



June 2014 quarter Consumer Price Index of Tokelau

Embargoed until 12.00pm (Samoa Standard Time)–31 July 2014

Key facts

In the June 2014 quarter compared with the March 2014 quarter:

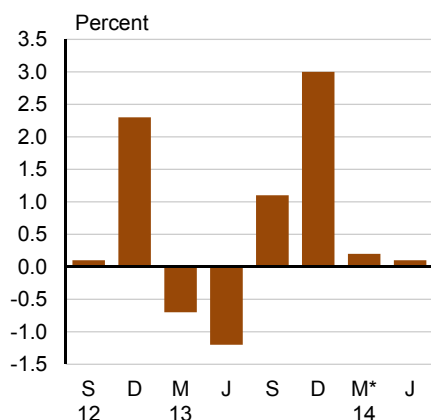
- The consumer price index (CPI) rose 0.1 percent.
- The main upward contribution came from the Furnishings, household equipment, and routine household maintenance group (up 8.2 percent), reflecting increased prices for washing powder.
- The main downward contribution came from the Food and non-alcoholic beverages group (down 1.2 percent), reflecting lower prices for bottled water, lamb and mutton, milk powder, and chocolate-flavoured drink powder.
- The Housing, water, electricity, gas, and other fuels group fell 2.1 percent, reflecting lower prices for paint and LPG gas.
- The Alcoholic beverages and tobacco group rose 1.9 percent, led by higher prices for beer and cigarettes.

From the June 2013 quarter to the June 2014 quarter:

- The CPI increased 4.4 percent.

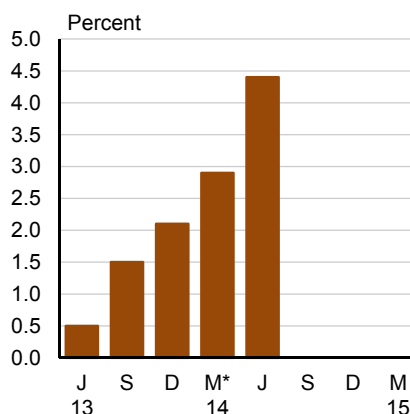
The CPI measures the rate of price change of goods and services purchased by Tokelau households. The Tokelau National Statistics Office (TNSO) collects prices from the co-op and bulk stores on all three atolls, as well as prices from service providers, including transport, energy, and telecommunications.

Consumer price index
Quarterly change



Note: *Recalculated in J14 to correct error
Source: Tokelau National Statistics Office

Consumer price index
Annual change



Note: *Recalculated in J14 to correct error
Source: Tokelau National Statistics Office

Kele Lui
National Statistician

31 July 2014

Commentary

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

- [CPI rises 0.1 percent in the June 2014 quarter](#)
- [CPI shows 4.4 percent increase for the year to June 2014](#)
- [Prices for Alcoholic beverages and tobacco group rise 1.9 percent](#)
- [Food and non-alcoholic beverages prices drop 1.2 percent](#)
- [Summary of other group movements in the CPI.](#)

CPI rises 0.1 percent in the June 2014 quarter

The rise in CPI of 0.1 percent in the June 2014 quarter follows an increase of 0.2 percent in the March 2014 quarter (incorrectly reported in April 2014 as a decrease of 0.2 percent: see data quality section on page 7 for details).

Five of the CPI's eight groups recorded price decreases for the June 2014 quarter. Two groups made upward contributions.

The main individual upward contributions came from higher prices for:

- washing powder (up 42.2 percent)
- cooking oil (up 31.7 percent)
- cigarettes (up 1.9 percent)
- cheese-flavoured corn snacks (up 22.5 percent)
- canned fruit salad (up 45.1 percent).

