



Annual inflation of the Retail Price Index (RPI) in Q3 2013 – 0.5 per cent Resident Population at end of September 2013 – 4,158

Headlines

- Annual Inflation of the RPI stood at 0.5 per cent at the end of September 2013, the lowest recorded rate of growth in over ten years.
- The latest figures continue the trend of decreasing inflation seen since January 2012, with annual inflation of the RPI having fallen by 1.9 percentage points since the beginning of 2013.
- The St Helena resident population continues to grow.

Figure 1a: Annual rate of inflation of the St Helena Retail Price Index, Q1-2006 to Q3 2013

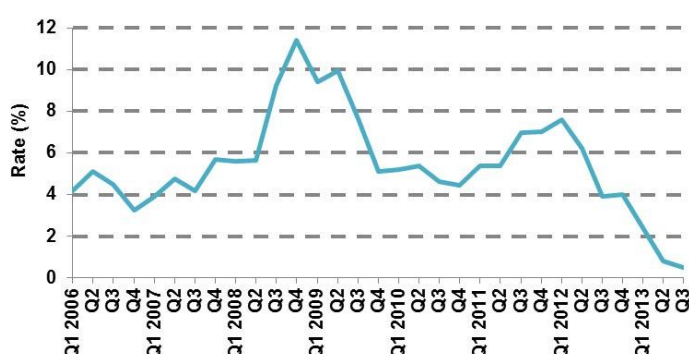


Figure 1b: St Helena Retail Price Index, Q2 2010= 100

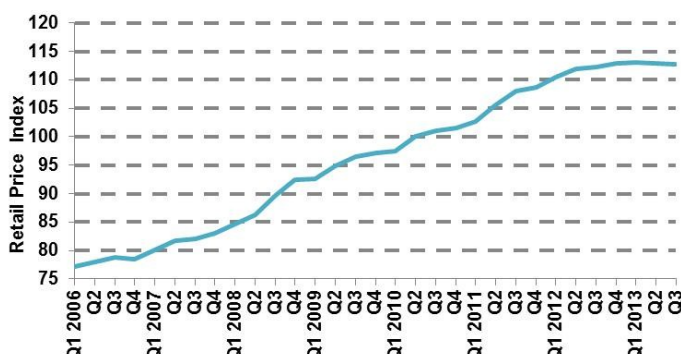


Figure 1a shows the historical trend in annual inflation and figure 1b the historical trend in the RPI. Table 1, overleaf, lists annual and quarterly changes in inflation of the RPI since it was re-based at the end of Q2 2010.

The annual rate of inflation of the St Helena RPI continues to fall, standing at 0.5 per cent at the end of Q3 2013. This is a 0.3 percentage point decrease from the previous quarter and a 3.4 percentage point decrease from the previous year. This is the sixth consecutive quarter in which the rate of annual inflation has decreased, since it peaked at 7.6 per cent in Q1 2012. Over the last six months prices as measured by the RPI have decreased by 0.3 per cent.

An analysis and description of the major pressures and price changes behind the headline inflation figures is given on pages 2-4 of this publication.

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Table 1: St Helena Retail Price Index (RPI), Annual and Quarterly, Q2 2010 to Q3 2013.

	Index	Annual or 12 month change (%)	Quarterly or 3 month change (%)
Q2 2010	100.00	5.4	2.6
Q3 2010	101.00	4.6	1.0
Q4 2010	101.48	4.4	0.5
Q1 2011	102.70	5.4	1.2
Q2 2011	105.55	5.6	2.8
Q3 2011	108.03	7.0	2.3
Q4 2011	108.61	7.0	0.5
Q1 2012	110.50	7.6	1.7
Q2 2012	111.96	6.1	1.3
Q3 2012	112.21	3.9	0.2
Q4 2012	112.71	3.8	0.4
Q1 2013	113.10	2.4	0.3
Q2 2013	112.82	0.8	-0.2
Q3 2013	112.77	0.5	-0.0

Table 2: Annual Inflation on the St Helena RPI, total and by category, Q2 2013 and Q3 2013.

