



September 2013 quarter Consumer Price Index

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Key facts

In the September 2013 quarter compared with the June 2013 quarter:

- The consumer price index (CPI) rose 1.1 percent.
- The main upward contribution came from the alcoholic beverages and tobacco group (up 9.0 percent), reflecting higher prices for cigarettes.
- The main downward contribution came from the food and non-alcoholic beverages group (down 2.2 percent), reflecting lower prices for rice, sugar, and milk powder.
- The housing, water, electricity and other fuels group rose 3.5 percent, reflecting higher prices for paint.

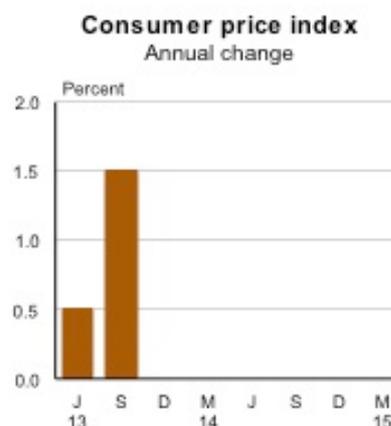
From the September 2012 quarter to the September 2013 quarter:

- The CPI increased 1.5 percent.

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



Source: Tokelau National Statistics Office

Kele Lui

National Statistician

30 October 2013

Commentary

- CPI rises 1.1 percent in September 2013 quarter
- CPI shows 1.5 percent increase for the year to September 2013
- Alcoholic beverages and tobacco group up 9.0 percent
- Higher prices for paint leads increase in the housing, water, electricity and other fuels group
- Nail prices push up furnishing, household equipment and routine maintenance costs
- Food and non-alcoholic beverages prices drop 2.2 percent for the September quarter
- Summary of other group movements in the CPI
- Impact of items that rose and fell in price

CPI rises 1.1 percent in September 2013 quarter

The CPI rose 1.1 percent in the September 2013 quarter. This follows a 1.2 percent decrease in the June 2013 quarter.

Three groups had price increases in the September 2013 quarter. The alcoholic beverages and tobacco group made the main upward contribution.

The key individual upward contribution came from higher prices for cigarettes, up 12.6 percent.

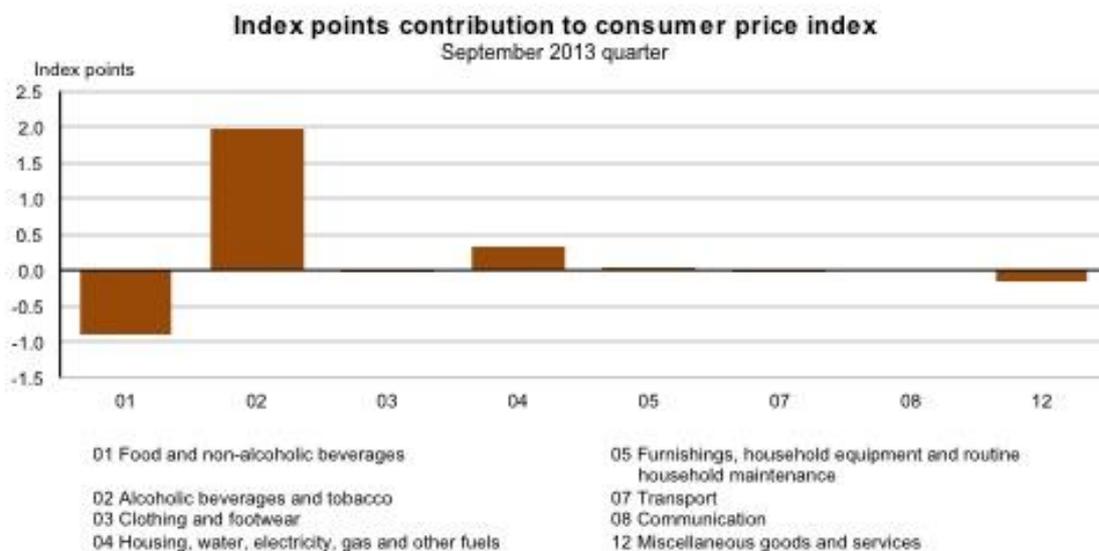
Higher prices were also recorded for:

- paint (up 44.9 percent)
- canned corned beef (up 12.0 percent)
- lamb and mutton (up 6.5 percent)
- fruit drink powder (up 21.7 percent)

Four groups decreased in the September 2013 quarter. The food and non-alcoholic beverages group (down 2.2 percent) made the largest downward contribution.