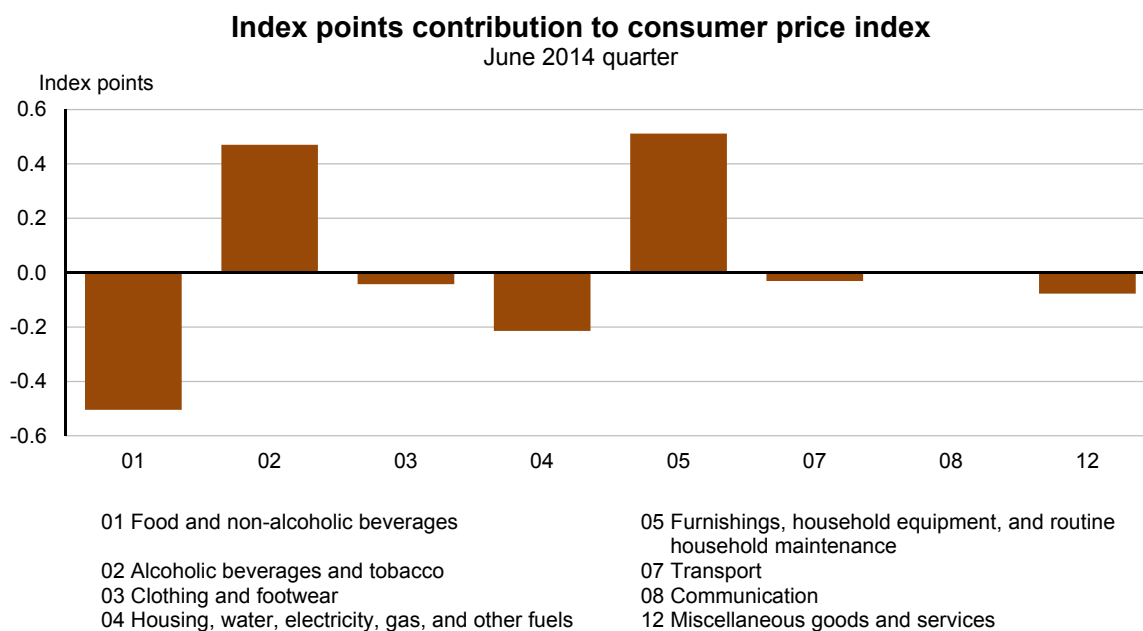
The key individual downward contributions came from lower prices for:

- bottled water (down 21.6 percent)
- lamb and mutton (down 6.1 percent)
- milk powder (down 12.0 percent)
- chocolate-flavoured drink powder (down 12.4 percent)
- paint (down 10.6 percent).

Consumer price index groups: June 2014 quarter

Group	Index points contribution to CPI	Quarterly percentage change
Food and non-alcoholic beverages	-0.504	-1.2%
Alcoholic beverages and tobacco	0.470	1.9%
Clothing and footwear	-0.043	-3.5%
Housing, water, electricity, gas, and other fuels	-0.214	-2.1%
Furnishings, household equipment, and routine household maintenance	0.511	8.2%
Transport	-0.031	-0.3%
Communication	-	0.0%
Miscellaneous goods and services	-0.077	-1.5%
All groups CPI	0.113	0.1%

Note: Points contribution may not sum to total due to rounding.



Source: Tokelau National Statistics Office

CPI shows 4.4 percent increase for the year to June 2014

The CPI increased 4.4 percent in the year to the June 2014 quarter. This follows a 2.9 percent increase in the year to the March 2014 quarter (incorrectly reported in April 2014 as an increase of 2.6 percent: see data quality section on page 7 for details).

Five of the eight groups in the CPI made upward contributions. By group, the main upward contribution came from the Alcoholic beverages and tobacco group (up 16.0 percent). Higher prices were also recorded for the groups:

- Furnishings, household equipment, and routine household maintenance (up 16.1 percent)
- Housing, water, electricity, gas, and other fuels (up 3.5 percent)
- Clothing and footwear (up 6.1 percent)
- Food and non-alcoholic beverages (up 0.1 percent).

The main downward contribution came from deodorant and nappies in the Miscellaneous goods and services group (down 5.8 percent) and from the Transport group (down 1.4 percent).

Individually, the main upward contribution came from higher prices for cigarettes (up 18.1 percent).

Higher prices were also recorded for:

- washing powder (up 127.9 percent)
- lamb and mutton (up 14.9 percent)
- biscuits and crackers (up 28.6 percent)
- canned fish (21.9 percent).

The main individual downward contributions during the year came from:

- rice (down 27.8 percent)
- chicken pieces (down 12.5 percent)
- milk powder (down 20.3 percent).

Prices for Alcoholic beverages and tobacco group rise 1.9 percent

Alcoholic beverages and tobacco prices rose 1.9 percent in the June 2014 quarter.

Higher prices for strong alcoholic beverages were the major contributor to the group's overall increase, with spirits up 3.1 percent. Cigarette prices were up 1.9 percent this quarter.

