



DEPARTMENT OF FINANCE  
BUREAU OF STATISTICS



# December 2018 Quarter Consumer Price Index of Nauru

## Key facts

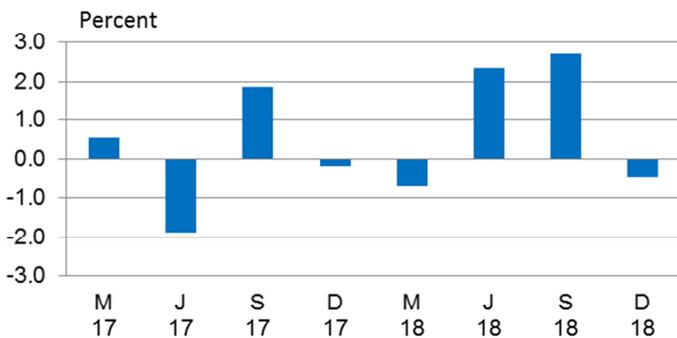
In the December 2018 quarter compared with the September 2018 quarter:

- The consumer price index (CPI) decreased by 0.5 percent.
- The largest downward change in prices this quarter is by the Clothing and footwear group which declined 5.4 percent, contributing negative 0.3 percent to CPI.
- The Food and non-alcohol beverages group prices decreased 0.2 percent, contributing 0.1 percent to the CPI.
- The largest upward change in prices came from Recreation & Culture group, up 6.2 percent, contributing 0.1 percent to the CPI.

From the December 2017 quarter to the December 2018 quarter, CPI increased 3.9 percent. This compares with a 4.2 percent increase in the September 2017 quarter to the September 2018 quarter.

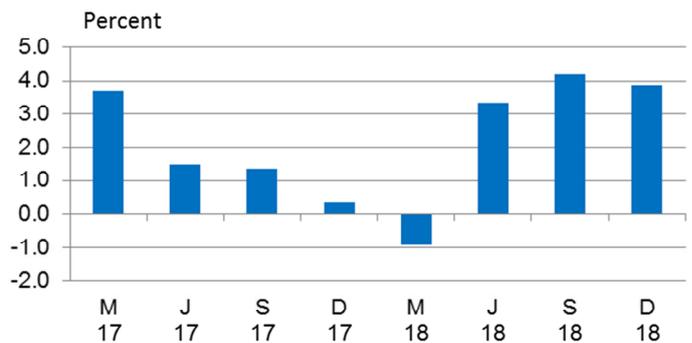
The CPI measures the rate for price change of goods and services purchased by Nauru’s residence household. The Nauru Bureau of Statistics (NBS) collects prices from five major outlets in Nauru including some Chinese Shops, as well as prices from other service providers, including transport, energy and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

**Consumer Price Index**  
Quarterly change



Source: Nauru Bureau of Statistics

**Consumer Price Index**  
Annual change



Source: Nauru Bureau of Statistics

For assistance please contact the staff at the NBS on email at [statistics@naurugov.nr](mailto:statistics@naurugov.nr).

for Director of Statistics

18 January 2019

## 1. Observation

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

- [Quarterly CPI decreased of 0.5 percent for December 2018](#)
- [Alcohol beverages and tobacco group remained constant this quarter](#)
- [Summary of other group movement in the quarterly CPI](#)
- [Impact of items that rose and fell in prices](#)
- [CPI shows 3.9 percent increase for the year to the December 2018 quarter](#)
- [Definitions](#)

## 2. Quarterly CPI decrease of 0.5 percent for December 2018

The December 2018 CPI declined by 0.5 percent. By comparison, the quarterly inflation was 2.7 percent in September 2018 quarter.

Five of CPI's ten groups recorded price decreases for the December 2018 quarter, two groups recorded price increases and three remained unchanged.

Prices in the Food and non-alcoholic beverages group declined 0.24 percent in the December 2018 quarter, contributing negative 0.1 percent to the quarterly inflation.

