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Statistical Release

NIUE CONSUMER PRICE INDEX Quarter Ending June 2010



Introduction

Fakaalofa lahi atu.

Statistics Niue is very happy to put out this statistical release of the Niue Consumer Price Index (CPI) for the quarter ending 30 June 2010.

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 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)*)

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

- A. Figures at a Glance
 1. The Niue Consumer Price Index (CPI): June Quarter 2010;
 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. General Information and Acknowledgements
 7. Disclaimer
 8. Metadata

Kia monuina e totouaga. Fakaauae lahi.

KimRay Vaha

Government Statistician



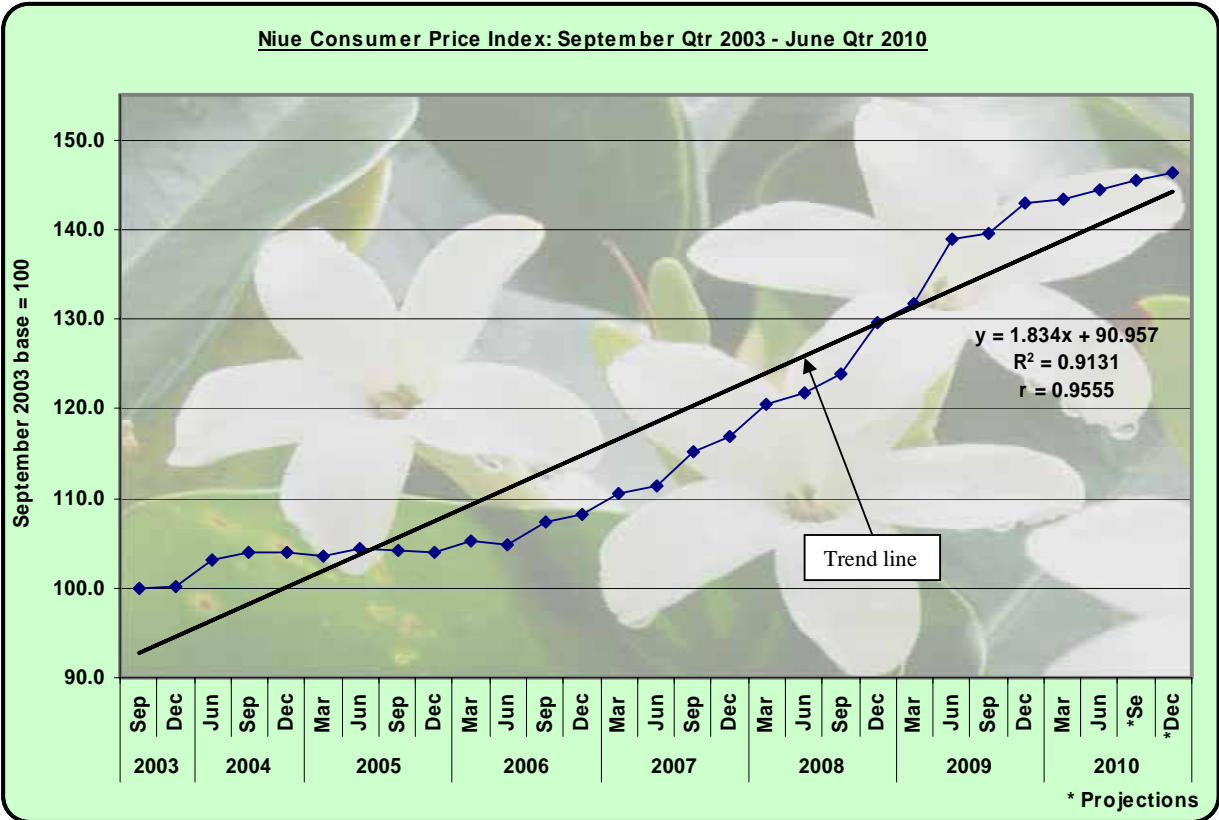
FIGURES AT A GLANCE

Niue Consumer Price Index: June 2010

- Base Year 2003 = 100 points
- June 2010 144.4 points
- March 2010 143.4 points
- Movements / Inflation:
 - 3 months 0.70%
 - 6 months 1.07%
 - 12 months 4.00%
 - Year to Date (Jan – Jun) 1.06%
- Main contributor this quarter: FOOD 0.50%
- Price increase relative to Base Year:
 - Percentage increase 44%
 - Price Increase (Jun '10) \$44.37
 - Current Price (Jun '10) \$144.37

