



DEPARTMENT OF FINANCE
BUREAU OF STATISTICS



December 2016 Quarter Consumer Price Index of Nauru

Key facts

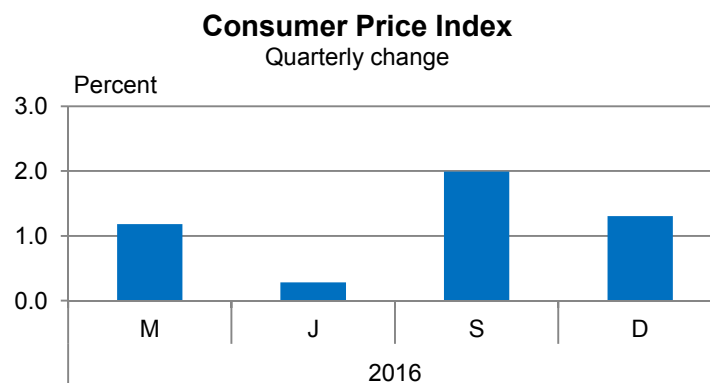
In the December 2016 quarter compared with the September 2016 quarter:

- The consumer price index (CPI) rose by 1.31 percent.
- The main upward contribution (14.5 percent) came from Communication reflecting higher prices for internet top-up at home, mobile phone credit top-up and mobile phones.
- The Furnishings, household equipment and routine household maintenance group rose 5.00 percent, led by rising prices for laundry powder and dishwashing soaps.
- The Alcoholic beverages, tobacco and narcotics group rose 0.54 percent, due to a further increase in the price of spirits.
- The main downward contribution 5.30 percent came from the Transport group, reflecting lower prices for imported used car.

From the December 2015 quarter to the December 2016 quarter:

- The CPI increased 4.83 percent.

The CPI measures the rate for price change of goods and services by Nauru’s residence household. The Nauru Bureau of Statistics (NBS) collects prices from five major outlets in Nauru including some Chinese Shops, as well as prices from other service providers, including transport, energy and telecommunications.



Source: Bureau of Statistics

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Director of Statistics

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1. Observation

The following sections provide detailed observation on the consumer price index of Nauru:

- CPI rose 1.31 percent in the December 2016 quarter
- CPI shows 4.83 percent increase for the year to December 2015
- Prices for Alcohol beverages and tobacco group rose 0.54 percent
- Summary of other group movement in quarterly CPI
- Impact of items that rose and fell in prices

2. CPI rose 1.31 percent in the December 2016 quarter

The 1.31 percentage CPI rise in the December 2016 quarter follows a rise of 1.99 percent in the September 2016 quarter. However the stores were poorly stocked at the data collection time which may have affected the accuracy of the calculated rate of change.

Six of CPI's ten groups recorded higher prices for the December 2016 quarter. Three groups made downward contribution, and one group showed no movement.

Prices for Food and non-alcohol beverages group rose 2.66 percent in the December 2016 quarter.

The main individual upward contributors to the Food subgroups came from the rising prices for:

- canister coffee (up 53 percent)
- tinned tuna (up 26 percent)
- tinned corned beef (up 23 percent)
- frozen beef (up 13 percent)

On the contrary the key individual downward contributions to the Food subgroup came from lower prices for:

- chocolate bars (down 10 percent)
- pork based sausage (9 percent)
- potatoes (6 percent)

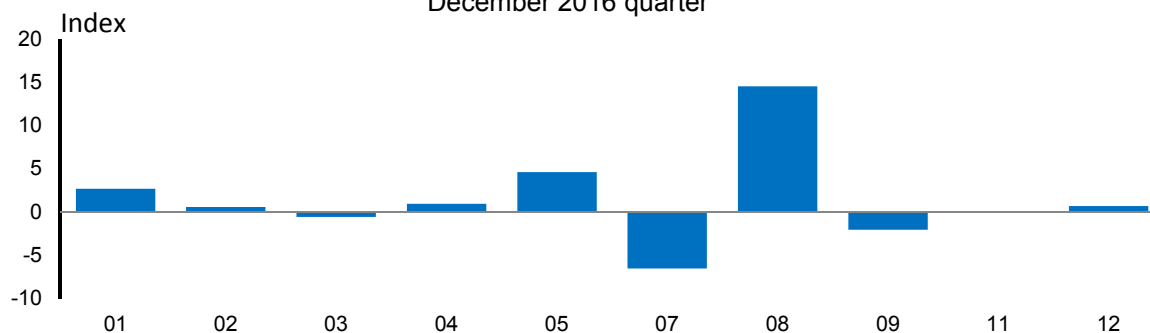
Prices for the Non-alcoholic subgroup rose 20.68 percent for the quarter, influenced by the price for coffee (up 53 percent) and soft drink (up 6.58 percent).

