

Government of Niue



Finance and Planning

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Statistical Release

NIUE CONSUMER PRICE INDEX Quarter Ending December 2017



INTRODUCTION

Fakaalofa lahi atu.

The Honourable Minister of Statistics and Staff of Statistics Niue are very happy to put out this statistical release of the Niue Consumer Price Index (CPI) for the final quarter of 2017 ending 31st December.

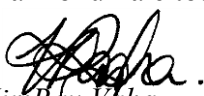
What is the Consumer Price Index? Consumer Price Index (CPI) measures changes in the prices of goods and services that households consume. Such changes affect the real purchasing power of consumers' incomes and their welfare. As the prices of different goods and services does not all change at the same rate, a price index can only reflect their average movements? (*ILO Consumer Price Index Manual: Theory and Practices (2004)*)

Uses of the CPI. The CPI was originally introduced to provide a measure of the changes in the living costs faced by workers, so that wages could be related to the changing levels of prices. However, over the years CPI have widened its scope and nowadays widely used as a macroeconomic indicator of inflation or a proxy for a general index of inflation for the economy as a whole. It has become a key statistic for the purpose of economic policymaking.

There are six main parts with four supporting parts to this release:

- A. Figures at a Glance
 1. The Niue Consumer Price Index (CPI): December Quarter 2017;
 2. Movements: Quarterly, Six Months, and Twelve Months of CPI;
 3. Main Items which impacts the CPI;
 4. Graphs: Groups' Movements Relative to CPI movement;
 5. Price Changes and Rate of Change;
 6. Annual average inflation;
 7. General Information and Acknowledgements
 8. Disclaimer
 9. Metadata

Kia monuina e totouaga. Fakaauae lahi.


KimRay Vaha

Government Statistician

A. FIGURES AT A GLANCE

Niue Consumer Price Index: December 2017

- **Base Year 2003 = 100 points**
- **December 2017** 178.0 points
- **September 2017** 161.8 points
- **CPI points difference** 16.8 points
- **Movements / Inflation:**

3 months	9.95%
6 months	11.88%
12 months	12.75%
Year to Date (All Qtrs.)	12.1%
- **Food Index (4.2points difference)** **204.7 points**
- **Main movers of CPI this quarter (in absolute terms):**

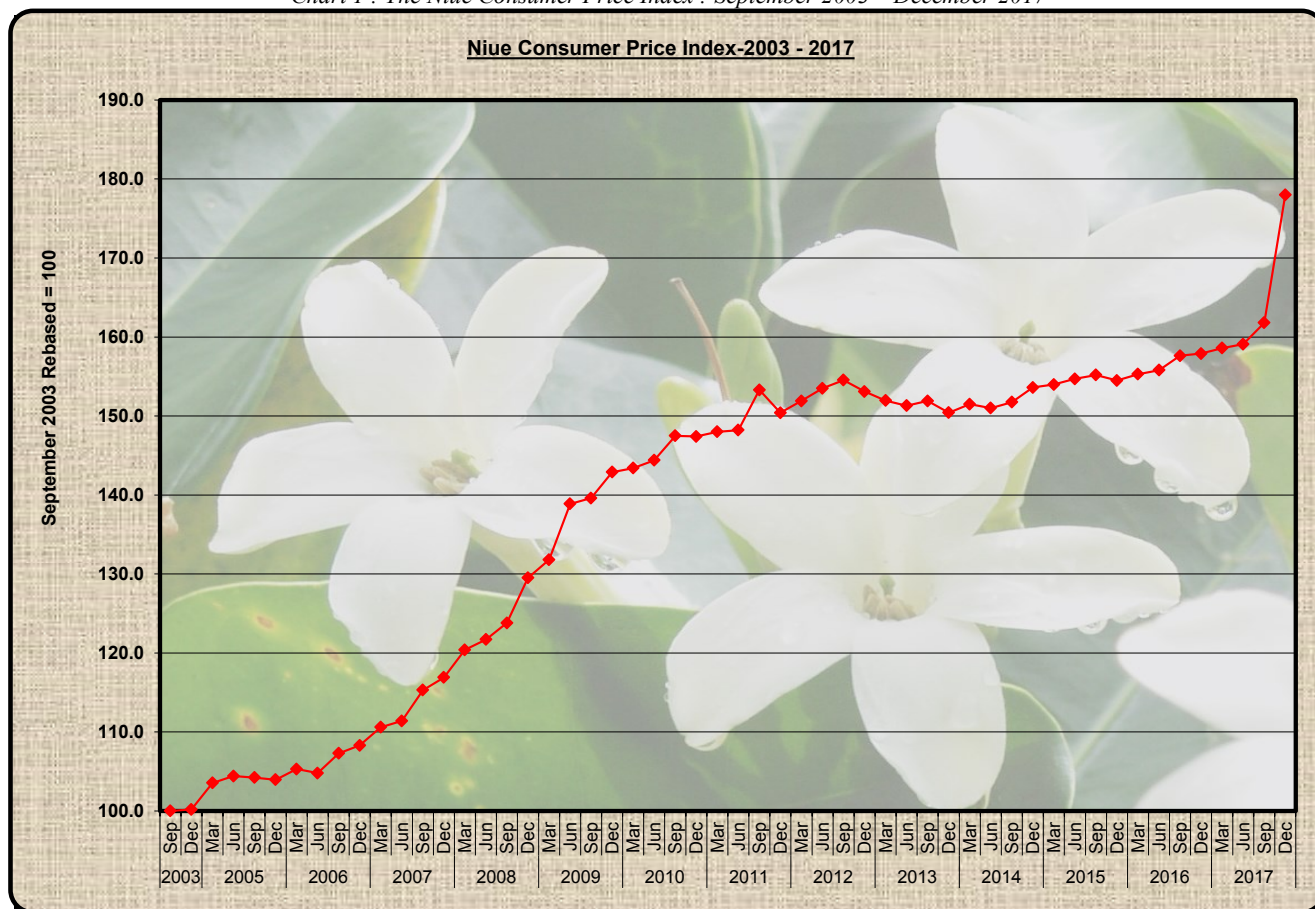
Tobacco and Alcohol	Up 80.4%
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- **Price increase relative to Base Year (\$100.00):**

Total movements (14.25 years)	75.39%
Price Increase (December 2017)	\$75.39
Current Price (December 2017)	\$175.39

1. The Niue Consumer Price Index for the quarter ending December 2017

Index Period December 2017
Base Period: September 2003 = 100

Chart 1 : The Niue Consumer Price Index : September 2003 – December 2017



1.1 The CPI: The Niue Consumer Price Index (CPI-All Groups denotes CPI) for the fourth and final quarter of 2017 ending 31st December stood at 178.0 points, 16.11 points higher than last quarter ending 30 September, 2017 (Table 1). This difference is translated to a 9.95% price movement or inflation rate (Table 2). This generally means the price of goods and services (All Groups) purchased by consumers from end of September to end of December has increased by the same rate.