1. The Niue Consumer Price Index for the quarter ending June 2010

Index Period: June 2010



Base Period: September 2003 = 100

Chart 1 : The Niue Consumer Price Index : September 2003 –June 2010

Year	Quarter ended	Food	Tob & Alc	Housing	HH Ops	Clothing	Trans/Comm	Misc	All Groups	CPI Point Movement
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	September Quarterly projection based on trend and quarterly averages							145.4	

Table 1: Niue CPI by Groups for the quarter ending June 2010.

1.1 The CPI: The Niue Consumer Price Index (CPI-All Groups denotes CPI) for the quarter ending June 2010 is 144.4 points, this is 0.1 point higher than that of the previous quarter ending March 2010 (Table 1). This difference is translated to a 0.70% movement of prices or the inflation rate of how much prices have increased in the last 3 months ending June (Table 2). This indicates that in general the prices of goods and services purchased by consumers have increased/moved by 0.70% in the last three months compared to the movement in the three months ending March 2010 which was 0.36%. Prices have moved twice as much as it was before



(Quarter ending March 2010). YTD (year to date: Jan – Jun 2010), the CPI have increased by 1.065% and this is relative to the 6 months movement of 1.073% from the December quarter 2009 (*Table 2*).

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 have their own index movements in 3 months (or quarterly), 6 months and 12 months periods to the end of the index period. This is discussed in part 2 of the release.

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	0.2
2007	Mar	110.8	112.9	107.8	110.2	126.0	105.7	117.5	110.6	2.3
	Jun	110.0	120.7	108.2	110.7	135.5	104.5	118.5	111.4	0.8
	Sep	115.2	120.7	112.2	126.2	132.2	104.4	117.8	115.3	3.8
	Dec	120.9	120.7	111.3	125.3	131.1	103.9	122.6	116.9	1.7
2008	Mar	122.9	120.7	112.0	127.6	133.0	114.6	121.1	120.4	3.5
	Jun	124.1	120.7	112.1	128.5	133.6	117.8	121.0	121.7	1.3
	Sep	127.5	121.4	112.4	129.3	133.7	120.4	124.6	123.8	2.1
	Dec	133.3	124.7	114.4	154.0	136.7	118.6	127.9	129.5	5.6
2009	Mar	145.0	128.6	115.4	156.6	140.9	111.4	126.7	131.8	2.4
	Jun	157.8	126.1	125.4	172.1	144.7	113.1	125.0	138.9	7.0
	Sep	159.0	131.3	125.4	175.3	146.3	110.5	125.4	139.6	0.7
	Dec	161.7	131.4	130.7	174.3	133.4	121.1	126.4	142.9	3.3
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	<i>September Quarterly projection based on trend and quarterly averages</i>							145.4	

Table 1a: Niue CPI by Groups from 2007 to the quarter ending June 2010 relative to Base Year.

1.2 Projections: Statistics Niue (SN) is happy to provide some projections to the CPI based on the trend and quarterly averages. It was assumed last quarter (March 2010) that if the movement of the prices of the “basket” is constant (from last quarter to this quarter) the projection for the next two quarters, June and September will stand at 143.9 and 144.4 consecutively. However, this projection for the month of June (143.9 points) was lower by half a point or 0.5 and this is because the rate of inflation has almost doubled that projected. This is one clear sign of prices moving up faster than expected. SN would like to make another projection for the next quarter (September) based on the current rate of movement to be 145.4.

