



March 2014 quarter Consumer Price Index of Tokelau

Embargoed until 12.00pm (Samoa Standard Time)–30 April 2014

Key facts

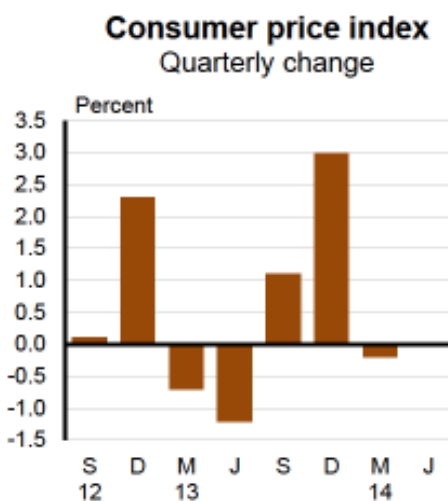
In the March 2014 quarter compared with the December 2013 quarter:

- The consumer price index (CPI) fell 0.2 percent.
- The main downward contribution came from the food and non-alcoholic beverages group (down 0.5 percent), reflecting lower prices for rice, chicken pieces, milk powder, and fruit drink powder.
- Miscellaneous goods and services fell 2.6 percent, led by lower prices for bathroom soap and nappies.
- The transport group fell 1.4 percent, reflecting lower prices for petrol.
- The alcoholic beverages and tobacco group rose (up 1.5 percent), led by higher prices for beer and cigarettes.

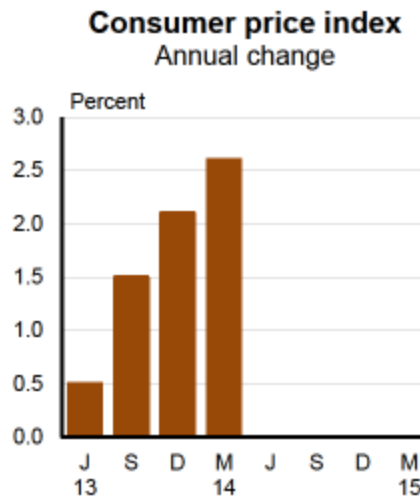
From the March 2013 quarter to the March 2014 quarter:

- The CPI increased 2.6 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 April 2014

Commentary

The following sections provide detailed commentary on the Consumer Price Index of Tokelau:

- [CPI falls 0.2 percent in March 2014 quarter](#)
- [CPI shows 2.6 percent increase for the year to March 2014](#)
- [Food and non-alcoholic beverages prices drop 0.5 percent](#)
- [Prices for alcoholic beverages and tobacco group rise 1.5 percent](#)
- [Summary of other group movements in the CPI.](#)

CPI falls 0.2 percent in March 2014 quarter

The CPI fell 0.2 percent in the March 2014 quarter. This follows an increase of 3.0 percent in the December 2013 quarter.

Five of the CPI's eight groups recorded price decreases for the March 2014 quarter. The alcoholic beverages and tobacco group made the only upward contribution.

The key individual downward contributions came from lower prices for:

- rice (down 12.6 percent)
- chicken pieces (down 7.4 percent)
- milk powder (down 10.3 percent)
- fruit drink powder (down 16.8 percent).

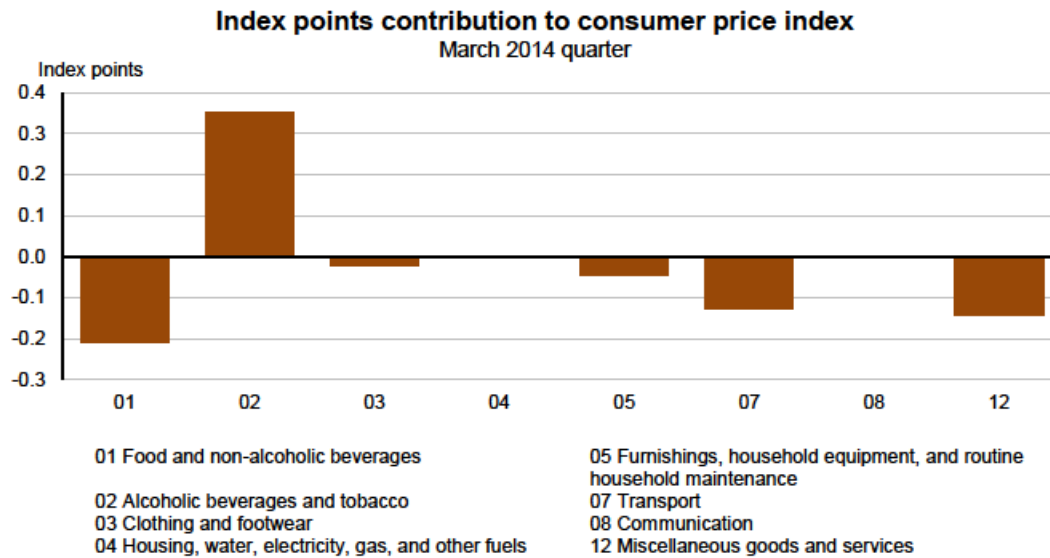
The main individual upward contributions came from higher prices for

- lamb and mutton (up 10.4 percent)
- chocolate-flavoured drink powder (up 26.8 percent)
- bottled beer (up 11.6 percent).

