the St Helena retail price index (RPI) stood at 3.3 per cent. This means that a basket of goods and services that cost £100 in December 2013 would have cost £103.30 at the time of price checks – the second week of December 2014.

The rate of annual inflation has increased by 2.5 percentage points over the first three quarters of financial year 2014/15. Price increases between Q4 2013 to Q4 2014 are noted in all sub-categories of the RPI (see table 2). The single largest impact on the annual rate of inflation of the RPI is an increase in the cost of purchasing and importing a vehicle to St Helena. Smaller impacts, but ones which will be more noticeable to the typical St Helenian household, were increases in fuel and lighting costs, and for several food items.

In This Bulletin

This is an interim publication of the Statistical News to provide an update on the Retail Price Index. A full issue of the bulletin including updates on population and visitor numbers will be published in March 2015 following the return of the Statistician from overseas leave.

In the meantime the Statistics Assistants are on hand if you have any queries or statistical needs. Please do contact the Statistics Office as usual in person, via email or on telephone number 22138.

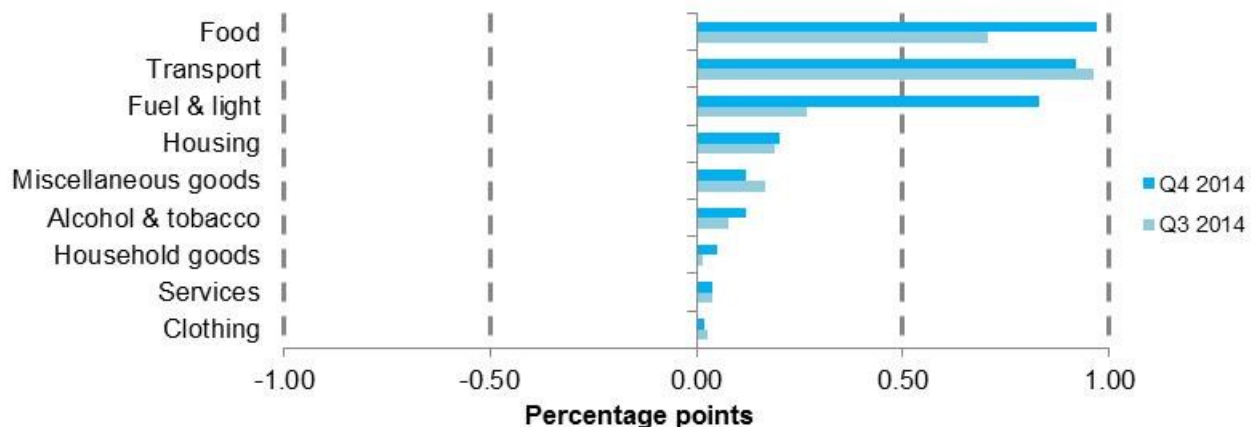
Table 1: St Helena Retail Price Index (RPI), Annual and Quarterly, Q2 2010 to Q4 2014.

	Index	Annual or 12 month change (%)	Quarterly or 3 month change (%)
Q2 2010	100.00	5.4	2.6
Q4 2010	101.48	4.4	0.5
Q4 2011	108.61	7.0	0.5
Q4 2012	112.90	3.9	0.6
Q1 2013	113.36	2.6	0.4
Q2	113.95	1.8	0.5
Q3	113.91	1.5	-0.0
Q4	113.75	0.8	-0.1
Q1 2014	114.33	0.8	0.5
Q2	116.08	1.9	1.6
Q3	116.69	2.4	0.5
Q4	117.49	3.3	0.7

Table 2: Annual Inflation on the St Helena RPI, total and by category, Q3 2014 and Q4 2014.

Category	Weight (%)	Annual inflation rate Q3 2014 (%)	Annual inflation rate Q4 2014 (%)	Quarterly change in annual rate
Food	33.4	2.1	2.9	+1.2
Transport	18.6	5.2	5.0	+0.9
Services	12.9	0.3	0.3	+1.0
Housing*	9.8	1.9	2.0	-0.0
Miscellaneous goods	8.9	1.9	1.3	-1.2
Fuel & light	7.8	3.4	10.6	-0.6
Household goods	4.1	0.4	1.3	-2.0
Alcohol & tobacco	3.2	2.4	3.8	+2.3
Clothing	1.4	1.9	1.4	+0.1
Total	100	2.4	3.3	+0.5

*Note Housing includes Government Landlord Housing but not private rentals.

Figure 2: Contribution of price changes in the sub-categories to the headline rate of annual inflation of the St Helena RPI, Q3 2014 (AI = 2.4%) and Q4 2014 (AI = 3.3%)

Methodology and Fact Sheet

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 the price index of the basket.
5. An RPI of 117.49 indicates that the basket of goods that cost £100 at the time of the baseline would now cost £117.49.