The biggest movers (increase and decrease in absolute terms) in the commodity prices this quarter was seen in Tobacco and Alcohol group with a whopping increase of 80.38%, contributing to 8.33% to the CPI movement followed by Transport and Communication commodities with an increase of 2.70%, contributing 0.43%. Other contributors to this 9.95% increase are highlighted in Table 2.

This quarter witness the CPI level raised above the 170 mark to 178.0 points since reviewed in 2003. The increasing trend was fuelled particularly by commodities Tobacco and Alcohol group with an increase 266% in 14.25 years, followed by Food commodities with an increase of 106%. (refer Table 5 and Chart 5.2)

Notwithstanding the heavy reliance on imports Government policies with efforts from the business community have managed to keep the movement of prices of goods to the minimum or what is reckoned as a ‘sustainable or affordable’ level. However there maybe circumstances the movement/inflation is higher.

Table 1: Niue CPI by Groups from 2009 to the quarter ending December 2017 relative to Base Year (2003).

Year	Quarter ended	Food	Tob & Alc	Housing	HH Ops	Clothing	Trans/Comm	Misc	All Groups	CPI Point Movement
2003	+Sep	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	0.0
2010	Mar	164.0	135.2	130.1	185.8	135.6	111.6	128.4	143.4	0.5
	Jun	166.7	135.2	129.6	186.6	140.9	111.1	129.5	144.4	1.0
	Sep	172.9	151.8	129.6	185.9	140.6	111.6	129.0	147.5	3.0
	Dec	170.9	163.6	131.3	185.6	133.1	110.6	128.1	147.4	-0.1
2011	Mar	170.3	163.4	134.2	184.9	134.6	112.6	128.0	148.0	0.6
	Jun	173.5	163.4	134.2	185.4	133.6	109.0	129.6	148.2	0.2
	Sep	175.4	171.3	136.1	185.5	135.3	124.2	129.8	153.3	5.2
	Dec	173.3	171.3	134.7	186.2	135.9	114.6	129.5	150.4	-3.0
2012	Mar	174.9	173.0	134.8	187.9	134.8	117.5	129.9	151.9	1.6
	Jun	177.7	173.1	135.9	189.2	134.2	120.4	128.3	153.5	1.6
	Sep	179.7	176.0	135.0	189.3	138.5	120.3	129.7	154.5	1.0
	Dec	178.3	176.0	134.2	188.2	139.9	116.3	131.1	153.1	-1.4
2013	Mar	179.8	176.0	134.7	188.5	141.4	109.5	130.2	152.0	-1.2
	Jun	181.3	176.0	134.3	187.4	139.0	106.8	128.9	151.3	-0.7
	Sep	176.9	176.0	137.5	186.9	138.6	112.7	130.0	151.9	0.6
	Dec	175.3	183.8	137.5	186.7	137.5	106.4	129.4	150.4	-1.5
2014	Mar	179.4	183.8	137.9	186.1	137.0	106.3	129.4	151.5	1.04
	Jun	180.0	183.8	138.0	185.8	137.3	103.7	129.3	151.0	-0.48
	Sep	182.0	183.8	137.9	186.4	138.2	104.0	129.7	151.7	0.77
	Dec	183.8	199.3	137.5	186.2	137.8	104.7	129.8	153.6	1.86
2015	Mar	186.6	199.3	137.3	186.1	137.1	103.2	130.0	154.0	0.38
	Jun	188.9	199.3	136.7	185.6	136.3	104.2	130.2	154.7	0.71
	Sep	190.5	199.3	136.3	186.6	137.6	103.6	130.7	155.2	0.51
	Dec	189.3	199.3	136.5	189.1	129.4	102.1	130.8	154.5	-0.65
2016	Mar	190.4	199.3	136.4	189.2	129.4	104.1	130.7	155.3	0.78
	Jun	191.1	202.8	136.2	189.1	128.5	103.8	131.7	155.8	0.43
	Sep	197.1	202.8	136.2	189.1	129.8	104.3	131.9	157.6	1.88
	Dec	197.3	202.9	136.9	189.8	130.2	104.3	131.8	157.9	0.23
2017	Mar	199.4	203.1	137.1	190.0	130.0	104.6	132.2	158.6	0.73
	Jun	200.7	203.1	137.1	190.1	134.9	104.2	132.3	159.1	0.49
	Sep	200.5	203.1	137.3	183.3	135.5	107.2	162.6	161.9	2.80
	Dec	204.7	366.3	137.4	188.0	136.9	110.1	162.8	178.0	16.11

2. The Niue Consumer Price Index Movements (3, 6 and 12 months): Quarter ending December 2017

2.1 The increase or decrease of CPI.

The movement of the CPI is a general reflection of how much the prices of goods and services in the “CPI basket” have moved in a given period, but not necessarily as individual groups or individual items sold to the consumers over the counter (in the shops) or services provided to the consumers. Individual group items however have their own index movements in 3 months (or quarterly), 6 months and 12 months periods to the end of the index period. An interesting point to note that most or if not all these movements or effects (increase and decrease) of the CPI are somewhat related to that in the New Zealand CPI because of the trade links and other ties we have with New Zealand; and also the prices of commodity groups with high weights in the CPI. However, there may be some variations from time to time depending on the circumstances on the factors that affect the pricing of certain commodities. This is further discussed in other parts of the release. The top ten commodities of these groups that affected the movement (in absolute terms) are shown in Part 3 (Table 4) of this release.

Chart 2 below, *The Niue Consumer Price Index September 2017: Price Movements in periods* clearly depicted the significant changes especially in the Tobacco and Alcohol commodities at the end of this quarter for 3 months, 6 months and 12 months. Details of the changes are found in Table 2 below.