Annual prices

For the year to the June 2014 quarter, Alcoholic beverages and tobacco prices increased 16.0 percent. A rise in the price of cigarettes (up 18.1 percent) was a major contributor to the group's overall increase. Increases were also recorded for the prices of beer (up 18.9 percent) and of spirits (up 4.7 percent).

The rise in the cost of cigarettes contributed 3.0 index points to the overall rise of 4.4 index points for the year to the June 2014 quarter.

In the September 2013 quarter, Nukunonu had implemented a policy to increase the price of cigarettes, and to use the additional revenue to offset prices in other areas. Each nuku (village) sets pricing policy independently, and this can change at any point. This policy had a significant impact on the overall increase in cigarette prices for the year to the June 2014 quarter.

Food and non-alcoholic beverages prices drop 1.2 percent

Prices in the Food and non-alcoholic beverages group dropped 1.2 percent in the June 2014 quarter. This compares to a 0.5 percent decrease in the March 2014 quarter.

Prices within the Non-alcoholic beverages subgroup decreased 6.3 percent for the quarter, led by a decrease in the cost of bottled water (down 21.6 percent).

Prices in the Food subgroup decreased 0.6 percent. Significant downward contributions came from lower prices for lamb and mutton (down 6.1 percent), milk powder (down 12.0 percent), and chocolate-flavoured drink powder (down 12.4 percent).

Upward contributions came from higher prices for cooking oil (up 31.7 percent), cheese-flavoured corn snacks (up 22.5 percent), and canned fruit salad (up 45.1 percent).

Annual prices

For the year to the June 2014 quarter, prices in the Food and non-alcoholic beverages group increased 0.1 percent.

Significant downward contributions came from lower prices for rice (down 27.8 percent), chicken (down 12.5 percent), and milk powder (down 20.3 percent).

Higher prices were recorded for lamb and mutton (up 14.9 percent), biscuits and crackers (up 28.6 percent), canned fish (up 21.9 percent), and cooking oil (up 30.5 percent).

Summary of other group movements in the CPI

In the June 2014 quarter, the Furnishings, household equipment, and routine household maintenance group was up 8.2 percent. This was led by an increase in the prices for washing powder (up 42.2 percent).

Four other groups recorded overall price decreases. These groups were:

- Housing, water, electricity, gas, and other fuels (down 2.1 percent)
- Miscellaneous goods and services (down 1.5 percent)
- Clothing and footwear (down 3.5 percent)
- Transport (down 0.3 percent).

Only the Communication group recorded no movement for the June 2014 quarter.

Annual prices

In the year to the June 2014 quarter, prices also increased for the following groups:

- Furnishings, household equipment, and routine household maintenance (up 16.1 percent)
- Housing, water, electricity, gas, and other fuels (up 3.5 percent)
- Clothing and footwear (up 6.1 percent).

Price decreases were recorded for the Miscellaneous goods and services group (down 5.8 percent) and Transport (down 1.4 percent).

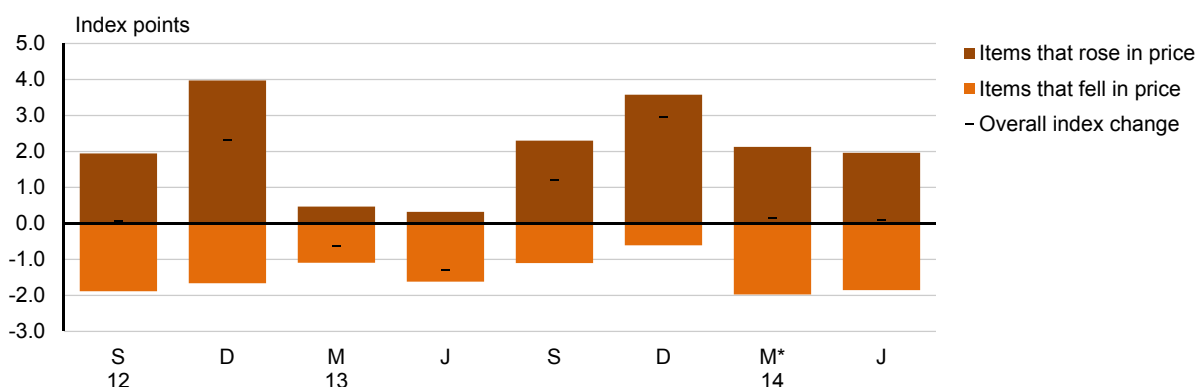
The Communication group recorded no change in the year to the June 2014 quarter. This reflects the fact that Tokelau has only one telecommunications provider, whose prices change infrequently.