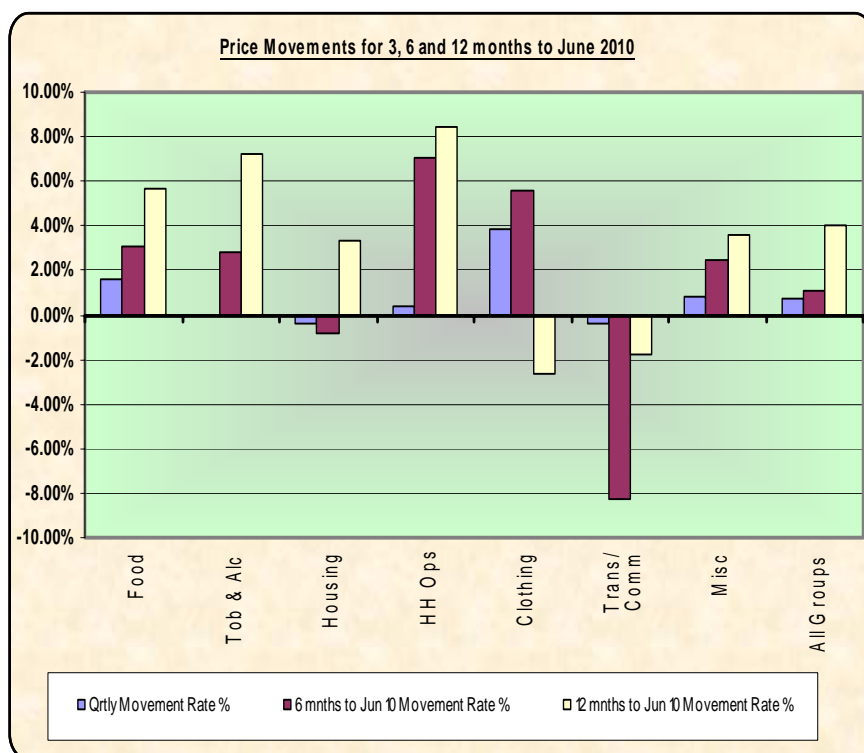
2. The Niue Consumer Price Index Movements (3, 6 and 12 months) as of and up to the quarter ending June 2010

Commodities	Food	Tob & Alc	Housing	HH Ops	Clothing	Trans/Comm	Misc	All Groups
Qtrly Points Diff.	2.63	-0.01	-0.53	0.78	5.24	-0.42	1.07	1.01
Qtrly Movement Rate %	1.60%	-0.01%	-0.41%	0.42%	3.86%	-0.37%	0.84%	0.70%
6 mnths to Jun 10 Movement Rate %	3.07%	2.85%	-0.84%	7.05%	5.57%	-8.23%	2.43%	1.07%
12 mnths to Jun 10 Movement Rate %	5.6%	7.2%	3.3%	8.4%	-2.6%	-1.7%	3.6%	4.0%

Table 2: Point Differences and Relative Price Movement Rates for Individual groups for the Quarter, Six-Months and 12-Months ending June 2010.

2.1 Three months or quarterly movement: The quarterly or 3 months inflation or price movement was 0.70%; range from 3.86% high in the Clothing group to a low of negative 0.41% in the Housing group. The significant movements (those that were higher than the CPI in absolute values) were Clothing, Food, and Miscellaneous groups.

2.2 Six and Twelve month's movements: For the same period six months to June quarter 2010



(December quarter 2009) the inflation rate was 1.07%. (Table 2) All the commodity groups in this comparison had showed significant movements except that in the Housing group Twelve months ago from June 2009 relative to June 2010 the CPI have inflated by 4.0%, and the main movers were seen in these groups; Household Operations, Tobacco and Alcohol, and Food. They have increased by 8.4%, 7.2% and 5.6% respectively. They all moved higher than the overall CPI.

Chart 2 : The quarterly, 6 months, and 12 months price movements to December 2009

This is an indication that prices have increased during the last six and twelve months' periods at different rates. Part 3 below will identify the main items or commodities that have noticeable impacts (positive and negative) to the CPI to end of March 2010.

Note: A numerical difference of figures is the result of rounding.

