



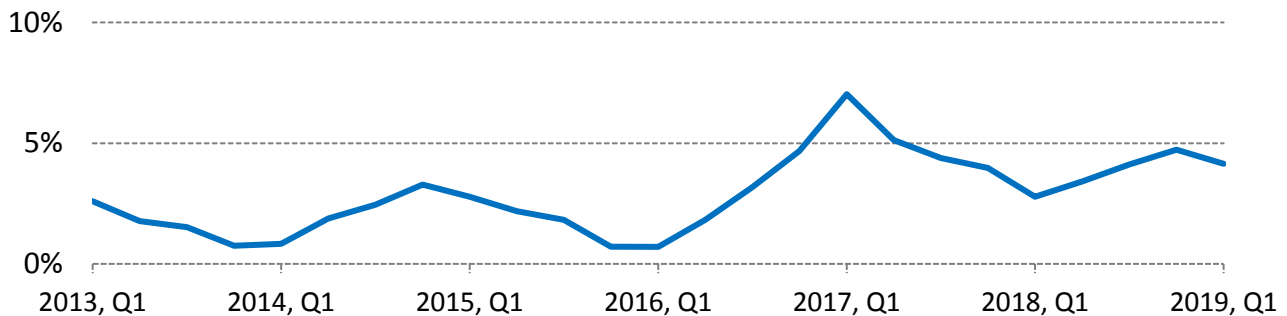
About this Bulletin

This bulletin includes estimates of the latest annual price inflation rates for the first quarter of 2019, calculated from the Retail Price Index (RPI). The data released in this Bulletin, including the RPI itself, can be downloaded from the St Helena Statistics website at: www.sainthelena.gov.sh/statistics-data.

Average annual current inflation rate

The latest rate of annual price inflation is estimated to be 4.1%, between the first quarter of 2019 and the first quarter of 2018. This is a 0.6 percentage point decrease from the rate in the previous quarter (Q4, 2018), when the annual price inflation rate was measured at 4.7% (see Chart 1).

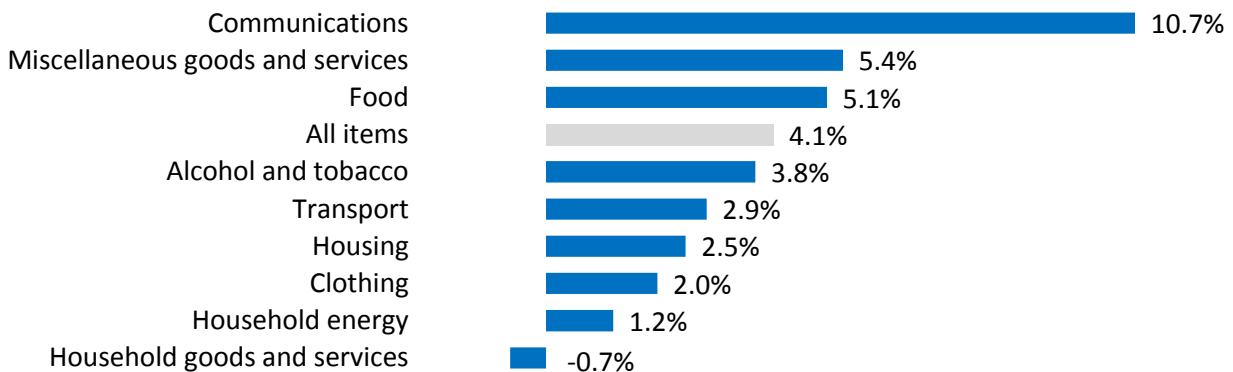
Chart 1. Annual price inflation rate, St Helena, 2013 to Q1 2019



Annual inflation rates of RPI categories

Compared to a year ago, average prices in all categories increased, except 'Household Goods and Services', which decreased slightly on average. On an annual basis, prices in the 'Communication' category saw the highest increase, up by 10.7% compared to a year ago because of the increase in the television and telephone tariffs that occurred during 2018. The category with the lowest annual rate was 'Household goods and services', where prices fell slightly, on average by 0.7%.