The main individual downward contributions to the food subgroup came from lower prices for:

- Drink mix (refresh, vita fresh, cool-c, kkol-aid, tang) (down 39.7 percent)
- Chinese steamed buns (down 33.3 percent)
- Tinned Corned Beef (down 16.7 percent)

The main individual upward contributions to the Food subgroup came from higher prices for:

- Soft drinks (up 18.8 percent)
- Canister of coffee (up 15.7 percent)
- Breakfast crackers (up 13.2 percent)

Group	Quarterly percentage points contribution
01 Food and non-alcoholic beverages	0.2%
02 Alcoholic beverages, tobacco and narcotics	0.0%
03 Clothing and footwear	-5.4%
04 Housing, water, electricity, gas and other fuels	0.8%
05 Furnishings, household equipment and routine household maintenance	-2.1%
07 Transport	0.3%
08 Communication	0.0%
09 Recreation and culture	6.2%
11 Restaurants and hotels	0.0%
12 Miscellaneous goods and services	-3.7%
<b>All Items CPI</b>	<b>-0.5%</b>

**Note:** Percentages may not sum to total due to rounding.

### 3. Alcohol beverages and tobacco group shows increase

Prices in the Alcohol beverages and tobacco group remained constant this quarter. For the December 2018 quarter compared to the same period in the previous year, Alcohol beverages and tobacco prices increased by 15.8 percent, contributing 1.2 percent to the annual inflation rate of 3.9 percent.

### 4. Summary of other group movements in the quarterly CPI

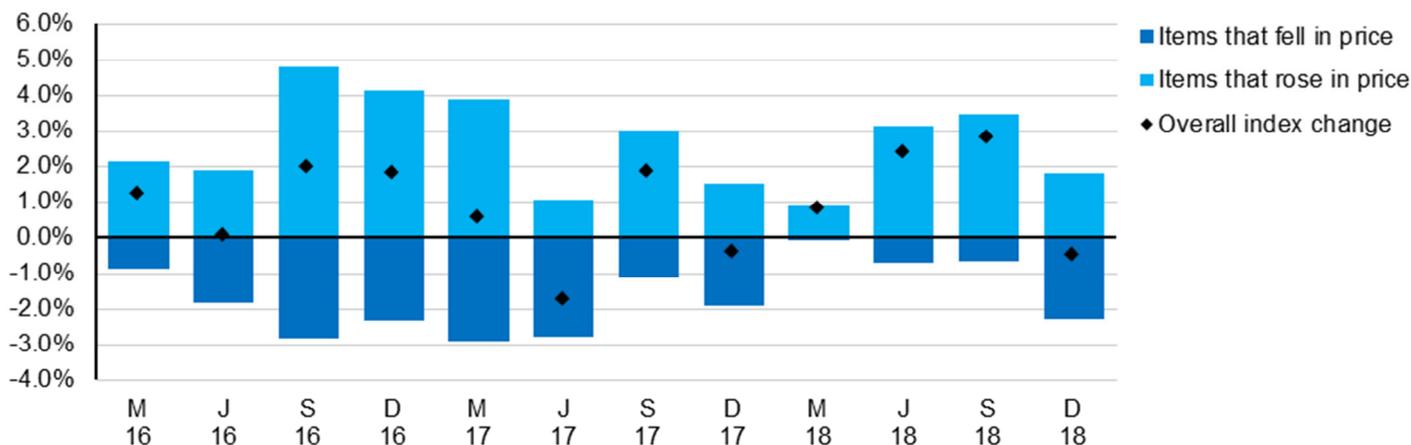
Prices in the Furnishings, household equipment and routine household maintenance group fell 2.1 percent and contributed negative 0.1 percent to the quarterly CPI, mainly due to a decrease in the price of washing machine (down 13.6 percent), refrigerator/freezer (down 5.1 percent) and mosquito coils (down 4.4 percent). The Miscellaneous goods and services group also showed decrease of 3.7 percent and contributed a negative 0.1 percent to the quarterly CPI. Prices in the Clothing and footwear group decreased 5.4 percent, contributing negative 0.3 percent to quarterly inflation. Housing, water, electricity, gas and other fuels groups also decreased by negative 0.8 percentage as a result for declining prices for butane gas (down 6.5 percent). The Transport group showed an increase of 0.3 percent. Recreation and culture group posted the highest increase for this period of 6.2 percentage with prices of blank cd's (up 36.6 percent) and televisions (up 5.3 percent) as the main contributors.

Two other groups showed no changes this quarter: Communications and Restaurants and hotels group.

### Impacts of items that rose and fell in price

The graph below shows the impact of items that rose and fell in price overtime: the overall impact was a 0.5 percent decrease in the CPI for the December 2018 quarter.