Category	Weight (%)	Annual inflation rate Q2 2013 (%)	Annual inflation rate Q3 2013 (%)	Quarterly change in annual rate
Food	33.4	2.1	1.0	-1.1
Transport	18.6	-4.4	-3.9	+0.5
Services	12.9	5.4	3.3	-2.1
Housing*	9.8	0.8	1.7	+0.9
Miscellaneous goods	8.9	-0.4	0.8	+1.2
Fuel & light	7.8	0.0	0.5	+0.5
Household goods	4.1	-0.2	2.7	+2.9
Alcohol & tobacco	3.2	4.8	3.1	-1.7
Clothing	1.4	4.6	2.4	-2.2
Total	100	0.8	0.5	-0.3

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

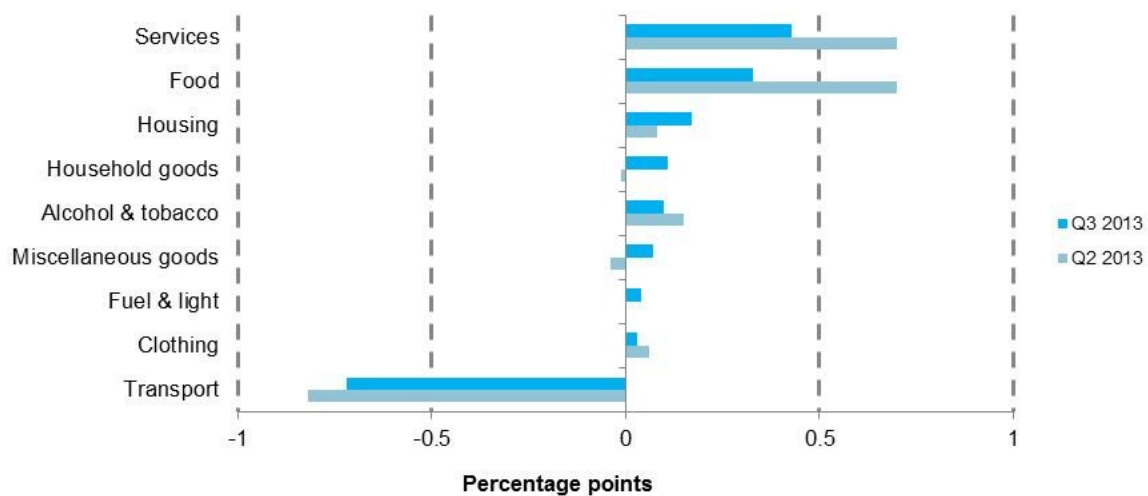
At the end of quarter 3 2013 annual inflation of the RPI stood at 0.5 per cent. This means that a basket of goods which cost £100.00 in September 2012 would have cost £100.50 in September 2013. The annual rate of inflation of the RPI, or rate of change in the price of goods and services contained in the St Helena Shopping Basket, has been falling since quarter 1 2012 and now stands at the lowest rate in over ten years. For the last two quarters the retail price index has decreased.

Several changes were recorded in the round of price checks, both increases and decreases. The low rate of annual inflation reflects that within the overall Shopping Basket the size and importance of price changes over the last twelve months are largely balanced.

The 0.05 per cent decrease in the RPI over the last quarter, (0.3 per cent decrease over the last six months) reflects an overall reduction in the cost of goods and services contained in the St Helena Shopping Basket. The most significant price reduction are in the vehicle purchase price and cost of Broadband internet services. A number of small price reductions in the Food and Clothing sub-categories are not noteworthy in themselves but result in an overall reduction in prices in these sectors in both of the last two quarters.

It should be noted that although overall price reductions were observed in the previous two quarters, annual inflation in the Food sub-category stands at 1.0 per cent, double the headline rate of inflation. Of all sub-categories in the shopping basket it is price changes associated with Food items which are most obvious to the majority of consumers and are most keenly felt by low income households.