Chart 2. Annual inflation rates by category



What went up and what went down?

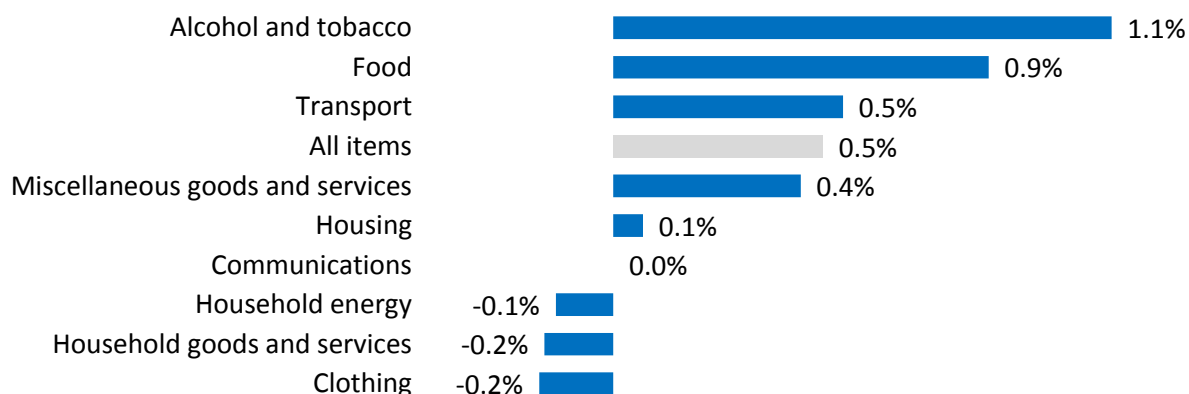
Each quarter, the prices of some goods and services increase, some prices remain unchanged, and – less frequently – some prices fall. There are over 200 individual products and services in the RPI ‘shopping basket’, and compared to the previous quarter, this quarter around half of them went up in price, about 40% of them were unchanged in price, and the price of around 10% of items fell.

Prices of imported goods are affected by price inflation in the country of purchase (in St Helena’s case, this is usually either South Africa or the United Kingdom), the exchange rate of the St Helena pound compared to the South African Rand (if the pound gets stronger against the Rand, prices of South Africa goods in pounds will get cheaper), and other costs involved in importing goods, including freight rates and import taxes.

In the United Kingdom, price inflation is relatively low at 1.9% in February 2018, and in South Africa inflation in February was similar to St Helena, at 4.1%. Over the last year, the St Helena pound has strengthened considerably against the South African Rand; in February 2018, a St Helena pound bought 16.15 Rands on average, but in February 2019, the St Helena pound was worth 18.01 Rands – an 11.5% increase. This has the effect of making South African goods cheaper, offsetting some of the increases that may occur for other reasons (such as increasing freight rates).

Chart 3 shows the quarterly change in average prices of items in each category measured by the RPI; this is the percentage change in prices seen in the first quarter of 2019 compared to the last quarter of 2018 i.e. the change over a three-month period. ‘Alcohol and Tobacco’ and ‘Food’ were the two categories with the highest average price increase over the quarter; food products which increased in price included potatoes, cooking oil, pasta and porridge oats, with small decreases in price observed in a few items, including some milk products and rice. The ‘Transport’ category increased by just over 0.5%, which includes the 3.7% increase in the price of diesel fuel. There were no price changes at all observed in the ‘Communications’ category; prices of internet broadband packages and mobile phone packages were increased on 1 April 2019, which will be reflected in the inflation rates for Quarter 2 2019 (i.e. in the next statistical release). The price of household electricity was unchanged, but there was a small decrease in the price of bottled gas which had a small impact on the ‘household energy’ component.

Chart 3. Quarterly change in the Retail Price Index and RPI categories, Q4 2018 to Q1 2019, percent.



What is price inflation?

Price inflation is the change in the average prices of goods and services over time. The rate of price inflation is calculated from the change in the Retail Price Index (RPI), which is the official measure of the average change in the prices of goods and services paid by consumers. The RPI is estimated each quarter, or once every three months, and the rate of price inflation is usually quoted on an annual basis; that is, comparing price changes over a twelve month period. Prices and the RPI tend to go up, but they can occasionally go down – which is price deflation.

