Cost of Living March 2017 survey highlights

In the six months after our September 2016 survey,

largely due to the rise in oil prices feeding through

strengthened against most currencies. As a result,

inflation in the USA showed modest increases.

the economy. During this period the US dollar

most assignees in the country will have seen a significant increase in their indices.

United Kingdom

USA

Prices in the United Kingdom remained steady for some time after the British pound saw a large depreciation in its value following the country's decision to leave the European Union. However, we are now seeing the effects of the weak pound, as food and fuel prices have driven inflation to its highest figure in three years during our March 2017 survey. Despite rising inflation, cities in the UK have tumbled down ECA's global rankings of most expensive cities for expatriates, due to the relative weakness of the pound against most major currencies - with central London now in its lowestever recorded position at 132nd in the world, although it is still the most expensive

Eurozone

Eurozone economies have experienced a stronger start to the year than expected. Inflation has remained very low and so the change in cost of living will be down to the change in the currency, which has been mixed. While the euro has lost around 6% of its value against both the US and Australian dollars in the six months leading up to March 2017, it was steady against the British pound and gained 6% against the Japanese ven in the same period.

Turkey Sudan

of the lira has outweighed the rise

in inflation, with the net result being

a large decrease in their indices.

that most inbound assignees will see

Economic and political instability Inflation has continued to accelerate in Sudan, rising to caused the Turkish lira to depreciate around 15% over the six months leading up to ECA's March by around 20% against the US dollar 2017 survey. The Sudanese pound has weakened against most major currencies, which has dampened the effect of between September 2016 and March inflation on indices. Nevertheless, inbound assignees will see 2017. This in turn pushed up inflation, with prices increasing by over 6% in their indices increase noticeably. the period. However, the weakening

> Meanwhile, the black-market exchange rate is much higher than the official rate. The government is still attempting to boost foreign currency reserves by allowing expatriates to sell the government US dollars by offering a rate closer to the black-market rate. Some companies are looking to use this incentive rate for their assignees in Sudan, but care must be taken if doing so as there are some restrictions on its availability and the index would be much lower at this rate.

Uzbekistan

The Uzbekistan som continued its steady decline, losing value against major currencies leading up to March 2017. The weakening currency has in turn pushed up prices in the country, with inflation accelerating to over 10% in the six-month period following the September 2016 survey. The impact on indices is variable - in some cases the price changes will have outweighed the effect of the currency depreciation, leading to an increase in the index. Others will see a fall in the index if their relevant exchange-rate movement was more pronounced.

China

China's yuan has continued to depreciate against the US dollar, losing around 3% of its value in the six months before the March 2017 survey. Inflation has increased marginally during this period, mainly because of higher fuel prices, but remains low. As a result, the change in index will vary by home country depending largely on the relative exchange-rate

With the country suffering from a long civil war, South

Sudan continues to experience hyper-inflation, with ECA measuring it at more than 80% over six months. The South Sudanese pound has also experienced a big depreciation, having lost 40% of its value against the US dollar. While the weakening currency diminishes the effect of inflation on inbound indices, assignees can nevertheless expect them to increase by a significant margin.

Sierra Leone

Nigeria -

Angola

The Angolan kwanza is

increasingly overvalued as it held

its value against the US dollar.

while the continued weakness

of the black-market exchange

imported goods and contributed

rate has inflated the price of

to continued high inflation of

around 13% over the six months

to March 2017 Luanda is now the

most expensive city in the world

for expatriates according to ECA's

latest rankings and so indices will

have risen for most assignees.

In January 2017, the government of Sierra Leone

in July 2016. Sierra Leone is heavily dependent on

imports, which have become more expensive due

to the currency depreciating causing inflation to rise

considerably to around 15% between the September

2016 and March 2017 Cost of Living surveys. However,

the depreciation of the leone has outweighed

expect their indices to decrease

inflation, therefore assignees in Sierra Leone can

In the six months prior to the March 2017 survey,

the naira, which has been artificially propped

up by the central bank, strengthened against all

the black-market exchange rate remains weak

market and official exchange rates, but there is

still a considerable way to go before they meet

pushing up import prices. Efforts have been

made to narrow the gap between the black

and further fluctuations are likely.

major currencies. Despite this, inflation is high as

devalued the leone again, after a previous devaluation

The Egyptian pound was floated in November last year, one of the conditions set by the International Monetary Fund before the approval of a \$12 billion loan to the Egyptian government to boost the ailing economy. This resulted in the Egyptian pound losing around 50% of its value against the US dollar before rebounding a little in the run-up to the March 2017 survey. This significantly impacted prices of goods and services. For this reason, and despite inflation averaging around 30%, indices for assignees in Egypt have decreased.

Democratic Republic of the Congo

President Joseph Kabila has clung to power despite his constitutionally mandated two-term limit ending last December, throwing the country into crisis. This has caused the Congolese franc to plummet by nearly a guarter between September 2016 and March 2017 against the US dollar, which in turn has pushed up the price of imports significantly and inflation to almost 20% in the same period (compared to less than 4% in the six months prior). The high inflation has not completely offset the exchangerate movement, so indices will be lower for most

Mozambique

Inflation has continued to rise in Mozambique, reaching around 16% during the six-month survey period, as the effects of the previous government's economic blunders continued to hold the country back and were compounded by climatic events such as drought, and more recently, the deadly storm. Dineo. This, combined with the value of the metical appreciating against all major currencies in the six-month period up to our March 2017 survey, means that expatriates in Mozambique will receive significantly higher indices.

assignees to the country.

Brazil

DICOM exchange rate.

will see their indices increase once again.

Inflation in Argentina remains high but is beginning to show signs of slowing down. Prices have risen by around 13% over the past six months compared to the 17% increase in the six months leading up to March 2017 survey. The Argentine peso remained stable against most major currencies. The combination of high inflation and a stable currency results in higher indices for most inbound assignees.

Inflation soared in Venezuela as shortages of basic goods worsened. Over the six-

slightly over 160%. The DICOM exchange rate, used in ECA calculations, depreciated

by 8% against the US dollar during this time. However, spiralling inflation continues to heavily outweigh this. Consequently, all inbound assignees to Venezuela will see

depreciation in the black-market exchange rate which continued to diverge from the

significant increases in their indices. Price rises have been fuelled by the massive

Inflation continued to slow in Brazil in the six months leading up to the March 2017

country's worst recession on record. The strengthening of the Brazilian real has more

than offset the relatively low inflation figures, increasing by 9% and 10% against the

euro and British pound respectively over six months. Thus, most inbound assignees

survey - hitting its lowest level in nearly ten years - largely a by-product of the

month period leading up to our March 2017 survey, ECA measured inflation to be

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to September 2016.

Despite relatively low inflation, the strong

Australian dollar, which has tracked the US

dollar, has pushed up cost of living indices

for most assignees in Australia compared