



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

March 2021 quarter Consumer Price Index of Tokelau

Key facts

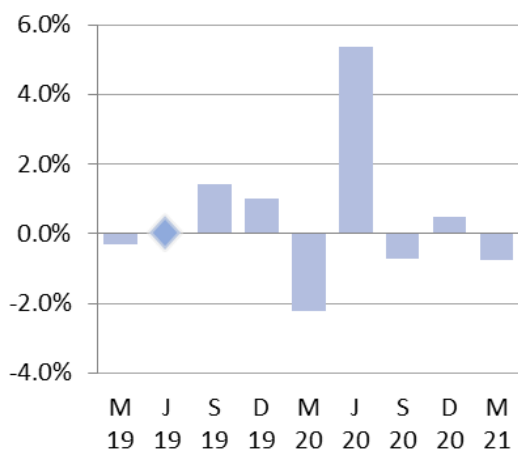
In the March 2021 quarter compared with the December 2020 quarter:

- The consumer price index (CPI) decreased 0.7 percent, compared to a 0.5 percent increase in the previous quarter.
- The largest downward price change of 16 percent came from the Transport group, contributing negative 1.2 percent to quarterly CPI.
- The next largest descending price change was in the Miscellaneous goods and services group, which decreased 2.6 percent, contributing a negative 0.1 percent to quarterly CPI.
- The Furnishings, household equipment and routine household maintenance group had the largest upward change, up 2.0 percent, contributing 0.1 percent to quarterly CPI.

From the March 2020 quarter to the March 2021 quarter, CPI increased 4.4 percent. This compares with a 2.8 percent increase from the December 2019 quarter to the December 2020 quarter.

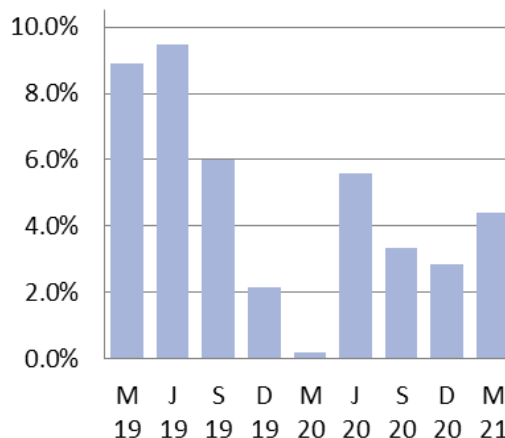
The CPI measures the rate of price change of goods and services purchased by Tokelau households. The Tokelau National Statistics Office (TNSO) collects prices from the co-op and bulk stores on all three atolls, as well as prices from service providers, including transport, energy, and telecommunications.

Consumer price index
Quarterly change



Source: Tokelau National Statistics Office

Consumer price index
Annual change



Source: Tokelau National Statistics Office

Taimalie Kele Lui
National Statistician

30 April 2021

Commentary

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

- [Quarterly CPI dropped 0.7 percent for March 2021 quarter](#)
- [Food and non-alcoholic beverages group down 0.6 percent this quarter](#)
- [Alcoholic beverages and tobacco group rose 1.3 percent](#)
- [Summary of other group movements in the quarterly CPI](#)
- [Impact of items that rose and fell in price](#)
- [CPI shows 4.4 percent increase for the year to the March 2021 quarter.](#)

Quarterly CPI dropped 0.7 percent for March 2021 quarter

The March 2021 quarterly CPI dropped 0.7 percent; this compares to a 0.5 percent increase in the December 2020 quarter.

Three of the CPI's nine groups recorded negative contributions in the quarterly CPI, three recorded an increase, one remained unchanged, and two had negligible contributions to overall CPI.

Group	Quarterly percentage points contribution to CPI
01. Food and non-alcoholic beverages	-0.2%
02. Alcoholic beverages and tobacco	0.5%
03. Clothing and footwear	0.0%
04. Housing, water, electricity, gas and other fuels	0.1%
05. Furnishings, household equipment and routine household maintenance	0.1%
07. Transport	-1.2%
08. Communication	0.0%
09. Recreation and culture	0.0%
12. Miscellaneous goods and services	-0.1%
Overall CPI	-0.7%

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

Food and non-alcoholic beverages group down 0.6 percent this quarter

Prices in the Food and non-alcoholic beverages group dropped 0.6 percent this quarter, contributing a negative 0.2 percent to quarterly CPI.