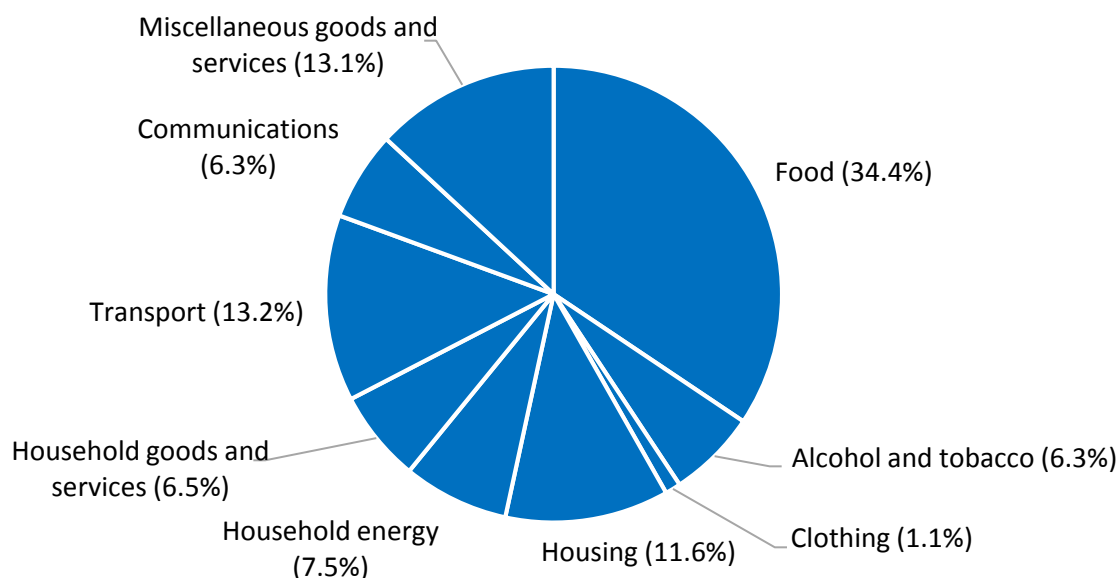
Why do we measure inflation?

An accurate measure of price inflation helps understand the extent and nature of the impact of price changes on the government, businesses, households and individuals.

How is the RPI calculated?

The basis for the RPI is the average weekly cost of goods and services purchased by households on St Helena, sometimes called the ‘shopping basket’. Items which households purchase more of, such as food, have the biggest share of the RPI basket. The current RPI uses a basket from the latest Household Expenditure Survey in 2017; prices of the items in the basket are collected every quarter, and the price of the total basket is compared to the price in the baseline period, the first quarter of 2018. 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. For example, an RPI value of 120 means that average prices have increased by 20 per cent compared to those recorded in the baseline period.

Average household weekly expenditure (Q1 2018 RPI ‘Shopping Basket’)



What happens when items are not available?

If an item of the ‘basket’ 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. Care is taken to ensure that this substitute item represents the item category and that it does not introduce error to the measurement of the RPI. An important principle is that price changes should reflect actual price increases, and not changes in the quality of items.

Where can I get the data?

For detailed tables of the RPI and annual inflation rates from 1994 onwards, please visit: www.sainthelena.gov.sh/statistics-data and download the 'inflation' data file. Other datasets, bulletins and reports are also available on our website: <http://www.sainthelena.gov.sh/statistics>.

Have more questions or comments?

Please get in touch: we are Neil Fantom, Statistical Commissioner, Stuart Moors and Justine Joshua, Senior Statistical Assistants, and Bertina Benjamin, Statistical Assistant. You can find us in person at the Statistics Office on the **first floor of the Castle**, Jamestown, at the back of the main courtyard. You can also contact us 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. Our general office e-mail address is **statistics@sainthelena.gov.sh**, or you can email team members directly (the format is firstname.lastname@sainthelena.gov.sh).