Cost of Living September 2017 survey highlights

United Kingdom

With the continued uncertainty surrounding the United Kingdom's withdrawal from the European Union, the value of the pound has depreciated further against the euro by around 6% over the past six months. However, the pound has gained around 5% against the US dollar. Inflation has remained high in comparison to recent history, as the weakening of the pound following the initial 'Brexit' vote pushed up the price of imports. Aside from those coming from the Eurozone, most inbound assignees will see an increase in their indices due to inflation and exchange rate impacts, while those leaving the UK will experience the reverse.

The US dollar weakened against all major currencies between March and September 2017 including a drop in value of 11% against the euro. Although prices rose slowly over the same period, indices will have risen for most assignees in the country thanks to the depreciation of the dollar. Meanwhile, indices from the US and those countries with currencies pegged to the US dollar will tend to be higher.

Prices have risen a massive 850% or so in the last year and more than 250% over the last six months alone. Despite hyperinflation, indices are lower than six months ago because of the weakness of the bolivar, which has lost nearly 80% of its value in six months to a survey exchange rate of USD 1 / VEF 3314. The black-market rate is depreciating even more quickly with one US dollar buying around 19 000 bolivars over the survey period.

Over the past six months, Brazil's economy has continued to recover from the country's worst ever recession. Inflation has fallen to around 2%, so the majority of index changes will be attributed to exchange rate movements. The Brazilian real has depreciated in value against most major currencies, though not the US dollar, and so most inbound assignees can expect to see lower indices.

Argentina

Although inflation is still high in Argentina with prices rising by more than 11% in the

Eurozone

The euro has continued to strengthen since our March 2017 survey, appreciating in value against all major currencies. It has gained around 7% against the British pound and 13% against the US dollar in the past six months. Inflation has remained low in Eurozone economies, and so inbound assignees to Eurozone countries will be experiencing higher indices as the strength of the euro has made it more expensive to maintain assignee purchasing power while those leaving will tend to

see lower indices

Eavpt

Nigeria

South Africa

In the six months to September

2017 the South African rand

has depreciated against most

major currencies except the US

dollar. The weakness of the rand

combined with lower inflation than

in recent surveys will lower indices

for most assignees in the country.

Following the flotation of the Egyptian

government has pushed forward with its

further reducing fuel and other subsidies.

The depreciation of the Egyptian pound

Inflation is therefore high, but it appears

has continued but at a slower rate.

to be stabilising. Prices increased by

around 16% in the six-month period

between March and September 2017

which is less than half the rate measured

in the previous six-month period. Inbound

Inflation remains quite high in Nigeria where

prices have risen by around 7% over the past six

months, but this reflects a significant slowdown

compared to recent surveys. Over the last six

months the naira has depreciated, losing 22%

of its value against the euro and 12% against the

US dollar. This depreciation has outweighed the

impact of inflation, so assignees in the country

will see their indices decrease

indices will rise for many assignees but

not for those from the eurozone.

economic reform measures in 2017 by

pound in November of last year, the

Turkey

artner currency.

The high inflation brought about by political and economic instability still exists in Turkey but slowed somewhat between March and September 2017 and currency performance will be the most significant factor affecting many assignees' cost of living indices this survey. After significant depreciation last survey, the Turkish lira has stabilised over the last six months in part as a result of the Turkish central bank's measures to tighten monetary conditions. Index changes will broadly depend on the relative ne lira against the

Sudan

Khartoum is now the second most expensive city in the world at the official exchange rate, which is pegged to the US dollar. Inflation is fuelled by the shortages of hard currency, with many importers forced to use blackmarket rates, and so prices rose by over 15% in the six months to September 2017.

Sudan still operates a dual exchange rate system, with an incentive policy introduced last November that gave those remitting US dollars to Sudan access to a more favourable rate closer to the black-market. For companies using this exchange rate, indices into Khartoum will be much lower.

Japan

Uzbekistan

indices will be lower.

The Japanese yen has continued to fluctuate, strengthening against the US dollar but weakening against the euro. With inflation in Japan very low, both outbound and inbound index changes will depend largely on the degree and direction of movement of the yen against relevant currencies.

The Uzbek som halved in value in early September as

the government moved to eliminate the black-market

currency that has thrived in recent years. Inflation has

already been high for some time due to shortages of

in Uzbekistan the negative impact of the currency

hard currency at the official exchange rate. For assignees

depreciation has far outweighed the increase in prices, so

South Sudan

Inflation in South Sudan has slowed a little in the six months to September 2017, but it remains at a very high level with prices increasing by around 60% compared to more than 80% in the previous six months. At the official exchange rate, the South Sudanese pound has lost another 20% of its value against the US dollar and more against many other currencies, which has mitigated the impact of inflation somewhat, but indices for assignees will still rise considerably.

Democratic Republic of the Congo

The Congolese franc has continued to depreciate. losing around a guarter of its value against the euro since our March 2017 survey. This has further fuelled inflation which has risen to 25% over the six months to September 2017. The impact on indices will depend on whether the exchange rate fall has had a greater impact than rising prices. Index changes will generally be small either way but euro based assignees will see significant falls.

After years of economic problems there are signs of improvement in the Mozambique economy thanks to a good harvest and a truce between government and opposition. The rate of inflation in Mozambique has fallen in the six months to September 2017 and the value of the metical has rebounded causing indices to increase for assignees in the country.

Hong Kong

Inflation in Hong Kong remains low with prices rising by less than 2% on most bases between surveys. Low inflation combined with a weak Hong Kong dollar, which is pegged to the US dollar, has led to falling indices for most assignees.

For most assignees posted to or from Australia, exchange rate movements have been the most significant factor in cost of living index changes, because inflation has stayed low. The Australian dollar strengthened against the US dollar but weakened against the euro, compared to March 2017, largely dictating whether index changes are positive or negative.

six months to September 2017, it does appear to be falling slowly, with the biannual rate 2% lower than in the March 2017 survey. The peso has continued to depreciate so indices for assignees in the country will fall on most bases over six months.

ECA International

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