Chart 2: The Niue Consumer Price Index December 2017: Price Movements in periods

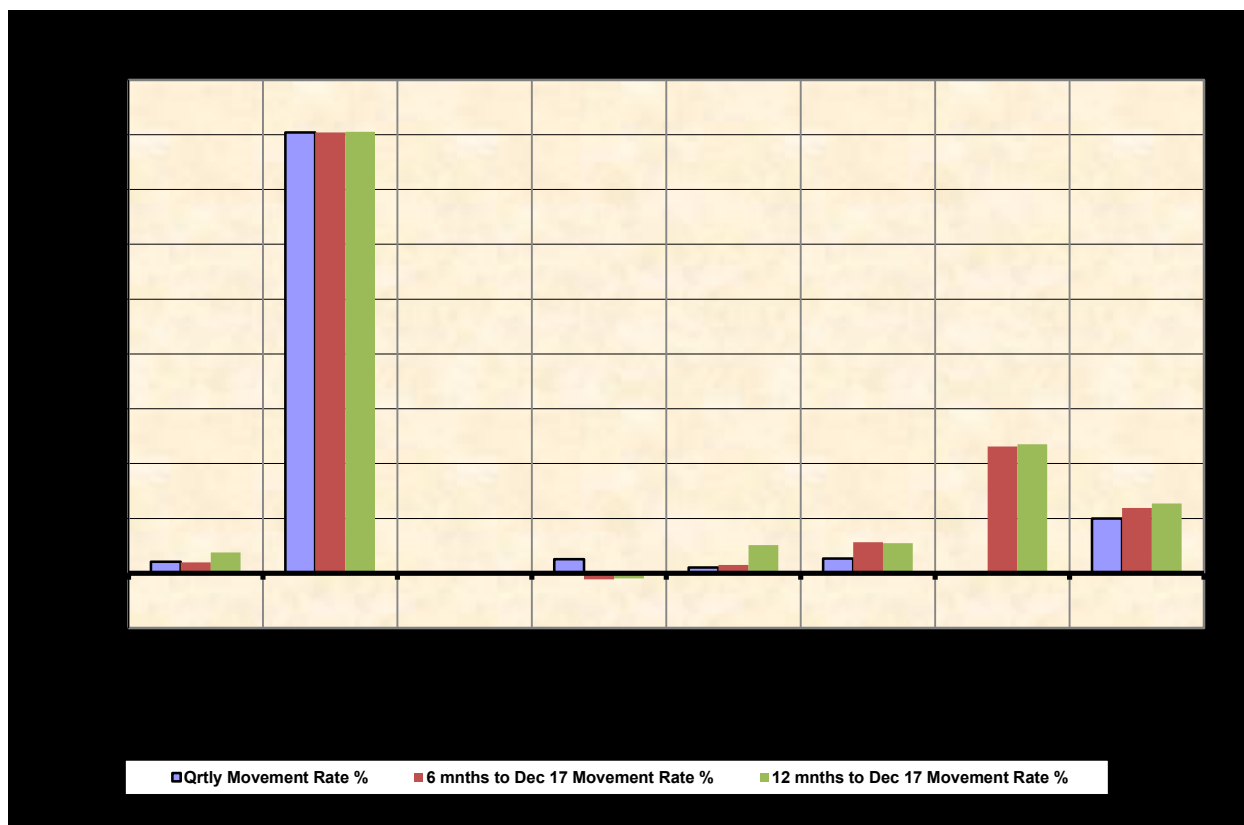
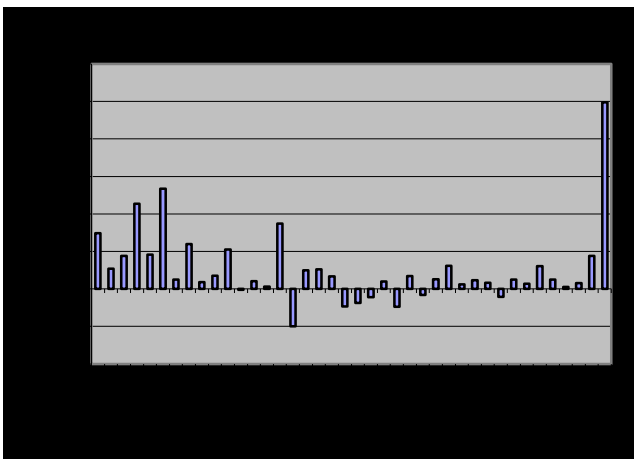


Table 2: Point Differences and Relative Price Movement Rates for Individual groups for the Quarter, Six-Months and 12-Months ending December 2017.

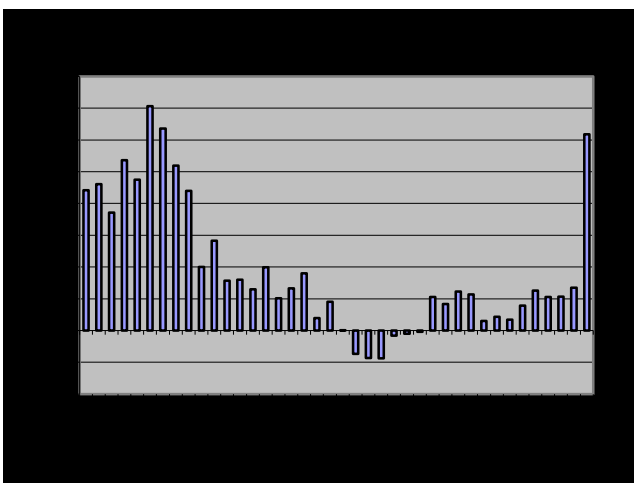
Commodities	Food	Tob & Alc	Housing	HH Ops	Clothing	Trans/Comm	Misc	All Groups
Qtrly Points Diff.	4.18	163.23	0.10	4.70	1.40	2.89	0.25	16.11
Qtrly Movement Rate %	2.08%	80.38%	0.08%	2.57%	1.04%	2.70%	0.15%	9.95%
6 mnths to Dec 17 Movement Rate %	1.98%	80.38%	0.22%	-1.10%	1.48%	5.67%	23.10%	11.88%
12 mnths to Dec 17 Movement Rate %	3.78%	80.49%	0.35%	-0.97%	5.14%	5.48%	23.50%	12.75%



2.2 Three months or quarterly movement:

The *quarterly (3 months)* inflation rate or price movement came to 9.95%; ranging from as low as 0.08% in the Housing group, to a high of 80.38% in the Tobacco and Alcohol group. Other movements of other groups are shown in Table 2 above.