2.3 Groups' contributions to the price movements: 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 was rebased in September 2003. At the end of the quarter (June 2010) the major contributors to the 0.7 % inflation (*row 3 of table 3*) were items in the Food group (0.5%) and Clothing group (0.16%). The others were minimal – less than .01 of a percent.

Table 3: Groups' contributions to the CPI for Quarter ending June 2010.

Broad Group Category	Food	Tob & Alc	Housing	HH Ops	Clothing	Trans/Comm	Misc	All Groups
Index	166.7	135.2	129.6	186.6	140.9	111.1	129.5	144.4
% of actual contribution to All Groups	32%	8%	10%	18%	4%	19%	9%	100%
% contribution to All Groups % change Jun 10	0.50%	0.00%	-0.04%	0.08%	0.16%	-0.07%	0.08%	0.70%

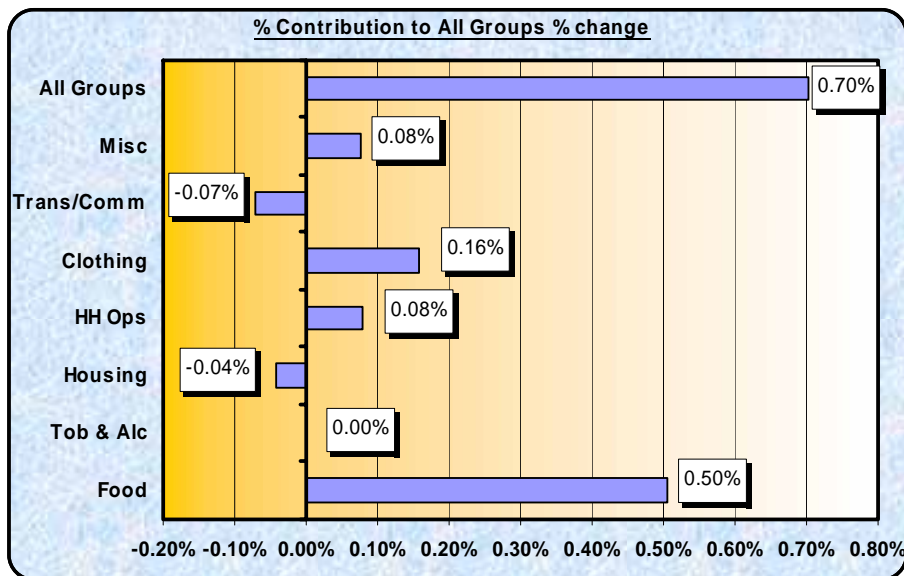


Chart 3: The Group's Contributions to All Groups Changes –June 2010.

