



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

June 2019 quarter Consumer Price Index of Tokelau

Key facts

In the June 2019 quarter the consumer price index (CPI) stood at 0.0 percent.

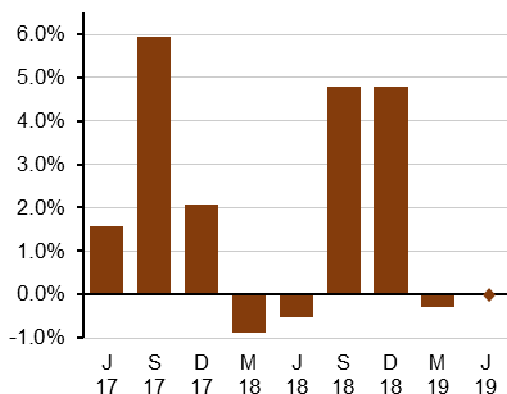
- This compares to a 0.3 percent drop in the overall level of prices in the previous quarter (revised).
- The Transport group had the largest upward change in prices: 10 percent, contributing 0.6 percent to CPI.
- The next largest change in prices this quarter was by the Furnishings, household equipment and routine household maintenance group which fell 3.6 percent, contributing negative 0.2 percent to CPI.

This is the second quarter in a row where CPI was very flat, as opposed to a 5 percent change in the previous two quarters. This is quite similar to a trend observed in the previous year.

From the June 2018 quarter to the June 2019 quarter, CPI increased 9.5 percent. This compares with an 8.9 percent increase (revised) in the March 2018 quarter to the March 2019 quarter.

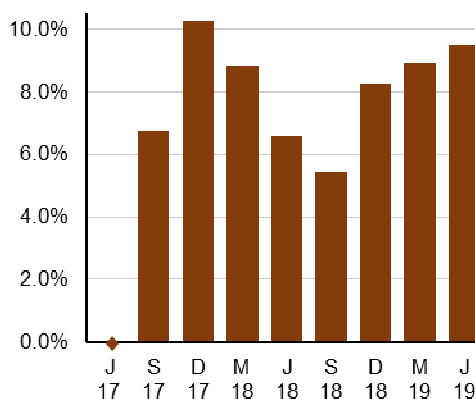
The CPI measures the rate of price change of goods and services purchased by Tokelau households. The Tokelau National Statistics Office (TNSO) collects prices from the co-op and bulk stores on all three atolls, as well as prices from service providers, including transport, energy, and telecommunications.

Consumer price index
Quarterly change



Source: Tokelau National Statistics Office

Consumer price index
Annual change



Source: Tokelau National Statistics Office

for National Statistician

31 July 2019

Commentary

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

- [Quarterly CPI “no change” for June 2019 quarter](#)
- [Food and non-alcoholic beverages group down 3.0 percent](#)
- [Alcoholic beverages and tobacco group up 1.4 percent](#)
- [Summary of other group movements in the quarterly CPI](#)
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Quarterly CPI “no change” for June 2019 quarter

The June 2019 CPI stood at 0.0 percent, meaning no change to the general level of prices for this quarter. Four of the CPI's nine groups recorded an increase in CPI, three recorded a decrease, and two remained unchanged for the June 2019 quarter.

The provisional data for the previous quarter are hereby confirmed, subject to some minor adjustments.

Group	Quarterly percentage points contribution to CPI
01. Food and non-alcoholic beverages	-1.0
02. Alcoholic beverages and tobacco	0.5
03. Clothing and footwear	+0.0
04. Housing, water, electricity, gas and other fuels	0.1
05. Furnishings, household equipment and routine household maintenance	-0.2
07. Transport	0.6
08. Communication	0.0
09. Recreation and culture	-0.0
12. Miscellaneous goods and services	0.0
Overall CPI	-0.0

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

Food and non-alcoholic beverages group down 3.0 percent

Prices in the Food and non-alcoholic beverages group decreased 3.0 percent, contributing a negative 1.0 percent to quarterly CPI.

