



December 2015 quarter Consumer Price Index of Tokelau

Embargoed until 29 January 2016

Key facts

In the December 2015 quarter compared with the September 2015 quarter:

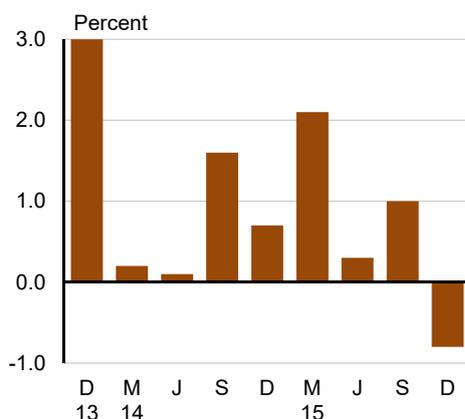
- The consumer price index (CPI) fell by 0.8 percent.
- The main downward contribution (1.3 percent) came from the Food and non-alcoholic beverages group, reflecting lower prices for lamb or mutton, corned beef and chicken.
- The Furnishings, household equipment and routine household maintenance group fell 6.2 percent, led by lower prices for washing powder and fabric softener.
- The Transport group fell 3.1 percent, due to a drop in the price of petrol.
- The main upward contribution came from the Alcoholic beverages and tobacco group (up 2.0 percent), led by a higher price for cigarettes.
- The Miscellaneous goods and services group fell by 3.5 percent.
- The Housing, water, electricity, gas and other fuels group fell by 0.5 percent.
- The Clothing and footwear group, and the Communications group remained unchanged.

From the December 2014 quarter to the December 2015 quarter:

- The CPI increased 2.6 percent.
- This compares with a 4.3 percent increase in the year to the September 2015 quarter.

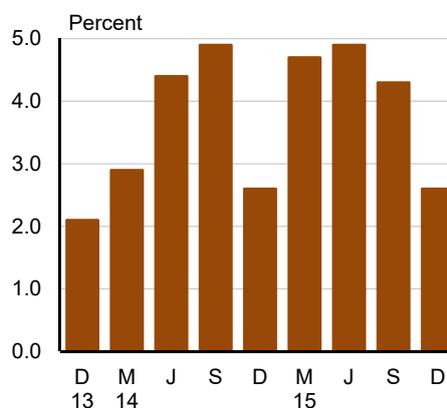
The CPI measures the rate of price change of goods and services purchased by Tokelau households. The Tokelau National Statistics Office (TNSO) collects prices from the co-op and bulk stores on all three atolls, as well as prices from service providers, including transport, energy, and telecommunications.

Consumer price index
Quarterly change



Source: Tokelau National Statistics Office

Consumer price index
Annual change



Source: Tokelau National Statistics Office

Kele Lui
National Statistician

29 January 2016

Commentary

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

- [CPI falls 0.8 percent in the December 2015 quarter](#)
- [CPI shows 2.6 percent increase for the year to the December 2015 quarter](#)
- [Prices for Alcoholic beverages and tobacco group rise 2.0 percent](#)
- [Summary of other group movements in the quarterly CPI](#)
- [Impact of items that rose and fell in price.](#)

CPI falls 0.8 percent in the December 2015 quarter

The 0.8 percent CPI fall in the December 2015 quarter follows a rise of 1.0 percent in the September 2015 quarter. However the stores were particularly poorly stocked at data collection time which may have affected the accuracy of the calculated rate of change.

Five of the CPI's eight groups recorded lower prices for the December 2015 quarter. Only one group made an upward contribution, and two groups showed no movement.

Prices for the Food and non-alcoholic beverages group fell 1.3 percent in the December 2015 quarter. This compares to a 0.8 percent rise in the September 2015 quarter.

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

- lamb or mutton (down 12 percent)
- canned corned beef (down 8.8 percent)
- chicken (down 5.2 percent).