Consumer price index groups: March 2014 quarter

Group	Index points contribution to CPI	Quarterly percentage change
Food and non-alcoholic beverages	-0.208	-0.5%
Miscellaneous goods and services	-0.143	-2.6%
Transport	-0.127	-1.4%
Furnishings, household equipment, and routine household maintenance	-0.044	-0.7%
Clothing and footwear	-0.023	-2.1%
Housing, water, electricity, gas, and other fuels	-0.003	0.0%
Communication	0.000	0.0%
Alcoholic beverages and tobacco	0.351	1.5%
All groups CPI	-0.197	-0.2%

Note: Points contribution may not sum to total due to rounding.



Source: Tokelau National Statistics Office

CPI shows 2.6 percent increase for the year to March 2014

The CPI increased 2.6 percent in the year to the March 2014 quarter. This follows a 2.1 percent increase in the year to the December 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 10.4 percent). Higher prices were also recorded for the:

- housing, water, electricity, gas, and other fuels group (up 4.7 percent)
- furnishings, household equipment, and routine household maintenance group (up 7.0 percent)
- transport group (up 0.8 percent)
- clothing and footwear group (up 0.8 percent).

By group, the main downward contribution came from the food and non-alcoholic beverages group (down 1.1 percent). The costs of miscellaneous goods and services decreased by 2.6 percent.

Individually, the main upward contribution came from higher prices for cigarettes (up 12.8 percent).

Higher prices were also recorded for:

- lamb and mutton (up 22.1 percent)
- biscuits and crackers (up 26.9 percent)
- paint (up 51.0 percent)
- washing powder (up 31.2 percent).

The main individual downward contributions came from:

- noodles (down 37.1 percent)
- chicken pieces (down 14.0 percent)
- instant coffee (down 37.8 percent).

Food and non-alcoholic beverages prices drop 0.5 percent

The food and non-alcoholic beverages group dropped 0.5 percent in the March 2014 quarter. This compares to a 4.0 percent increase in the December 2013 quarter.

Prices within the non-alcoholic beverages subgroup decreased 0.6 percent for the quarter; combined prices in the food subgroup decreased 0.5 percent.

Within the food subgroup, significant downward contributions came from lower prices for rice (down 12.6 percent), chicken pieces (down 7.4 percent), milk powder (down 10.3 percent), and fruit drink powder (down 16.8 percent).

Upward contributions came from higher prices for lamb and mutton (up 10.4 percent), and chocolate-flavoured drink powder (up 26.8 percent).

Annual prices

For the year to the March 2014 quarter, prices in the food and non-alcoholic beverages group decreased 1.1 percent.

Significant downward contributions came from lower prices for noodles (down 37.1 percent), chicken (down 14.0 percent), and instant coffee (down 37.8 percent).

Higher prices were recorded for lamb and mutton (up 22.1 percent), biscuits and crackers (up 26.9 percent), and milk powder (up 15.3 percent).

Prices for alcoholic beverages and tobacco group rise 1.5 percent

Alcoholic beverages and tobacco prices rose 1.5 percent in the March 2014 quarter.

Higher prices for alcoholic beverages were the major contributor to the group's overall increase, with beer up 11.6 percent and spirits up 1.5 percent. Cigarette prices were up by 0.4 percent this quarter.

Annual prices

For the year to the March 2014 quarter, alcoholic beverages and tobacco prices increased 10.4 percent. A rise in the price of cigarettes (up 12.8 percent) was the major contributor to the group's overall increase. Increases were recorded for the prices of beer (up 6.1 percent) and of spirits (up 1.0 percent).

The rise in the cost of cigarettes contributed 2.2 index points to the overall rise of 2.7 index points for the year to the March 2014 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 the overall increase in cigarette prices for the year to the March 2014 quarter.

Summary of other group movements in the CPI

In the March 2014 quarter, four other groups recorded overall price decreases. These groups were:

- miscellaneous goods and services (down 2.6 percent)
- transport (down 1.4 percent)
- furnishings, household equipment, and routine household maintenance (down 0.7 percent)
- clothing and footwear (down 2.1 percent).

The housing, water, electricity, gas, and other fuels group, and the communication group recorded no movement for the March 2014 quarter.

Annual prices

In the year to the March 2014 quarter, prices also increased for the following groups:

- housing, water, electricity, gas, and other fuels (up 4.7 percent)
- furnishings, household equipment, and routine household maintenance (up 7.0 percent)
- transport (up 0.8 percent)
- clothing and footwear (up 0.8 percent).

