



December 2013 quarter Consumer Price Index

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Key facts

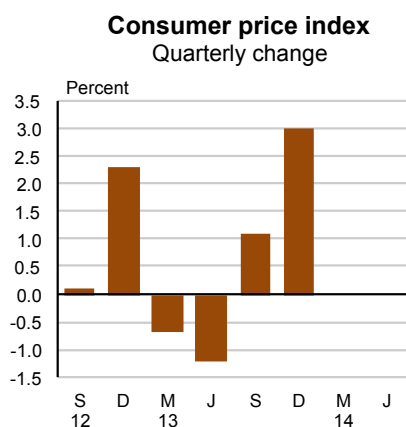
In the December 2013 quarter compared with the September 2013 quarter:

- The consumer price index (CPI) rose 3.0 percent.
- The main upward contribution came from the food and non-alcoholic beverages group (up 4.0 percent), reflecting higher prices for biscuits and crackers, canned fish, and milk powder.
- The alcoholic beverages and tobacco group rose (up 2.1 percent), lead by higher prices for cigarettes.
- Furnishings, household equipment and routine household maintenance prices rose 7.9 percent, reflecting higher prices for washing powder, nails, and kitchen cleaner.

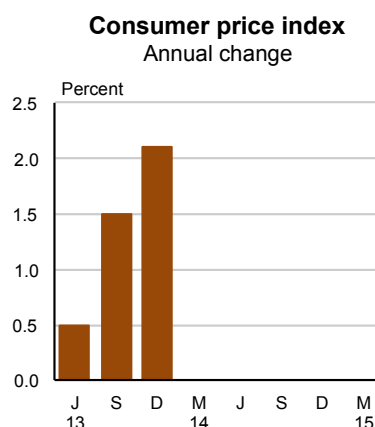
From the December 2012 quarter to the December 2013 quarter:

- The CPI increased 2.1 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

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National Statistician

31 January 2014

Commentary

- CPI rises 3.0 percent in December 2013 quarter
- CPI shows 2.1 percent increase for the year to December 2013
- Food and non-alcoholic beverages prices rise 4.0 percent for the December quarter
- Alcoholic beverages and tobacco group up 2.1 percent
- Prices for washing powder push up furnishings, household equipment and routine household maintenance costs
- Higher prices for LPG lead increase in the housing, water, electricity and other fuels group
- Summary of other group movements in the CPI

CPI rises 3.0 percent in December 2013 quarter

The CPI rose 3.0 percent in the December 2013 quarter. This follows an increase of 1.1 percent in the September 2013 quarter.

Seven of the CPI's eight groups recorded price increases for the December 2013 quarter. The food and non-alcoholic beverages group made the main upward contribution.

The key individual upward contribution came from higher prices for washing powder, up 63.5 percent.

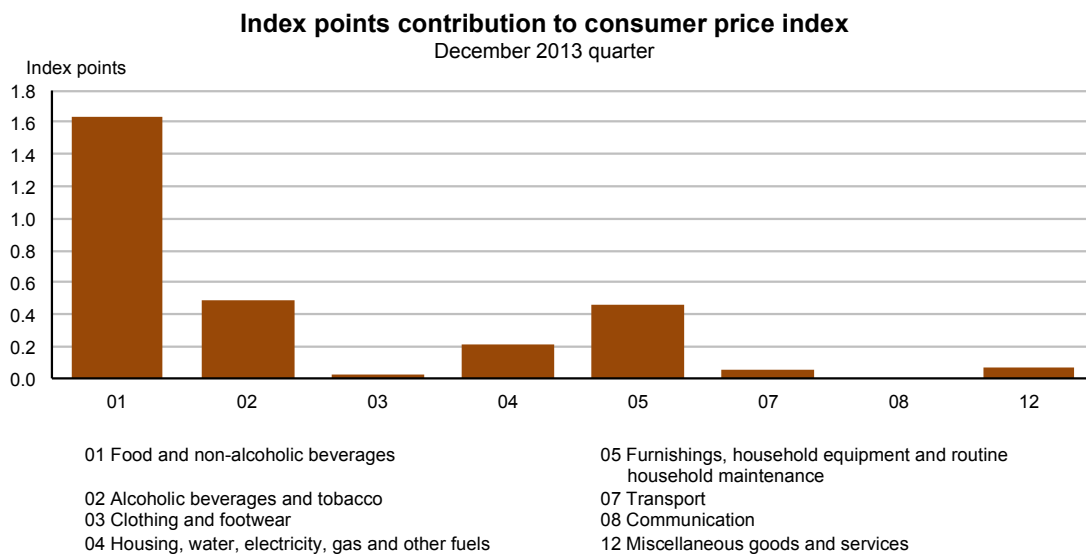
Higher prices were also recorded for:

