



June 2020 quarter Consumer Price Index of Tokelau

Key facts

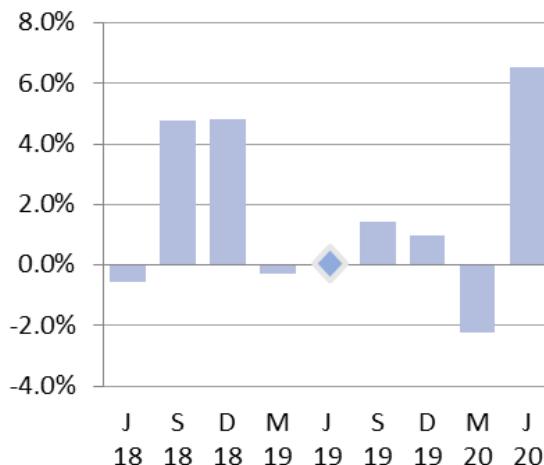
In the June 2020 quarter compared with the March 2020 quarter:

- The consumer price index (CPI) increased 6.5 percent, compared to a 2.2 percent decline in the previous quarter.
- For the first time since the rebase, the Communication group prices rose 23 percent, contributing 1.2 percent to quarterly CPI.
- The Alcoholic beverages and tobacco group with the largest contribution to CPI this quarter of 4.4 percent, prices up 13 percent.
- The Miscellaneous goods and services group had the largest downward change in prices, down 7.3 percent, contributing negative 0.3 percent to quarterly CPI.

From the June 2019 quarter to the June 2020 quarter, CPI increased 6.7 percent. This compares with a 0.2 percent increase from the March 2019 quarter to the March 2020 quarter.

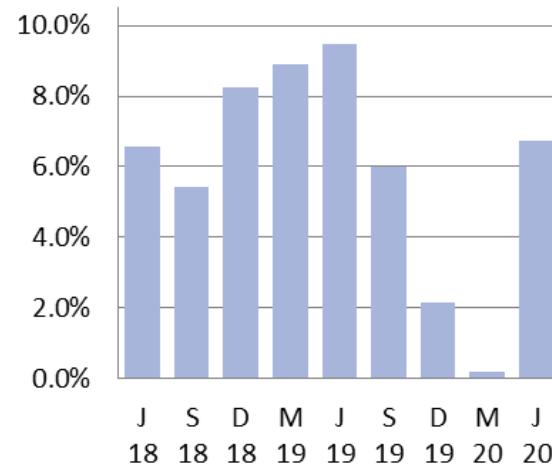
The CPI measures the rate of price change of goods and services purchased by Tokelau households. The Tokelau National Statistics Office (TNSO) collects prices from the co-op and bulk stores on all three atolls, as well as prices from service providers, including transport, energy, and telecommunications.

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

31 July 2020

Commentary

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

- [Quarterly CPI increased 6.5 percent for June 2020 quarter](#)
- [Food and non-alcoholic beverages group up 3.9 percent this quarter](#)
- [Alcoholic beverages and tobacco group rose 13 percent](#)
- [Summary of other group movements in the quarterly CPI](#)
- [Impact of items that rose and fell in price](#)
- [CPI shows 6.7 percent increase for the year to the June 2020 quarter.](#)

Quarterly CPI increased 6.5 percent for June 2020 quarter

The June 2020 quarterly CPI increased 6.5 percent; this compares to last quarter's (March) CPI decline of 2.2 percent.

Three of the CPI's nine groups recorded an increase in CPI, two recorded a decrease, and the rest had a negligible contribution to overall CPI.

Group	Quarterly percentage points contribution to CPI
01. Food and non-alcoholic beverages	1.2%
02. Alcoholic beverages and tobacco	4.4%
03. Clothing and footwear	0.0%
04. Housing, water, electricity, gas and other fuels	-0.1%
05. Furnishings, household equipment and routine household maintenance	0.0%
07. Transport	0.0%
08. Communication	1.2%
09. Recreation and culture	0.0%
12. Miscellaneous goods and services	-0.3%
Overall CPI	6.5%

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

Food and non-alcoholic beverages group up 3.9 percent this quarter

Prices in the Food and non-alcoholic beverages group rose 3.9 percent this quarter, contributing 1.2 percent to quarterly CPI.