Chart 2a: CPI - Price Movements in Quarters 2008 to 2017



2.3 Six and Twelve month’s movements:

For the *six months* period to the inflation rate moved by 11.88%; with commodities in the Tobacco and Alcohol group (at 80.38%) as the biggest mover.

For the *twelve months* period December 2016 to December 2017 the inflation rate (All Groups) increased by 12.75%. (Table 2) This is the first time the CPI increased to this level since 2009 during the introduction of the Niue Consumption Tax (NCT).

Chart 2a: CPI - Price Movements in Quarters 2008 to 2017

2.4 Groups' contributions to the price movements (Table 3 & Chart 3): The original percentage contributions of the different groups to the CPI were determined by the weights allocated to the 'basket of goods and services' - the basket and weights were rebased in September 2003. There is an intention of the office to rebase this basket of goods and services for year 2018.

From the information above we knew of the movements of individual groups and the CPI. Table 3 below depicted how much of those groups have contributed to the overall CPI movement at the end of quarter. The biggest single contributor to the 9.95% inflation at the end of this quarter (December 2017) was from the items in the Tobacco and Alcohol group with a 8.33%.

Table 3: Groups contributions to the CPI for Quarter ending December 2017.

Broad Group Category	Food	Tob & Alc	Housing	HH Ops	Clothing	Trans/Comm	Misc	All Groups
Index	204.7	366.3	137.4	188.0	136.9	110.1	162.8	178.0
% of actual contribution to All Groups	32%	17%	9%	15%	3%	15%	9%	100%
% contribution to All Groups % change Dec 17	0.71%	8.33%	0.01%	0.42%	0.04%	0.43%	0.02%	9.95%

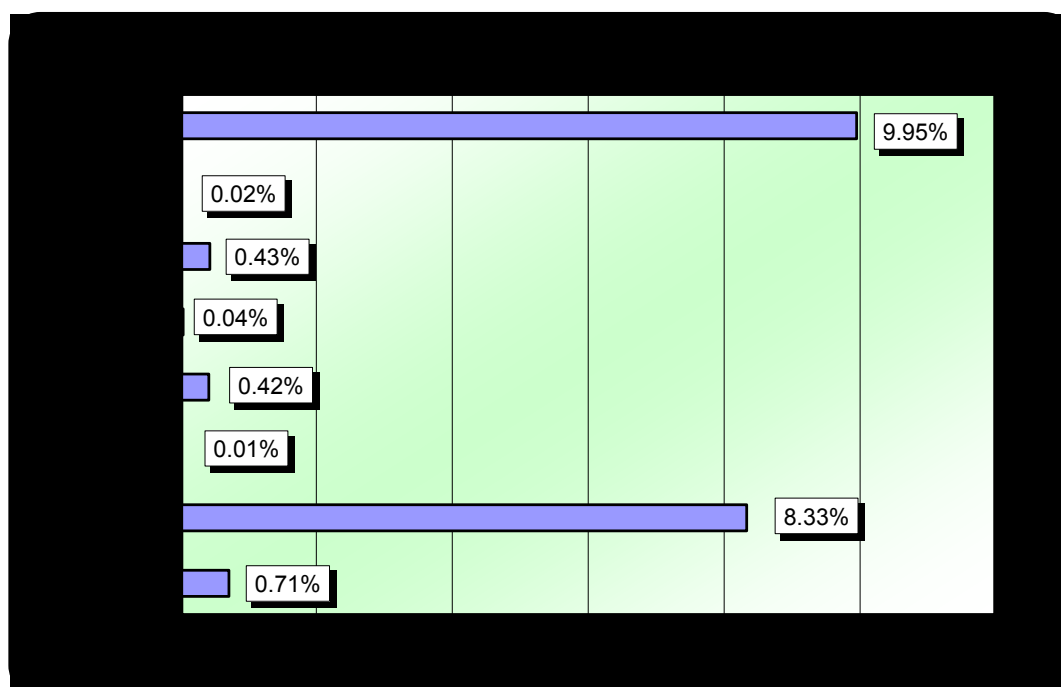


Chart 3: The Group's Contributions to All Groups Changes – December 2017.

Note: Numerical difference of figures is the result of rounding.

3. Main Items with noticeable impacts to the CPI – December 2017

Table 4: Commodity items with a noticeable impact to the CPI movement for the period ending December 2017.

Commodity	Item Group	September 2017
Packet of Cigarettes	Tobacco and Alcohol	12.85
Petrol 91 unleaded	Transport and Communication	0.66
Toilet roll in pack of four	Household Operations	0.52
Dinner Out	Food	0.46
Bread - local white	Food	0.43
Tobacco	Tobacco and Alcohol	0.34
Tyres Repair	Transport and Communication	0.32
Glass of Whisky	Tobacco and Alcohol	0.29
Airfare Niue-Auckland return adult full price	Transport and Communication	-0.34
Uga	Food	-0.37