The main individual downward contributions came from lower prices for rice (down 21.0 percent), sugar (down 11.8 percent), milk powder (down 11.5 percent), and chocolate flavoured drink powder (down 16.9 percent).

Consumer price index groups: September 2013 quarter		
Group	Index points contribution to CPI	Quarterly percentage change
Alcoholic beverages and tobacco	1.962	9.0
Housing, water, electricity, gas and other fuels	0.335	3.5
Furnishings, household equipment and routine household maintenance	0.009	0.2
Communication	0.000	0.0
Transport	-0.030	-0.3
Clothing and footwear	-0.036	-3.1
Miscellaneous goods and services	-0.171	-3.1
Food and non-alcoholic beverages	-0.903	-2.2
All groups CPI	1.166	1.1
Note: Points contribution may not sum to total due to rounding.		



Source: Tokelau National Statistics Office

CPI shows 1.5 percent increase for the year to September 2013

The CPI increased 1.5 percent in the year to the September 2013 quarter. This follows a 0.5 percent increase in the year to the June 2013 quarter.

Six of the eight groups in the CPI made upward contributions. By group, the main upward contribution came from the alcoholic beverages and tobacco group (up 5.6 percent). Higher prices were also recorded for the:

- housing, water, electricity, gas and other fuels group (up 4.2 percent)
- furnishings, household equipment and routine household maintenance group (up 3.0 percent)
- miscellaneous goods and services group (up 3.2 percent)
- transport (up 1.7 percent)
- clothing and footwear (up 0.2 percent).

By group, the only downward contribution came from the food and non-alcoholic beverages group, down 1.4 percent.

Individually, the main upward contribution came from higher prices for cigarettes, up 9.6 percent. Higher prices were also recorded for:

- paint (up 104.2 percent)
- lamb and mutton (up 14.9 percent)
- fabric softener (up 88.8 percent)
- baby oil (up 155.4 percent)
- canned corned beef (up 12.6 percent).

The main individual downward contributions came from:

- washing powder (down 42.4 percent)
- cooking oil (down 20.7 percent)
- chicken (down 8.2 percent)
- chocolate flavoured drink powder (down 26.6 percent)

- instant coffee (down 35.4 percent)
- spirits (down 6.9 percent)

Alcoholic beverages and tobacco group up 9.0 percent

Alcoholic beverages and tobacco prices rose by 9.0 percent in the September 2013 quarter. The group was the most significant contributor to the overall increase of 1.1 percent in the September 2013 quarter CPI.

Higher prices for cigarettes were the sole contributor to the group's increase, up 12.6 percent. In the September 2013 quarter, Nukunonu implemented a policy to increase the price of cigarettes, and to use the additional revenue to offset prices in other areas. Each nuku (village) sets pricing policy independently, and this can change at any point.

The rise in prices for cigarettes contributed 2.1 index points to the CPI's overall smaller increase of 1.2 index points.

Prices for alcoholic beverages fell in the September 2013 quarter. Prices for beer were down 3.5 percent, and prices for spirits were down 1.4 percent.

Annual prices

For the year to the September 2013 quarter, alcoholic beverages and tobacco prices increased 5.6 percent. A rise in the price for cigarettes (up 9.6 percent) was the sole contributor the group's overall increase. The price for spirits was down 6.9 percent, and the price for beer was down 6.6 percent.

Higher prices for paint leads increase in the housing, water, electricity and other fuels group

Housing, water, electricity and other fuels prices increased 3.5 percent in the September 2013 quarter.

An increase in the cost of paint (up 44.9 percent) was the largest contributor to the group's overall increase. Higher prices were also recorded for timber (up 11.6 percent), kerosene (up 7.6 percent), and PVC pipes (up 7.7 percent).

Cheaper prices were recorded for two items in the group, cement (down 11.0 percent), and roofing iron (down 0.4 percent).