The main individual upward contributions to the food subgroup (up 4.7 percent) came from higher prices for:

- Chicken (up 19 percent)
- Rice (up 22 percent)
- Lamb chops (up 7.2 percent).

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

- Noodles (down 14 percent)
- Cheese-flavoured corn snack (down 18 percent)
- Canned fish, tuna (down 4.5 percent).

A drop of prices in the Non-alcoholic beverages subgroup (down 6.6 percent) was dominated by instant coffee and fruit drink powder, down 11 percent and 8 percent, respectively.

Alcoholic beverages and tobacco group rose 13 percent this quarter

Prices in the Alcoholic beverages and tobacco group rose 13 percent, contributing 4.4 percent to the 6.5 percent inflation rate this quarter. This increase is due mainly to a 15 percent increase in prices of cigarettes in all the three atolls, implemented by Taupulega (village council) to further discourage smoking.

This increase compares to a negative contribution of 0.3 percent to quarterly CPI in the March 2020 quarter.

Summary of other group movements in the quarterly CPI

Prices in the Communication group showed the largest change, increasing by 23 percent, contributing 1.2 percent to quarterly CPI. This is entirely due to the increase of internet prices on island this quarter. This is the first time we are reporting a change in this group since the rebase (March 2017).

The Housing, water, electricity, gas and other fuels and Miscellaneous goods and services groups showed prices decreasing: 1.6 percent and 7.3 percent respectively, contributing negative 0.1 percent and negative 0.3 percent to quarterly CPI.

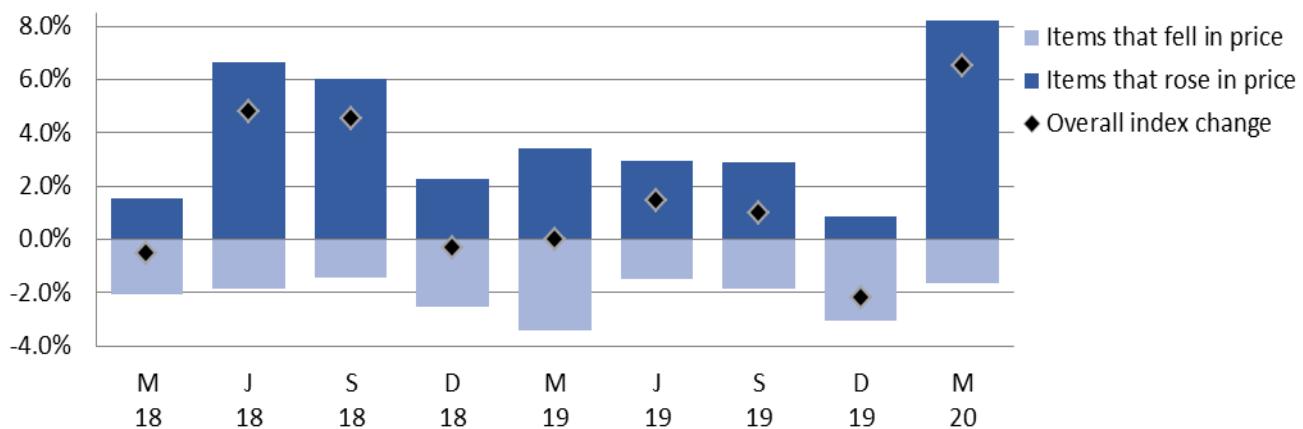
Four other groups showed price increases: Clothing and footwear group (up 0.6 percent); Furnishings, household equipment and routine household maintenance group (up 0.7 percent); the Transport group (up 0.1 percent); and the Recreation and culture group (up 0.8 percent). Their contribution to quarterly CPI was negligible.

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 6.5 percent increase in the Consumer Price Index for the June 2020 quarter.