3. Main Items with noticeable impacts to the CPI –June 2010

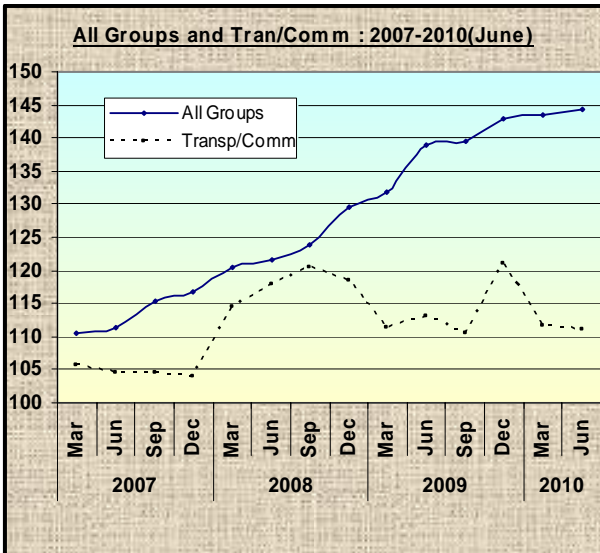
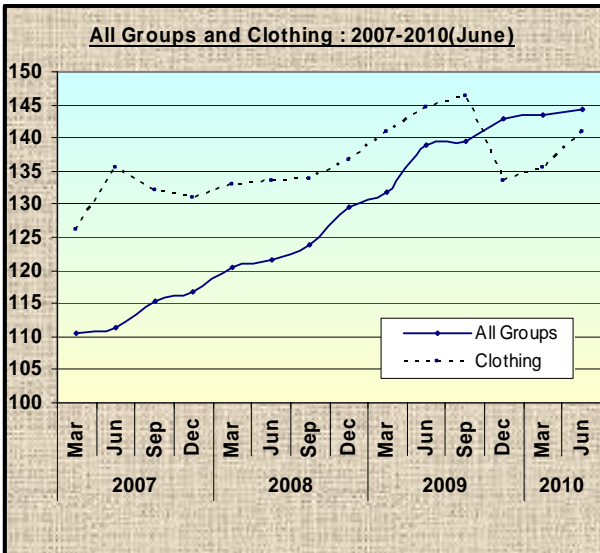
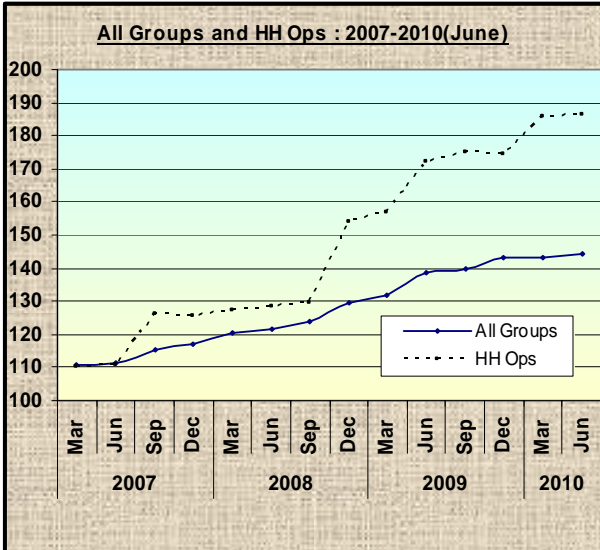
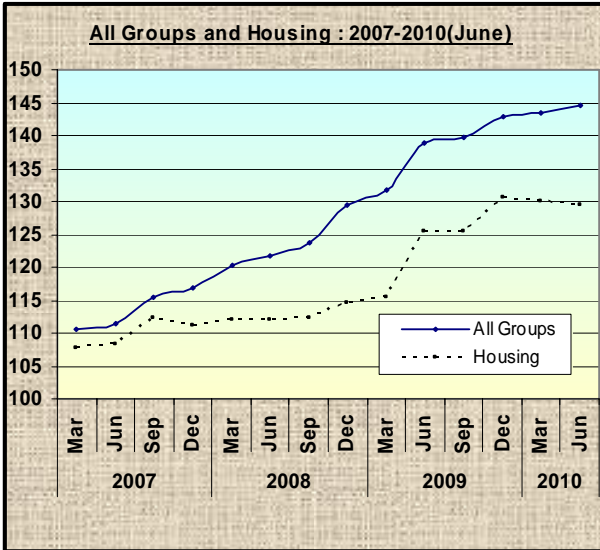
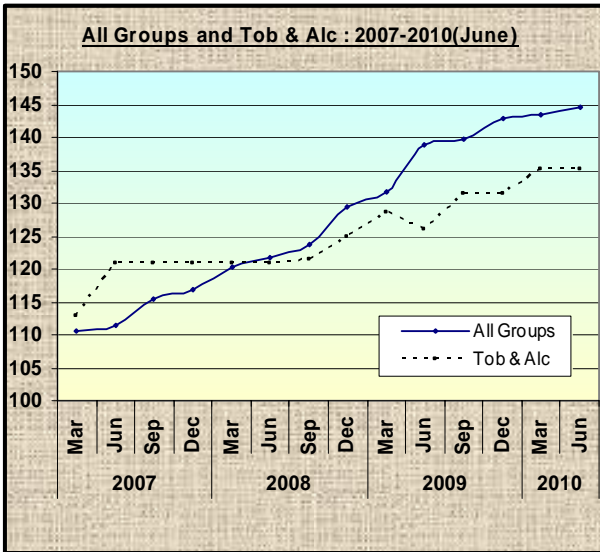
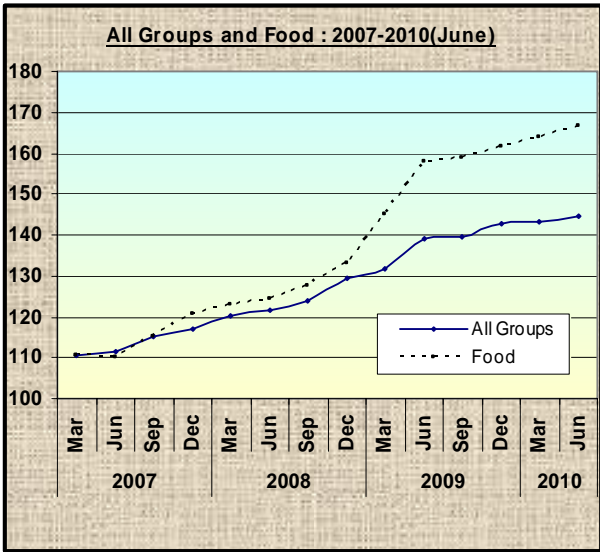
Table 4: Commodity items with a noticeable impact to the CPI movement in march 2010

