



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

March 2018 quarter Consumer Price Index of Tokelau

Key facts

In the March 2018 quarter compared with the December 2017 quarter:

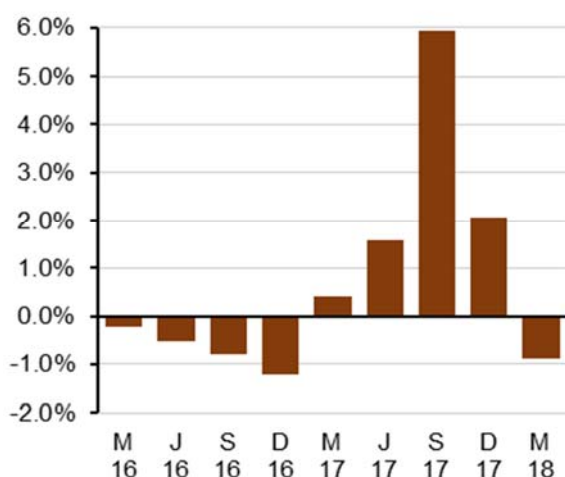
- The consumer price index (CPI) fell by 0.9 percent.
- Prices in the Transport group fell 7.3 percent due to a drop in airfares, contributing negative 0.6 percent to the CPI.
- The Food and non-alcoholic beverages group prices fell 1.5 percent, contributing negative 0.5 percent to the CPI.
- The largest upward change in prices came from Furnishings, household equipment and routine household group, up 2.7 percent, contributing 0.2 to the CPI.

Prices in the group Recreation and Culture were down 2.0 percent, contributing negative 0.1 percent to the CPI. From the March 2017 quarter to the March 2018 quarter:

- The CPI increased 8.9 percent.
- This compares with a 10.3 percent increase in the year to the December 2017 quarter.

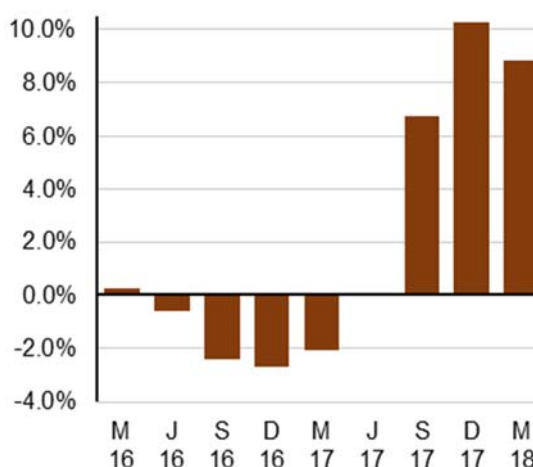
The CPI measures the rate of price change of goods and services purchased by Tokelau households. The Tokelau National Statistics Office (TNSO) collects prices from the co-op and bulk stores on all three atolls, as well as prices from service providers, including transport, energy, and telecommunications.

Consumer price index
Quarterly change



Source: Tokelau National Statistics Office

Consumer price index
Annual change



Source: Tokelau National Statistics Office

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for **National Statistician**

25 April 2018

Commentary

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

- [Quarterly CPI decrease of 0.9 percent for March 2018](#)
- [Alcoholic beverages and tobacco group up slightly](#)
- [Summary of other group movements in the quarterly CPI](#)
- [Impact of items that rose and fell in price](#)
- [CPI shows 8.9 percent increase for the year to the March 2018 quarter.](#)

Quarterly CPI decrease of 0.9 percent for March 2018

The March 2018 CPI decreased by 0.9 percent. Quarterly inflation was 2.1 percent in the December 2017 quarter.

Four of the CPI's nine groups recorded price decreases for the March 2018 quarter, two groups recorded price increases and four remained unchanged. Prices for the Food and non-alcoholic beverages group fell 1.5 percent in the March 2018 quarter, contributing negative 0.5 percent to quarterly inflation. This compares to a negative 0.1 percent contribution to the quarterly inflation rate of 2.1 percent in the December 2017 quarter.

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

- Corned beef (down 16 percent)
- Tomato sauce (down 28 percent)
- Tuna (down 5.0 percent).