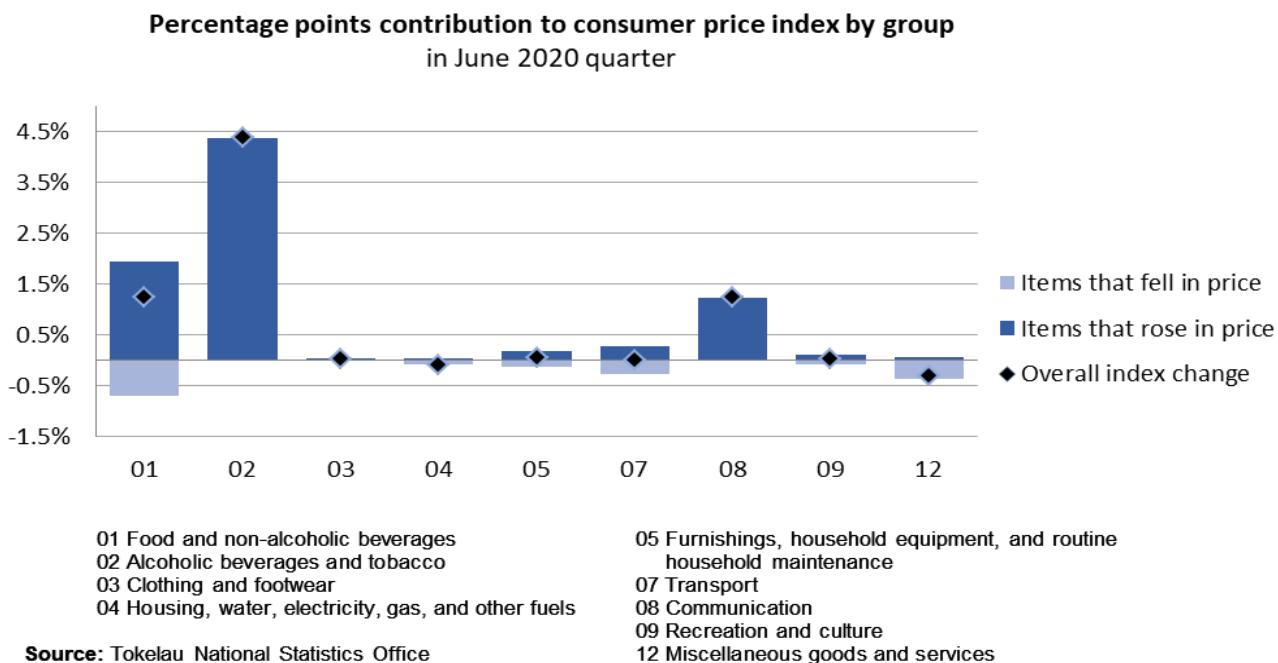
Percentage points contribution to consumer price index over time

Quarterly change to June 2020 quarter



Source: Tokelau National Statistics Office

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



CPI shows 6.7 percent increase for the year to the June 2020 quarter

The CPI increased 6.7 percent in the year to the June 2020 quarter. This compares with a 0.2 percent annual inflation rate to the March 2020 quarter.

The main upward contribution came from the group Alcoholic beverages and tobacco, contributing 4.8 percent, due mainly to Taupulega decisions to raise the price of cigarettes (prices up 14 percent). Prices in the Communication group rose 23 percent, contributing 1.2 percent to annual CPI.

Prices in Food and non-alcoholic beverages group increased 5.7 percent, contributing a 1.8 percent to annual CPI.

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

- Lamb chops (up 20 percent)
- Chicken (up 10 percent)
- Canned fish, tuna (up 30 percent).

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

- Noodles (down 17 percent)
- Ice cream (down 18 percent)
- Corned beef, canned (down 4.0 percent).

Prices in the Furnishings, household equipment and routine household maintenance group dropped 7.6 percent, contributing a negative 0.5 percent to annual inflation. The Miscellaneous goods and services group prices decreased 5.1 percent, with a negative 0.2 percent contribution to annual CPI.

All other contributions to the annual CPI were minor, including the Recreation and culture group (prices down 4.2 percent); Transport group (prices down 2.0 percent); and the Housing water, electricity, gas and other fuels group (prices down 1.7 percent), each group contributing negative 0.1 percent to annual CPI. Prices in the Clothing and footwear group dropped 1.5 percent, a negligible contribution to annual inflation.

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 June 2020 quarter were collected between 15 May and 2nd June 2020, by staff working for the village administrative centres, as well as TNSO staff in Apia and Tokelau.

Price influencers

Price changes may be influenced by external events. Factors that affected the quarterly and the annual June 2020 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 Samoa¹.
- 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,

¹ 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.

seasonal effect, and changes in exchange rates. Changes in availability or price in Samoa have a strong influence on the Tokelau CPI.

- Each village 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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