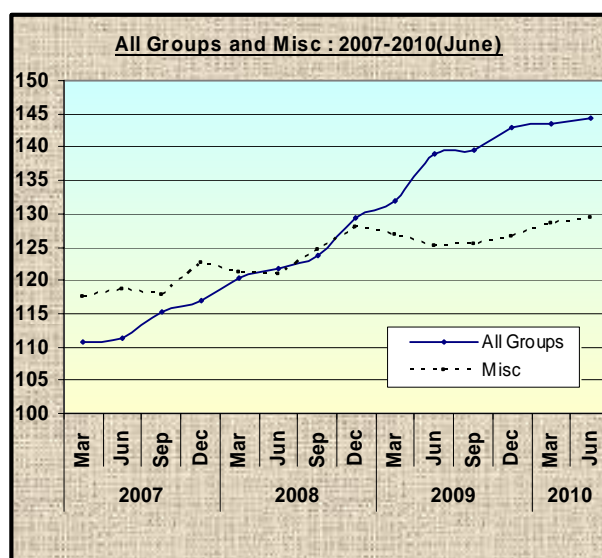
Commodity	Item Group	Dec-09
Toilet Paper	Household Operations	0.49
Airfare Niue-Auckland return adult full price	Transport & Communication	0.43
Men's work shirt	Clothing	0.23
T shirt	Clothing	0.17
Fresh Banana	Food	0.16
Drink mix sachet	Food	0.14
Sugar	Food	0.11
Petrol	Transport & Communication	-0.19
Cooking Gas	Household Operations	-0.25
Motor vehicle imported used	Transport & Communication	-0.33

Table 4 shows the particular commodities that have actually and significantly contributed in the movement of the CPI for the quarter ending March 2010.



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





5. Price Changes and the Rate of Changes

Since the rebased of the CPI in September 2003 there has been a continuous increase of prices of goods and services albeit at different rates (*chart 5*). To date, the overall CPI has increased by 44% or \$44.37 since September 2003 (*table 5*) with Household Operations group registering the biggest increase by 87% or \$11.76, followed by the Food group with 67% or \$17.94, Miscellaneous by 45% or \$4.30, Clothing by 41% or \$2.08, Tobacco and Alcohol with 35% or \$2.92, Housing with 30% or \$3.25 and Transport and Communication showing an increase of 11% or \$2.87.

Table 5: Price Change of Individual Groups since 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
Mar-10	166.7	135.2	129.6	186.6	140.9	111.1	129.5	144.4
Change	1.60%	-0.01%	-0.41%	0.42%	3.86%	-0.37%	0.84%	0.70%
June 10 Price	\$44.83	\$11.19	\$14.22	\$25.34	\$7.15	\$28.61	\$13.77	\$144.37
Price Change since Sept 2003	\$17.94	\$2.92	\$3.25	\$11.76	\$2.08	\$2.87	\$4.30	\$44.37
Relative to base	67%	35%	30%	87%	41%	11%	45%	44%

Table 6: The changes of prices to end of June 2010 relative to September 2003.

