



September 2016 quarter Consumer Price Index of Tokelau

Embargoed until 31 October 2016

Key facts

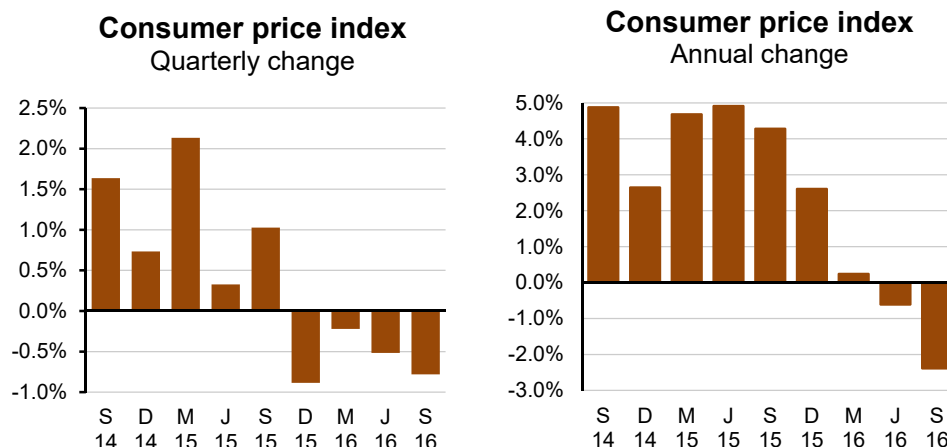
In the September 2016 quarter compared with the June 2016 quarter:

- The consumer price index (CPI) fell by 0.8 percent.
- The main downward contribution (6.5 percent) came from the Furnishings, household equipment and routine household maintenance, due to a decrease in the price of washing powder, nails and kitchen cleaner.
- The Miscellaneous goods and services group went down 1.5 percent, due to the price of nappies.
- The Food and non-alcoholic beverages group fell by 1.3 percent, reflecting lower prices for long-life milk, lamb or mutton, and rice.
- The Alcoholic beverages and cigarettes group fell 1.1 percent.
- The main upward contribution (5.3 percent) came from the Transport group, due to a rise in the price of petrol.
- The Clothing and footwear group rose by 4.6 percent, reflecting a higher price for fabric.
- The Housing, water, electricity, gas and other fuels group rose by 0.5 percent.
- The Communications group remained unchanged.

From the September 2015 quarter to the September 2016 quarter:

- The CPI decreased 2.4 percent.
- This compares with a 0.6 percent decrease in the year to the June 2016 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.



Kele Lui
National Statistician

31 October 2016

Commentary

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

- [CPI falls 0.8 percent in the September 2016 quarter](#)
- [Prices for Alcoholic beverages and tobacco group fall 1.1 percent](#)
- [Summary of other group movements in the quarterly CPI](#)
- [Impact of items that rose and fell in price](#)
- [CPI shows 2.4 percent decrease for the year to the September 2016 quarter.](#)

CPI falls 0.8 percent in the September 2016 quarter

The 0.8 percent CPI fall in the September 2016 quarter follows a fall of 0.5 percent in the June 2016 quarter.

Four of the CPI's eight groups recorded lower prices for the September 2016 quarter. Three groups made an upward contribution, and one group showed no movement.

Prices for the Food and non-alcoholic beverages group fell 1.3 percent in the September 2016 quarter. This compares to a 0.7 percent fall in the June 2016 quarter.

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

- lamb or mutton (down 14 percent)
- rice (down 9.0 percent)
- potatoes (down 16 percent).

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

- chicken (up 19 percent)
- corned beef (up 20 percent)
- tomato sauce (up 17 percent).

Prices for the Non-alcoholic beverages subgroup fell 3.1 percent for the quarter, influenced by the price for long-life milk (down 21 percent) and milk powder (down 6.8 percent).

Group	Quarterly change (percent)
Furnishings, household equipment and routine household maintenance	-6.5%
Miscellaneous goods and services	-1.5%
Food and non-alcoholic beverages	-1.3%
Alcoholic beverages and tobacco	-1.1%
Communication	0.0%
Housing, water, electricity, gas and other fuels	0.5%
Clothing and footwear	4.6%
Transport	5.3%
Overall CPI	-0.8%

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

Prices for Alcoholic beverages and tobacco group fall 1.1 percent

The Alcoholic beverages and tobacco group fell 1.1 percent in the September 2016 *quarter*, with the price for beer falling 13 percent: this was due to a change in brand from Vailima to Taula. Prices for spirits and cigarettes did not change this quarter.

For the *year* to the September 2016 quarter, Alcoholic beverages and tobacco prices rose 1.8 percent. An increase in the price of cigarettes (up 2.1 percent) contributed to the group’s overall increase, as did a price increase for spirits (up 2.8 percent). The price for beer went down 3.3 percent.

Summary of other group movements in the quarterly CPI

In the September 2016 quarter, prices in the Furnishings, household equipment, and routine household maintenance group fell 6.5 percent. This was influenced by a drop in prices of washing powder (down 19 percent), nails (down 14 percent), and kitchen cleaner (down 11 percent). The Miscellaneous goods and services group fell 1.5 percent, influenced by a decrease in the price of sanitary pads (down 10 percent).

