



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

December 2018 quarter Consumer Price Index of Tokelau

Key facts

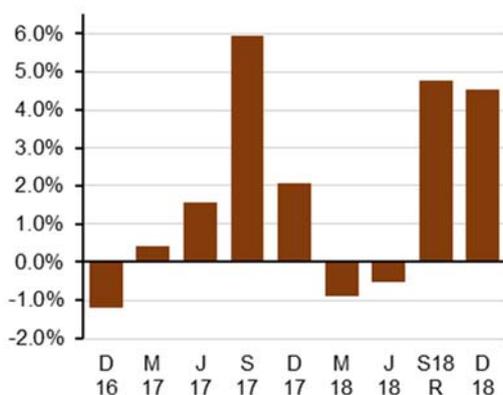
In the December 2018 quarter compared with the September 2018 quarter:

- The consumer price index (CPI) rose 4.5 percent, compared to 4.8 percent in the previous quarter (revised).
- The Alcoholic beverages and tobacco group prices rose 10.6 percent, contributing 3.4 percent to CPI.
- The next largest upward change in prices this quarter was by the Transport group which rose 10.5 percent, contributing 0.7 percent to CPI.

From the December 2017 quarter to the December 2018 quarter, CPI increased 8.0 percent. This compares with a 5.4 percent increase (revised) in the September 2017 quarter to the September 2018 quarter.

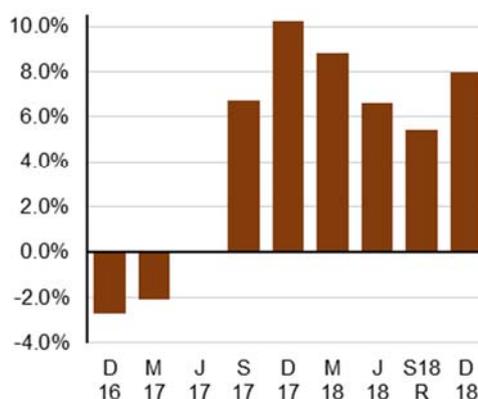
The CPI measures the rate of price change of goods and services purchased by Tokelau households. The Tokelau National Statistics Office (TNSO) collects prices from the co-op and bulk stores on all three atolls, as well as prices from service providers, including transport, energy, and telecommunications.

Consumer price index
Quarterly change



Source: Tokelau National Statistics Office

Consumer price index
Annual change



Source: Tokelau National Statistics Office

for National Statistician

31 January 2019

Commentary

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

- [Quarterly CPI increase of 4.5 percent for December 2018](#)
- [Food and non-alcoholic beverages group up 2.4 percent](#)
- [Alcoholic beverages and tobacco group up 10.6 percent](#)
- [Summary of other group movements in the quarterly CPI](#)
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Quarterly CPI increase of 4.5 percent for December 2018

The December 2018 CPI rose by 4.5 percent, compared to 4.8 percent in the September 2018 quarter (revised)¹.

Four of the nine groups recorded an increase to the CPI, one recorded a decrease and four remained practically unchanged for the December 2018 quarter.

Group	Quarterly percentage points contribution to CPI
01. Food and non-alcoholic beverages	0.6
02. Alcoholic beverages and tobacco	3.4
03. Clothing and footwear	0.0
04. Housing, water, electricity, gas and other fuels	0.0
05. Furnishings, household equipment and routine household maintenance	-0.2
07. Transport	0.7
08. Communication	0.0
09. Recreation and culture	0.0
12. Miscellaneous goods and services	0.1
Overall CPI	4.5

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

Food and non-alcoholic beverages group up 2.4 percent

Prices in the Food and non-alcoholic beverages group increased 1.9 percent, contributing a positive 0.6 percent to quarterly CPI.

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

- Flour (up 34 percent)
- Potato chips (up 49 percent)
- Lamb chops (up 6 percent).

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

- Chicken (down 7.3 percent)
- Rice (down 8.2 percent)
- Long-life milk (down 9.1 percent).

¹ Data in the groups 05. Furnishings..... and 07. Transport were revised to correct errors in volume (price per 5 litres rather than per gallon) of kerosine and petrol, respectively; and to incorporate increased boat fares to Tokelau.