Commodity Groups	Food	Tob & Alc	Housing	HH Ops	Clothing	Trans/Comm	Misc	All Groups
\$\$ from Wts	\$27	\$8	\$11	\$14	\$5	\$26	\$9	\$100
Mar-07	\$29.80	\$9.35	\$11.82	\$14.96	\$6.39	\$27.20	\$12.49	\$110.57
Jun-07	\$29.58	\$10.00	\$11.87	\$15.03	\$6.87	\$26.91	\$12.60	\$111.36
Sep-07	\$30.97	\$10.00	\$12.31	\$17.14	\$6.71	\$26.88	\$12.53	\$115.25
Dec-07	\$32.52	\$10.00	\$12.21	\$17.02	\$6.65	\$26.75	\$13.04	\$116.87
Mar-08	\$33.05	\$10.00	\$12.30	\$17.32	\$6.75	\$29.50	\$12.87	\$120.34
Jun-08	\$33.39	\$10.00	\$12.30	\$17.45	\$6.78	\$30.33	\$12.86	\$121.63
Sep-08	\$34.30	\$10.05	\$12.34	\$17.56	\$6.78	\$31.00	\$13.25	\$123.77
Dec-08	\$35.84	\$10.33	\$12.56	\$20.92	\$6.93	\$30.51	\$13.60	\$129.40
Mar-09	\$39.00	\$10.65	\$12.66	\$21.27	\$7.15	\$28.68	\$13.47	\$131.77
Jun-09	\$42.43	\$10.44	\$13.76	\$23.37	\$7.34	\$29.11	\$13.29	\$138.81
Sep-09	\$42.78	\$10.87	\$13.76	\$23.80	\$7.42	\$28.44	\$13.33	\$139.51
Dec-09	\$43.49	\$10.88	\$14.34	\$23.67	\$6.77	\$31.17	\$13.44	\$142.84
Mar-10	\$44.12	\$11.20	\$14.28	\$25.23	\$6.88	\$28.72	\$13.65	\$143.36
Jun-10	\$44.83	\$11.19	\$14.22	\$25.34	\$7.15	\$28.61	\$13.77	\$144.37

This is a simple scenario to illustrate how the consumer price index and prices of the goods inside the CPI basket has increased from September 2003 to June 2010. The trend generally showed a constant increasing of prices. For example, in September 2003 a \$100 worth of goods and services have increased by \$44.37 to \$144.37 to the end of June 2010. This means that not only the standard of living in Niue is very high but the prices of goods and services are getting higher.