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

- Onions (up 41 percent)
- Potatoes (up 23 percent)
- Flour (up 6.6 percent).

The Non-alcoholic beverages subgroup dropped by 0.1 percent this quarter, influenced by the price of **instant coffee (down 11 percent)**.

Group	Quarterly percentage points contribution to CPI
01. Food and non-alcoholic beverages	-0.5%
02. Alcoholic beverages and tobacco	0.1%
03. Clothing and footwear	-0.0%
04. Housing, water, electricity, gas and other fuels	0.0%
05. Furnishings, household equipment and routine household maintenance	0.2%
07. Transport	-0.6%
08. Communication	0.0%
09. Recreation and culture	-0.1%
12. Miscellaneous goods and services	0.0%
Overall CPI	-0.9%

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

Alcoholic beverages and tobacco group up slightly

Prices in the Alcoholic beverages and tobacco group went up 0.2 percent (contributing 0.1 percent to CPI) this quarter. This compares to a 6.9 percent rise (2.0 percent contribution to CPI) in the December 2017 quarter. This is because the nationwide policy to increase the price of cigarettes to discourage smoking, has now been fully implemented; and alcohol prices being quite steady.

For the year to the March 2018 quarter, Alcoholic beverages and tobacco prices increased by 26 percent, contributing 6.8 percent to the annual inflation rate of 8.9 percent.

Summary of other group movements in the quarterly CPI

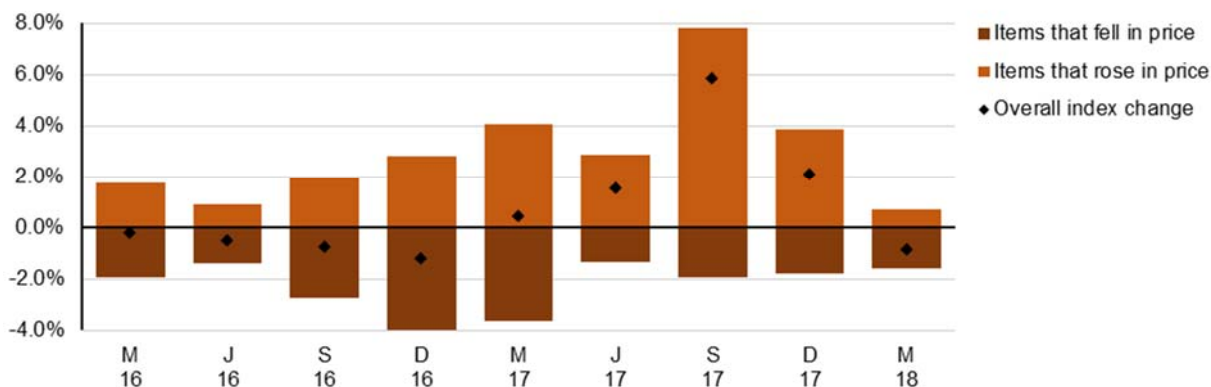
Prices in the Transport group fell 7.3 percent and contributed a negative 0.6 percent to quarterly CPI, mainly due to a decrease in the price of airfares. The Recreation and culture group prices fell 2.0 percent and contributed a negative 0.1 percent to quarterly CPI. The Furnishing, household equipment and routine household maintenance group showed price increases of 2.7 percent, contributing a positive 0.2 percent to quarterly inflation.

Two other groups showed small changes this quarter: Clothing and footwear (down 0.8 percent) and Miscellaneous goods and services (down 0.4 percent). Housing, water, electricity, gas and other fuels; and 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 0.9 percent decrease in the CPI for the March 2018 quarter.