Impact of items that rose and fell in price

The graph below shows the impact of items that rose and fell in price. This led to a 0.1 percent increase in CPI for the June 2014 quarter.

Index points contribution to consumer price index

June 2014 quarter

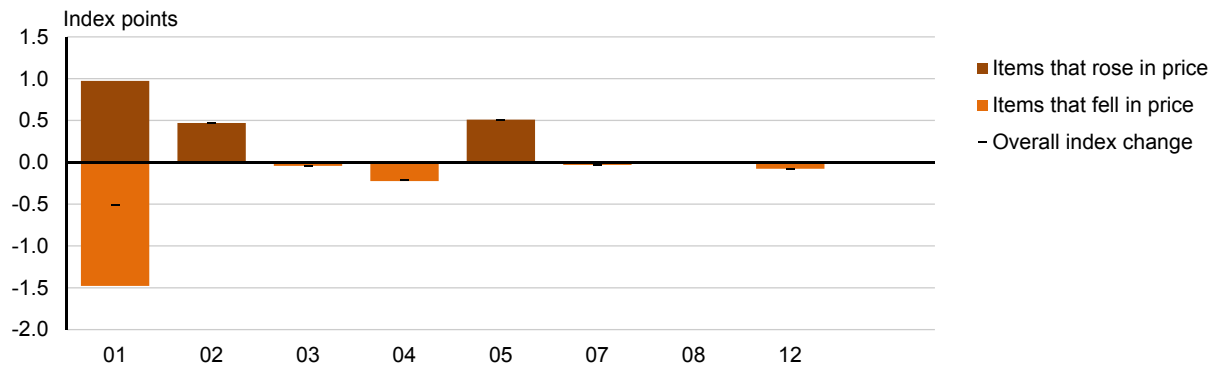


Note: *Recalculated in J14 to correct error
Source: Tokelau National Statistics Office

For the June 2014 quarter, the impact of the items that rose is slightly greater than the impact of items that fell.

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

Index points contribution to consumer price index
June 2014 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

12 Miscellaneous goods and services

Source: Tokelau National Statistics Office

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 is published quarterly.

A 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" at <http://TokelauNSO.tk>.

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 150, prices have increased by 50.0 percent since the index reference period). Prices for later periods can also be compared in similar fashion. The CPI has an index reference period of the June 2012 quarter (=100).

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. For example, for two items recording the same percentage rise in price, the item with the larger weight in the CPI will make a larger contribution to the overall movement. This contribution is also referred to as points (or index points) contribution.

Period-specific data quality information

Data correction

- Upon recalculation, we discovered omissions in imputing two March 2014 prices for one atoll store: fabric and small bottle of beer. The effect of the omissions is that the Quarterly CPI for March as published on 30 April 2014 came out too low, that is in error at -0.2 percent as opposed to the revised +0.2 percent. The Annual CPI to the March 2014 quarter as published also came out too low, that is in error at +2.6 percent as opposed to the revised +2.9 percent. Adjusted data are presented in Tables 1.1, 1.2, and 1.3 published with this release. Steps have been taken to prevent such oversight in future; we apologise for any inconvenience.
- The TNSO reviewed conversion factors used in pricing calculations. Conversion is required when product sizes move from metric or imperial measurements or vice versa, compared to items in the original June 2012 goods basket. We have identified a few minor historical conversion-factor issues, which had a small impact on some price and points effect values in previous quarters. We are correcting for the June 2014 and subsequent quarters only.

Reference period

Prices for the June 2014 quarter were collected between 14 May and 10 June 2014, with the majority being collected in May. Prices for the March 2014 quarter were collected between 3 February and 7 March 2014. Staff working for the nuku administrative centres collected the prices for the March and June 2014 quarters.

Prices for the June 2013 quarter were collected between 30 May and 7 June 2013, with the majority being collected in June. Collection dates for the reference quarter June 2012 were 21-24 May 2012.

Price influencers

Price changes may be influenced by external events. Factors that affected the June 2014 quarter CPI, and the June 2014 annual 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.
- From 2013 nearly all goods sold in Tokelau are 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.
- In the September 2013 quarter, Nukunonu implemented a policy of increasing the price of cigarettes, and using the additional revenue to offset prices in other areas. Each nuku (village) sets pricing policy independently, and this can change at any point. This policy continues to have a significant impact on the overall increase in cigarette prices in the year to the June 2014 quarter.

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