Figure 2: Contribution to the headline rate of annual inflation of the St Helena RPI, Q2 2013 (AI = 0.8 %) and Q3 2013 (AI = 0.5%)



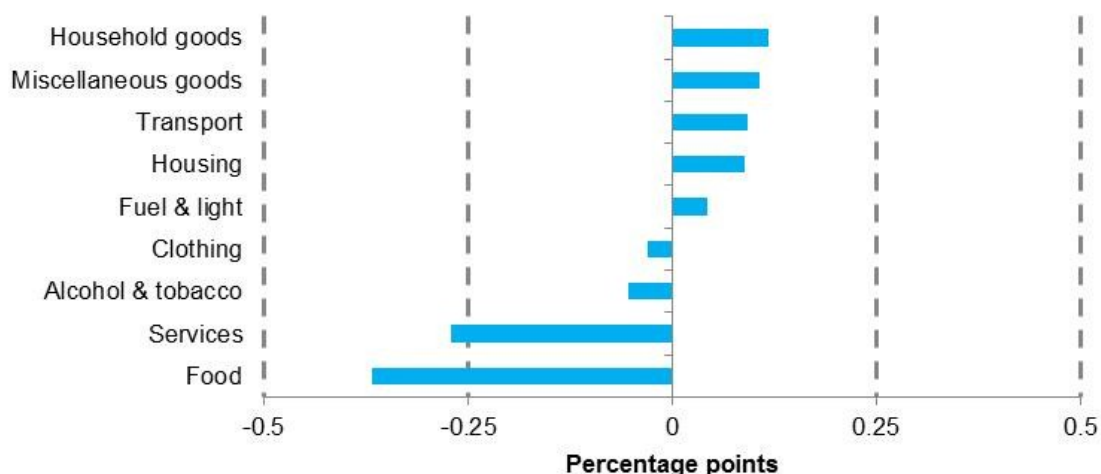
The biggest contributions to the headline rate of annual inflation in Q3 2013 came from inflation in the Services (3.3%), Food (1.0%) and Housing (1.7%) sub-categories (figure 2). This is unchanged from the previous quarter and reflects overall price increases in the sub-categories along with a heavy weighting within the shopping basket.

In Q3 2013 the Services sub-category contributed one third less and the Food sub-category approximately half as much to the headline rate of inflation than in Q2 2013. The decreased contribution in the Services sub-category this quarter is due to an 10 per cent decrease in the cost of Broadband internet services from 1 August 2013 (bringing the total price reduction this year to 20 per cent) which acts against the increases in crèche fees, domestic services, hospital stay and television services which were noted in the previous quarter. Several price reductions in the Food sub-category are seen alongside smaller price increases. The net effect of this is a decrease in the annual rate of inflation and an overall reduction (or deflation) over the quarter.

An increased contribution to annual inflation in Q3 2013 from the Housing sub-category is due to the increase in rent of Government Landlord Housing. The influence of the rent increase is partially offset by a decrease in the Building Materials Price Index (BMPI) which is due to an overall reduction in the price of building materials.

The largest *downwards pressure* on annual inflation of the RPI comes from the Transport sub-category. This is due to a reduction in the book price and shipping costs of a vehicle and also an on-Island reduction in the price of certain car spares. The downward pressure lessens slightly from Q2 to Q3 2013 due to an increase in the cost of brake pads.

Figure 3: Contribution to the 0.3 percentage point decrease in the annual rate of inflation of the St Helena RPI (0.8 % to 0.5%) between Q2 2013 and Q3 2013



In both quarter 2 and quarter 3 2013 annual inflation of the RPI is small, i.e. the net effect of price changes in the St Helena Shopping Basket is small. Overall deflation of 0.05 per cent from Q2 to Q3 2013 is a result of price decreases out-weighing increases in the last three months. The changes are generally small (figure 3). The largest single effect is a reduction in the price of Broadband internet services which is seen in the Services sub-category.

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 International Monetary Fund 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 influence on the St Helena economy include: inflation indices in other countries, currency exchange rate 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 Consumer Prices Index (CPI) grew by 2.7 per cent in the year to September 2013, unchanged from August. The contributions to change in the CPI from the detailed categories were relatively small compared with most months. The largest upward contribution came from air fares, though this was offset by a downward contribution from petrol and diesel prices. These latest numbers continue the trend of broadly steady inflation seen since Spring 2012.

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

The headline CPI (for all urban areas) annual inflation rate in September 2013 was 6.0 per cent. This rate was 0.4 of a percentage point lower than the corresponding annual rate of 6.4 per cent in August 2013. On average, prices increased by 0.5 per cent between August 2013 and September 2013.

