



Office of the Council for the
Ongoing Government of Tokelau
Tokelau National Statistics Office

December 2019 quarter Consumer Price Index of Tokelau

Key facts

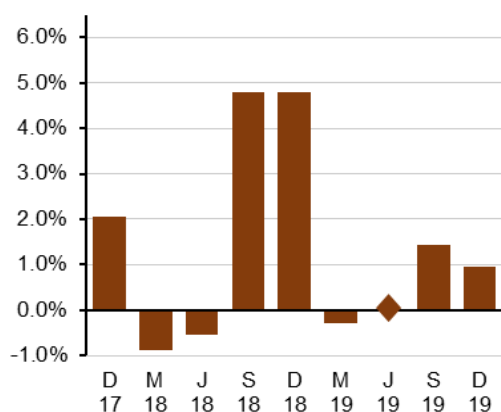
In the December 2019 quarter the consumer price index (CPI) rose 1.0 percent.

- This compares to a 1.4 percent increase in the previous quarter.
- The largest upward contribution to CPI of 0.8 percent came from the Alcoholic beverages and tobacco group, up 2.3 percent.
- The next largest change was in the Transport group which rose 7.7 percent, contributing 0.5 percent to overall CPI.
- The Furnishings, household equipment and routine household maintenance group had the largest downward change in prices (down 8.5 percent), contributing a negative 0.5 percent to quarterly CPI.

From the December 2018 quarter to the December 2019 quarter, CPI increased 2.1 percent. This compares with a 6.0 percent increase from the September 2018 quarter to the September 2019 quarter.

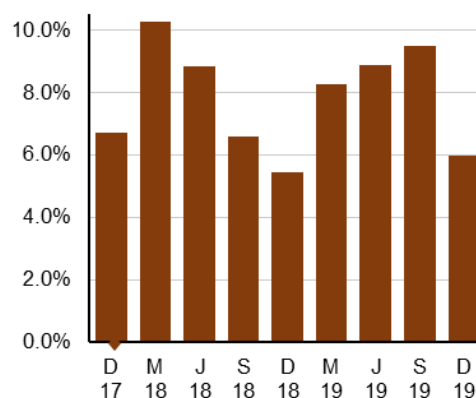
The CPI measures the rate of price change of goods and services purchased by Tokelau households. The Tokelau National Statistics Office (TNSO) collects prices from the co-op and bulk stores on all three atolls, as well as prices from service providers, including transport, energy, and telecommunications.

Consumer price index
Quarterly change



Source: Tokelau National Statistics Office

Consumer price index
Annual change



Source: Tokelau National Statistics Office

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National Statistician

07 January 2020

Commentary

The following sections provide detailed commentary on the consumer price index of Tokelau:

- [Quarterly CPI rose 1.0 percent for December 2019 quarter](#)
- [Food and non-alcoholic beverages group up 0.9 percent](#)
- [Alcoholic beverages and tobacco group up 2.3 percent](#)
- [Summary of other group movements in the quarterly CPI](#)
- [Impact of items that rose and fell in price](#)
- [CPI shows 2.1 percent increase for the year to the December 2019 quarter.](#)

Quarterly CPI rose 1.0 percent for December 2019 quarter

The December 2019 quarterly CPI rose by 1.0 percent; this compares to last quarter's (September) CPI of 1.4 percent.

Four of the CPI's nine groups recorded an increase in CPI, three recorded a decrease, and two remained unchanged.

Group	Quarterly percentage points contribution to CPI
01. Food and non-alcoholic beverages	0.3%
02. Alcoholic beverages and tobacco	0.8%
03. Clothing and footwear	-0.1%
04. Housing, water, electricity, gas and other fuels	-0.1%
05. Furnishings, household equipment and routine household maintenance	-0.5%
07. Transport	0.5%
08. Communication	0.0%
09. Recreation and culture	0.0%
12. Miscellaneous goods and services	0.1%
Overall CPI	1.0%

Note: Percentages may not sum to total due to rounding.

Food and non-alcoholic beverages group up 0.9 percent

Prices in the Food and non-alcoholic beverages group increased 0.9 percent this quarter, contributing 0.3 percent to quarterly CPI.

The main individual upward contributions to the food subgroup (up 0.9 percent) came from higher prices for:

- Chicken (up 7.1 percent)
- Canned fish, tuna (up 24 percent)
- Milk - Long life (up 7.8 percent).

The main individual downward contributions to the food subgroup came from lower prices for:

- Rice (down 13 percent)
- Lamb chops (down 8.1 percent)
- Fruit salad, canned (down 31 percent).

A drop of prices in the Non-alcoholic beverages subgroup (down 3.5 percent) was dominated by instant coffee and bottled water, down 10 percent and 29 percent, respectively.

Alcoholic beverages and tobacco group up 2.3 percent

Prices in the Alcoholic beverages and tobacco group went up 2.3 percent, contributing 0.8 percent to the CPI this quarter. This is due to a further increase in prices for cigarettes in all three atolls this quarter. This increase compares to a negative 0.1 percent contribution to CPI in the September 2019 quarter.