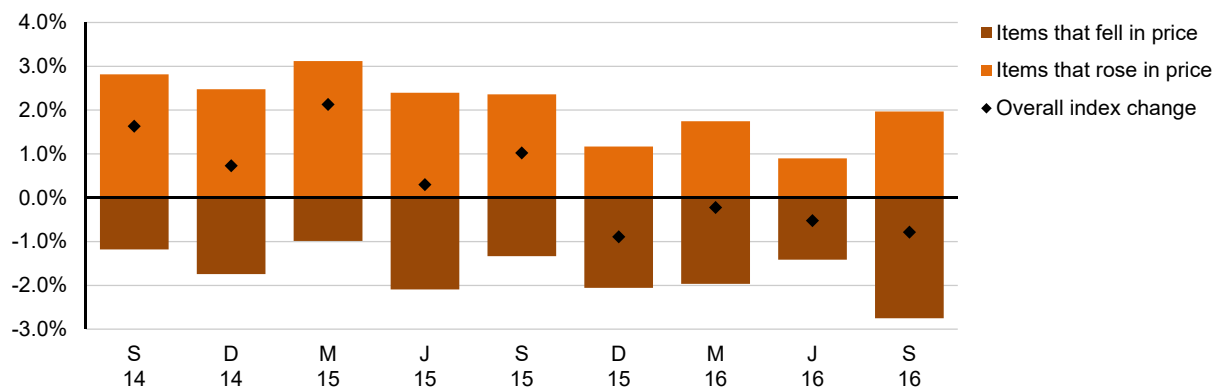
Prices in the Transport group rose 5.3 percent, due to a rise in the price of petrol (up 14 percent). The Clothing and footwear group rose 4.6 percent due to an increase in the price of fabric (up 14 percent).

The Housing, water, electricity, gas, and other fuels group rose 0.5 percent, influenced by a rise in the price of kerosene (up 16 percent). 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 0.8 percent decrease in the CPI for the September 2016 quarter.

Percentage points contribution to consumer price index over time
 Quarterly change to September 2016 quarter

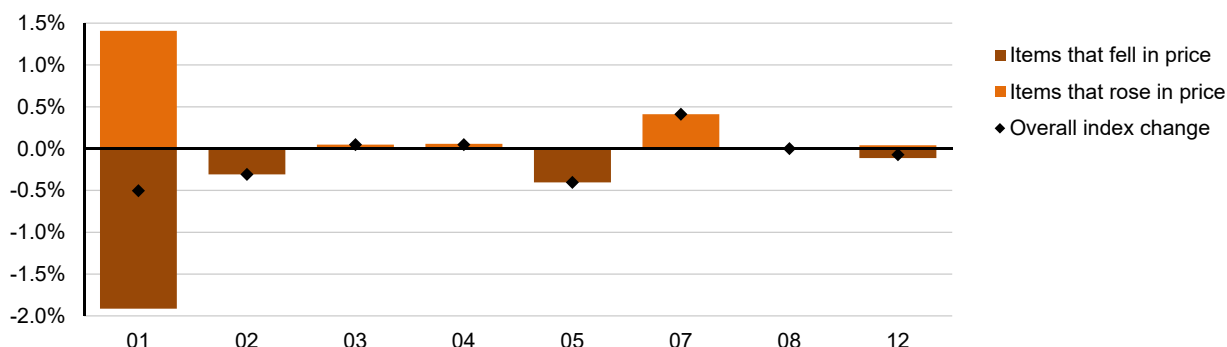


Source: Tokelau National Statistics Office

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

September 2016 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

CPI shows 2.4 percent decrease for the year to the September 2016 quarter

The CPI decreased 2.4 percent in the year to the September 2016 quarter. This compares with a 0.6 percent decrease in the year to the June 2016 quarter.

Downward contributions came from the groups:

- Furnishings, household equipment, and routine household maintenance (down 11 percent)
- Food and non-alcoholic beverages (down 4.5 percent)
- Transport (down 2.1 percent)
- Housing, water, electricity, gas, and other fuels (down 1.4 percent)
- Miscellaneous goods and services group (down 0.8 percent).

Of the eight groups in the CPI, only one made an upward contribution: the Alcoholic beverages and tobacco group (up 1.8 percent).

Prices for the Clothing and footwear group remained unchanged. So did prices in the Communication group: 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:

- lamb or mutton (down 40 percent)
- washing powder (down 34 percent)
- long-life milk (down 23 percent).

Individually, the main upward contribution came from higher prices for cigarettes (up 2.1 percent). Higher prices were also recorded for:

- canned fish (up 10 percent)
- tomato sauce (up 36 percent)
- biscuits or crackers (up 5.7 percent).

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). 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.

Period-specific data quality information

Reference period

Prices for the September 2016 quarter were collected between 10 August and 23 September 2016, by staff working for the nuku administrative centres.

Price influencers

Price changes may be influenced by external events. Factors that affected the quarterly and the annual September 2016 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 (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 tax on cigarettes annually.

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