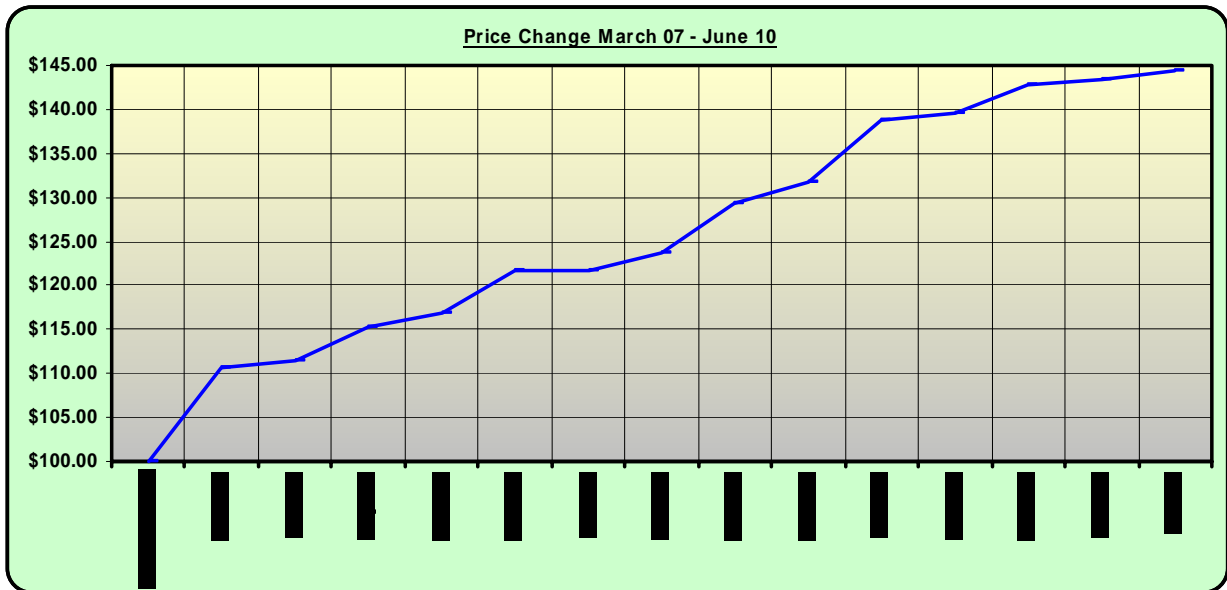


Chart 5: The Price change since March 2005 to December 2009.

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 increase fuel and transportation cost. Through these, Niue will always be susceptible to global market and demand movements and prices of goods and services on the island are expected to always be higher compared to other countries.

6. General information and Acknowledgements

Some General Information about the Consumer Price Index (CPI).

(Extracted from ILO Consumer Price Index Manual. Theory and Practice. Published 2004)

What is the CPI?

The CPI is an index that measures the rate at which the prices of consumption goods and services are changing from month to month or quarter to quarter. It measures the rate of price inflation as experienced and perceived by households in their role as consumers.

What is it used for?

The CPI is widely used as a proxy for a general index of inflation for the economy as a whole, partly because of the frequency and timeliness with which it is produced. It has become a key statistic for purposes of economic policy-making, especially in monetary policy.

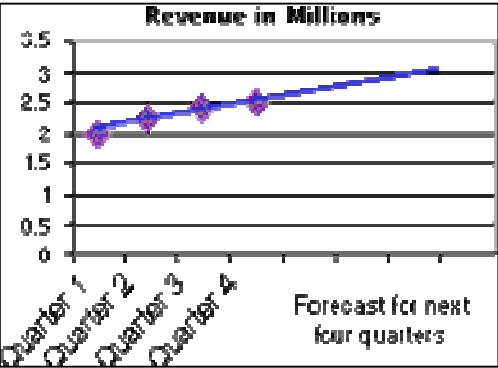
How is it done?

The prices are collected from a selected number of shops or other retail outlets. The usual method of calculation is to take an average of the period-to-period price changes for the different products, using as weights the average amounts that households spend on them.

Avoid the confusion?

The CPI tells nothing of the *actual price levels* of goods and services. It measures the *rate of movement* of the price of goods and services.

What are trend lines?



Trend lines are used to graphically display trends in data and to analyze problems of prediction. Such analysis is also called regression analysis: a form of statistical analysis used for forecasting. Regression analysis estimates the relationship between variables so that a given variable can be predicted from one or more other variables. By using regression analysis, you can extend a trend line in a chart



beyond the actual data to predict future values. For example, the following chart uses a simple linear trend line that is forecasting four quarters ahead to clearly show a trend toward rising revenue. A trend line is most reliable when its R-squared value is at or near 1. (R-squared value: A number from 0 to 1 that reveals how closely the estimated values for the trend line correspond to your actual data. A trend line is most reliable when its R-squared value is at or near 1. Also known as the coefficient of determination.) When you fit a trend line to your data, Excel automatically calculates its R-squared value.

The coefficient of determination is ...

- the percent of the variation that can be explained by the regression equation.
- the explained variation divided by the total variation
- the square of r

7. 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.

8. 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. CATERGORIES 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 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 days after the reference month

- Electronic

E-mail: Seven days after the reference month

Website: Seven days after the reference month

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.



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