For the December 2019 quarter compared to the same period in the previous year, prices in the Alcoholic beverages and tobacco group increased by 2.8 percent, contributing 1.0 percent to the annual inflation rate of 2.1 percent.

Summary of other group movements in the quarterly CPI

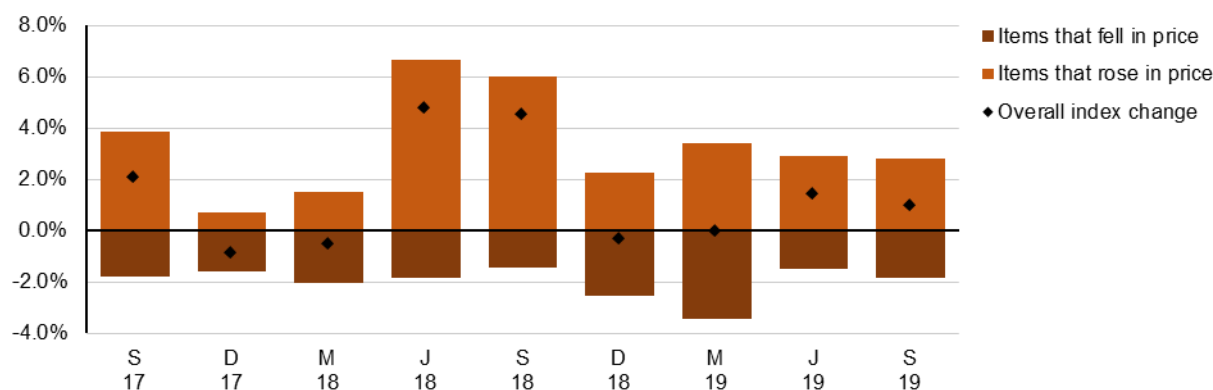
Prices in the Clothing and footwear group showed prices decreasing by 3.1 percent, contributing a negative 0.1 percent to CPI. Furnishings, household equipment and routine household maintenance group showed largest drop in prices (down 8.5 percent), with a negative 0.5 percent contribution to quarterly CPI.

Four other groups showed price changes: For Transport group (up 7.7 percent), Miscellaneous goods and services group (up 1.4 percent), and Housing, water, electricity, gas and other fuels group (down 0.8 percent). Their contribution to CPI was 0.5 percent, 0.1 percent and negative 0.1 percent, respectively. Prices in the Recreation and culture group (up 1.7 percent) made a negligible contribution to quarterly CPI. The Communication group remained unchanged.

Impact of items that rose and fell in price

The graph below shows the impact of items that rose and fell in price over time: the overall impact was a 1.0 percent increase in the CPI for the December 2019 quarter.

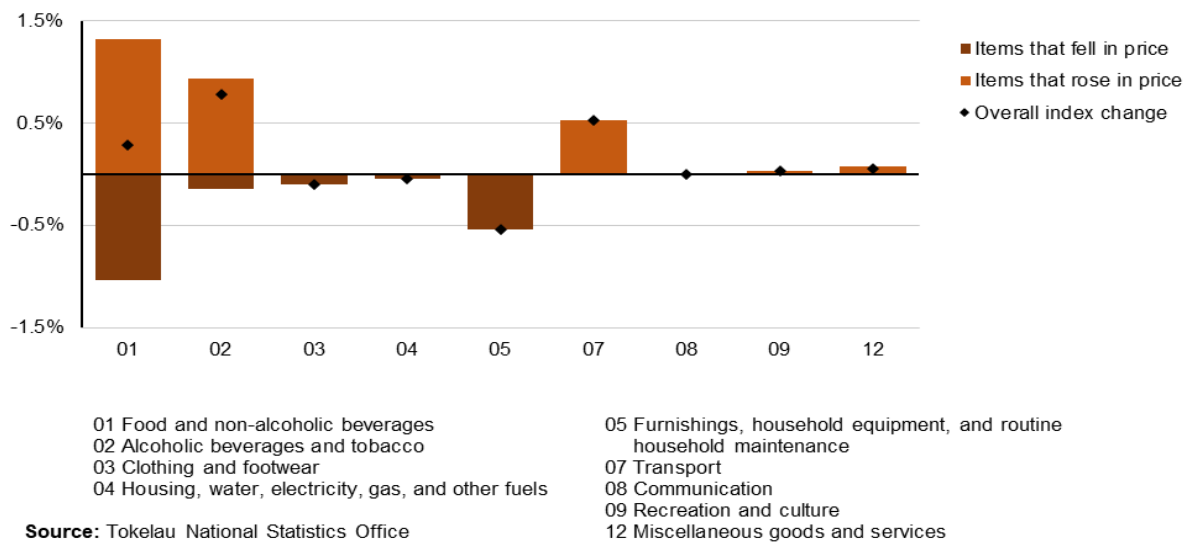
Percentage points contribution to consumer price index over time
 Quarterly change to December 2019 quarter



Source: Tokelau National Statistics Office

The following graph shows the impact of items that rose and fell in price by group this quarter.