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 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 measure 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 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 St 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 are the major pressures on Inflation of the RPI in 2014?

The single largest effect on annual information of the RPI in 2014 has been an increase in the cost of purchasing and importing a vehicle to St Helena. A number of smaller price increases are noted in the Food and Fuel & Light sub-categories of the St Helena shopping basket.

The increased purchasing power of the pound in comparison to the South African Rand is reflected in a decrease in the price of a number of goods imported from South Africa, most notably furniture, a number of car spares, some Food items and other Miscellaneous goods.

ST HELENA RETAIL PRICE INDEX

Quarter 2 2010 = 100

Index numbers and percentages

	Food	Alcohol & tobacco	Housing	Fuel & light	Clothing	Household goods	Transport	Misc. goods	Services	Overall
Category Weights	33.40	3.15	9.84	7.78	1.37	4.05	18.57	8.92	12.92	100.00
2008 Q4	76.24	86.86	92.85	69.64	113.02	96.42	94.60	87.19	96.08	84.66
2009 Q4	89.97	89.85	96.27	82.41	105.76	105.39	97.94	93.03	96.49	92.62
2010 Q4	97.63	100.45	99.34	85.86	99.06	100.00	99.86	98.63	99.28	97.44
2011 Q4	106.49	116.60	106.14	101.81	104.94	111.84	111.03	113.98	110.33	108.61
2012 Q1	107.07	122.15	106.15	101.88	105.84	116.47	117.69	114.82	110.33	110.49
Q2	108.56	122.80	106.29	108.58	107.16	118.55	119.08	115.42	110.33	111.96
Q3	109.45	124.82	106.30	108.58	109.50	115.25	118.20	115.98	111.10	112.21
Q4	109.22	125.28	108.31	108.58	116.40	116.50	118.19	112.91	116.40	112.90
2013 Q1	109.74	127.85	108.46	108.58	111.79	115.83	118.94	115.50	115.73	113.36
Q2	110.87	128.64	111.08	117.20	112.09	118.30	113.88	114.99	116.79	113.95
Q3	110.49	128.67	112.04	117.80	112.15	118.40	113.56	116.91	115.47	113.91
Q4	109.87	127.86	111.92	118.79	112.64	118.60	113.78	116.28	115.54	113.75
2014 Q1	111.89	128.15	111.88	118.36	114.07	121.54	112.84	115.80	115.39	114.30
Q2	111.82	128.71	113.19	121.86	114.14	121.11	118.82	118.50	115.83	116.08
Q3	112.82	131.81	114.20	121.86	114.24	118.91	119.44	119.10	115.83	116.69
Q4	113.06	132.77	114.14	131.44	114.27	120.17	119.44	117.79	115.89	117.49

Percentage change current quarter on corresponding quarter in previous year

2008 Q4	5.3	13.8	0.5	1.2	-1.2	-0.7	8.5	-4.9	14.2	5.6
2009 Q4	18.0	3.4	3.7	18.3	-6.4	9.3	3.5	6.7	0.4	9.4
2010 Q4	8.5	11.8	3.2	4.2	-6.3	-5.1	2.0	6.0	2.9	5.2
2011 Q4	4.7	10.4	6.1	0.8	3.6	11.1	9.3	10.1	10.3	7.0
2012 Q1	4.5	15.3	5.8	0.7	4.9	15.9	10.9	10.3	10.2	7.6
Q2	3.8	14.5	0.5	6.8	4.1	14.7	9.8	3.7	7.6	6.1
Q3	2.3	13.0	0.3	6.8	2.6	8.5	6.8	4.4	0.7	3.9
Q4	2.6	7.4	2.0	6.7	10.9	4.2	6.5	-0.9	5.5	3.9
2013 Q1	2.5	4.7	2.2	6.6	5.6	-0.5	1.1	0.6	4.9	2.6
Q2	2.1	4.8	4.5	7.9	4.6	-0.2	-4.4	-0.4	5.9	1.8
Q3	1.0	3.1	5.4	8.5	2.4	2.7	-3.9	0.8	3.9	1.5
Q4	0.6	2.1	3.3	9.4	-3.2	1.8	-3.7	3.0	-0.7	0.8
2014 Q1	2.0	0.2	3.2	9.0	2.0	4.9	-5.1	0.3	-0.3	0.8
Q2	0.9	0.1	1.9	4.0	1.8	2.4	4.3	3.1	-0.8	1.9
Q3	2.1	2.4	1.9	3.4	1.9	0.4	5.2	1.9	0.3	2.4
Q4	2.9	3.8	2.0	10.6	1.4	1.3	5.0	1.3	0.3	3.3