Annual prices

For the year to the September 2013 quarter, housing, water, electricity and other fuels prices increased 4.2 percent. The key contributors to the group's overall increase where:

- paint (up 104.2 percent)
- kerosene (up 30.4 percent)
- timber (up 29.0 percent).

Nail prices push up furnishing, household equipment and routine maintenance costs

Furnishing, household equipment and routine maintenance costs increased 0.2 percent in the September 2013 quarter.

An increase in the price of nails (up 31.3 percent) was the most significant contribution to the group's overall increase. Higher prices were also recorded for washing powder (up 4.5 percent).

The most significant downward contribution was made by cheaper prices for fly spray, down 7.5 percent.

Annual prices

For the year to the September 2013 quarter, furnishing, household equipment and routine maintenance prices increased 3.0 percent.

The key contributors to the group's overall increase were fabric softener (up 88.8 percent), nails (up 41.8 percent), and fly spray (up 14.5 percent).

The only significant downward contribution was made by cheaper prices for washing powder, down 42.4 percent.

Food and non-alcoholic beverages prices drop 2.2 percent for the September quarter

The food and non-alcoholic beverages group decreased 2.2 percent in the September 2013 quarter.

The food subgroup made the most significant contribution to the group's overall decrease, with food prices down 2.2 percent. The food subgroup contributed -0.8 index points to the CPI's overall increase of 1.2 index points.

Significant downward contributions came from lower prices for rice (down 21.0 percent), sugar (down 11.8 percent) and milk powder (down 11.5 percent).

The most significant upward contribution came from higher prices for canned corned beef, up 12.0 percent.

Annual prices

For the year to the September 2013 quarter, prices in the food and non-alcoholic beverages group decreased 1.4 percent.

Significant downward contributions came from lower prices for cooking oil (down 20.7 percent), chicken (down 8.2 percent), chocolate flavoured drink powder (down 26.6 percent), and instant coffee (down 35.4 percent).

Higher prices were recorded for lamb and mutton (up 14.9 percent), and canned corn beef (up 12.6 percent).

Summary of other group movements in the CPI

In the September 2013 quarter, three other groups recorded overall price decreases, they were the:

- miscellaneous goods and services group (down 3.1 percent)
- clothing and footwear group (down 3.1 percent)
- transport group (down 0.3 percent).

The communication group recorded no movement for the quarter.

Annual prices

In the year to the September 2013 quarter, prices also increased for the:

- miscellaneous goods and services group (up 3.2 percent)

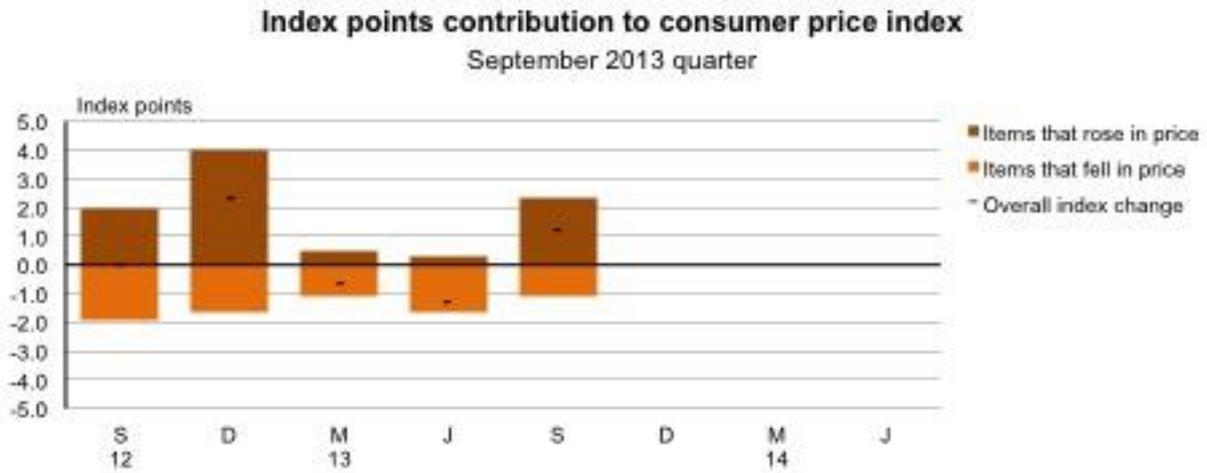
- transport group (up 1.7 percent)
- clothing and footwear group (up 0.2 percent).

