

December 2016 quarter Consumer Price Index of Tokelau

Embargoed until 31 January 2017

Key facts

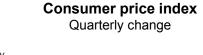
In the December 2016 quarter compared with the September 2016 quarter:

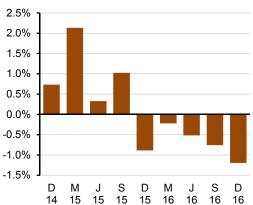
- The consumer price index (CPI) fell by 1.2 percent.
- The main downward contribution (15 percent) came from the Furnishings, household equipment and routine household maintenance, due to the availability of a cheaper brand of washing powder and fabric softener.
- The Miscellaneous goods and services went down 5.1 percent, due to the price of nappies and soap.
- The Food and non-alcoholic beverages group fell by 2.4 percent, due to a large drop in the price of mayonnaise.
- The main upward contribution (5.8 percent) came from the Transport group, due to a rise in the price of petrol.
- The Alcoholic beverages and cigarettes group rose by 1.4 percent.
- The Clothing and footwear group fell by 0.9 percent.
- The Housing, water, electricity, gas and other fuels group rose by 0.1 percent.
- The Communications group remained unchanged.

From the December 2015 quarter to the December 2016 quarter:

- The CPI decreased 2.7 percent.
- This compares with a 2.4 percent decrease in the year to the September 2016 quarter.

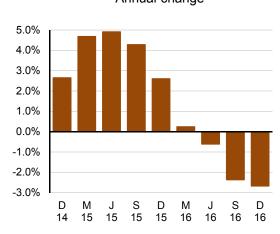
The CPI measures the rate of price change of goods and services purchased by Tokelau households. The Tokelau National Statistics Office (TNSO) collects prices from the co-op and bulk stores on all three atolls, as well as prices from service providers, including transport, energy, and telecommunications.





Source: Tokelau National Statistics Office

Consumer price index
Annual change



Source: Tokelau National Statistics Office

Kele Lui National Statistician

31 January 2016

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Commentary

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

- CPI falls 1.2 percent in the December 2016 guarter
- Prices for Alcoholic beverages and tobacco group rise 1.4 percent
- Summary of other group movements in the guarterly CPI
- Impact of items that rose and fell in price
- CPI shows 2.7 percent decrease for the year to the December 2016 quarter

CPI falls 1.2 percent in the December 2016 quarter

The 1.2 percent CPI fall in the December 2016 quarter follows a fall of 0.8 percent in the September 2016 quarter.

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

Prices for the Food and non-alcoholic beverages group fell 2.4 percent in the December 2016 quarter. This compares to a 1.3 percent fall in the September 2016 quarter.

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

- biscuits and crackers (down 41 percent)
- mayonnaise (down 48 percent).

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

- cheese-flavoured corn snacks (up 41 percent)
- sausages (up 12 percent)
- rice (up 8.3 percent).

Prices for the Non-alcoholic beverages subgroup rose 0.9 percent for the quarter, influenced by the price for milk powder (up 15 percent).

Group	Quarterly change (percent)
Furnishings, household equipment and routine household maintenance	-14.9%
Miscellaneous goods and services	-5.1%
Food and non-alcoholic beverages	-2.4%
Clothing and footwear	-0.9%
Communication	0.0%
Housing, water, electricity, gas and other fuels	0.1%
Alcoholic beverages and tobacco	1.4%
Transport	5.8%
Overall CPI	-1.2%

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

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Prices for Alcoholic beverages and tobacco group rise 1.4 percent

The Alcoholic beverages and tobacco group rose 1.4 percent in the December 2016 *quarter*, mainly due to the price for beer rising in each atoll. Prices for Spirits rose 0.6 percent; the price of cigarettes did not change this quarter.

For the *year* to the December 2016 quarter, Alcoholic beverages and tobacco prices rose 1.2 percent. An increase in the price of beer (up 11 percent) contributed to the group's overall increase, as did price increases of spirits (up 2.6 percent). The price for cigarettes did not change this year.

Summary of other group movements in the quarterly CPI

In the December 2016 quarter, prices in the Furnishings, household equipment, and routine household maintenance group fell 15 percent. This was influenced by a drop in prices of washing powder (down 46 percent) and fabric softener (down 22 percent). The Miscellaneous goods and services group fell 5.1 percent, influenced by a decrease in the price of nappies (down 15 percent).

Prices in the Transport group rose 5.8 percent, due to a rise in the price of petrol (up 14 percent). The Clothing and footwear group fell 0.9 percent due to the price of fabric falling again (down 1 percent).

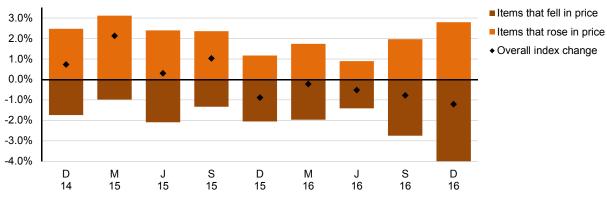
The Housing, water, electricity, gas, and other fuels group rose a mere 0.1 percent, and the Communication group remained unchanged.

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 1.2 percent decrease in the CPI for the December 2016 quarter.

Percentage points contribution to consumer price index over time

Quarterly change December 2016 guarter



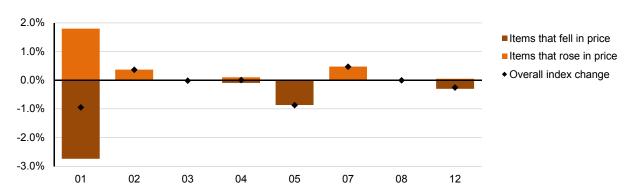
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The following graph shows the impact of items that rose and fell in price by group this quarter.

Percentage points contribution to consumer price index by group

December 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 2.7 percent decrease for the year to the December 2016 quarter

The CPI decreased 2.7 percent in the year to the December 2016 quarter. This compares with a 2.4 percent decrease in the year to the September 2016 quarter.

Downward contributions came from the groups:

- Furnishings, household equipment, and routine household maintenance (down 19 percent)
- Food and non-alcoholic beverages (down 5.5 percent)
- Miscellaneous goods and services group (down 2.5 percent)
- Clothing and footwear (down 0.9 percent)
- Housing, water, electricity, gas, and other fuels (down 0.8 percent).

Of the eight groups in the CPI, only two made an upward contribution: the Alcoholic beverages and tobacco group (up 1.2 percent) and the Transport group (up 6.9 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:

- biscuits and crackers (down 37 percent)
- washing powder (down 57 percent)
- lamb/mutton (down 27 percent).

Individually, the main upward contribution came from higher prices for petrol (up 17 percent). Higher prices were also recorded for:

- milk powder (up 22 percent)
- cheese-flavoured corn snacks (up 37 percent)
- canned tomato sauce (up 53 percent).

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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.

Reference period

Prices for the December 2016 quarter were collected between 10 and 29 November 2016, by staff working for the nuku administrative centres, this time also with TNSO staff in Atafu and Fakaofo.

Price influencers

Price changes may be influenced by external events. Factors that affected the quarterly and the annual December 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

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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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