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.

Other High-Level Economic Information—Income to St Helena

SHG Financial Report

The Unaudited St Helena Government (SHG) financial report for period 6 (Financial year 2013/14 to September) is now available for viewing on the Finance page of the SHG website: www.sainthelena.gov.sh. The budget forecast for financial year 2013/14 is also available on the Finance page of the SHG website ([link to document](#)).

Table 3: Primary sources of St Helena Government revenue, April-September 2013 versus 2012.

	April-Sept. 2013	April-Sept.2012	Percentage Change
Revenue from Income Tax	1,545,282	1,190,979	+29.7%
Customs Duty	2,036,070	1,497,154	+36.0%
Of which: "Other"	909,614	715,435	+27.1%
Alcohol	516,775	271,075	+90.6%
Tobacco	316,212	172,669	+83.1%
Petrol and Diesel	293,469	337,975	-13.2%
Grant-in-Aid	6,698,000	6,530,000	+2.6%

Source: St Helena Government Un-Audited Management Accounts Statement, Period 6 2013

SHG Audited Financial Statements 2011/12

The audited financial statements for the 2011/12 accounting period are now available on the finance page of the SHG website. This is the first year for the adoption of the accruals basis of accounting and mark an important step forward for SHG in the move towards greater transparency of accounting, providing a clearer picture of the financial position of SHG.

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 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 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 112.77 means that the basket of goods that cost £100 at the time of baseline would now cost £112.77.

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.

Resident Population

The estimated resident population of St Helena at the end of September 2013 was 4,158. The St Helena population is at its lowest during the winter months of July to September and this year has been no different. However, in 2013 the winter population has been at the highest for any year since the 2008 population Census.

The extended presence of Basil Read and expatriate government workers is counted in the estimate of resident population. This is not the only factor in population growth. We continue to see a number of Saints returning to live and work on the Island after an extended period living and working overseas.

There were 11 births and 14 deaths on St Helena between June and September 2013. The average (median) age of death was 75.5 years.

