



**In this Bulletin: retail prices and inflation**

This bulletin includes estimates of the latest annual price inflation rates for the second 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:

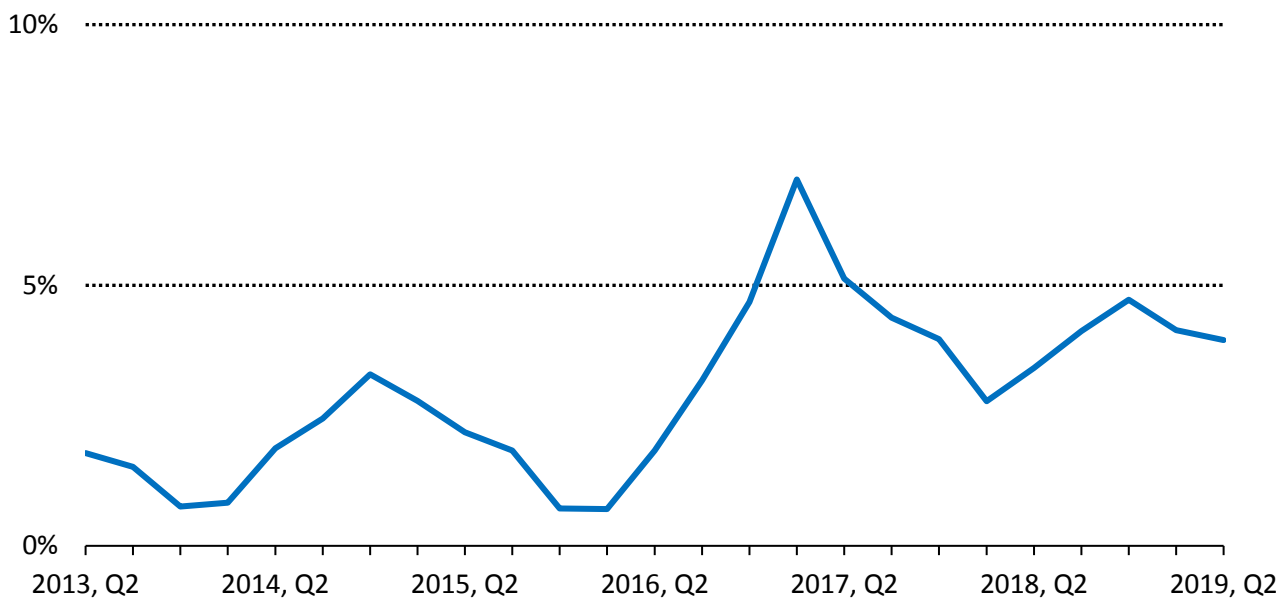
[www.sainthelena.gov.sh/statistics-data](http://www.sainthelena.gov.sh/statistics-data).

**Annual and quarterly inflation rates**

The overall Retail Price Index was measured at 104.9 in the second quarter of 2019. This compares with 104.1 in the first quarter of the year, and 100.9 in the second quarter of last year. This means that retail prices rose, on average, by 4.0% over the past year, between the second quarter of 2018 and the second quarter of 2019, and by 0.7% in the three months between the first and second quarters.

The annual price inflation rate of 4.0% is a very slight decrease in the rate from last quarter (Q1 2019), when the annual price inflation rate was measured at 4.1% (see Chart 1). The quarterly price inflation rate of 0.7% is a very slight increase in the rate from last quarter, when it was 0.5% (i.e. Q1 2019 compared to Q4 2018).

Chart 1. Annual price inflation rate, St Helena, Q2 2013 to Q2 2019



Many goods available in retail outlets on St Helena are imported from either South Africa or the United Kingdom, and so St Helena’s prices are heavily influenced by price inflation in those two countries, the value of the St Helena pound compared to the South Africa Rand, and the cost of freight and import taxes.

In the United Kingdom, the latest measured annual price inflation rate is 2.0%, and in South Africa it is 4.5% (both figures represent the May 2019 Consumer Price Index). Over the last year, the South

African Rand has weakened against the St Helena pound, reducing the effect of South African inflation and changes in freight rates and import taxes.

### Changes in prices of different groups of goods and services

Table 1 shows the average price change in item groups, comparing current prices to a year ago (the annual change) and to last quarter (the quarterly change).