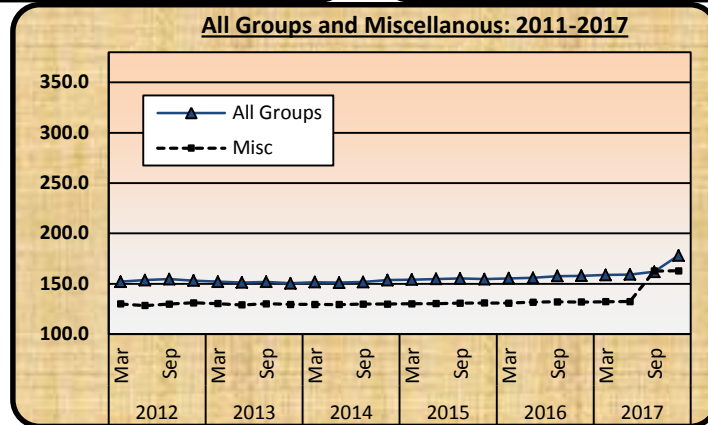
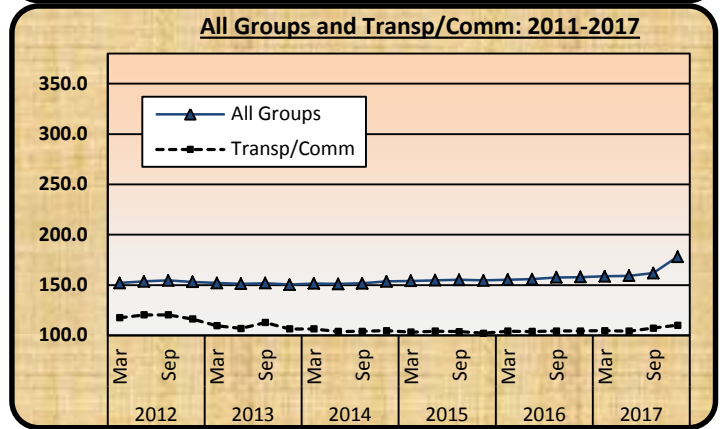
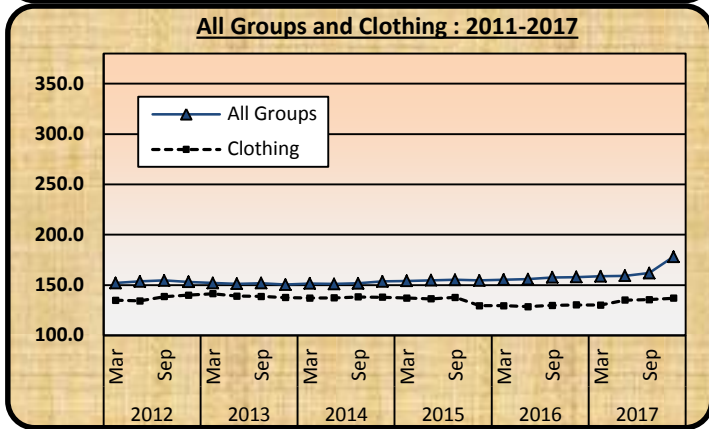
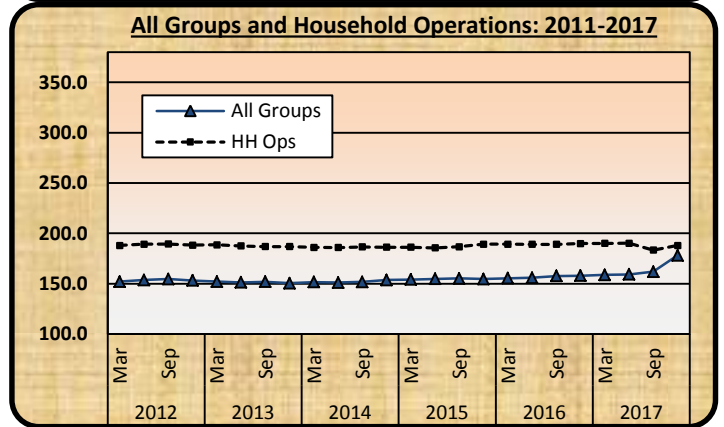
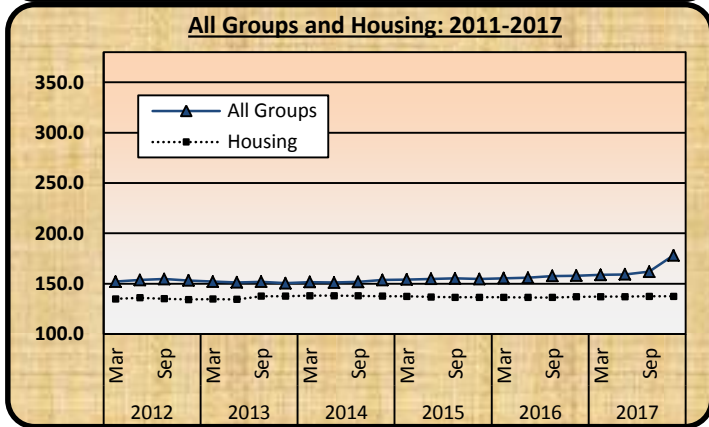
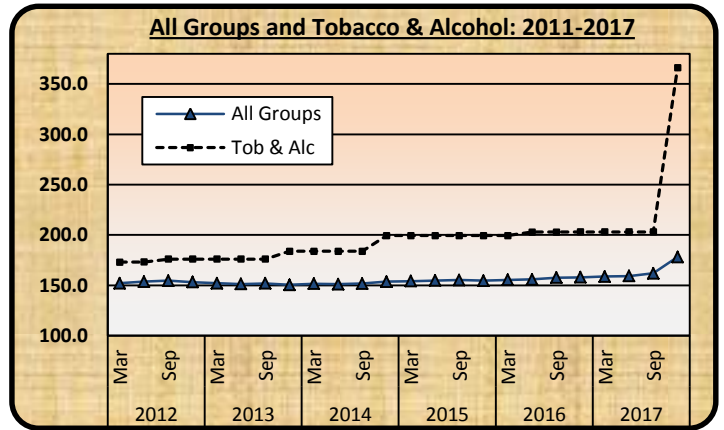
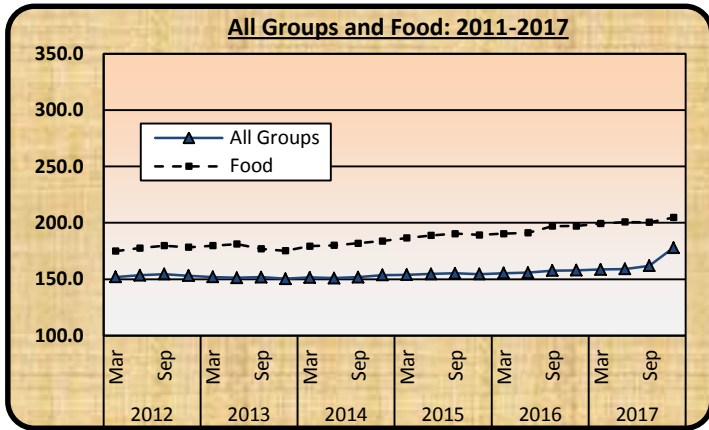
Table 4 shows the commodities that have significantly contributed to the movement (increase and decrease) of the CPI for the opening quarter ending December 31st, 2017.

Those on the high side saw the most increase of prices are cigarettes and petrol. Other items with noticeable high contributions are found above.

Commodities on the low side which include a full return airfare to Auckland and back in the Transport and Communication group and the price of Uga sold at the market.



