



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

March 2017 quarter Consumer Price Index of Tokelau

Key facts

In the March 2017 quarter compared with the December 2016 quarter:

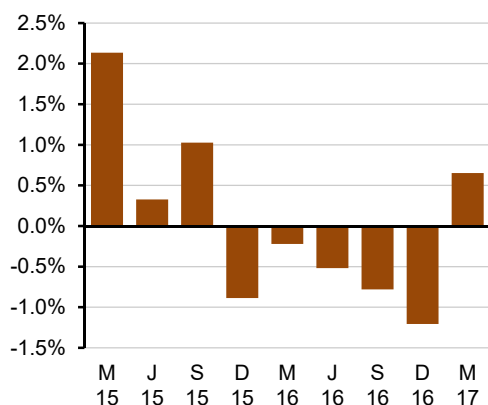
- The consumer price index (CPI) rose by 0.7 percent.
- The largest upward contribution came from the Furnishings, household equipment and routine household maintenance group, up 6.3 percent due to price increase mainly from fabric softener.
- The Food and non-alcoholic beverages group rose by 4.6 percent, reflecting price increases from biscuits or crackers, cheese-flavoured corn snacks, and corned beef.
- The main downward contribution came from the Communication group, down 23 percent, led by a drop in the prices of data packages for internet users.
- Both the Transport group and the Clothing and Footwear group went down 3.4 percent.
- The Miscellaneous goods and services group was down 0.7 percent; the Housing, water and electricity group was down by 0.3 percent.
- The Alcoholic and tobacco group remain unchanged in this quarter.

From the March 2016 quarter to the March 2017 quarter:

- The CPI decreased 1.8 percent.
- This compares with a 2.7 percent decrease in the year to the December 2016 quarter.

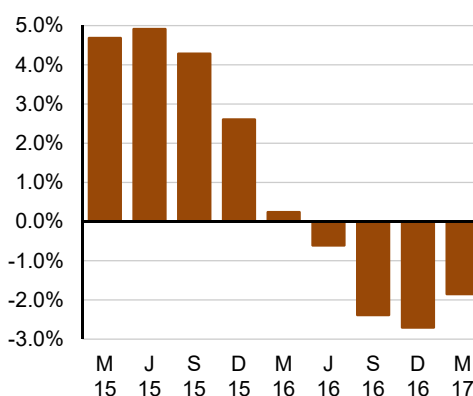
The CPI measures the rate of price change of goods and services purchased by Tokelau households. The Tokelau National Statistics Office (TNSO) collects prices from the co-op and bulk stores on all three atolls, as well as prices from service providers, including transport, energy, and telecommunications.

Consumer price index
Quarterly change



Source: Tokelau National Statistics Office

Consumer price index
Annual change



Source: Tokelau National Statistics Office

Kele Lui
National Statistician

26 April 2017

Commentary

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

- [CPI rises 0.7 percent in the March 2017 quarter](#)
- [Prices for Alcoholic beverages and tobacco group remain unchanged in this quarter](#)
- [Summary of other group movements in the quarterly CPI](#)
- [Impact of items that rose and fell in price](#)
- [CPI shows 1.8 percent decrease for the year to the March 2017 quarter.](#)

CPI rises 0.7 percent in the March 2017 quarter

The CPI rise in the March 2017 quarter by 0.7 percent follows a fall of 1.2 percent in the December 2016 quarter.

Two of the CPI's eight groups recorded price rises for the March 2017 quarter, five groups made downward contributions and one remained unchanged.

Prices for the Food and non-alcoholic beverages group rose 4.6 percent in the March 2017 quarter. This compares to a 2.4 percent fall in the December 2016 quarter.

The main individual upward contributions to the Food subgroup came from higher prices recorded for:

- biscuit/crackers (up 61 percent)
- cheese-flavoured corn snacks (up 50 percent)
- corned beef (up 17 percent).

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

- cooking oil (down 20 percent)
- chicken (down 6.0 percent)
- canned fish (down 7.8 percent).

The Non-alcoholic beverages subgroup dropped by 6.3 percent this quarter, influenced by the price of fruit drink powder (down 42 percent) and milk powder (down 9.3 percent).

Group	Quarterly change (percent)
Furnishings, household equipment and routine household maintenance	6.3%
Food and non-alcoholic beverages	4.6%
Alcoholic beverages and tobacco	0.0%
Housing, water, electricity, gas and other fuels	-0.3%
Miscellaneous goods and services	-0.7%
Clothing and footwear	-3.4%
Transport	-3.4%
Communication	-23.0%
Overall CPI	0.7%

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

Prices for Alcoholic beverages and tobacco group remain unchanged in this quarter

The Alcoholic beverages and tobacco group remained the same in this quarter compared to the December 2016 quarter.

For the year to the March 2017 quarter, Alcoholic beverages and tobacco prices rose 0.3 percent. An increase in the price of beer (up 1.3 percent) contributed to the group’s overall increase, as did prices for spirits (up 1.8 percent). The price for cigarettes did not change.

Summary of other group movements in the quarterly CPI

In the March 2017 quarter, prices in the Furnishings, household equipment, and routine household maintenance group rose 6.3 percent. This was influenced by an increase in prices of fabric softener (up 40 percent) and fly spray (up 21 percent).