The main individual downward contributors to the food subgroup (down 0.6 percent) came from lower prices for:

- Canned fish, tuna (down 14 percent)
- Lamb chops (down 4.6 percent)
- Spaghetti, canned (down 27 percent).

The main individual upward contributors to the food subgroup came from higher prices for:

- Chicken (up 12 percent)
- Breakfast cereal (up 18 percent)
- Tomato sauce, canned (up 17 percent).

A slight increase of prices in the non-alcoholic beverages subgroup (up 0.1 percent) was dominated by instant coffee, up 31 percent. This ongoing fluctuation of instant coffee prices is due to quality and quantity changes.

Alcoholic beverages and tobacco group rose 1.3 percent this quarter

Prices in the Alcoholic beverages and tobacco group rose 1.3 percent, contributing 0.5 percent to the inflation rate this quarter. This increase is driven by a 3.0 percent increase in the price of tobacco cigarettes on the island.

This rise in alcoholic beverages and tobacco compares to a 0.5 percent price decrease, and a negative 0.2 percent contribution to quarterly CPI in the December 2020 quarter.

Summary of other group movements in the quarterly CPI

Prices in the Transport group showed the largest change, decreasing by 16 percent, contributing a negative 1.2 percent to quarterly CPI. This decrease is mainly due to cheaper fuel on island this quarter.

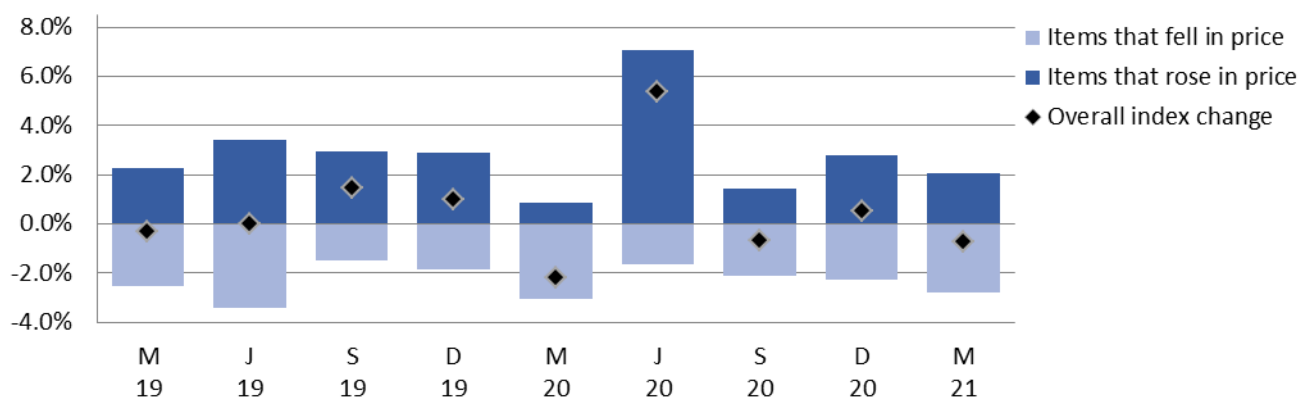
Three other groups showed price changes: For Furnishing, household equipment and routine and household maintenance group (up 2.0 percent), Housing, water, electricity, gas and other fuels group (up 1.8 percent), both contributing 0.1 percent to quarterly CPI. Prices in the Miscellaneous goods and services group dropped 2.6 percent, contributing a negative 0.1 percent to quarterly CPI.

The remaining groups showed small changes this quarter; Clothing and footwear group (down 0.5 percent), and Recreation and culture group (up 0.2 percent), their contribution to quarterly CPI was negligible. The Communication group remained unchanged this quarter.