4. CPI movements for each broad group category relative to All Groups movement.



5. Price Changes and the Rate of Changes to December 2017

Since the rebased of the CPI in September 2003 there has been a continuous increase of prices of goods and services (CPI-All Groups) albeit at different rates (*charts 5.1 and 5.2*). There has been a period when prices stabilised between \$150 and \$160. However, at the end of this quarter saw some big changes to prices of cigarettes and fuel as Government approve new prices for these commodities took effect resulting in the CPI rising to more than \$170.

Relatively, to date the CPI (All Groups) sharply rose to 75.39% making it \$175.39 for the same amount of goods and services since September 2003. Fourteen and a quarter years ago (*table 5*) Tobacco & Alcohol group has risen by 266.45% or a movement of \$22.06 from \$8.28 to \$30.33 now.

Table 5: Price Change of Individual Groups in December 2017 from September 2003.

Commodity Groups	Food	Tob & Alc	Housing	HH Ops	Clothing	Trans/Comm	Misc	All Groups
Original Indices rebased in Sept 2003	100	100	100	100	100	100	100	100
Original Amount derived from Weights	\$26.89	\$8.28	\$10.97	\$13.58	\$5.07	\$25.74	\$9.47	\$100.00
Dec-17	204.7	366.3	137.4	188.0	136.9	110.1	162.8	178.0
Change	2.08%	80.38%	0.08%	2.57%	1.04%	2.70%	0.15%	9.95%
Dec'17 Prices	\$55.46	\$30.33	\$15.05	\$26.46	\$7.18	\$27.43	\$14.10	\$175.39
Level of movement relative to base	\$28.57	\$22.06	\$4.08	\$12.88	\$2.11	\$1.69	\$4.63	\$75.39
	106.26%	266.45%	37.19%	94.83%	41.54%	6.57%	48.95%	75.39%

Overall Price Change to December 2017 relative to Base Price in September 2003

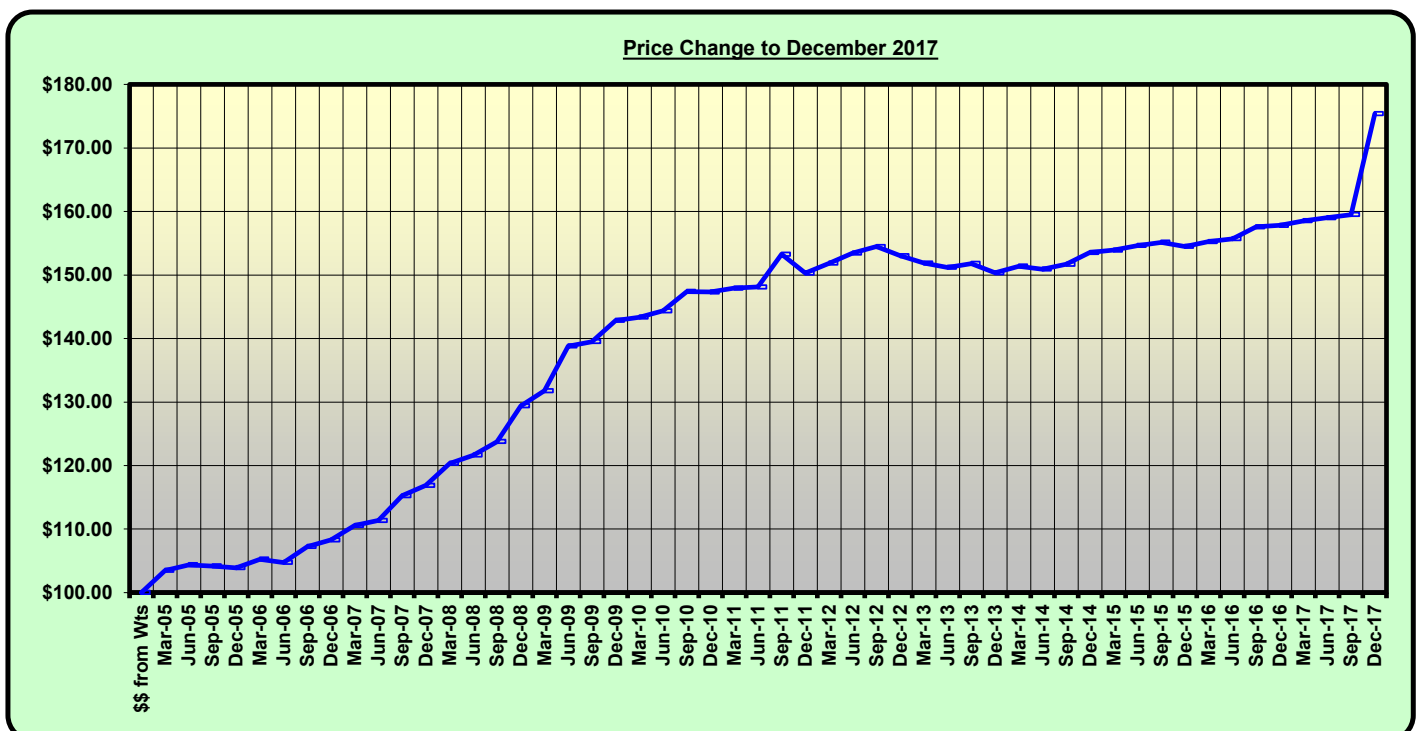


Chart 5.1: The Price change to September 2017 relative to September 2003 base year.

This is a simple scenario to illustrate how the consumer price index and prices of the goods inside the CPI basket have moved from the base period September 2003 to December 2017. Although the trend generally depicted a constant but slow increase in prices of goods and services but at the end of this quarter (year) there was a spike in the CPI. The prices of a packet of cigarettes and a packet of tobacco have increased by 133.3% and 150.0% respective from the last quarter. However, if these movements were not considered the CPI will only move by about 2% as expected.

There are various reasons for the changes in the prices of goods and services sold in Niue. However, one of the distinct factors is its natural geographical setup as an isolated atoll which hinders Niue's ability to manufacture or produce products locally. Hence, Niue is heavily reliant on imported goods and services. Embedded in the cost/prices of imported goods and services are the price movements of fuel and transportation cost. Through these, Niue will always be and susceptible to volatile global market and demand movements and prices of goods and services on the island are expected to always be higher compared to other countries.

Therefore one might settle with the thinking that the price inflation of Niue is more an "imported inflation" than anything else.

Table 6: The changes of March Quarter prices from December 2005 to December 2017 relative to Base period -September 2003.