- biscuits and crackers (up 28.0 percent)
- canned fish (up 21.1 percent)
- sugar (up 13.2 percent)
- milk powder (up 14.1 percent)
- cigarettes (up, 2.4 percent).

The main individual downward contributions came from lower prices for mayonnaise (down 11.9 percent), long-life milk (down 5.1 percent), flour (down 10.5 percent), and chicken pieces (down 2.2 percent).

No group recorded an overall price decrease in the December 2013 quarter.

Consumer price index groups: December 2013 quarter		
Group	Index points contribution to CPI	Quarterly percentage change
Food and non-alcoholic beverages	1.643	4.0
Alcoholic beverages and tobacco	0.494	2.1
Furnishings, household equipment and routine household maintenance	0.461	7.9
Housing, water, electricity, gas and other fuels	0.217	2.1
Miscellaneous goods and services	0.068	1.3
Transport	0.056	0.6
Clothing and footwear	0.030	2.7
Communication	0.000	0.0
All groups CPI	2.970	3.0
Note: Points contribution may not sum to total due to rounding.		



Source: Tokelau National Statistics Office

CPI shows 2.1 percent increase for the year to December 2013

The CPI increased 2.1 percent in the year to the December 2013 quarter. This follows a 1.5 percent increase in the year to the September 2013 quarter.

Five 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 8.8 percent. Higher prices were also recorded for the:

- housing, water, electricity, gas and other fuels group (up 7.5 percent)
- furnishings, household equipment and routine household maintenance group (up 11.5 percent)
- transport group (up 0.6 percent)
- clothing and footwear group (up 2.9 percent).

By group, the main downward contribution came from the food and non-alcoholic beverages group, down 2.7 percent.

Individually, the main upward contribution came from higher prices for cigarettes, up 12.3 percent.

Higher prices were also recorded for:

- paint (up 104.2 percent)
- sugar (up 22.3 percent)
- washing powder (up 52.6 percent)
- biscuits and crackers (up 17.4 percent).

The main individual downward contributions came from:

- chicken pieces (down 10.3 percent)
- mayonnaise (down 29.2 percent)
- instant coffee (down 30.0 percent)
- chocolate flavoured drink powder (down 20.7 percent).

Food and non-alcoholic beverages prices rise 4.0 percent for the December quarter

The food and non-alcoholic beverages group increased 4.0 percent in the December 2013 quarter. This compares with a 5.3 percent increase a year earlier, in the December 2012 quarter.

The food subgroup made the most significant contribution to the group's overall increase, with food prices up 4.1 percent. Prices within the non-alcoholic beverages subgroup increased 2.7 percent for the quarter.

Significant upward contributions came from higher prices for biscuits and crackers (up 28.0 percent), canned fish (up 21.1 percent), sugar (up 13.2 percent), and milk powder (up 14.1 percent).

Downward contributions came from lower prices for mayonnaise (down 11.9 percent), long-life milk (down 5.1 percent), flour (down 10.5 percent), and chicken pieces (down 2.2 percent).

Annual prices

For the year to the December 2013 quarter, prices in the food and non-alcoholic beverages group decreased 2.7 percent.

