

Salary Purchasing Power Parity Report Assumptions

Report Criteria

The following information was supplied for this report:

Reference: SPPP Report Demo
 Date: August 23, 2010
 Individual's Name: Joe Bloggs
 Relocating From (Home Location): Ghana, Accra
 Relocating To (Host Location): Bahrain, Manama
 Negative cost of living 1: OFF
 Negative hardship differences 2: OFF
 Survey Date 3: July 01, 2010

Locations



Basket Groups

Xpatulator.com collects information for approximately 140 different goods and services. We collect the price for the same quantity of each item. The data is thoroughly quality assured and manually checked and moderated by Xpatulator Analysts. For ease of use, the 140 goods and services have been grouped into 13 basket groups. To compare the cost of living, we use the total cost of the basket in each location. The difference in the cost of the basket at the ruling exchange rate is the cost of living difference.

The basket groups that have been excluded are those that will be provided by either the employing company or in some cases by the state in the new location. The basket groups that have been included in calculating the cost of living difference are those that will be paid by the employee from their salary.

Excluded (Provided for the employee)

Education
 Healthcare
 Household

Included (Paid by the employee from Salary)



Alcohol & Tobacco
 Clothing
 Communication
 Furniture & Appliances
 Groceries
 Miscellaneous
 Personal Care
 Recreation & Culture
 Restaurants Meals Out and Hotels
 Transport

Results

Based on the criteria, locations, and included basket groups as described in the previous section of this report, the following results are reported.

Cost of Living Difference

The cost of living is the cost of maintaining a certain standard of living. When you relocate, the cost of everything you spend your salary on will either cost more or less. Some of the costs may be higher in the new location and some of the costs may be lower.

Based on the selected basket groups Xpatulator has calculated the cost of living difference between the selected locations. If you change the selected basket groups you are likely to get different results, as some basket groups may cost relatively more or less between the selected locations.

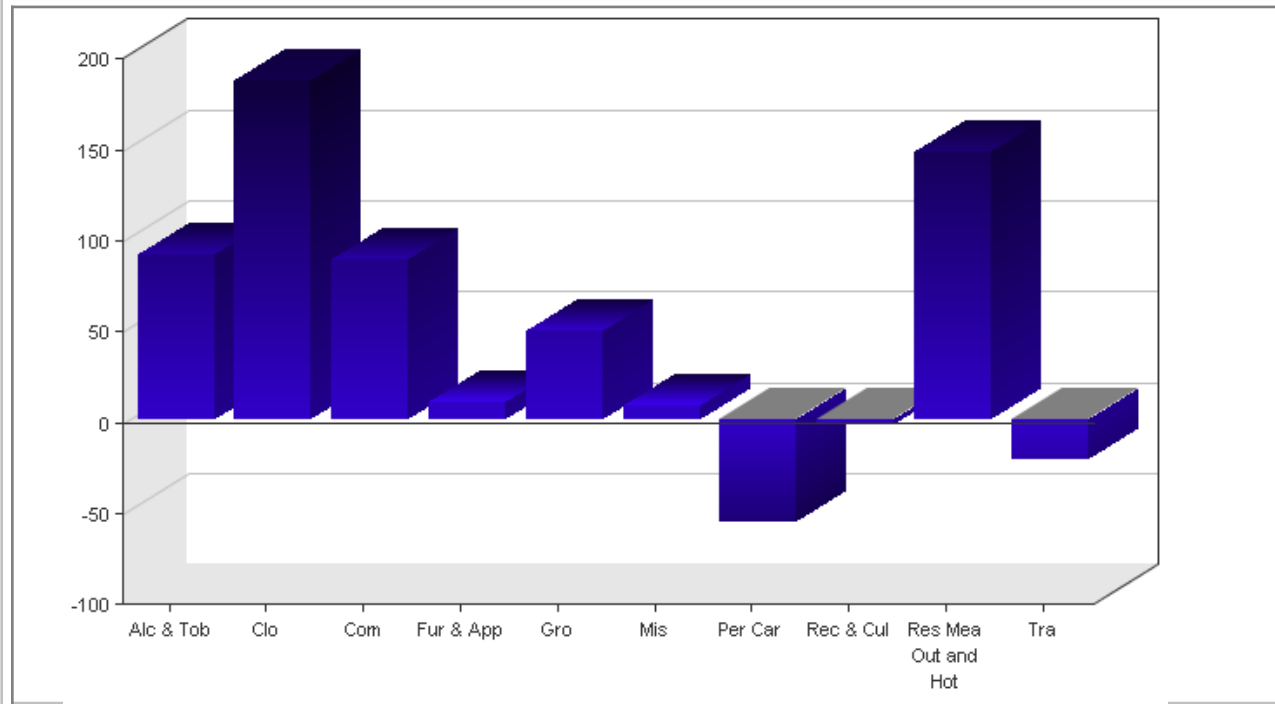
The Unweighted Cost of Living Index for each included basket group for the Home and Host Location is reported, relative to New York, which has a cost of living index of 100. All other Cost of Living Indexes are expressed as an index (percentage) of New York. For example if another city has an index of 80 it means that the cost of living is 80% of the cost of living in New York (i.e. 20% less than New York). Another city with a cost of living index of 110, means the cost of living is 110% of the cost of living in New York (i.e. 10% more than New York).

