



June 2018 quarter Consumer Price Index of Tokelau

Key facts

In the June 2018 quarter compared with the March 2018 quarter:

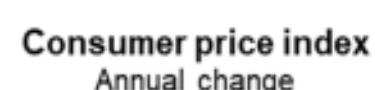
- The consumer price index (CPI) dropped 0.5 percent.
- The largest drop in prices this quarter was by Food and non-alcoholic beverages group which dropped 2.1 percent, contributing negative 0.7 percent to the CPI.
- The Recreation and culture group prices fell 1.9 percent, contributing negative 0.1 percent to CPI.
- The largest upward change in prices came from the Transport group, up 1.7 percent due to a rise in airfare prices Apia-Auckland, contributing 0.1 to the CPI.

From the June 2017 quarter to the June 2018 quarter, the CPI increased 6.6 percent. This compares with a 8.9 percent increase in the year to the March 2018 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



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for National Statistician

15 June 2018

Commentary

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

- [Quarterly CPI decrease of 0.5 percent for June 2018](#)
- [Alcoholic beverages and tobacco group down slightly this quarter](#)
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- [Impact of items that rose and fell in price](#)
- [CPI shows 6.6 percent increase for the year to the June 2018 quarter.](#)

Quarterly CPI decrease of 0.5 percent for June 2018

The June 2018 CPI decreased by 0.5 percent. Quarterly inflation was negative 0.9 percent in the March 2018 quarter.

Four of the CPI's nine groups recorded price decreases for the June 2018 quarter, four groups recorded price increases and one remained unchanged. Prices for the food and non-alcoholic beverages group fell 2.1 percent in the June 2018 quarter, contributing negative 0.7 percent to quarterly inflation. This compares to a negative 0.5 percent contribution to the quarterly inflation rate of negative 0.9 percent in the March 2018 quarter.

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

- Lamb chops (down 13 percent)
- Canned fish, tuna (down 19 percent)
- Flour (down 16 percent).

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

- Sugar (up 13 percent)
- Cheese flavoured corn snack (up 31 percent)
- Cabbage (up 64 percent).

| Group | Quarterly percentage points contribution to CPI |
|--|---|
| 01. Food and non-alcoholic beverages | -0.7 |
| 02. Alcoholic beverages and tobacco | -0.0 |
| 03. Clothing and footwear | 0.0 |
| 04. Housing, water, electricity, gas and other fuels | 0.1 |
| 05. Furnishings, household equipment and routine household maintenance | 0.1 |
| 07. Transport | 0.1 |
| 08. Communication | 0.0 |
| 09. Recreation and culture | -0.1 |
| 12. Miscellaneous goods and services | -0.1 |
| Overall CPI | -0.5 |

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

Alcoholic beverages and tobacco group down slightly this quarter

Prices in the Alcoholic beverages and tobacco group went down 0.1 percent (a negligible contribution to CPI) this quarter. This compares to a 0.2 percent rise (0.1 percent contribution to CPI) in the March 2018 quarter.

For the year to the June 2018 quarter, Alcoholic beverages and tobacco prices increased by 20 percent, contributing 5.4 percent to the annual inflation rate of 6.6 percent.

Summary of other group movements in the quarterly CPI

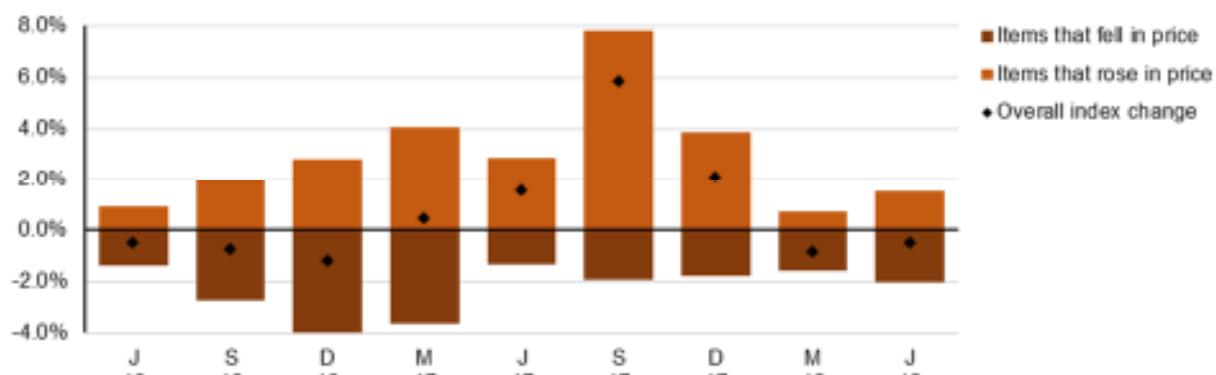
Prices in the Recreation and culture group fell 1.9 percent and contributed a negative 0.1 percent to quarterly CPI. Prices in the Miscellaneous goods and services group dropped 1.1 percent, contributing a negative 0.1 percent. The Transport group showed price increases of 1.7 percent, contributing a positive 0.1 percent. The Housing, water, electricity, gas and other fuels group increased 1.1 percent, contributed a positive 0.1 percent. Prices in the Furnishings, household equipment and routine household maintenance group rose 1.0 percent this quarter, contributing a positive 0.1 percent to quarterly inflation.

The Clothing and footwear group showed a small change this quarter (up 0.5 percent), and the Communication group remained unchanged.