There was a significant drop recorded in this quarter for the Communication group (down 23 percent), influenced by prices for internet and telephone services being reduced. This is the first time the Tokelau telecommunication provider changed its prices in the last 5 years.

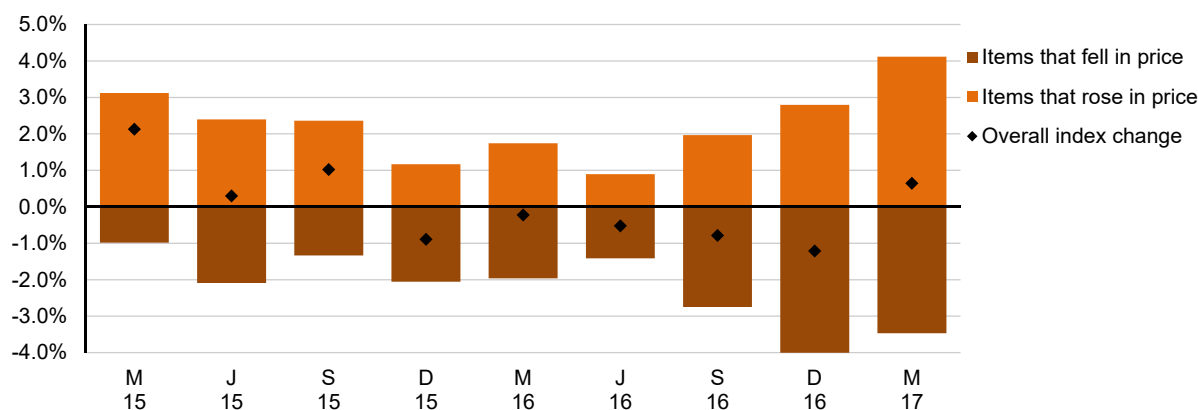
Prices in the Transport group fell 3.4 percent, due to a drop in the price of petrol (down 7.9 percent). The Clothing and footwear group fell 3.4 percent due to the price of fabric falling again (down 11 percent).

The Miscellaneous goods and services group fell by 0.7 percent, and the Housing, water, electricity, gas, and other fuels group by a mere 0.3 percent.

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 0.7 percent increase in the CPI for the March 2017 quarter.

Percentage points contribution to consumer price index over time
 Quarterly change March 2017 quarter

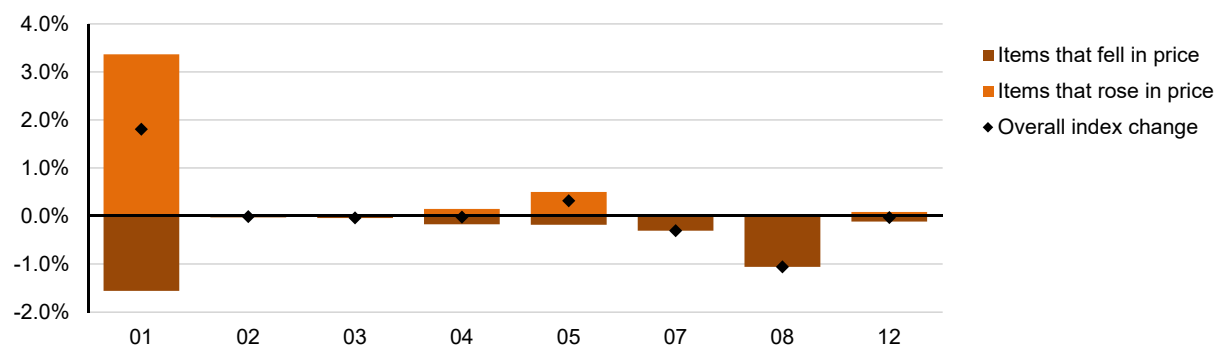


Source: Tokelau National Statistics Office

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

March 2017 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 1.8 percent decrease for the year to the March 2017 quarter

The CPI decreased 1.8 percent in the year to the March 2017 quarter. This compares with a 2.7 percent decrease in the year to the December 2016 quarter.

Downward contributions came from the groups:

- Communication (down 23 percent)
- Furnishings, household equipment and routine household maintenance (down 16 percent)
- Miscellaneous goods and services (down 6.9 percent)
- Housing, water, electricity, gas and other fuels (down 0.8 percent).

Upward contributions came from the groups:

- Transport (up 5.3 percent)
- Alcoholic beverages and tobacco (up 0.3 percent)
- Clothing and footwear (up 0.1 percent)
- Food and non-alcoholic beverages (up 0.1 percent).

The main individual downward contributions during the year came from:

- Washing powder (down 50 percent)
- Canned fish (down 18 percent)
- Nappies (down 22 percent).

The main individual upward contributions during the year came from:

- Cheese-flavoured corn snacks (up 115 percent)
- Corned beef (up 23 percent)
- Chicken (up 18 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.

Reference period

Prices for the March 2017 quarter were collected between 6 and 30 March 2017, by staff working for the nuku administrative centres, this time also with TNSO staff in Nukunonu.

Price influencers

Price changes may be influenced by external events. Factors that affected the quarterly and the annual March 2017 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 cigarette prices annually.

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