



# June 2020 Quarter Consumer Price Index of Nauru



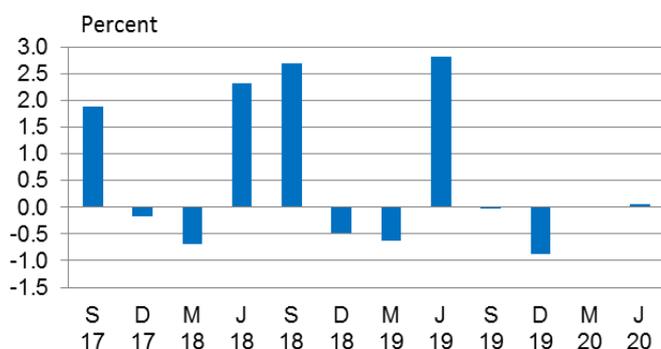
## Key facts

In the June 2020 quarter compared with the March 2020 quarter:

- The consumer price index (CPI) increased by 0.1 percent.
- The largest upward change in prices this quarter is by Furnishing, Household equipment and routine household maintenance group which grew 23.7 percent, contributing 1.0 percent to the overall CPI growth.
- The Alcoholics beverages, tobacco and narcotics group prices reported the highest decrease 3.2 percent, contributing negative 0.3 percent to the CPI.
- The Clothing and footwear group, up 2.5 percent and Transport group, up 0.5 percent each contributing 0.1 percent to the CPI.

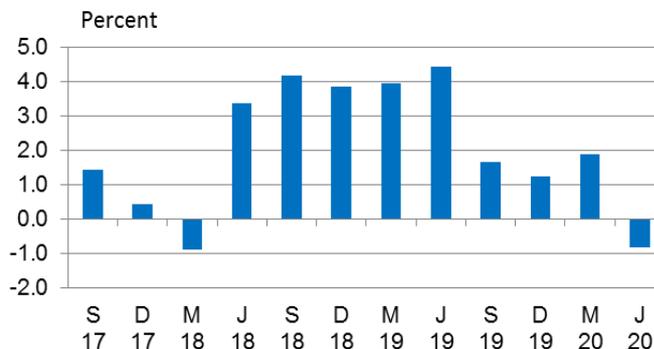
From the June 2019 quarter to the June 2020 quarter, CPI decreased 0.9 percent. This compares with a 1.9 percent decrease in the March 2019 quarter to the March 2020 quarter.

**Consumer Price Index**  
Quarterly change



Source: Nauru Bureau of Statistics

**Consumer Price Index**  
Annual change



Source: Nauru Bureau of Statistics

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.

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for Director of Statistics

31 July 2020

## 1. Observation

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

- [Quarterly CPI increase of 0.1 percent for June 2020](#)
- [Alcohol beverages and tobacco group increased this quarter 3.4 percent](#)
- [Summary of other group movement in the quarterly CPI](#)
- [Impact of items that rose and fell in prices](#)
- [CPI shows 0.9 percent decrease for the year to the June 2020 quarter](#)
- [Definitions](#)

## 2. Quarterly CPI increase of 0.1 percent for June 2020

The June 2020 CPI rose by 0.1 percent. In contrast, the quarterly inflation 0.0 percent in March 2020 quarter. There was no CPI survey done on March 2020 quarter due to maintaining social distancing during the time of COVID19 pandemic safety purposes. The CPI for December 2019 quarter was splice to March 2020 quarter.

Three of the CPI's ten groups recorded price increases for the June 2020 quarter, six groups recorded price decreases and one remained stagnant.

Prices in the Food and non-alcoholic beverages group decrease 1.4 percent in the June 2019 quarter, contributing negative 0.6 percent to the quarterly inflation.

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

- Fresh bonito (down 50.0 percent)
- Pork sausages and Frankfurt (down 11.5 percent)
- Chocolate bars (down 7.8 percent)

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

- Onions (up 179.5 percent)
- Potatoes (up 134.2 percent)
- Drink mix (up 26.0 percent)
- Noodle in a cup or bowl (up 19.8 percent)

Group	Quarterly percentage points contribution
01 Food and non-alcoholic beverages	-0.6%
02 Alcoholic beverages, tobacco and narcotics	-0.3%
03 Clothing and footwear	0.1%
04 Housing, water, electricity, gas and other fuels	0.0%
05 Furnishings, household equipment and routine household maintenance	1.0%
07 Transport	0.1%
08 Communication	-0.2%
09 Recreation and culture	0.0%
11 Restaurants and hotels	0.0%
12 Miscellaneous goods and services	-0.1%
<b>All Items CPI</b>	<b>0.1%</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 reported a decrease this quarter in comparison to last quarter of negative 3.2 percent as a result of a lower price of cigarettes which reported a negative 4.5 percent decrease. For the year to the June 2020 quarter compared to the same period in the previous year, Alcohol beverages and tobacco prices decline 3.2 percent. A decrease in the price of cigarettes (down 4.7 percent) while spirits and beers remained unchanged.