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

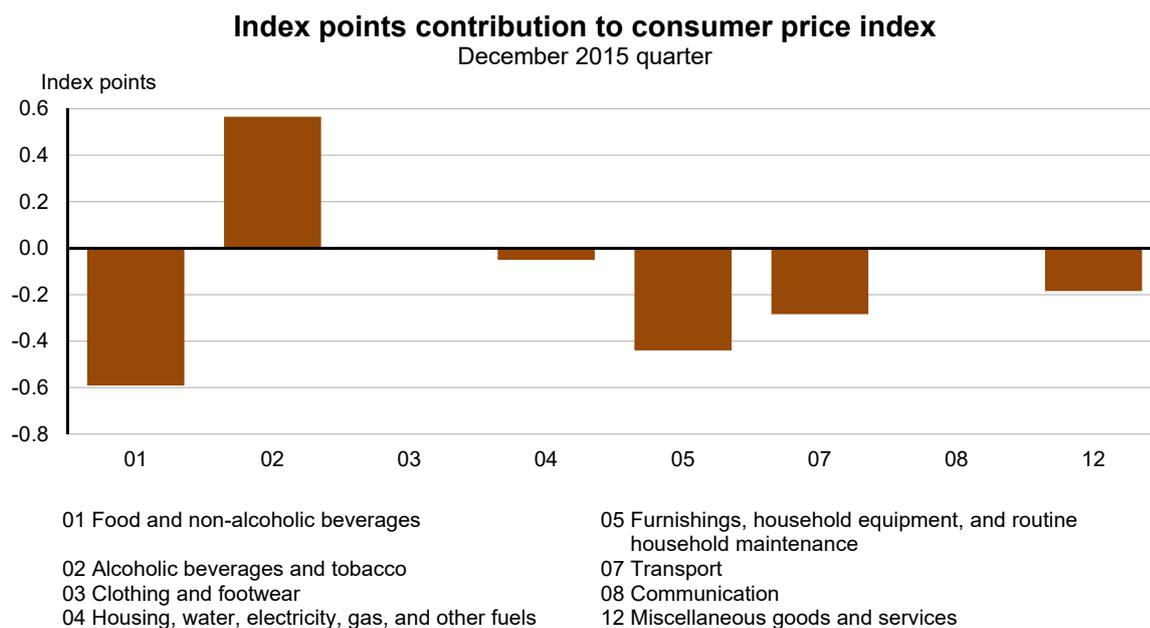
- potato chips (up 17 percent)
- onions (up 25 percent)
- sausages (up 3.1 percent).

Prices for the Non-alcoholic beverages subgroup increased 2.3 percent for the quarter, influenced by fruit drink powder (up 14 percent).

Consumer price index groups: December 2015 quarter

Group	Index points contribution to CPI	Quarterly change (percent)
Food and non-alcoholic beverages	-0.591	-1.3%
Furnishings, household equipment and routine household maintenance	-0.440	-6.2%
Transport	-0.284	-3.1%
Miscellaneous goods and services	-0.185	-3.5%
Housing, water, electricity, gas and other fuels	-0.051	-0.5%
Clothing and footwear	-	0.0%
Communication	-	0.0%
Alcoholic beverages and tobacco	0.566	2.0%
All-groups CPI	-0.985	-0.8%

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



Source: Tokelau National Statistics Office

CPI shows 2.6 percent increase in the year to the December 2015 quarter

The CPI increased 2.6 percent in the year to the December 2015 quarter. This compares with a 4.3 percent increase in the year to the September 2015 quarter.

Three of the eight groups in the CPI made upward contributions. By group, the main upward contribution came from Alcoholic beverages and tobacco (up 10 percent). Higher prices were also recorded for the groups:

- Food and non-alcoholic beverages (up 2.7 percent)
- Clothing and footwear (up 3.6 percent).

Downward contributions came from the groups:

- Furnishings, household equipment, and routine household maintenance (down 6.0 percent)
- Housing, water, electricity, gas, and other fuels (down 3.4 percent)
- Transport (down 3.1 percent)
- Miscellaneous goods and services (down 2.1 percent).

Prices for the Communication group remained unchanged. This reflects the fact that Tokelau has only one telecommunications provider, whose prices change infrequently.

The main individual downward contributions during the year came from:

- washing powder (down 18 percent)
- lamb or mutton (down 9.0 percent).

Individually, the main upward contribution came from higher prices for cigarettes (up 13 percent). Higher prices were also recorded for:

- potatoes (up 33 percent)
- sausages (up 9.1 percent)
- eggs (up 18 percent).

Prices for Alcoholic beverages and tobacco group rise 2.0 percent

The Alcoholic beverages and tobacco group rose 2.0 percent in the December 2015 quarter, with higher prices for cigarettes (up 2.1 percent): this rise is due to one of the three villages rounding off the price of a packet of cigarettes from \$6.60 to \$7.00, so fewer coins are needed for change. Beer prices went up by 1.8 percent and spirits up by 0.9 percent, increasing the Alcoholic beverages sub-group by 1.3 percent.

Annual prices

For the year to the December 2015 quarter, Alcoholic beverages and tobacco prices rose 10 percent. An increase in the price of cigarettes (up 13 percent) was a major contributor to the group's overall increase. Prices increased for beer (up 4.7 percent) but dropped for spirits (down 4.3 percent).

Summary of other group movements in the quarterly CPI

In the December 2015 quarter, prices in the Furnishings, household equipment, and routine household maintenance group decreased 6.2 percent. This was influenced by a fall in prices of washing powder (down 17 percent) and fabric softener (down 9.6 percent).

The Transport group fell 3.1 percent, due to a drop in the price of petrol (down 7.5 percent).

Miscellaneous goods and services group fell 3.5 percent, influenced by a fall in prices of deodorant (down 15 percent), soap (down 5.9 percent), and toilet paper (down 3.2 percent).