Significant downward contributions came from lower prices for chicken (down 10.3 percent), mayonnaise (down 29.2 percent), instant coffee (down 30.0 percent), and chocolate flavoured drink powder (down 20.7 percent).

Higher prices were recorded for sugar (up 22.3 percent), biscuits and crackers (up 17.4 percent), and fruit drink powder (up 21.7 percent).

Alcoholic beverages and tobacco group up 2.1 percent

Alcoholic beverages and tobacco prices rose 2.1 percent in the December 2013 quarter.

Higher prices for cigarettes were the major contributor to the group's overall increase, up 2.4 percent. Higher prices were also recorded for spirits, up 1.4 percent.

Annual prices

For the year to the December 2013 quarter, alcoholic beverages and tobacco prices increased 8.8 percent. A rise in the price for cigarettes (up 12.3 percent) was the major contributor the group's overall increase. The prices for spirits increased (up, 2.1 percent), and the prices for beer decreased (down, 8.7 percent).

The rise in the cost of cigarettes contributed 2.1 index points to the overall rise of 2.2 index points for the year to the December 2013 quarter.

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. This policy had a significant impact on overall increase in cigarette prices in the year to the December 2013 quarter.

Prices for washing powder push up furnishings, household equipment and routine household maintenance costs

Furnishings, household equipment and routine household maintenance costs increased 7.9 percent in the December 2013 quarter.

An increase in the price of washing powder (up 63.5 percent) was the most significant contribution to the group's overall increase.

The most significant downward contribution was made by cheaper prices for disinfectant, down 14.5 percent.

Annual prices

For the year to the December 2013 quarter, furnishings, household equipment and routine household maintenance prices increased 11.5 percent.

The key contributors to the group's overall increase were washing powder (up 52.6 percent), nails (up 17.4 percent), and fabric softener (up 18.6 percent).

Key downward contributions were made by cheaper prices for kitchen cleaner (down 17.9 percent), and batteries (down 11.1 percent).

Higher prices for LPG lead increase in the housing, water, electricity and other fuels group

Housing, water, electricity and other fuels prices increased 2.1 percent in the December 2013 quarter.

An increase in the cost of LPG (up 10.7 percent) was the most significant contributor to the group's overall increase. Higher prices were also recorded for cement, up 35.8 percent.

The only downward contribution for the group came from cheaper prices for kerosene, down 13.4 percent.

Annual prices

For the year to the December 2013 quarter, housing, water, electricity and other fuels prices increased 7.5 percent. The key contributors to the group's overall increase were paint (up 104.2 percent), and timber (up 49.2 percent).

LPG provided the main downward contribution to the group, with prices down 2.3 percent.

Summary of other group movements in the CPI

In the December 2013 quarter, three other groups recorded overall price increases, they were the:

- miscellaneous goods and services group (up 1.3 percent)
- transport group (up 0.6 percent)
- clothing and footwear group (up 2.7 percent).

The communication group recorded no movement for the quarter.

Annual prices

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

- transport group (up 0.6 percent)
- clothing and footwear group (up 2.9 percent).