Commodity Groups	Food	Tob & Alc	Housing	HH Ops	Clothing	Trans/Comm	Misc	All Groups
\$\$ from Wts (Sep 2003)	\$27	\$8	\$11	\$14	\$5	\$26	\$9	\$100
Dec-05	\$28.12	\$8.70	\$11.29	\$15.05	\$6.16	\$25.23	\$10.59	\$103.91
Dec-06	\$30.12	\$9.35	\$11.34	\$15.05	\$6.01	\$25.94	\$11.75	\$108.29
Dec-07	\$32.52	\$10.00	\$12.21	\$17.02	\$6.65	\$26.75	\$13.04	\$116.87
Dec-08	\$35.84	\$10.33	\$12.56	\$20.92	\$6.93	\$30.51	\$13.60	\$129.40
Dec-09	\$43.49	\$10.88	\$14.34	\$23.67	\$6.77	\$31.17	\$13.44	\$142.84
Dec-10	\$45.97	\$13.55	\$14.41	\$25.20	\$6.75	\$28.46	\$13.62	\$147.33
Dec-11	\$46.60	\$14.19	\$14.78	\$25.29	\$6.89	\$29.49	\$13.77	\$150.31
Dec-12	\$47.95	\$14.57	\$14.73	\$25.56	\$7.10	\$29.92	\$13.94	\$153.04
Dec-13	\$47.14	\$15.22	\$15.09	\$25.36	\$6.98	\$27.38	\$13.76	\$150.35
Dec-14	\$49.43	\$16.51	\$15.09	\$25.27	\$6.99	\$26.95	\$13.80	\$153.55
Dec-15	\$50.90	\$16.51	\$14.97	\$25.67	\$6.56	\$26.30	\$13.91	\$154.49
Dec-16	\$53.03	\$16.81	\$15.02	\$25.76	\$6.61	\$26.87	\$14.03	\$157.81
Dec-17	\$55.46	\$30.33	\$15.05	\$26.46	\$7.18	\$27.43	\$14.10	\$175.39

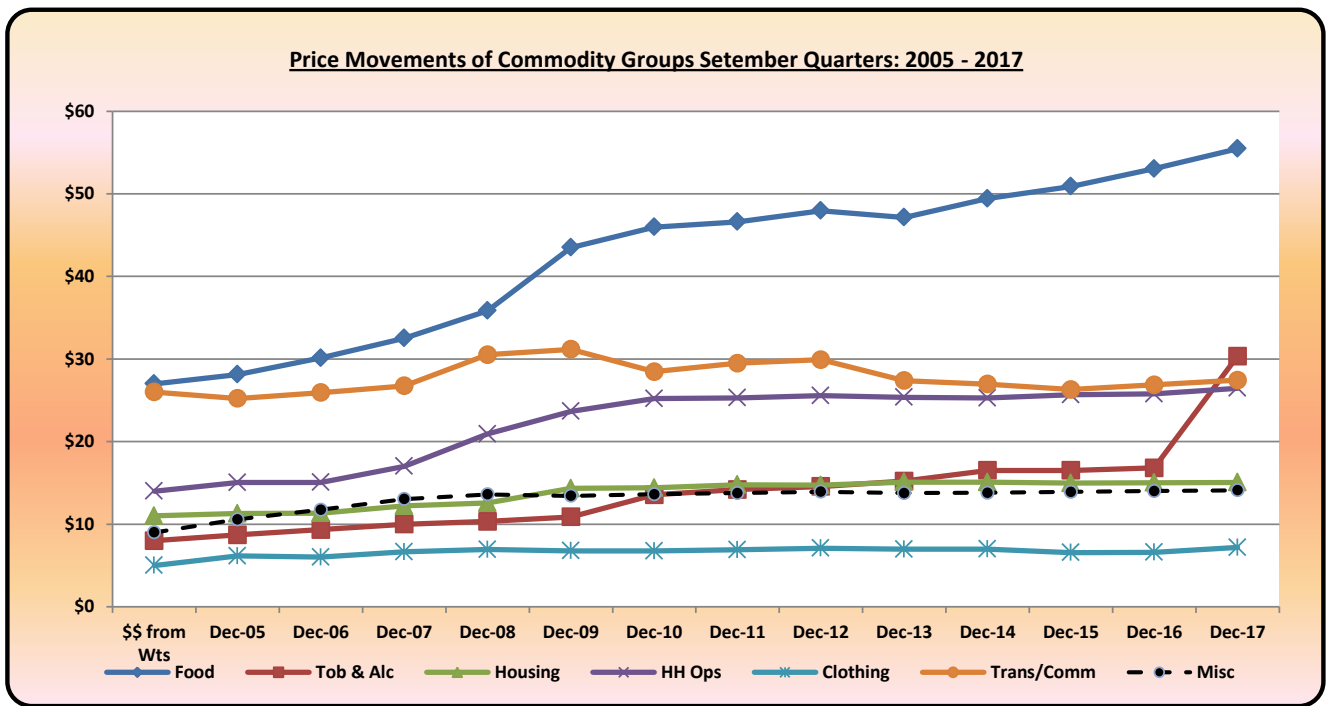
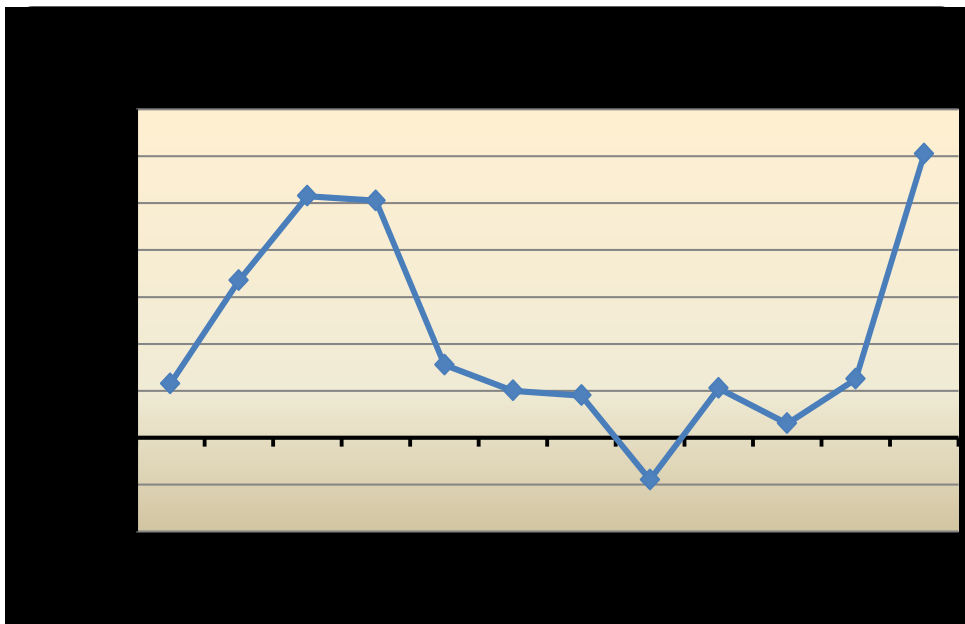


Chart 5.2: The Price change of commodity groups during December Quarters 2005 to 2017 relative to September 2003 base year.