The weights⁴ are the result of extensive research of actual spending habits. The weight reflects the proportion of salary spent on each basket by Expatriates. By applying the weight to each index we have reported the weighted indexes which are used to report the overall weighted difference in the cost of living.

The cost of living differences for the included basket groups, which will be paid by the employee from their salary, are as follows:

Basket Group	Cost of Living in Bahrain, Manama		Home Location Ghana, Accra Unweighted COLI (NY = 100)	Host Location Bahrain, Manama Unweighted COLI (NY = 100)	Home Location Ghana, Accra Weighted COLI ⁴	Host Location Bahrain, Manama Weighted COLI ⁴
Alcohol & Tobacco	90.60%	more expensive	67.71	129.06	1.35	2.58
Clothing	186.18%	more expensive	74.65	213.62	1.87	5.34
Communication	87.31%	more expensive	42.39	79.40	0.85	1.59
Furniture & Appliances	8.94%	more expensive	106.39	115.90	5.32	5.80
Groceries	48.90%	more expensive	80.09	119.25	13.21	19.68
Miscellaneous	7.59%	more expensive	88.65	95.38	2.66	2.86
Personal Care	-56.13%	cheaper	92.44	40.55	2.77	1.22
Recreation & Culture	-2.77%	cheaper	119.59	116.28	7.18	6.98
Restaurants Meals Out and Hotels	146.86%	more expensive	48.11	118.77	0.96	2.38
Transport	-22.25%	cheaper	87.01	67.66	15.66	12.18
Overall Cost of Living Index			807.03	1,095.87	51.83	60.59

The overall weighted cost of living difference between Ghana, Accra and Bahrain, Manama is 16.89%.



Hardship Difference

Hardship is the relative difference in quality of living/lifestyle a person and their family are likely to experience, assessed in global terms, when moving between different locations. Xpatulator.com's hardship ranking system measures the relative quality of living conditions between locations, and assesses the level of difficulty that will be experienced in adapting to a new location.

The **Home** Location Ghana, Accra is ranked as a high degree of hardship location with a hardship premium of 30%
 The **To** Location Bahrain, Manama is ranked as a sum hardship location with a hardship premium of 20%
 The relative difference in hardship premium (i.e. Host Location Premium minus Home Location Premium) is -10%

Exchange Rate Difference

The exchange rate between two currencies specifies how much one currency is worth in terms of the other. Most countries have a free-floating exchange rate. This means that its exchange rate is allowed to vary against that of other currencies, determined by the market forces of supply and demand. Exchange rates usually change almost constantly as quoted on the financial markets, around the world. Exchange rates change whenever the values of either currencies change. A currency tends to be more valuable when demand is greater than supply (i.e. when a large amount of that currency is sort after for purchase). A currency tends to be less valuable when demand is less than supply (i.e. when very little of that currency is required for purchase. This typically occurs when the majority prefer holding their wealth in some other form, possibly in another currency). Current and future exchange rates incorporate interest rate differentials between 2 currencies. Large interest rate differentials may result in a temporary imbalance in exchange rates. Therefore Xpatulator makes use of an arbitrage ⁵ exchange rate rather than the ruling exchange rate.