The communication group recorded no change in the year to the September 2013 quarter. This reflects the fact that there is only one telecommunications provider in Tokelau, and price change is infrequent.

Impact of items that rose and fell in price

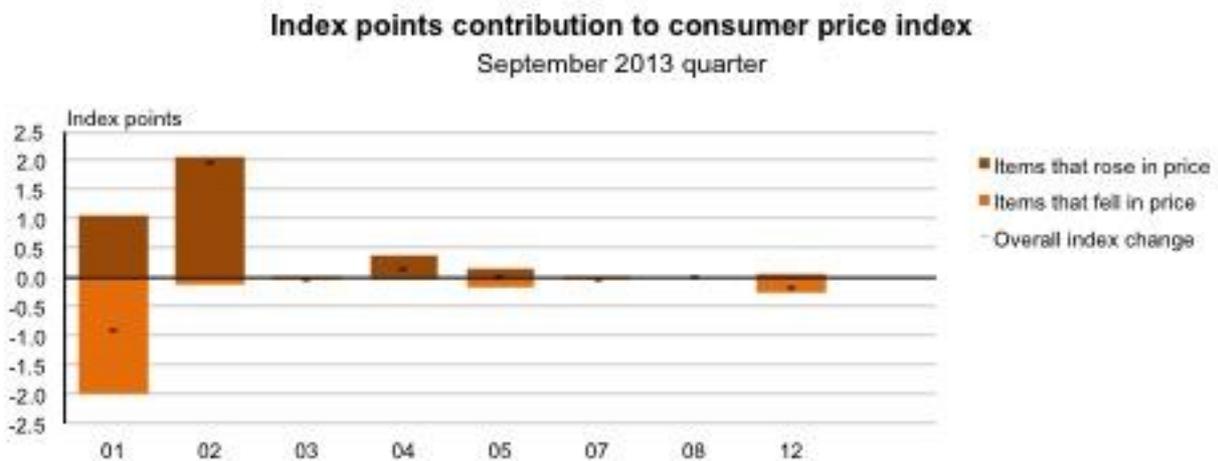
The graph below shows the impact of items that rose and fell in price. This led to a 1.1 percent increase for the September 2013 quarter CPI.

For the September 2013 quarter, the impact of the items that rose is more than the impact of items that fell.



Source: Tokelau National Statistics Office

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



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

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 Tokelau households. The selection and relative importance of the goods and services in the CPI basket represents the overall expenditure pattern of Tokelau households.

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 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 - 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 (e.g. if the index number in a later period is 150, prices have increased by 50.0 percent since the index reference period). Prices for later periods can also be compared in similar fashion. The CPI has an index reference period of 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 (i.e. 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.

Period-specific data quality information

Reference period

Prices for the September 2013 quarter were collected between 26 August, and 4 September 2013. Staff from the TNSO head office were in Tokelau during this period, and were able to undertake quality assurance work, as well as train new collection staff. Prices for the June 2013 quarter were collected between 15 May, and 10 June 2013, with the majority being collected in May. Staff working for the nuku administrative centres collected the prices for the June 2013 and September 2013 quarters.

Data influencers

Price changes may be influenced by external events. Factors that affected the September 2013 quarter CPI include:

- Nukunonu increased the price of cigarettes in order to use the additional revenue to offset prices in other areas. Each nuku (village) sets pricing policy independently, and this can

change at any time. Cigarettes have a relatively large weight in the CPI and therefore any change in price will have a significant impact on the overall CPI movement.

- Tokelau uses the New Zealand dollar as its currency; changes in the strength of the New Zealand dollar over the Samoa Tala can change Tokelau's buying power in Samoa. Changes are likely to affect the prices of goods sold in Tokelau.
- From 2013 nearly all goods sold in Tokelau are sourced directly from Samoa, however many of these goods are re-exports, originating from various other territories, 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 by both local demand, and 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.
- The Samoa Bureau of Statistics has reported consecutive decreases in its CPI each month from March to August 2013.

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