Impact of items that rose and fell in price

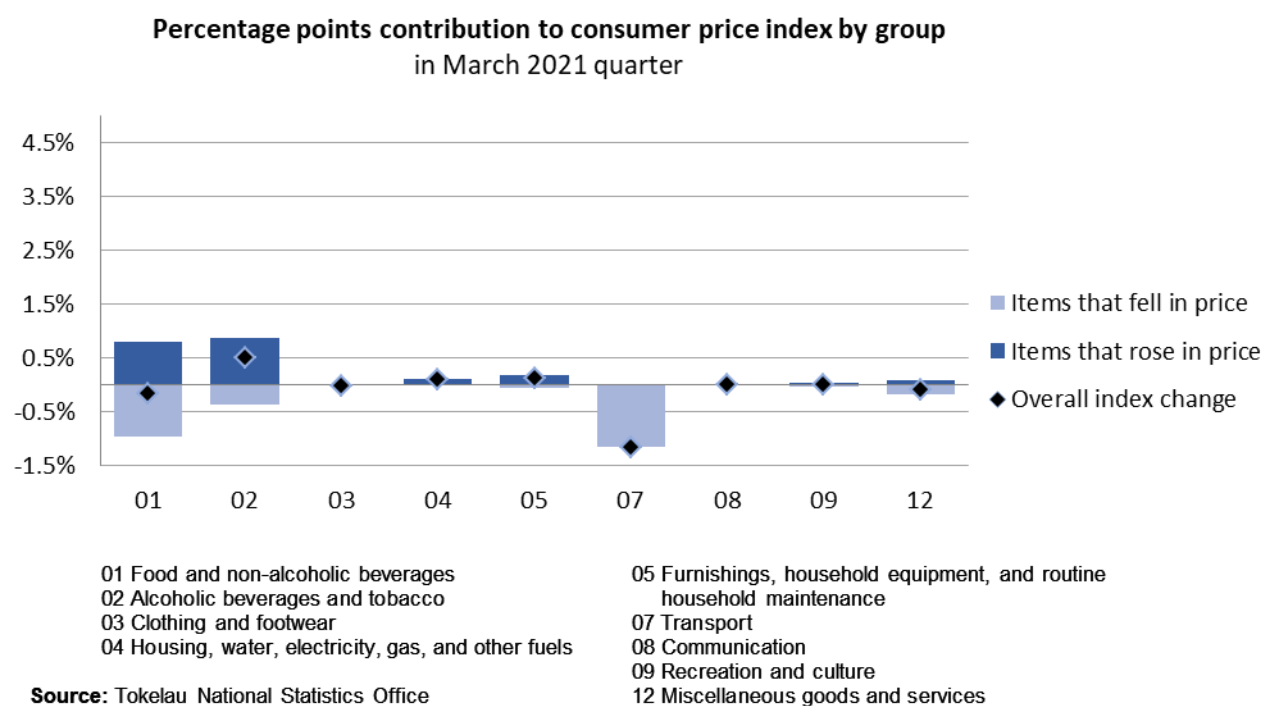
The graph below shows the impact of items that rose and fell in price over time: the overall impact was a 0.7 percent decrease in the CPI for the March 2021 quarter.

Percentage points contribution to consumer price index over time
Quarterly change to March 2021 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 4.4 percent increase for the year to the March 2021 quarter

The CPI increased 4.4 percent in the year to the March 2021 quarter. This compares with a 2.8 percent annual inflation rise to the December 2020 quarter.

The largest price change came from the group Alcoholic beverages and tobacco (up 13 percent), contributing 4.6 percent to annual CPI. This is due mainly to Taupulega decisions to raise the price of cigarettes.

Prices in Food and non-alcoholic beverages group increased 1.2 percent, contributing 0.4 percent to annual CPI.

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

- Lamb chops (up 17 percent)
- Chicken (up 9.1 percent)
- Sugar (up 20 percent).

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

- Canned fish, tuna (down 18 percent)
- Milk – long life (down 9.3 percent)
- Canned fish, mackerel (down 34 percent).

The Transport and Miscellaneous goods and services groups showed price drops of 7.2 percent and 7.1 percent, contributing a negative 0.5 percent and negative 0.3 percent to annual inflation respectively. The Furnishings, household equipment and routine household maintenance group showed a price increase of 3.3 percent, contributing 0.2 percent to the annual inflation rate of 4.4 percent.

Three other groups showed minor price changes in the year to the March 2021 quarter. For Housing, water, electricity, gas and other fuels group (down 0.6 percent); Recreation and culture group (up 1.3

percent); and Clothing and footwear group (down 0.2 percent), all three contributions to the annual CPI were negligible. 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.

Airfares: Since the Corona virus pandemic, Tokelau's only portal for international travel was no longer available (March 2020). TNSO and StatsNZ Tokelau support team constructed a method to impute airfares based on the previous year's price. By doing this, the price fluctuations are based on prices from previous quarters capturing more of the seasonality.

(Note this does not include repatriation and/or medical emergency flights.)

Reference period

Prices for the March 2021 quarter were collected between 15 February and 03 March 2021, 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 March 2021 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, 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.

Liability

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Timing

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¹ The Tokelau Department of Finance tends to fix its exchange rate for the calendar year (currently WST/NZD=1.75), taking out some of the volatility.