Impact of items that rose and fell in price

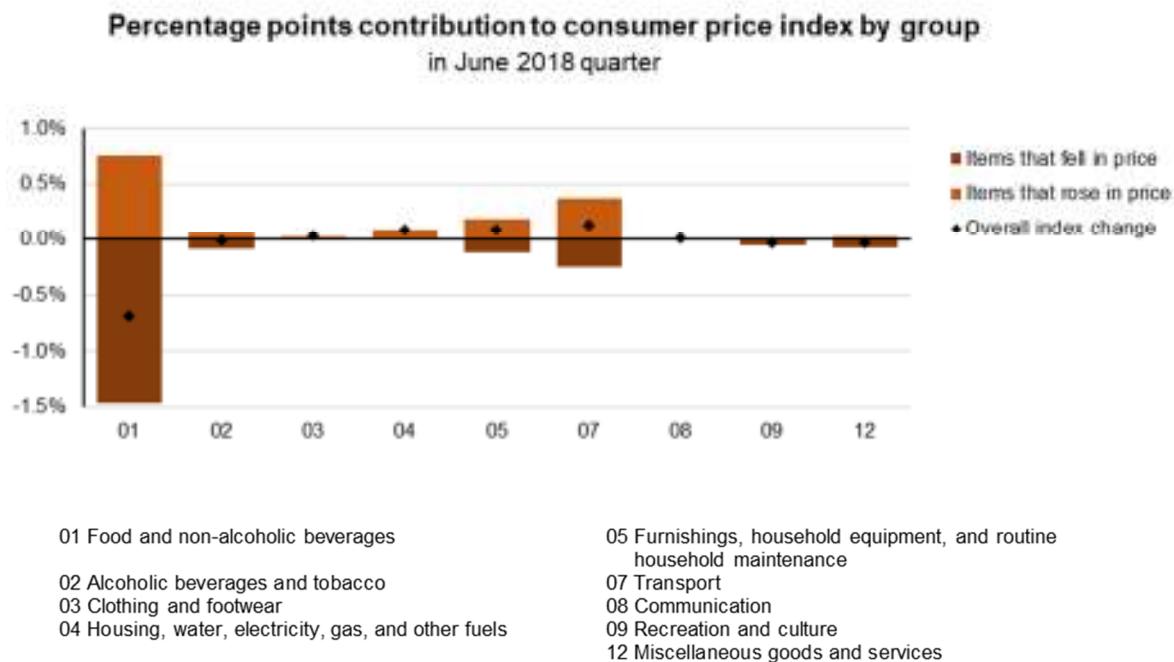
The graph below shows the impact of items that rose and fell in price over time: the overall impact was a 0.5 percent decrease in the CPI for the June 2018 quarter.

Percentage points contribution to consumer price index over time
Quarterly change to June 2018 quarter



Source: Tokelau National Statistics Office

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



CPI shows 6.6 percent increase for the year to the June 2018 quarter

The CPI increased 6.6 percent in the year to the June 2018 quarter. This compares with an 8.9 percent annual inflation rate in the March 2018 quarter.

The main upward movement came from the group Alcoholic beverages and tobacco, up 20 percent due mainly to the national tobacco pricing policy of 2017. Prices in the group Food and non-alcoholic beverages rose 3.2 percent, contributing 1.1 percent to the annual CPI.

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

- Chicken (up 15 percent)
- Lamb chops (up 19 percent)
- Mutton flaps (up 39 percent).

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

- Rice (down 18 percent)
- Corned beef (down 19 percent)
- Canned tuna (down 10 percent).

Prices in the Transport group rose 2.8 percent, contributing a positive 0.2 percent to annual inflation. Since the re-base in the March 2017 quarter, we were able to report on the Recreation and culture group for the first time for previous quarter (March 2018: down 9.9 percent). For the year to the June 2018 quarter, this group fell 10 percent, contributing a negative 0.3 percent to annual CPI.

Other contributions to the annual CPI were minor, including the Furnishings, household equipment and routine household maintenance group (prices up 3 percent, contributing 0.2 to annual CPI); Miscellaneous goods and services (prices up 2 percent, contributing 0.1 percent); the Clothing and footwear group (prices down 5 percent, contributing negative 0.2 percent); and the Housing, water, electricity, gas and other fuels group (prices up 1 percent, negligible contribution to annual CPI).

The group Communication did not change.

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 has been published quarterly since September 2012, and was rebased in March 2017. The index reference period is the June 2012 quarter (=1.000).

An updated 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” (October 2017 version) at www.tokelau.org.nz/Stats.html.

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 1.15, prices have increased by 15 percent since the index reference period).

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. If two items record the same percentage rise in price, then the item with the larger CPI weighting will make a larger contribution to the overall movement. This contribution is also referred to as points (or index points) contribution.

Reference period and data quality

Prices for the June 2018 quarter were collected between 15 and 29 May 2018, by staff working for the nuku administrative centres, as well as TNSO staff in Apia. Again a high proportion of prices had to be imputed, which may partly explain the relatively flat CPI this quarter.

Price influencers

Price changes may be influenced by external events. Factors that affected the quarterly and the annual June 2018 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 sets pricing policy (such as for meats, alcoholic and non-alcoholic drinks) independently, and this can change at any point. In July 2017, General Fono (Parliament) approved a national 325 percent tax increase on cigarettes, in an effort to reduce smoking and hence the prevalence of non-communicable diseases in the atoll population. Because cigarettes have a relatively large weight in the CPI, any change in their price will significantly impact the overall CPI movement, as was seen throughout 2017.

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