Consumer Price Index groups: December 2016 quarter

DIVISIONS	Index point contribution to CPI	Dec-16 Index
Communication	14.540	2.66%
Furnishings, household equipment and routine household maintenance	4.627	0.54%
Food and non-alcoholic beverage	2.672	-0.52%
Housing, water, electricity, gas and other fuels	0.946	0.95%
Miscellaneous goods and services	0.680	5.00%
Alcohol beverage and tobacco	0.562	-5.30%
Restaurants and hotels	0.000	14.54%
Clothing and footwear	-0.588	-2.29%
Recreation and culture	-2.062	0.00%
Transport	-6.514	0.73%
All Items CPI	1.351	1.31%

Index points contributions to consumer price index

December 2016 quarter



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
 09 Recreation and culture
 11 Restaurants and hotels
 12 Miscellaneous goods and services

Source: Nauru Bureau of Statistics

3. CPI shows 4.83 percent increase in the year to the December 2016 quarter

The CPI increased 4.83 percent in the year to the December 2016 quarter.

Six of the eight divisions in the CPI made upward contributions. By divisions, the main upward contribution came from Transport (up 16.29%). Higher prices were also recorded for the divisions:

- Communications (up 14.54%)
- Clothing and footwear (up 11.82%)
- Alcohol beverage and tobacco (up 4.57%)
- Food and non-alcoholic beverage (2.92%)
- Housing, water, electricity, gas and other fuels (0.40%)

Downward contributions came from the divisions:

- Recreation and culture (down 11.95%)
- Miscellaneous goods and services (down 6.37%)
- Furnishings, household equipment and routine household maintenance (down 2.81%)

Prices for the Restaurants and hotels remained unchanged. The last increase for meals at restaurants was prior to December 2015 which is not captured in this report.

The main individual downward contributions during the year came from:

- Utility pickup truck (down 33.67%)
- Cup noodle (down 33.06%)
- Compact disc (down 31.60%)
- Air conditioning unit (down 31.43%)
- Washing machine (down 31.43%)

Individually, the main upward contribution came from higher prices for an imported Japanese car (up 167.69). Although close scrutiny for consistency on vehicle specifications is followed the high increase is reliant on the available vehicle with the closest specifications. Higher prices were also recorded for:

- Women's blouse (up 35.72%)
- Noddy bird (up 33.32%)
- Corn beef (up 30.79%)

4. Prices for Alcohol beverages and tobacco group rise 0.54 percent

The Alcohol beverages and tobacco group rose 0.54 percent in the December 2016 quarter, with no change in price for cigarettes and beer this quarter. Price for spirits went up 16.8 percent, increasing the Alcohol beverages sub-group by 1.67 percent.

Annual prices

For the year to the December 2016 quarter, Alcohol beverages and tobacco prices rose 4.57 percent. An increase in the price of spirits (up 19.05 percent) was a major contributor to the group's overall increase. Price increase for beer (up 14.89 percent) while cigarettes remained unchanged.

Summary of other group movements in the quarterly CPI

In the December 2016 quarter, prices in the Communication group increased 14.54 percent. This was influenced by a rise in prices of internet top up at home (up 25 percent), mobile phone credit top-up (up 12.85 percent) and mobile phone (up 12.77 percent).

Furnishings, household equipment, and routine household maintenance group increased 5 percent. This was influenced by a rise in prices of laundry powder (up 21.77 percent) and dishwashing soap (up 14.98 percent).

The Housing, water, electricity, gas, and other fuels group increased 0.95 percent influenced by a rise in the price of LPG gas (up 7.84 percent).

The Miscellaneous goods and services group also increased 0.73 percent influenced by a rise in the price of hair shampoo (up 17.33 percent) and bathing soap (up 7.57 percent).

The Transport group declined 5.30 percent, influenced by a decrease in imported Japanese vehicle (down 26.89 percent) and car tyre (down 10.28 percent).

The Clothing and footwear group declined 0.52 percent influenced by boy’s pants (down 20.63 percent) and women’s pants (down 12.64 percent).

The Recreation and culture group decreased 2.29 percent as a result of drop in prices for television (down 8.50 percent). It has been observed that the specifications for television varies in time and the nearest available specification is priced.