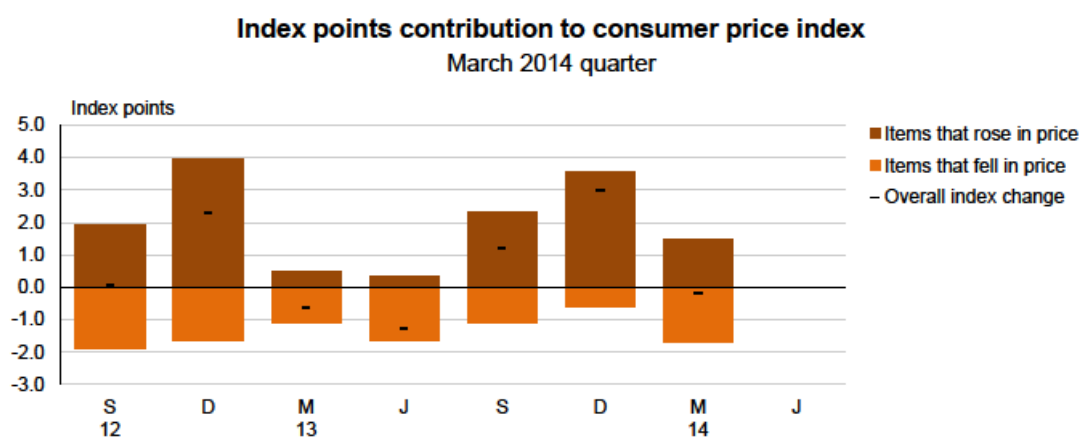
Price decreases were recorded for the miscellaneous goods and services group, down 2.6 percent.

The communication group recorded no change in the year to the March 2014 quarter. This reflects the fact that Tokelau has only one telecommunications provider, whose prices change infrequently.

Impact of items that rose and fell in price

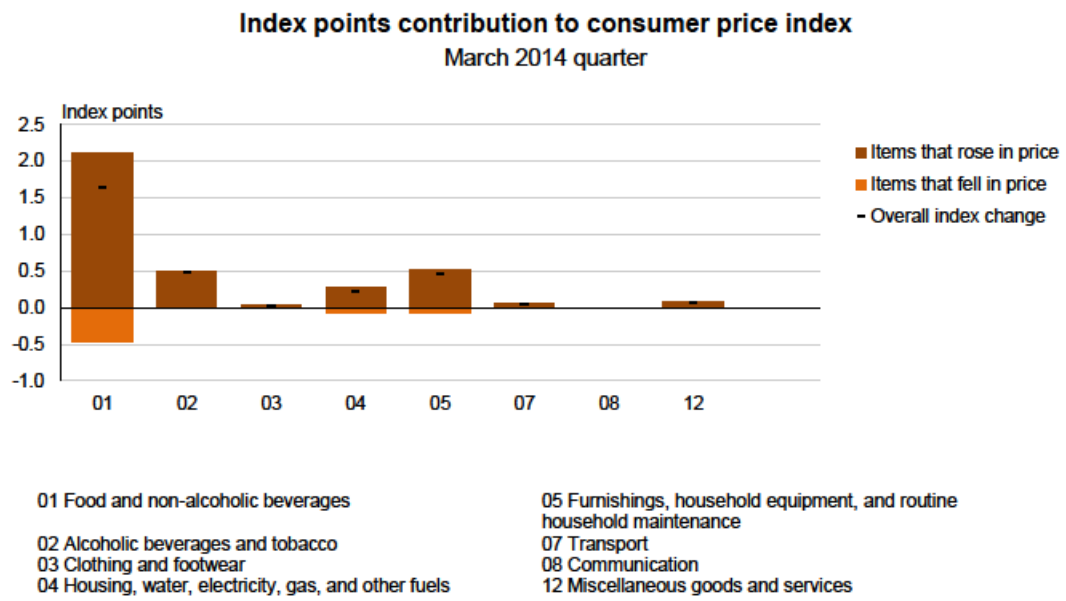
The graph below shows the impact of items that rose and fell in price. This led to a 0.2 percent decrease in CPI for the March 2014 quarter.

For the March 2014 quarter, the impact of the items that rose is less 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.



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 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 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 <http://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 (eg 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 (ie 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 March 2014 quarter were collected between 13 February and 7 March 2014, with the majority being collected in March. Prices for the December 2013 quarter were collected between 6 November, and 4 December 2013. Staff working for the nuku administrative centres collected the prices for the December 2013 and March 2014 quarters.

Prices for the March 2013 quarter were collected between 15 February and 15 March 2013, with the majority being collected in February.

Data influencers

Price changes may be influenced by external events. Factors that affected the March 2014 quarter CPI, and the March 2014 annual 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.
- 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 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.
- In the September 2013 quarter, Nukunonu implemented a policy of increasing the price of cigarettes, and using 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 continues to have a significant impact on the overall increase in cigarette prices in the year to the March 2014 quarter.

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