The main individual downward contributions to the Food subgroup (down 3.0%) came from lower prices for:

- Chicken (down 22 percent)
- Rice (down 19 percent)
- Sugar (down 28 percent).

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

- Lamb chops (up 50 percent)
- Long-life milk (up 10 percent)
- Beef (up 36 percent).

A drop of prices in the Non-alcoholic beverages subgroup (down 3.4%), was dominated by Chocolate-flavoured milk drink, down 12 percent.

Alcoholic beverages and tobacco group up 1.4 percent

Prices in the Alcoholic beverages and tobacco group went up 1.4 percent, contributing 0.5 percent to CPI this quarter. This increase compares to a negative 0.6 percent contribution to CPI in the March 2019 quarter.

For the June 2019 quarter compared to the same period in the previous year, Alcoholic beverages and tobacco prices increased by 25 percent, contributing 7.5 percent to the annual inflation rate of 9.5 percent. As usual, this mostly reflects the rising cigarette prices as a result of Government policy.

Summary of other group movements in the quarterly CPI

Prices in the Transport group had the largest upward change: 10 percent, contributing 0.6 percent to CPI. The Furnishings, household equipment and routine household maintenance group showed prices decreasing 3.6 percent, contributing a negative 0.2 percent to CPI. Prices in the Housing, water, electricity, gas and other fuels group rose 1.0 percent, contributing 0.1 percent to quarterly inflation.

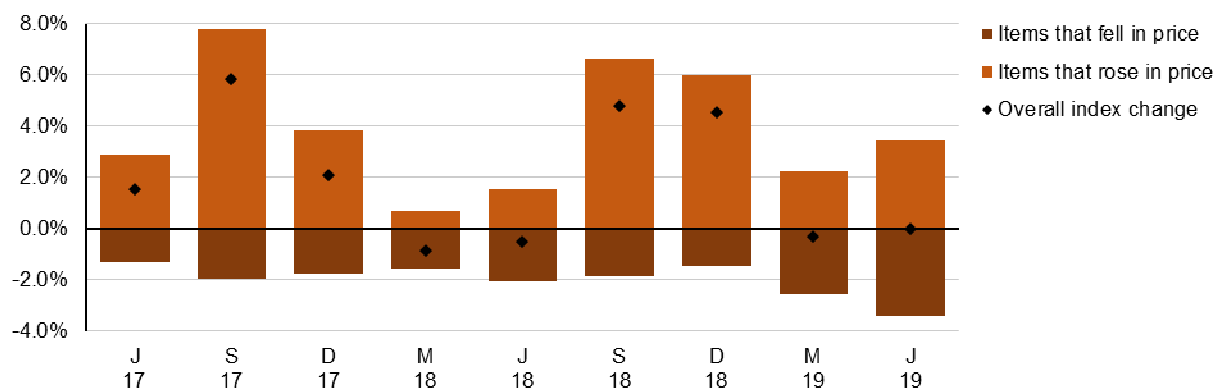
Three other groups showed small price changes this quarter. For Clothing and footwear (up 1.2 percent), Recreation and culture (down 1.1 percent), and Miscellaneous goods and services (down 0.1 percent) their contribution to CPI was negligible. The Communication group remained unchanged.

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:

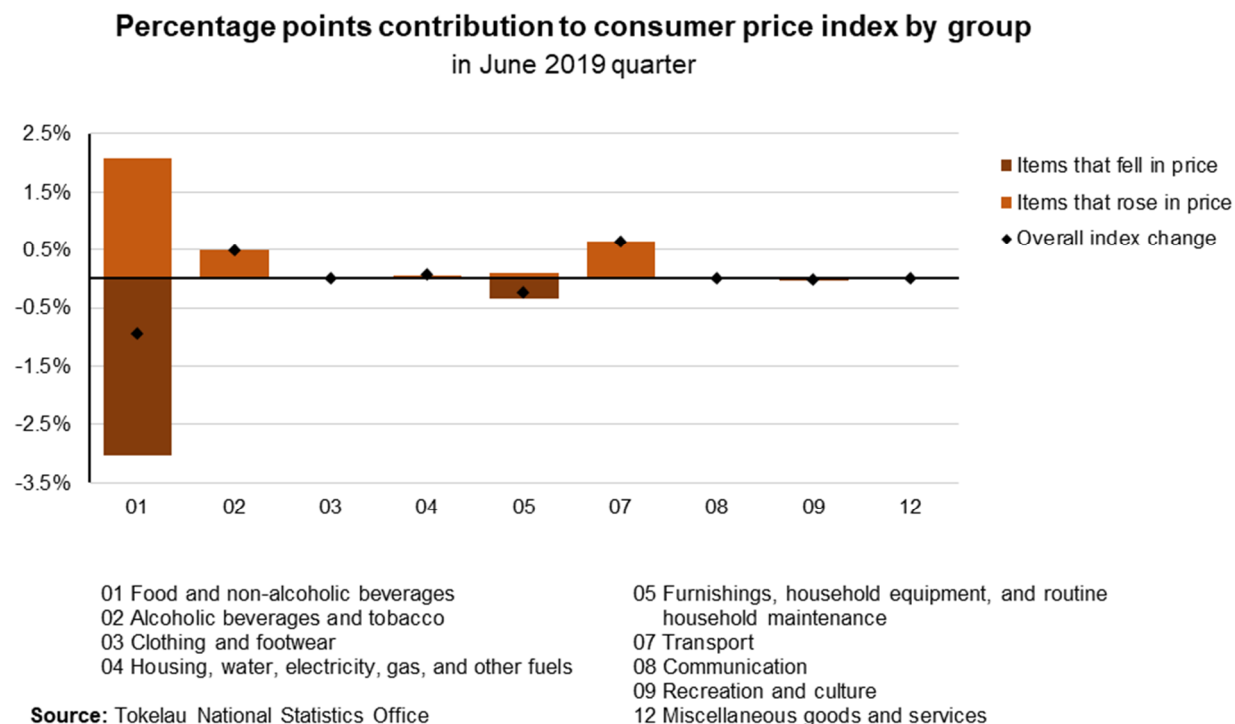
Percentage points contribution to consumer price index over time

Quarterly change to June 2019 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 9.5 percent increase for the year to the June 2019 quarter

The CPI increased 9.5 percent in the year to the June 2019 quarter. This compares with a 8.9 percent (revised) annual inflation rate in the March 2019 quarter.

The main upward movement came from the group Alcoholic beverages and tobacco, up 25 percent, due mainly to Taupulega decisions to raise the price of cigarettes (contributing 7.5 percent to annual CPI). Prices in the group Furnishings, household equipment and routine household maintenance rose 4.5 percent, contributing 0.3 percent to annual CPI. Prices in the group Transport rose 4.4 percent, contributing 0.3 percent to annual CPI. The Food and non-alcoholic beverages group rose 4.1 percent, with a contribution of 1.3 to annual CPI.

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

- Lamb chops (up 28 percent)
- Corned beef, canned (up 27 percent)
- Milk – long life (up 10 percent).

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

- Sugar (down 27 percent)
- Potato (down 24 percent)
- Potato chips (down 33 percent).

Prices in the Recreation and culture group fell 7.2 percent, contributing a negative 0.2 percent to the annual change in CPI. Two other groups showed small changes in the year to the June 2019 quarter. Prices in the Clothing and footwear group rose 1.8 percent, and the Miscellaneous goods and services rose 2.2 percent, both groups contributing a 0.1 percent to annual inflation.

Prices in the Housing, water, electricity, gas and other fuels group went up 0.1 percent, a negligible contribution to annual CPI. 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 June 2019 quarter were collected between 14 and 20 May 2019, by the Statistics Adviser working with staff in the nuku administrative centres.

Price influencers

Price changes may be influenced by external events. Factors that affected the quarterly and the annual June 2019 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.

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