The following arbitrage exchange rate was used as the basis of the Xpatulator calculation. (This exchange rate is updated quarterly):

0.3787 Bahraini Dinar (BHD) to 1 US Dollar (USD)

2.6409 US Dollar (USD) to 1 Bahraini Dinar (BHD)

Salary Purchasing Power Parity

Applying the cost of living difference based on what will be paid from salary, together with the hardship difference, and arbitrage exchange rate, the Xpatulator calculation is as follows:

Home/Current location salary	100,000.00	US Dollar (USD)
+ Cost of living difference 16.8892%	16,889.20	US Dollar (USD)
+ Hardship Difference -10%	0	US Dollar (USD)
Total	116,889.20	US Dollar (USD)
x Exchange Rate 0.3787		
Salary in Host/New location	44,265.94	Bahraini Dinar (BHD)

This means, based on all the above factors, that a person would require a salary of 44,265.94 Bahraini Dinar (BHD) in Bahrain, Manama to have the same standard of living as currently enjoyed in Ghana, Accra on a salary of 100,000.00 US Dollar (USD). This salary compensates for the overall cost of living difference of 16.8892%, the hardship difference of -10%, and the exchange rate.

Overview of your Host Location

Location Overview

Country Full Name: Kingdom of Bahrain.

Location: Bahrain is in the Middle East, it is an archipelago in the Arabian Gulf, east of Saudi Arabia.

Country Climate: Arid; mild, pleasant winters; very hot, humid summers.

Country Terrain: Mostly low desert plain rising gently to low central escarpment.

Major Languages: Arabic.

Major Religions: Islam.

Country Population: 0.779 million (2008 est.) 0.795 million (2009 est.).

Country Economy: The economy of Bahrain is largely based on petroleum and natural gas, the only significant natural resources in Bahrain, which provide about 60% of budget revenues. Bahrain was the first Persian Gulf state to discover crude oil. Because of limited reserves, Bahrain has worked to diversify its economy over the past decade.

Currency: Bahraini Dinar (BHD).

Country Inflation: 3.5% (2008 est.) 3.0% (2009 est.).

City: Manama is the capital and largest city of Bahrain.

City Economy: Manama is the focal point of the Bahraini economy. Several multinationals have facilities and offices in and around Manama. The economic base for Manama itself is financial services, with over two hundred financial institutions and banks based in the CBD and the Diplomatic Area.

Cost of Living Overview

Manama has an overall cost of living index which equates it with high cost of living locations. The overall cost of living index is comprised of the prices for defined quantities of the same goods and services across all 13 Basket Groups. Manama is currently ranked 81 overall, most expensive place in the world for expatriates to live, out of 282 international locations. The cost of living overview for each of the 13 Basket Groups is as follows:

Alcohol & Tobacco costs for alcoholic beverages such as alcohol at bar, beer, locally produced spirit, whiskey, and wine as well as tobacco products such as cigarettes is relatively more expensive compared to other cities with a rank of 19 out of 282.

Clothing costs for clothing and footwear products such as business suits, casual clothing, childrens clothing and footwear, coats and hats, evening wear, shoe repairs, and underwear is relatively more expensive compared to other cities with a rank of 1 out of 282.

Communication costs for various communication costs such as home telephone rental and call charges, internet connection and service provider fees, mobile / cellular phone contract and calls is relatively less expensive compared to other cities with a rank of 236 out of 282.

Education costs such as creche / pre-school fees, high school / college fees, primary school fees, and tertiary study fees is relatively less expensive compared to other cities with a rank of 227 out of 282.

Furniture & Appliance costs for furniture, household equipment and household appliances such as dvd player, fridge freezer, iron, kettle, toaster, microwave, light bulbs, television, vacuum cleaner, and washing machine is equally expensive on average compared to other cities with a rank of 93 out of 282.

Grocery costs for food, non-alcoholic beverages and cleaning material items such as baby consumables, baked goods, baking, canned foods, cheese, cleaning products, dairy, fresh fruits, fresh vegetables, fruit juices, meat, oil & vinegars, pet food, pre-prepared meals, sauces, seafood, snacks, soft drinks, spices & herbs is relatively more expensive compared to other cities with a rank of 13 out of 282.

Healthcare costs for general healthcare, medical and medical insurance such as general practitioner consultation rates, hospital private ward daily rate, non-prescription medicine, and private medical insurance / medical aid contributions is equally expensive on average compared to other cities with a rank of 118 out of 282.

Household costs for housing, water, electricity, household gas, household fuels, local rates and residential taxes such as house / flat mortgage, house / flat rental, household electricity consumption, household gas / fuel consumption, household water consumption, and local property rates / taxes / levies is relatively more expensive compared to other cities with a rank of 56 out of 282.

Miscellaneous costs related to stationary, linen and general goods and services such as domestic help, dry cleaning, linen, office supplies, newspapers and magazines, and postage stamps is equally expensive on average compared to other cities with a rank of 92 out of 282.