Alcoholic beverages and tobacco group up 10.6 percent

Prices in the Alcoholic beverages and tobacco group went up 10.6 percent, contributing 3.4 percent to CPI this quarter. This is due to a further increase in prices for cigarettes in all the three atolls this quarter. This increase compares to a 3.7 percent contribution to CPI in the September 2018 quarter.

For the December 2018 quarter compared to the same period in the previous year, Alcoholic beverages and tobacco prices increased by 24.1 percent, contributing 7.2 percent to the annual inflation rate of 8.0 percent.

Summary of other group movements in the quarterly CPI

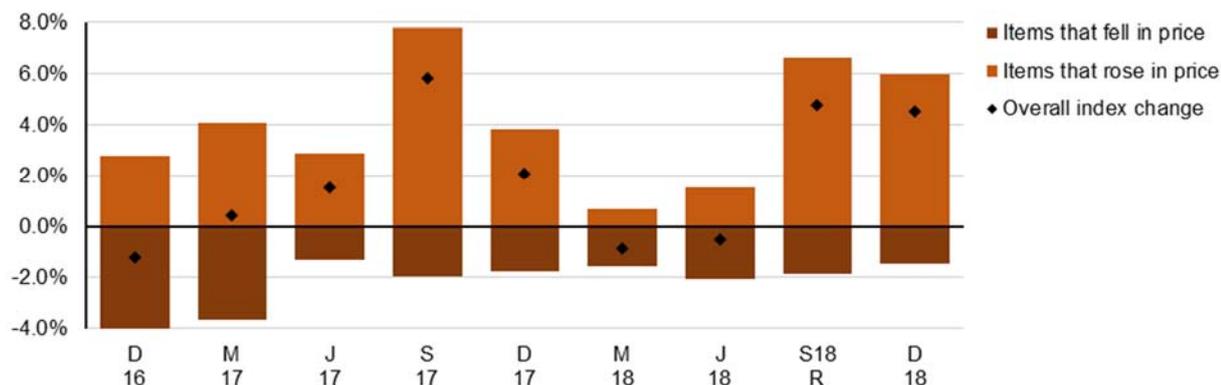
The Furnishings, household equipment and routine household maintenance group showed prices decreasing 3.7 percent, contributing a negative 0.2 percent to CPI. Prices in the Miscellaneous goods and services group rose 1.8 percent, contributing 0.1 percent to quarterly inflation.

Three other groups showed small changes this quarter. For the first time, Recreation and culture group recorded an increase in price (up 0.9 percent); like for Housing, water, electricity, gas and other fuels (down 0.6 percent) and Clothing and footwear (down 0.3 percent) their contribution to CPI was negligible. The Communication group remained unchanged.