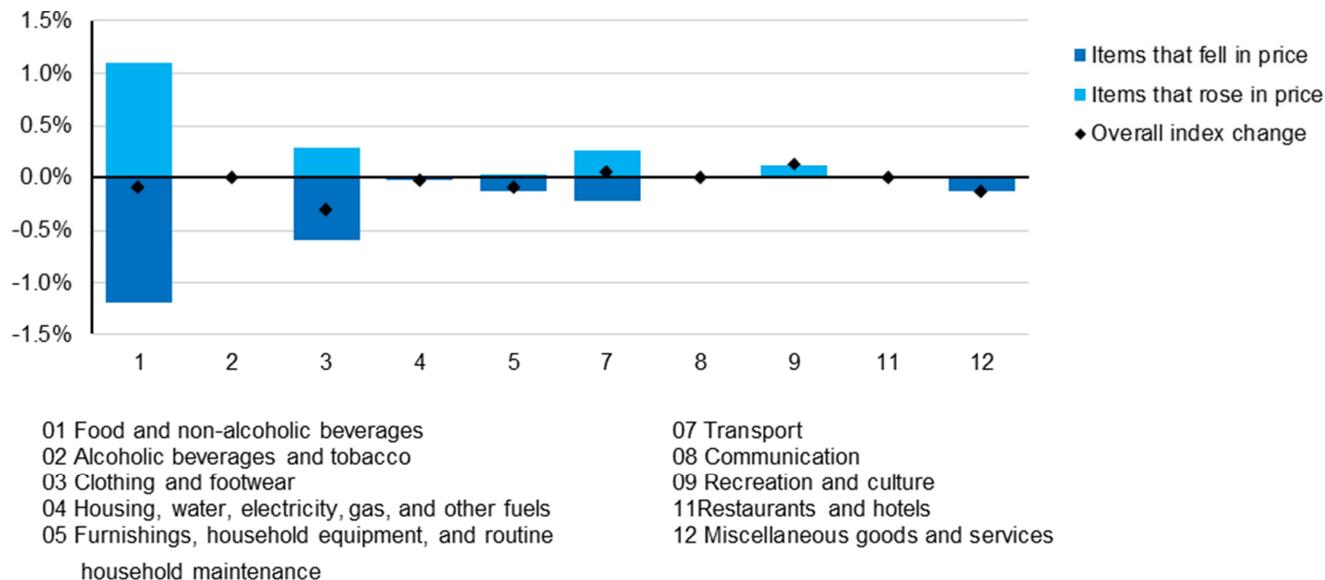
**Percentage points contribution to consumer price index over time**  
 Quarterly change to December 2018 quarter



Source: Nauru Bureau of Statistics

The graph below shows the impact of items that rose and fell in price by group this quarter.

**Percentage points contribution to consumer price index by group**  
December 2018 quarter



Source: Nauru Bureau of Statistics

### CPI shows 3.9 percent increase for the year to the December 2018 quarter

The CPI increased 3.9 percent in the year to the December 2018 quarter. This compares with a 4.2 percent annual inflation rate in the September 2018 quarter.

The main upward movement came from the group Alcohol beverage & tobacco, up 15.8 percent and contributing a 1.2 percent to annual CPI as a result of increased imports tariffs. Prices in the Furnishings, household equipment and routine household maintenance group rose 12.1 percent, contributing a 0.5 percent to the annual CPI. Food and non-alcoholic beverage group recorded an increase of 6.3 percent, contributing a 2.6 percent to the annual inflation.

Key individual upward contributions to the Food subgroup came from higher prices for:

- Fresh bonito (up 50.0 percent)
- Fresh Yellow fin tuna (up 50.0 percent)
- Ice cream (up 29.6 percent)

The main individual downward contributions to the Food subgroup came from lower prices for:

- Onions (down 21.8 percent)
- Tinned corned beef (down 20.7 percent)
- Tinned luncheon meat (e.g. Pantry ham, SPAM) (down 11.7 percent)

## 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 2018 quarter was collected between 11 to 14 December 2018. Prices for the December 2017 quarter were collected between 26 and 28 December 2017. Staff of the Bureau of Statistics collected the prices for December 2017 and December 2018 quarter.

### Price influencers

Price changes may be influenced by external events. Factors that affected the quarterly and the annual December 2018 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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