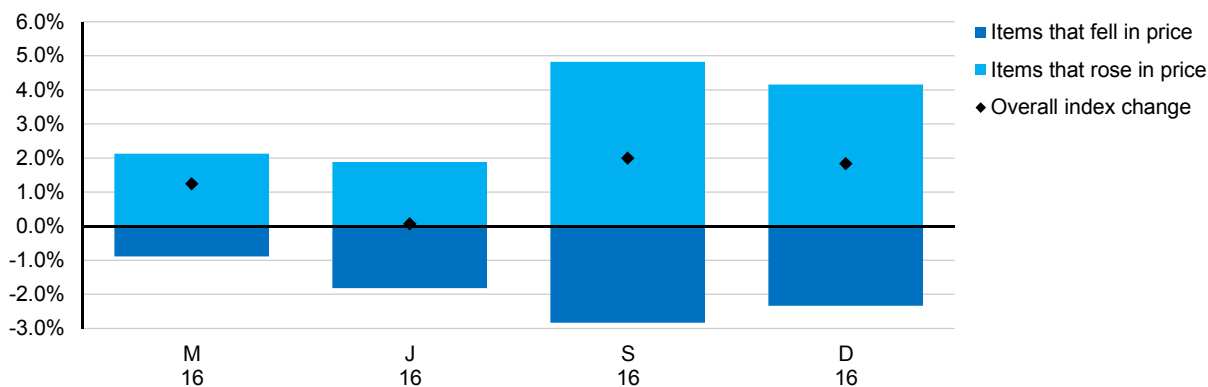
The Restaurant and hotels group remained unchanged.

5. Impacts of items that rose and fell in price

The graph below shows the impact of items that rose and fell in price: their overall impact was high: this led to a 1.83 percent increase in the CPI for the December 2016 quarter.

Percentage points contribution to consumer price index over time

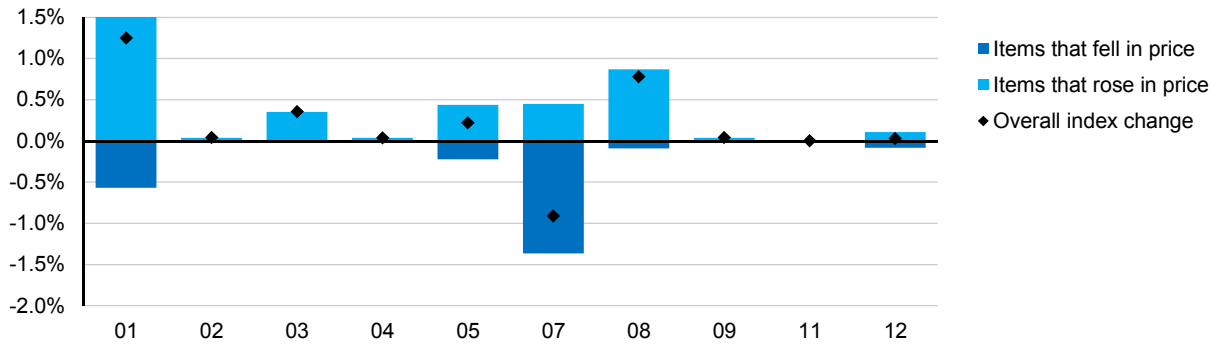
Quarterly change to December 2016 quarter



Source: Nauru Bureau of Statistics

Percentage points contribution to consumer price index by group

December 2016 quarter



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
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Source: Nauru Bureau of Statistics

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 household in Nauru

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 and 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 Nauru 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://nauru.prism.spc.int/>

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 percent since the index reference period). Prices for latter period can also be compared in similar fashion. The Nauru CPI has as index reference period the December 2015 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 (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.

Data quality information

Reference period

Price for the December 2016 quarter were collected between 9 and 13 January 2017. Prices for the September 2016 quarter were collected between 26 and 30 September 2016. Staff of the Bureau of Statistics collected the prices for September and December 2016 quarter.

Prices for the December 2015 quarter were collected 14 and 18 December 2015. Collection dates for the reference quarter December 2015 is same with the later dates.

Price influencers

Price changes may be influenced by external events. Factors that affected the quarterly and the annual December 2016 CPI include:

- Nauru uses the Australian dollar as its currency; so changes in the strength of the Australian dollar can change Nauru's purchasing power in other countries other than Australia.
- Nearly all goods sold in Nauru have been sourced directly from Australia and Fiji however many of these goods are re-exports, originating from various other countries including China, and New Zealand. The reopening of the shipping connection from Fiji in the late 1990's not only reopened the Fiji market but also goods from other pacific countries. In addition it's a vital link for re-export, transshipment and transit goods. This activity has an ongoing impact on price levels by local

demand, and by international variables including demand, availability, seasonal effect and change in exchange rates. Changes in availability and prices in both Australia and Fiji will flow onto the Nauru CPI.

- Policy implication on Imports tariff, pricing regulations (such as fuel) or any related taxes can impact the CPI at any point.

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