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

Prices in the Transport group show increase 0.5 percent as a result for growth for tyres new (up 17.4).

The furnishing, household equipment and routine household group reported rose this quarter with 23.7 percent, contributing increase 1.0 percent to CPI. This increase was evident in the increase price of laundry soaps which reported a growth by 57.4 percent in comparison to previous quarter.

Similarly with the Clothing and footwear group with an increase 2.5 percent, as a result of increasing price for women shoes.

Prices in the Restaurants and hotels group fall this quarter with 0.3 percent, as a result for takeout meal from restaurant (down 0.3 percent)

The Miscellaneous goods and services group showed a decrease of 2.0 percent contributing decrease 0.1 percent to CPI

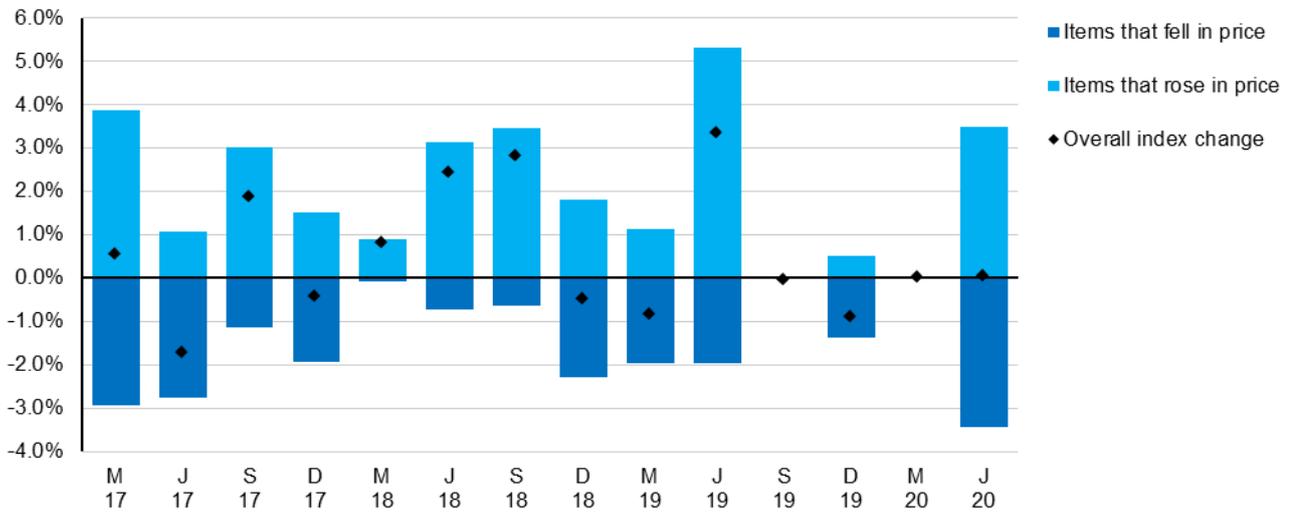
Housing, water, electricity, gas and other fuels groups also posted a decrease by 0.3 percent as a result for decline for butane gas (down 2.1 percent).

The Recreation and culture group remained stagnant for this quarter.

