



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

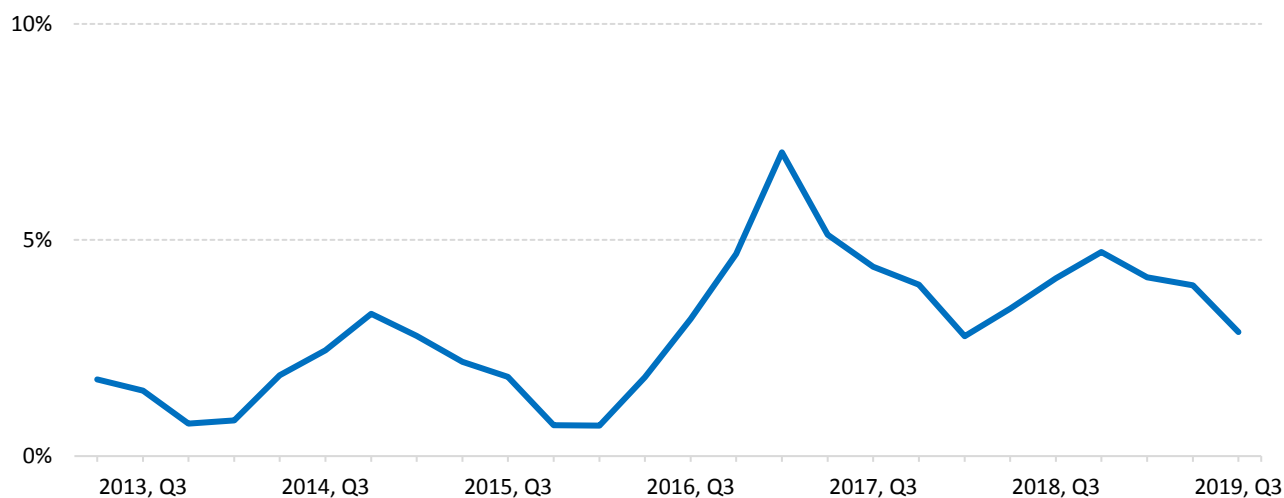
This bulletin includes estimates of the latest annual price inflation rates for the third quarter of 2019, calculated from the Retail Price Index (RPI). The data released in this Bulletin, including the RPI itself, can be downloaded from the St Helena Statistics website at: [www.sainthelena.gov.sh/statistics-data](http://www.sainthelena.gov.sh/statistics-data).

**Annual and quarterly inflation rates**

The overall Retail Price Index was measured at 105.3 in the third quarter of 2019. This compares with 104.9 in the second quarter of the year, and 102.4 in the third quarter of last year. This means that retail prices rose, on average, by 2.9% over the past year, between the third quarter of 2018 and the third quarter of 2019, and by 0.4% in the three months between the second and third quarters.

The annual price inflation rate of 2.9% is a decrease in the rate from last quarter (Q2 2019), when the annual price inflation rate was measured at 4.0% (see Chart 1). The quarterly price inflation rate (i.e. Q3 2019 compared to Q2 2019) of 0.4% is also a decrease compared to last quarter, when it was 0.7%

Chart 1. Annual price inflation rate, St Helena, Q3 2013 to Q3 2019



Price increases that had an upward impact on the inflation rate this quarter include local bread, imported milk, cheese, oranges, spirits, cigarettes, paint, and fuel. But the price survey also recorded decreases in the price of some items, such as local eggs, imported margarine and rice, and cement.

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 1.7% in August 2019, down from 2.0% in July 2019. In South Africa, it is 4.3%, up from 4.0% in July but down from 4.5% in June 2019. Over the last year, the South African Rand has fluctuated against the St Helena pound, between 17 and 19 Rand per pound. Freight prices for some items have also

increased, although the impact may be cushioned because of other changes, such as increased weight limits for containerised goods.