Impact of items that rose and fell in price

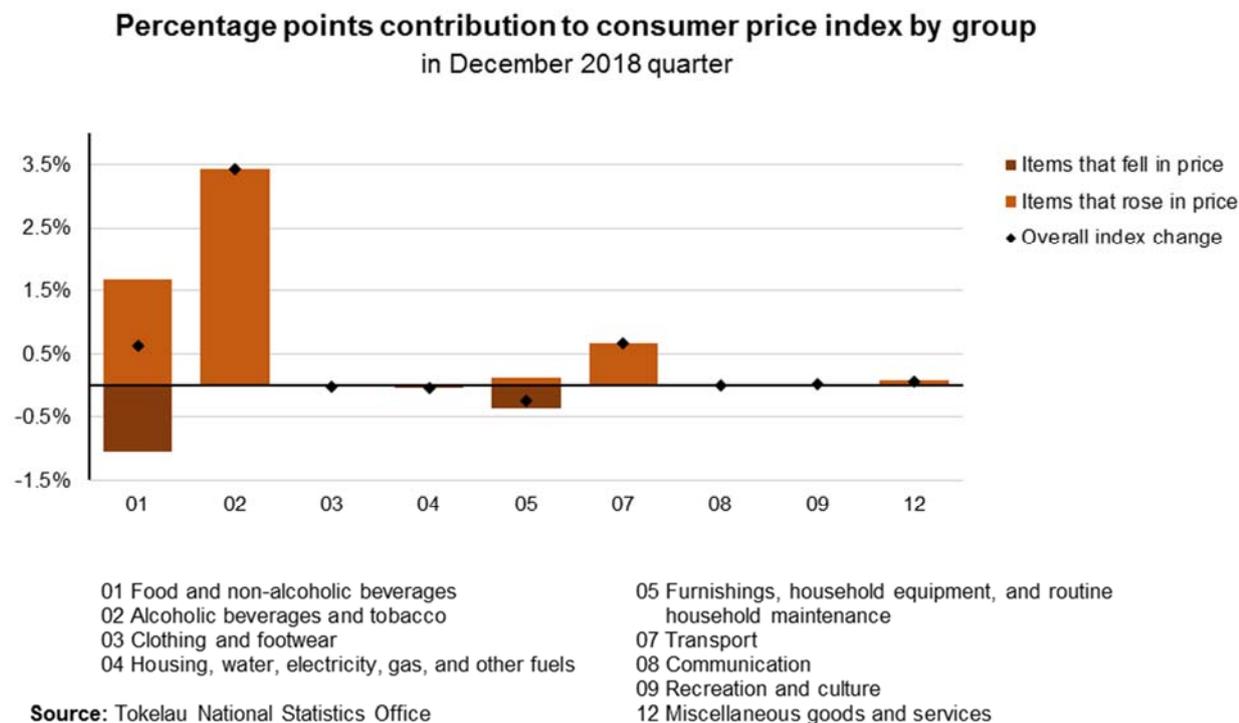
The graph below shows the impact of items that rose and fell in price over time: the overall impact was a 4.5 percent increase in CPI for the December 2018 quarter.

Percentage points contribution to consumer price index over time
 Quarterly change to December 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 8.0 percent increase for the year to the December 2018 quarter

The CPI increased 8.0 percent in the year to the December 2018 quarter. This compares with a 5.4 percent (revised) annual inflation rate in the September 2018 quarter.

The main upward movement came from the group Alcoholic beverages and tobacco, up 24 percent, due mainly to the national tobacco pricing policy in 2017 (contributing 7.2 percent to annual CPI). Prices in the group Food and non-alcoholic beverages rose 3.7 percent, contributing 1.2 percent to annual CPI. Prices in the group Furnishings, household equipment and routine household maintenance rose 0.7 percent, contributing 0.1 percent to annual CPI.

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

- Rice (up 22 percent)
- Flour (up 26 percent)
- Sugar (up 13 percent).

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

- Corned beef (down 20 percent)
- Canned fish, tuna (down 23 percent)
- Lamb chops (down 7.3 percent).

Prices in the Transport group fell 3.8 percent, contributing a negative 0.3 percent to annual inflation. Since the re-base in the March 2017 quarter, we have reported on the Recreation and culture group. For the year to the December 2018 quarter, this group fell 8.2 percent, contributing a negative 0.2 percent to the annual change in CPI.

Other contributions to annual CPI were negligible, including the Miscellaneous goods and services group (prices up 0.9 percent); the Clothing and footwear group (prices up 0.5 percent); and Housing, water, electricity, gas and other fuels group (prices down 0.2 percent). The Communication group 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 the March 2017 quarter (=100.0).

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 115.0, prices have increased by 15.0 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

Prices for the December 2018 quarter were collected between 15 November 2018 and 16 January 2019, by staff working for the nuku administrative centres, as well as TNSO staff in Apia.

Price influencers

Price changes may be influenced by external events. Factors that affected the quarterly and the annual December 2018 CPI include:

- Tokelau uses the New Zealand dollar as its currency, so major changes in the strength of the New Zealand dollar over the Samoan tala can change Tokelau's buying power in Samoa. The Tokelau Department of Finance tends to fix its exchange rate for the calendar year (currently WST/NZD=1.75), taking out some of the volatility.
- Since 2013 nearly all goods sold in Tokelau have been sourced directly from Samoa. Many of these goods are re-exports, originating from various other countries including China, Australia, and New Zealand. This introduces price fluctuation between quarters, and 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. Further price rises were implemented by the three Taupulega individually. 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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