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

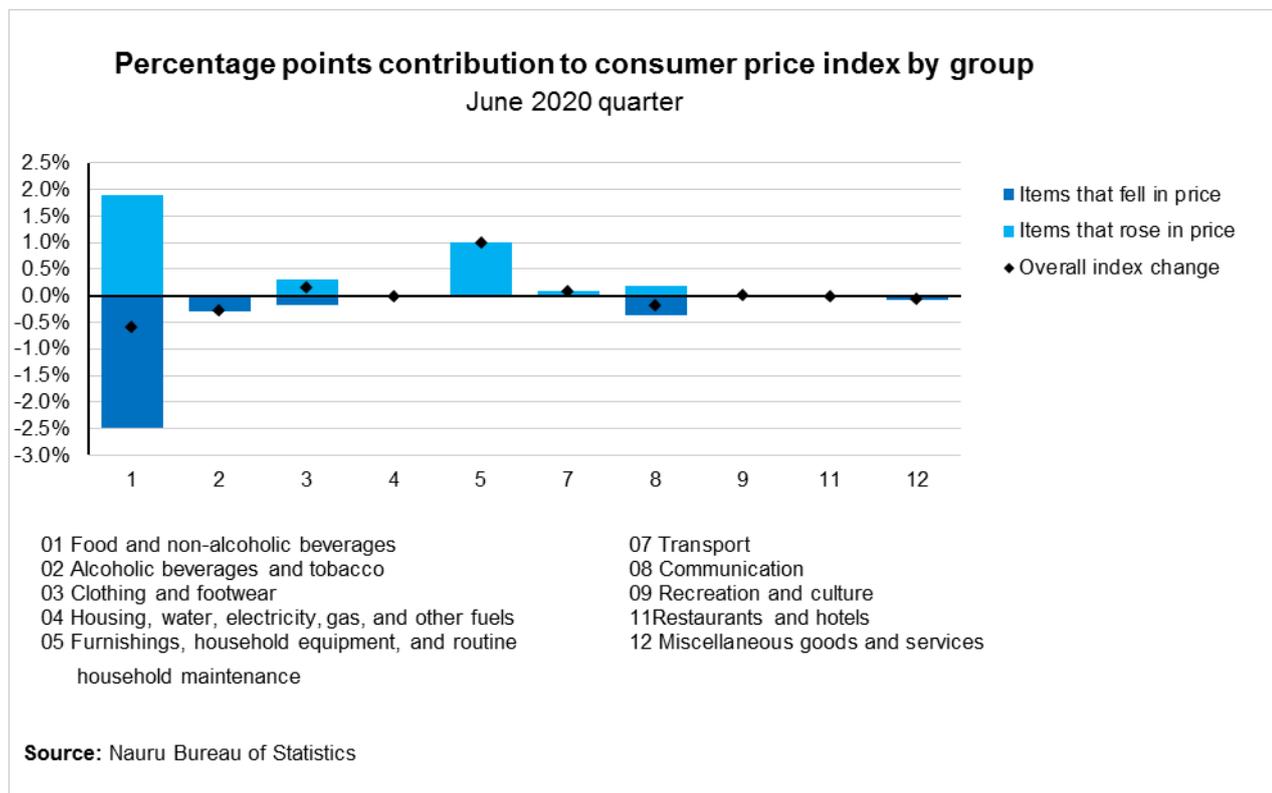
The graph below shows the impact of items that rose and fell in price overtime: the overall impact was a 0.1 percent increase in the CPI for the June 2020 quarter.

**Percentage points contribution to consumer price index over time**  
 Quarterly change to June 2020 quarter



Source: Nauru Bureau of Statistics

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



### CPI shows 0.9 percent decrease for the year to the June 2020 quarter

The CPI decrease 0.9 percent in the year to the June 2020 quarter. This compares with a 1.9 percent annual inflation rate in the March 2020 quarter.

The main driver for the inflating the annual CPI came from the group Clothing and footwear, up 9.5 percent and contributing a 0.5 percent to CPI. Furnishings, household equipment and routine household maintenance group rose 23.7 percent, contributing a 1.0 percent to the annual CPI.

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

- Onion (up 132.0 percent)
- Potato (up 97.7 percent)
- Drink mix (up 26.0 percent)
- Noodles in a cup or bowl (up 19.8 percent)

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

- Bonito (down 50.0 percent)
- Pork sausages and Frankfurt (down 11.5 percent)
- Chocolate bars (down 6.2 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 June 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 June 2020 quarter was collected between 13<sup>th</sup> to 17<sup>th</sup> July 2020. Prices for the June 2019 quarter were collected between 29<sup>th</sup> July and 02<sup>nd</sup> August 2019. Staff of the Bureau of Statistics collected the prices for June 2018 and June 2019 quarter.

Price for the March 2020 quarter was splice. Prices are from December 2019 quarter. The reason for no CPI survey on March 2020 quarter was during the awareness of National State of Emergency for maintaining social distancing from COVID19 risks.

### Price influencers

Price changes may be influenced by external events. Factors that affected the quarterly and the annual June 2019 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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