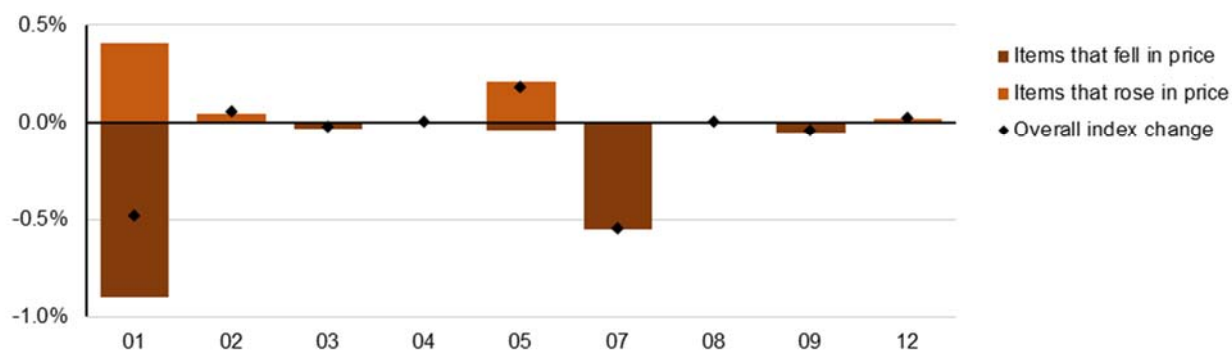
Percentage points contribution to consumer price index over time
Quarterly change to March 2018 quarter



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 March 2018 quarter



01 Food and non-alcoholic beverages

02 Alcoholic beverages and tobacco

03 Clothing and footwear

04 Housing, water, electricity, gas, and other fuels

05 Furnishings, household equipment, and routine household maintenance

07 Transport

08 Communication

09 Recreation and culture

12 Miscellaneous goods and services

Source: Tokelau National Statistics Office

CPI shows 8.9 percent increase for the year to the March 2018 quarter

The CPI increased 8.9 percent in the year to the March 2018 quarter. This compares with a 10.3 percent annual inflation rate in the December 2017 quarter.

The main upward movement came from the group Alcoholic beverages and tobacco, up 26 percent due to the national tobacco pricing policy (contributing 6.8 percent to annual CPI). Prices in the group Food and non-alcoholic beverages rose 7.4 percent, contributing 2.5 percent to the annual CPI.

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

- Lamb chops (up 117 percent)
- Chicken (up 12 percent)
- Mutton flaps (up 44 percent).

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

- Rice (down 14 percent)
- Corned beef (down 9.5 percent)
- Sugar (down 8.9 percent).

Note that mutton flaps and also salted beef have now been banned from the Fakaofu store, in an effort to curb non-communicable diseases (NCDs): in these instances addressing both fat and salt in the diet.

As the Tokelau CPI was re-based in the March 2017 quarter, it is now possible for the first time to report on the group Recreation and culture. Flat-screen TVs and laptop computers (with a relatively low weighting of 3 percent) were added to the basket of goods and services in the March 2017 quarter. This first annual price movement was a drop of 9.9 percent, contributing negative 0.3 to the annual CPI for the year to the March 2018 quarter.

Other contributions to the annual CPI were minor, including the Transport group (prices up 0.6 percent).

The one-off price movement in the Communication group, down 22.9 percent in the month December 2016, was reflected dramatically in the annual CPI throughout 2017. As it has remained unchanged since, Communication did not contribute further to annual inflation to the March 2018 quarter.

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 June 2012 quarter (=1.000).

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 1.15, prices have increased by 15 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 and data quality

Prices for the March 2018 quarter were collected between 15 and 29 March 2018, by staff working for the nuku administrative centres, as well as TNSO staff in Apia. For various logistic reasons, this was one month later than the usual quarter mid-point. As the shelves in the atoll co-operative stores were particularly bare at the time, a greater than usual number of prices had to be imputed. This may partly explain the relatively flat CPI this quarter.

Price influencers

Price changes may be influenced by external events. Factors that affected the quarterly and the annual March 2018 CPI include:

- Tokelau uses the New Zealand dollar as its currency; so changes in the strength of the New Zealand dollar over the Samoan tala can change Tokelau's buying power in Samoa. Changes are likely to affect the prices of goods sold in Tokelau.

- Since 2013 nearly all goods sold in Tokelau have been sourced directly from Samoa, however many of these goods are re-exports, originating from various other countries including China, Australia, and New Zealand. This has an ongoing impact on price levels by introducing price fluctuation between quarters. These fluctuations 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. Because cigarettes have a relatively large weight in the CPI, any change in their price will significantly impact the overall CPI movement, as was seen throughout 2017.

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