6. Annual Average Inflation: 2006 – 2017



Year	Average Inflation rate
2006	2.3%
2007	6.7%
2008	10.3%
2009	10.1%
2010	3.1%
2011	2.00%
2012	1.8%
2013	-1.80%
2014	2.1%
2015	0.6%
2016	2.5%
2017	12.1%

* Revised – 2.1% accounts for 12 months movements of inflation as oppose to cumulative rates year to date(ytd).



7. General information and Acknowledgements

New Consumer Price Index.

Following the Household Income and Expenditure Survey (HEIS) conducted in 2016, the CPI Basket of goods and services bought by consumers will be revised accordingly. The new compilation will contain of prices of goods and services of existing ones, the new emerging ones consumers are buying and sellers are selling and will omit the commodities consumers are no longer buying and sellers or suppliers are no longer supplying. This revision will be undertaken and used in 2018 CPI.

Imported inflation: What is imported inflation? “Inflation due to increases in the prices of imports. Increases in the prices of imported final products directly affect any expenditure-based measure of inflation. Increases in the prices of imported fuels, materials, and components increase domestic costs of production, and lead to increases in the prices of domestically produced goods. Imported inflation may be set off by foreign price increases or by depreciation of a country's exchange rate”. *Oxford dictionary of Economics.*

Statistics Niue acknowledges the owners and workers of the various retail outlets of Niue who have assisted the staff with the collection of the data necessary to compile the CPI of Niue. Fakaau lahi mahaki, thank you very much. We look forward to your on going support so together we will provide good price statistics for the use of policy makers of Niue and Government in their decisions to make Niue prosperous.

8. Disclaimer

Statistics Niue gives no warranty that the information or data supplied contains no errors. However, all care and diligence has been used in processing, analysing, and extracting the information. Therefore, Statistics Niue shall not be liable for any loss or damage suffered by the customer consequent upon the direct or indirect use of the information supplied in this publication.



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9. NIUE CONSUMER PRICE INDEX (CPI) METADATA

1. INTRODUCTION:

Statistics Niue (SN) the national statistics office of Niue is responsible for the collection, processing and dissemination of Niue Consumer Price Index and calculation of the Core inflation. Part of these responsibilities of SN is the issuing of metadata used to produce the CPI and the quality checks and other consistency checks are done in the processing of the data.

The compilation of the Niue Consumer Price Index was based on the methodology and guidelines stipulated in the United Nations International Labour Office (ILO) Consumer Price Index Manual: Theory and Practices (2004), the United Nations Systems of National Accounts 1993 and the United Nations Practical Guide To Producing Consumer Price Indices (2009).

2. CATEGORIES COVERED BY THE METADATA:

- About the Data
- Dissemination of the Data

2.1 About the Data

2.1.1. Concepts/Definitions

Consumer Price Index (CPI) measures changes in the prices of goods and services that households consume. Such changes affect the real purchasing power of consumers' incomes and their welfare. As the prices of different goods and services do not all change at the same rate, a price index can only reflect their average movement. (*ILO Consumer Price Index Manual: Theory and Practices (2004), p1*)

Core inflation is defined as the rate of change of headline CPI. It aims to capture the permanent component of the inflationary process that can be influenced by government relevant policy. In principle, headline inflation, which refers to the rate of change in the overall CPI, aims to capture changes in peoples' cost of living based on the movements of the average price of a specified basket of commodities and services consumed by a typical Niuean household. Core inflation serves as a useful complement to headline inflation by providing information about the long-term direction of consumer price movements and serving as an indicator of future inflation.

2.1.2. Unit of Measure

The CPI is expressed in points and the inflation rate is expressed in percent.

2.1.3. Reference Period

The initial reference period for the new Niue Consumer Price Index was 1990 (=100 points) and was revised in 2000 to account for the changes of

the commodities in the ‘CPI basket’, and was further rebased in 2003 (=100 points) after the 2002 Household Income and Expenditure.

2.1.4. Coverage/Scope

The “CPI basket” contains commodities that make up these broad groups:

- Food
- Tobacco and Alcohol
- Household Operations
- Housing
- Clothing and Fabrics
- Transport and Communications
- Miscellaneous

The commodity prices are collected from **thirty(30) in-country outlets**. Most of them are privately owned and operated with a few owned by government and they were located in the capital or main center Alofi. A number of prices of certain commodities are brought over from Statistics New Zealand. These products are bought by consumers from New Zealand that are generally not sold elsewhere in Niue.

2.1.5. Limitations

One of the noticeable limitations of the CPI was the exclusion of the prices of small outlets in the villages where consumer also purchased the same commodities.

Core inflation is computed at the national level only.

2.1.6. Source and Frequency of Data

Source of data

CPI and core inflation is derived from unadjusted/original data generated from prices of commodities collected from selected outlets.

Frequency of conduct

CPI and core inflation is computed/generated quarterly.

2.2. Dissemination of the data

2.2.1. Periodicity of dissemination

Published every quarter.

2.2.2 Mode and Schedule of Dissemination.

Format/Mode Schedule for the current year

- Hard copy

Statistical release: Seven to fourteen days after the reference month

- Electronic

E-mail: Seven to fourteen days after the reference month

Website: Seven to fourteen days after the reference month (The office is experiencing problems uploading information to the web server hence this option is unavailable).

2.2.3 How to Access

A release on the Quarterly CPI and core inflation is posted at the NSO website (www.spc.int/prism/country/nu/stats). This contains summary tables on the CPI and core inflation. Copies of the release can also be download from the same website or obtained by request from the Statistics Niue Office, Fale Gahua Fakatufono Niue.