### 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).

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

Component (weight given in brackets)	Annual change (Q3 2018 to Q3 2019)	Quarterly change (Q2 to Q3, 2019)
Food (34.4%)	4.0%	0.7%
Alcohol and Tobacco (6.3%)	3.8%	1.5%
Housing (11.6%)	0.0%	-0.2%
Household Energy (7.5%)	-0.1%	-0.1%
Clothing (1.1%)	2.1%	-0.5%
Household Goods and Services (6.5%)	0.2%	-0.3%
Transport (13.2%)	3.1%	1.2%
Communications (6.3%)	1.6%	0.0%
Miscellaneous Goods and Services (13.1%)	5.3%	-0.2%
<b>All Items (100%)</b>	<b>2.9%</b>	<b>0.4%</b>

The average prices of items in each category went up compared to a year ago, apart from 'Household Energy', which has been largely steady due to the unchanged price of domestic electricity since 2016. The annual rate of inflation for 'Food' rose 0.2 percentage points, from 3.8% in quarter 2 2019 to 4.0% in quarter 3 2019. This was the second largest annual inflation rate after 'Miscellaneous Goods and Services' (5.3%); The largest contributory factor in the 'Food' category was the increase in the price of locally produced bread. The high increase in the 'Miscellaneous' category is largely due to the increase in the television subscription fee, which occurred in Q4 2019.

**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, i.e. 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.

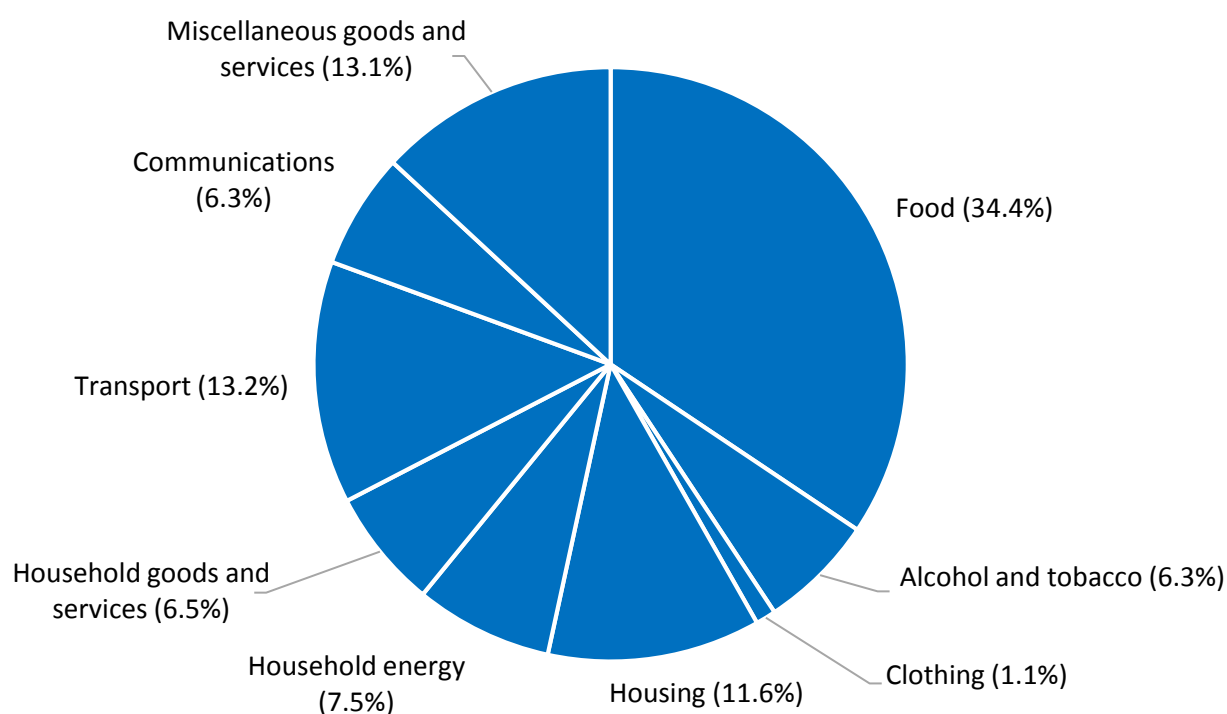
**Why do we measure inflation?**

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`).