Percentage points contribution to consumer price index by group
in December 2019 quarter



CPI shows 2.1 percent increase for the year to the December 2019 quarter

The CPI increased 2.1 percent in the year to the December 2019 quarter. This compares with a 6.0 percent annual inflation rate to the September 2019 quarter.

The main upward movement came from the Transport group, contributing 0.7 percent to annual CPI: the rise of 10.3 percent is due mainly to passenger transport by air (airfares), and fuels/ lubricants for personal transport. Price rises in the Alcoholic beverages and tobacco group, up 2.8 percent, were due mainly to Taupulega decisions to raise the price of cigarettes (contributing 1.0 percent to annual CPI). Prices in Food and non-alcoholic beverages group rose 3.0 percent, contributing 1.0 percent to annual CPI.

Key individual upward contributions to the Food subgroup came from higher prices for:

- Chicken (up 21 percent)
- Lamb chops (up 40 percent)
- Canned fish, tuna (up 29 percent).

The main individual downward contributions to the Food subgroup came from lower prices for:

- Rice (down 26 percent)
- Sugar (down 32 percent)
- Flour (down 16 percent).

Two other groups showed price increases in the year to the December 2019 quarter. For Housing, water, electricity, gas and other fuels (up 0.8 percent), and Miscellaneous goods and services (up 1.4 percent) both groups contributing 0.1 percent to annual CPI.

Three other groups showed small changes in the year to the December 2019 quarter. Prices in the Furnishings, household equipment and routine household maintenance group dropped 6.4 percent, contributing negative 0.4 percent to annual CPI. Prices in the Recreation and culture group dropped 6.8 percent, contributing negative 0.1 percent to annual CPI; the Clothing and footwear group prices dropped 1.1 percent, a negligible contribution to annual CPI. The communication group did not change.

Definitions

About the consumer price index

The consumer price index (CPI) measures the changing price of a fixed basket of goods and services purchased by households. The selection and relative importance of the goods and services in the CPI basket represents the overall expenditure pattern of households in Tokelau.

The aim of the CPI is to measure price changes of the same sample of products at each outlet over time. When there is a change in the size or quality of any of the goods or services in the basket, an adjustment is made to ensure that the price change shown in the CPI is not affected by the change in size or quality.

The CPI of Tokelau has been published quarterly since September 2012, and was rebased in March 2017. The index reference period is the March 2017 quarter (=100.0).

An updated listing of the representative goods and services monitored in the CPI basket, and the sources and methods used to compile various parts of the CPI, are available in the "Technical notes: Consumer Price Index" (October 2017 version) at www.tokelau.org.nz/Stats.html.

More definitions

A **price index** measures the change in price between time periods for a given set of goods and services. It summarises a set of prices for a variety of goods and services collected from a number of outlets.

The **index reference** period is the benchmark to which prices in other periods are compared (eg if the index number in a later period is 115.0, prices have increased by 15.0 percent since the index reference period).

Upward/downward contributions: Items mentioned in this release are often those that made a large contribution to the overall movement in the CPI. An item's contribution is a combination of its weight in the index (its relative importance, based on its share of household spending on goods and services covered by the CPI) and the magnitude of price movement. If two items record the same percentage rise in price, then the item with the larger CPI weighting will make a larger contribution to the overall movement. This contribution is also referred to as points (or index points) contribution.

Reference period

Prices for the December 2019 quarter were collected between 15 November and 10 December 2019, by staff working for the nuku administrative centres, as well as TNSO staff in Apia.

Price influencers

Price changes may be influenced by external events. Factors that affected the quarterly and the annual December 2019 CPI include:

- Tokelau uses the New Zealand dollar as its currency; so major changes in the strength of the New Zealand dollar over the Samoan tala can change Tokelau's buying power in Samoa. The Tokelau Department of Finance tends to fix its exchange rate for the calendar year (currently WST/NZD=1.70), taking out some of the volatility.
- Since 2013 nearly all goods sold in Tokelau have been sourced directly from Samoa. Many of these goods are re-exports, originating from various other countries including China, Australia, and New Zealand. This introduces price fluctuation between quarters, and can be caused both by local demand, and by international variables including demand, availability, seasonal effect, and changes in exchange rates. Changes in availability or price in Samoa have a strong influence on the Tokelau CPI.
- Each nuku sets pricing policy (such as for cigarettes, alcoholic and non-alcoholic drinks) independently, and this can change at any point.

- In July 2017, General Fono (Parliament) approved a national 325 percent tax increase on cigarettes, in an effort to reduce smoking and hence the prevalence of non-communicable diseases in the atoll population. Since then, each Taupulega has introduced further price rises. Because cigarettes have a relatively large weight in the CPI, any change in their price will significantly impact the overall CPI movement as seen since 2017. To separate out the anomaly created by the cigarette pricing policy (combined with reduced availability in the atoll stores), we calculate CPI with and without cigarettes. This will provide for a smooth transition to “Tobacco free Tokelau 2020”, which has nil cigarette imports as a target.

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