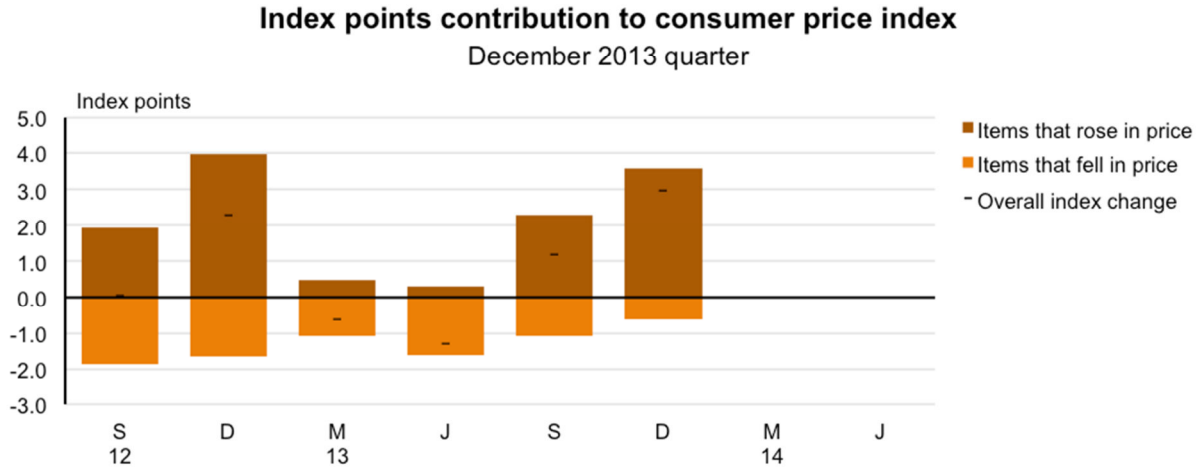
Price decreases were recorded for the miscellaneous goods and services group, down 0.7 percent.

The communication group recorded no change in the year to the December 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

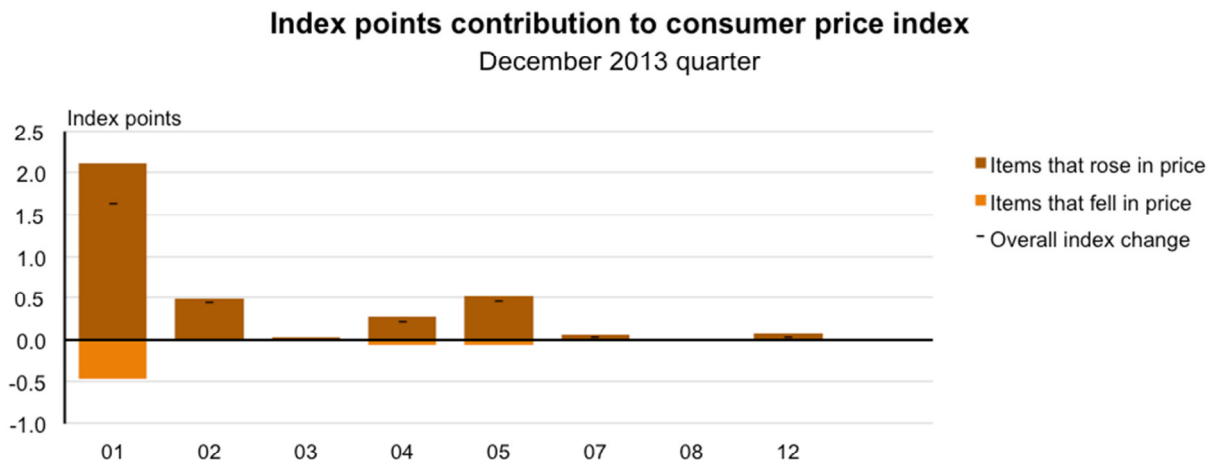
The graph below shows the impact of items that rose and fell in price. This led to a 3.0 percent increase for the December 2013 quarter CPI.

For the December 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 December 2013 quarter were collected between 6 November, and 4 December 2013, with the majority being collected in November. 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. Staff working for the nuku administrative centres collected the prices for the September, and December 2013 quarters.

Prices for the December 2012 quarter were collected between 3 and 13 December 2012.

Data influencers

Price changes may be influenced by external events. Factors that affected the December 2013 quarter CPI, and the December 2013 annual CPI include:

- The prices collected in Tokelau, are processed and quality checked by Tokelau National Statistics Office based in the Tokelau Apia Liaison Office in Apia, Samoa. On 13 December 2012 Cyclone Evan struck Samoa, flooding the Tokelau Apia Liaison Office. The flood destroyed the completed December 2012 quarter pricing sheets from Atafu. Prices for the December 2012 quarter were imputed for Atafu. This was done by either applying the average corresponding price movement for the other two atolls, or by carrying forward the last observed price in situations where this was more appropriate.
- 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.

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