Compared to a year ago, the biggest increase in prices has been in 'Communications' (12.5%), the cumulative effect of an increase in landline telephone services in the third quarter of 2018, and an increase in broadband internet services in the second quarter of 2019. The lowest annual increase has been in 'Household Energy', reflecting the unchanged price of domestic electricity.

Compared to the last quarter, average prices increased in all categories, except for household energy and transport which remained unchanged. The biggest quarterly increase was in 'Household Goods and Services' (3.4%), largely because of recorded increases in the price of imported furniture and household cleaning fluids.

Table 1. Quarterly and annual change in the Retail Price Index compared to Q2 2019, by component

Component (weight given in brackets)	Annual change (Q2 2018 to Q2 2019)	Quarterly change (Q1 to Q2, 2019)
Food (34.4%)	3.4%	0.3%
Alcohol and Tobacco (6.3%)	3.6%	1.0%
Housing (11.6%)	2.6%	0.1%
Household Energy (7.5%)	1.5%	0.0%
Clothing (1.1%)	3.4%	2.3%
Household Goods and Services (6.5%)	2.3%	3.2%
Transport (13.2%)	2.5%	0.0%
Communications (6.3%)	12.5%	1.6%
Miscellaneous Goods and Services (13.1%)	6.4%	1.7%
<b>All Items (100%)</b>	<b>4.0%</b>	<b>0.7%</b>

**Some frequently asked questions:**

**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 12-month period. Prices and the RPI tend to go up, but they can occasionally go down – which is price deflation.

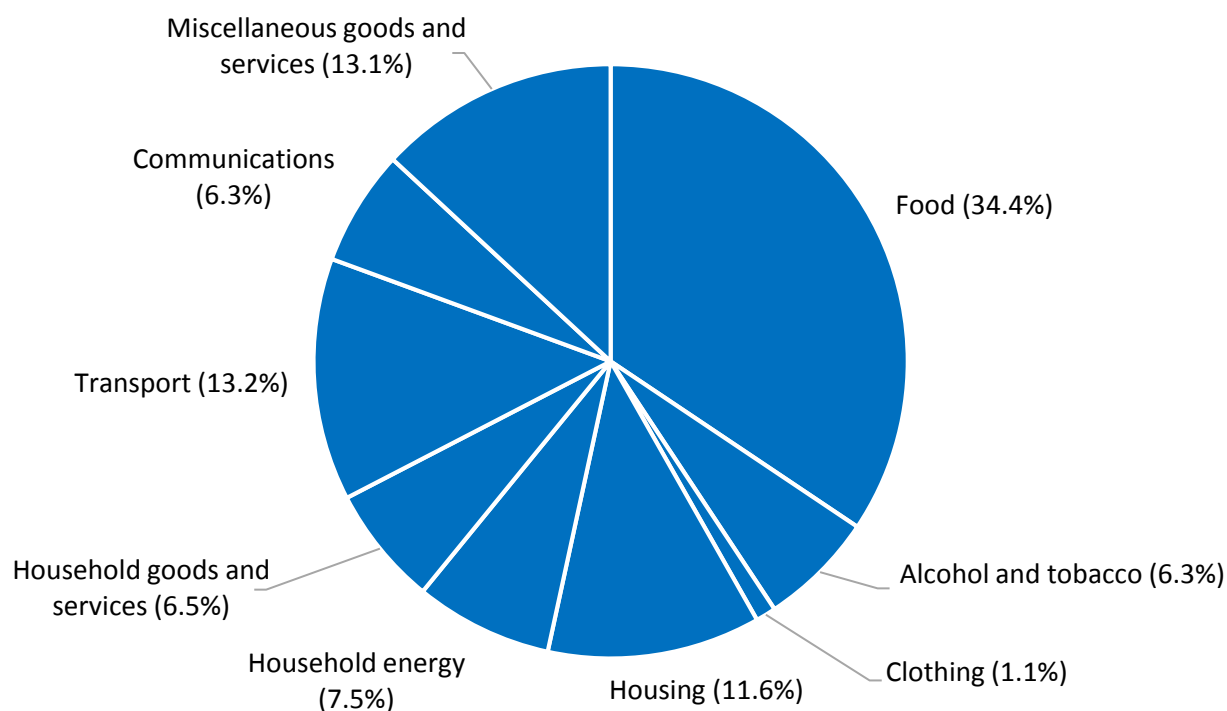
**Why do we measure inflation?**

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 representing the groups of 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](http://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, Justine Joshua, Senior Statistical Assistant, 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`).