Personal Care costs for personal care products and services such as cosmetics, hair care, moisturizer / sun block, nappies, pain relief tablets, toilet paper, toothpaste, and soap / shampoo / conditioner is relatively less expensive compared to other cities with a rank of 264 out of 282.

Recreation and Culture costs such as books, camera film, cinema ticket, DVD and CDs, sports goods, and theatre tickets is equally expensive on average compared to other cities with a rank of 114 out of 282.

Restaurants, Meals Out and Hotel costs such as business dinner, dinner at a restaurant (non fast food), hotel rates, take away drinks and snacks (fast food) is relatively more expensive compared to other cities with a rank of 17 out of 282.

Transport costs for public transport, vehicle costs, vehicle fuel, vehicle insurance and vehicle maintenance such as hire purchase / lease of vehicle, petrol / diesel, public transport service maintenance, tires, vehicle insurance, and vehicle purchase is relatively less expensive compared to other cities with a rank of 210 out of 282.

Your exact customized cost of living index for Manama is based on which of the above basket groups as well as the comparison location you select in the Calculators.

In terms of the hardship people are likely to experience, assessed in global terms, Manama is ranked as a some hardship location with a hardship index of 20%.

Your exact customized hardship index premium for Manama is based on the comparison location that you select in the Calculators.

Notes

(1) Negative cost of living: You can choose if you want to allow negative cost of living differences to be applied to your calculation by checking the box. If you choose to allow negative cost of living differences, the calculator will decrease the salary when the cost of living is lower in the TO (Host) location. Unless you choose to allow negative cost of living differences, the calculator will only apply positive (higher) cost of living differences.

(2) Negative hardship differences: You can choose if you want to allow negative hardship differences to be applied to your calculation by checking the box. If you choose to allow negative hardship differences, the calculator will decrease the salary when the hardship is lower in the TO (Host) location. Unless you choose to allow negative hardship differences, the calculator will only apply positive (higher) hardship differences.

(3) Survey Date: The cost of living data, and hardship rankings are updated on a quarterly basis. Exchange rates are updated monthly. Increases in prices in the host location (i.e. inflation) will cause the host cost of living index to increase. Decrease in prices (i.e. deflation) in the host location will cause the host cost of living index to decrease.

(4) Weights: The weights used for weighted cost of living index are as follows:

Alcohol & Tobacco	2.0%
Clothing	2.5%
Communication	2.0%
Education	5.0%
Furniture & Appliances	5.0%
Groceries	16.5%
Healthcare	5.0%
Household	30.0%
Miscellaneous	3.0%
Personal Care	3.0%
Recreation & Culture	6.0%
Restaurants Meals Out and Hotels	2.0%
Transport	18.0%

(5) Arbitrage Exchange Rate: Arbitrage is the practice of taking advantage of a price difference between two or more markets. The Xpatulator Arbitrage Exchange Rate calculates each currency against a single currency in order that any temporary price differences are negated.

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About Xpatulator.com

Xpatulator.com is the most comprehensive source of international cost of living information. We provide free international cost of living overviews and rank information covering 13 cost of living baskets and 282 global locations as well as 3 premium content calculators. Founded in 2007, Xpatulator's mission is to organize the world's cost of living indices, exchange rates and relative hardship and make it accessible and useful to all.

Premium Content Calculators:

Salary Purchasing Power Parity Calculator (SPPP):

The SPPP report calculates how much you need to earn in another location to compensate for a higher cost of living, hardship, and the exchange rate, in order to have the same relative spending power and as a result have a similar standard of living as you have in your current location. Each new SPPP report uses 1 credit (\$99). Recommended for a detailed comparison of 2 locations.

Cost of Living Allowance Calculator (COLA):

The COLA report calculates how much additional allowance (over and above your current salary) you need to earn in another location to compensate for a higher cost of living, hardship and the exchange rate, in order to have the same relative spending power and as a result have a similar standard of living as you have in your current location. Each new COLA report uses 1 credit (\$99). Recommended for calculation of a cost of living allowance for short-term assignments.

Cost of Living Index Calculator (COLI)

The COLI report calculates cost of living indexes for the host locations you select using the home location you specify. You can choose from any one of the 13 baskets or you can choose the overall cost of living index. Each new COLI report uses 1 credit (\$99) allowing you to choose 1 home location and up to 281 available host locations. Recommended for the calculation of 3 or more cost of living indexes using your choice of base city.

Contact Us

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