Figure 4: St Helena resident population, averaged over quarter, Q1 2008—Q3 2013

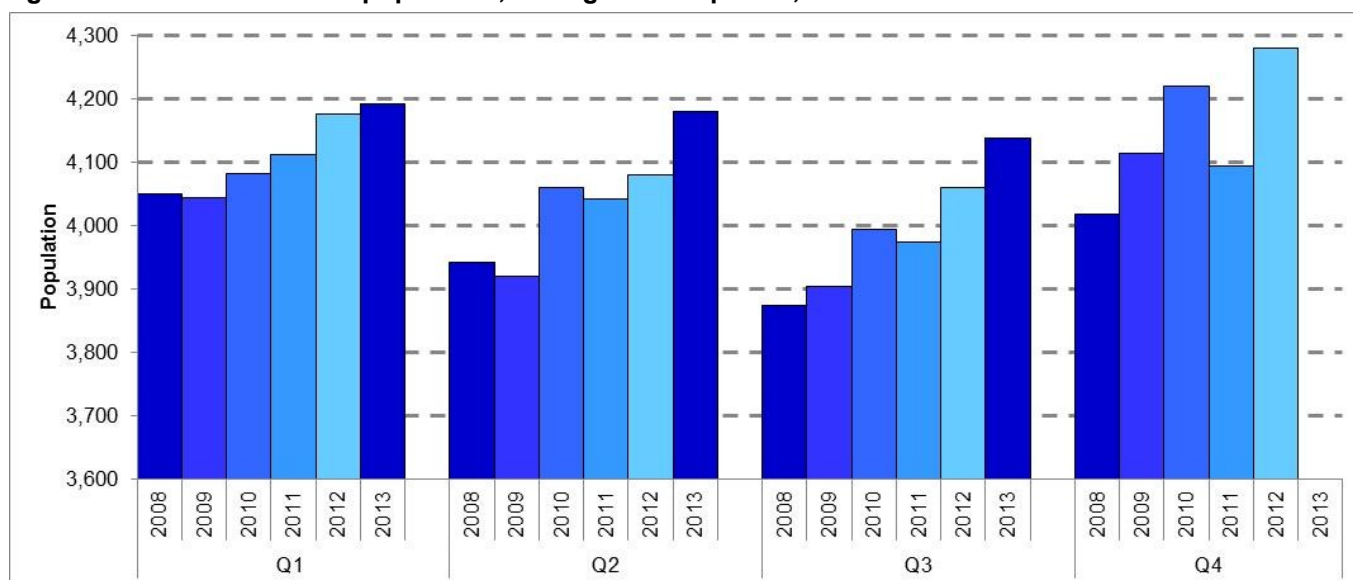


Table 5: Births, Deaths and long-term in-migration of individuals with St Helenian status, Q3 2013.

	Births	Deaths	Saint arrivals ¹	
			All	Age 20-60
Total number (July to Sept. 2013)	11	14	52	32
Of which: Male	4	9	28	17
Female	7	5	24	15

¹ 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:

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

Where P_{census} = Census enumerated usual resident population
(‘de jure’ population enumerated on Census night, 10 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: 2013 vs. 2012

The total number of passenger arrivals to St Helena from January to September 2013 was up by fifteen per cent from the same period in 2012. The largest category of visitors arriving on the RMS St Helena is Business, showing a forty per cent increase from 2012. There has been a ten per cent increase in tourist arrivals on the RMS, an additional thirty six people in real terms.

The typical tourist arriving on the RMS St Helena between January and September 2013 was of UK or South African origin and stayed on Island during the RMS turnaround to Ascension Island and back. The immigration database– from where the analysis of visitor arrivals originates has no information regarding chosen accommodation of visitors.

Table 6: Number of arrivals, RMS arrivals and Yacht arrivals to St Helena, from Jan. to Sept. 2013 and 2012.

Arrival	2013	2012	Change 2012 to 2013	
			Actual	Percentage
Total Passenger Arrivals year to date	2,713	2,297	+416	+18.1%
Number of RMS arrivals	25	24	1	+4.2%
Total RMS passenger arrivals	1,945	1,772	+173	+9.8%
Of which: Business	542	387	+155	+40.1%
Tourist	388	352	+36	+10.2%
Visiting Friends or Relatives	337	362	-25	-6.9%
Returning Resident	639	619	20	3.2%
Transit	39	52	-13	-25.0%
Total Yacht arrivals (vessels)	202	164	+38	+23.2%
Passengers/ Crew	602	495	+107	+21.6%
Other Vessels	4	5	-1	-20%
Passengers	166	30	+136	453.3%
Cruise Ship	2	0	+2	N/A
Day visitors	1,920	0	+1,920	N/A

Table 7: Region of origin of RMS *tourist* visitors to St Helena, January to September 2013

Region of Origin	Tourist Count	Percentage of Tourist Visitors
UK	147	37.9%
South Africa	102	26.4%
Europe	54	13.9%
Saint Resident Overseas	44	11.3%
US & Canada	22	5.7%
Other	19	4.9%
TOTAL	388	

Table 8: Length of stay of RMS *tourist* visitors to St Helena, January to September 2013

Length of Stay	Tourist Count	Percentage of Tourist Visitors
4 nights or less (RMS turnaround)	65	16.8%
5 to 9 nights (RMS to Ascension and back)	163	42.0%
10 nights to 1 month	99	25.5%
Longer than 1 month	61	15.7%
TOTAL	388	

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 2009 ⁽¹⁾		33.40	3.15	9.84	7.78	1.37	4.05	18.57	8.92	12.92	100.00
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
	Qtr 2	110.87	128.64	107.17	108.54	112.09	118.30	113.88	114.99	116.26	112.82
	Qtr 3	110.49	128.67	108.13	109.14	112.15	118.40	113.56	116.91	114.81	112.77

Percentage change of RPI in current quarter on corresponding quarter in previous year

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
	Qtr 2	2.1	4.8	0.8	0.0	4.6	-0.2	-4.4	-0.4	5.4	0.8
	Qtr 3	1.0	3.1	1.7	0.5	2.4	2.7	-3.9	0.8	3.3	0.5

Note: ⁽¹⁾ Weights used from Qtr 2 2010