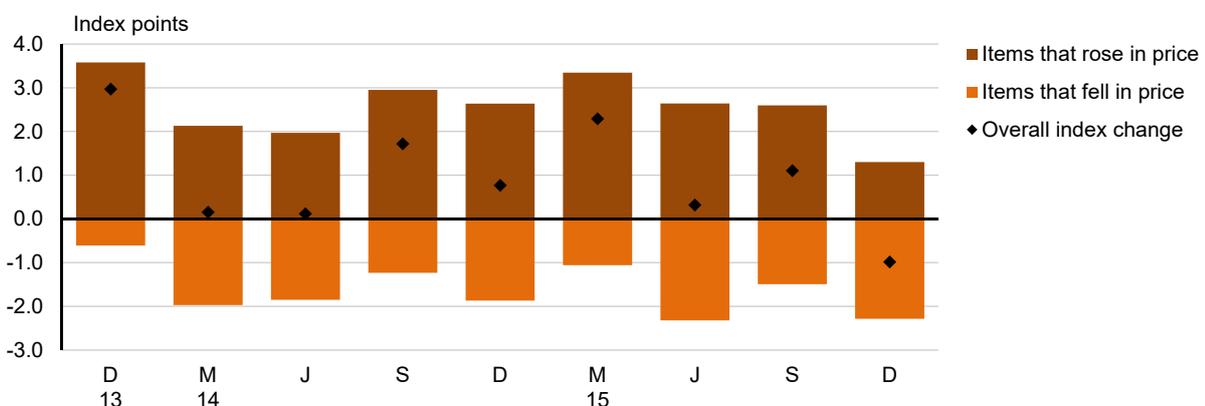
The Housing, water, electricity, gas, and other fuels group fell 0.5 percent, influenced by a drop in the price of kerosene (down 14 percent).

The Clothing and footwear group, and the Communication group remained unchanged.

Impact of items that rose and fell in price

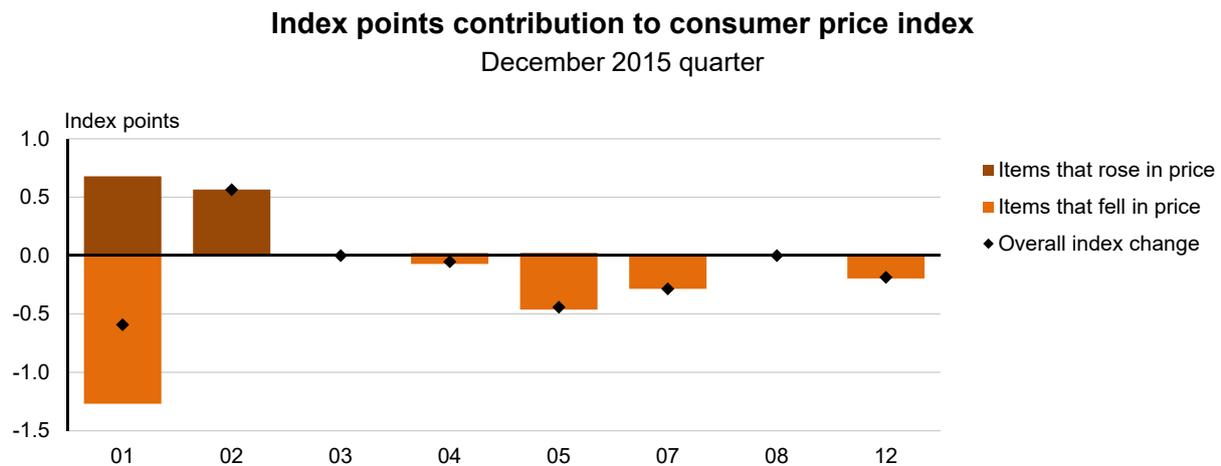
The graph below shows the impact of items that rose and fell in price: their overall impact was small: this led to a 0.8 percent decrease in the CPI for the December 2015 quarter.

Index points contribution to consumer price index
Quarterly change to December 2015 quarter



Source: Tokelau National Statistics Office

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



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 percent since the index reference period). Prices for later periods can also be compared in similar fashion. The Tokelau CPI has as index reference period 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.

Data quality information

Reference period

Prices for the December 2015 quarter were collected between 10 and 25 November 2015. Prices for the September 2015 quarter were collected between 14 and 19 August 2015. Staff working for the nuku administrative centres collected the prices for the September and December 2015 quarters.

Prices for the December 2014 quarter were collected between 14 and 28 November 2014. 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 quarterly and the annual December 2015 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.
- At the time of pricing in the December quarter, the Tokelau stores were particularly poorly stocked, meaning many prices were imputed from previous records. This may have affected the accuracy of the calculated rate of change.
- Each nuku (village) sets pricing policy (such as for cigarettes, alcoholic and non-alcoholic drinks) independently, and this can change at any point. Because of their relatively large weight in the CPI, any change in the price of cigarettes will significantly impact the overall CPI movement. This effect will increase with plans to increase cigarette prices annually.

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