# Cost of Living March 2019 survey highlights

Haiti 🛑

USA 🧲

The euro continued to weaken over the period between ECA's September 2018 and March 2019 surveys, losing 4% of its value against the British pound and Chinese yuan and more than 2% against the US dollar and Japanese yen. Inflation over the same period has remained low across Eurozone countries, so index-movements this period are argely exchange-rate related with many indices for people moving to the Eurozone slightly lower than in September 2018.

#### United Kingdom

Eurozone

While prices in the UK have largely remained stable, the pound has gained 4% against the euro and 1.5% against the US dollar in the six months to March 2019. Therefore, inbound assignees from those locations can generally expect to see slightly higher indices, while they will be a little lower for those leaving the country.

There has been a significant uptick in inflation in the six months to March 2019, with prices increasing in Port-au-Prince by more than 10%. The economic situation in Haiti has deteriorated as Venezuela has cut access to cheap fuel and recent protests demanding the resignation of the president Jovenel Moïse following reports of corruption have spooked markets, causing a sharp drop in the value of the Haitian gourde, which is down 17% against the US dollar between September 2018 and March 2019. Despite rising prices, most assignees in Haiti will see a fall in their index this survey.

> While the US dollar has strengthened a little against the euro and the Australian dollar, there have been slight decreases in value against the British pound and the Chinese yuan. With inflation low, any change in indices will depend on the other country involved. Indices for assignees from the Eurozone nd Australia will increase a little and those from the UK and China will decrease a little with the reverse. true for Americans leaving the country.

> > In October 2018 the government devalued the Sudanese pound by 39% against the US dollar to a fixed rate of USD 1 = SDG 47.5, the second large devaluation of the year. Despite this the black-market exchange rate continues to thrive and depreciate away from the official rate. Inflation accelerated in the six months to March 2019 with prices rising by almost 60%. Despite the considerable price increases most assignees in the country will see their indices fall as the impact of rising prices is outweighed by the greatly devalued Sudanese pound.

### Venezuela

Hyperinflation continues with inflation at around 350000% in the year to March 2019. The sovereign bolivar has not faired any better than its predecessor, the 'strong' bolivar, and its value has continued to plummet, decreasing by 98% against the US dollar in just six months. Indices for those working in the country are relatively stable compared to September 2018, considering the turbulent economy, with high inflation and exchange rate falls largely cancelling each other out.

## Brazil

The Brazilian real recovered somewhat over the six months to March 2019 with increases against all major currencies, following deep depreciation during the six months prior to that. Many assignees whose indices fell following the September 2018 cost of living survey, will see them increase this survey in response to the strengthened real. Inflation over the period has remained stable.

### Argentina

Inflation has accelerated in Argentina with prices rising by more than 25% in the six months to March 2019. During this time, the Argentinian peso has continued to depreciate against major currencies, losing around 12% of its value against the US dollar. The inflationary effects will offset the exchange rate movements resulting in higher indices for assignees in the country.

#### Angola

Having long been one of the most expensive cities in the world Luanda continues to fall in ECA's rankings. In the six months to March 2019, the Angolan kwanza continued to depreciate against major currencies, losing 12% of its value against the US dollar. While the weaker currency has made imports more expensive with prices in Luanda increasing by around 7% on average between September 2018 and March 2019, assignees in the country can expect to see their indices decrease due to the depreciation of the exchange rate

#### South Africa

A combination of price increases and a strengthened South African rand have pushed up indices for assignees in the country. Over the six months to March 2019 the rand strengthened against all major currencies, including by more than 6% against the euro. Although inflation was down compared to the September 2018 survey, prices still increased by around 2% in the six months to March 2019.

#### Turkey

In the six months to March 2019 the Turkish lira partly recovered from last year's currency crisis thanks to a massive increase in interest rates. Over the period the lira gained around 18% against the US dollar and 22% against the euro. While inflation has slowed considerably, prices still rose around 9% in the six months to March 2019. As a result, assignees can expect indices to be significantly higher.

#### - Iran

The value of the rial fluctuated considerably in the six months to March 2019, rebounding initially towards the end of 2018 but then falling back early this year to end 9% down against the euro on the floating parallel market exchange rate used by ECA. Prices in Tehran have continued to soar as economic sanctions imposed by the United States have restricted the supply of imports. Prices rose by around 31% on average over this sixmonth period. Assignees in Iran will see their indices increase but Tehran remains the cheapest location in the world in ECA's rankings.

#### Zambia

With several Western governments suspending aid over corruption concerns, the Zambian kwacha depreciated sharply, losing 15% of its value against the US dollar. Inflation has risen a little to 3.5% in the six months to March 2019 fuelled by rising import costs because of the weaker kwacha. Indices will fall for ssignees in the country as the large drop in the value of the kwacha heavily outweighs modest price rises.

#### Zimbabwe

The introduction of a new guasi-currency, the RTGS dollar has had a significant impact on cost of living indices. The government effectively devalued the country's money by introducing the RTGS\$ which is not pegged to the US dollar as the bond notes previously issued were intended to be. This change means that prices are now guoted in RTGS\$ but you can also pay in US dollars and the different values are officially recognised. This is similar to what existed previously, but it is now formalised and legalised. The RTGS\$ dollar was initially set at an official rate of USD 1 = RTGS\$ 2.5. However, on the open market the rate was closer to RTGS\$ 3.5. ECA uses the US dollar prices quoted in shops to calculate indices. US dollar prices are now lower than previously because of the devaluation despite high inflation and as a result inbound indices this survey have fallen compared to September 2018.

#### Turkmenistan

Turkmenistan remains the most expensive country in the world according to ECA's cost of living rankings. High inflation continues, with the price of imported goods rising owing to a drop in gas exports and a subsequent shortage of foreign currency. Prices increased by 35% in the six months to March 2019, a little slower than the six months prior. The manat has remained stable over the six months to March 2019 both for the official rate which remains pegged to the US dollar and the black-market rate. Though the black-market rate remains much weaker than the official rate (and illegal), it is the only source of foreign currency for many. Inbound assignees who use the official exchange rate, as published by ECA, can expect to see considerably higher indices.

#### Pakistan

Cost of living indices for expatriates in Pakistan have dropped significantly in the six months to March 2019. Despite moderate inflation across the country, the Pakistani rupee continues to depreciate against major currencies as there is a shortage of foreign currency to repay foreign debts. Inbound assignees from the Eurozone and the USA can expect higher buying power in local markets as the depreciation of the rupee leads to negative six-month changes of around 10% in their indices.

#### 🔵 Sri Lanka

The Sri Lankan rupee dropped in value significantly against major currencies in the six months to March 2019. This was largely a result of declining confidence among foreign investors due to the political instability caused by the unexpected suspension of parliament and removal of Prime Minister Wickremesinghe from office. Prices increased by around 1.5% over this period but most inbound assignees will find that these increases are offset by the significantly weakened rupee and will see their indices fal

#### 🔵 Australia

The Australian dollar has weakened against the US dollar but has strengthened slightly against the euro in the six months to March 2019. Inflation in Australia remains low and stable, so exchange rate movements will be the most significant factor in cost of living index changes. Indices will generally be quite stable but decreasing slightly for those from China, the United Kingdom, the United States and countries with currencies linked to the US dollar.

