

CPI falls 0.3 percent in December quarter

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The consumers price index (CPI) fell 0.3 percent for the December 2011 quarter, Statistics New Zealand said today. "The main reason for the fall was lower vegetable prices," Statistics NZ prices manager Chris Pike said.

Vegetable prices fell 25 percent in the December 2011 quarter, causing a 2.2 percent fall in overall food prices.

"The larger-than-usual fall for vegetables reflects a supply shortage in the three months to September," Mr Pike said. "Basically, vegetable prices were higher than normal last winter, then fell to normal levels towards the end of the year. If vegetable prices had remained constant in the December 2011 quarter, the CPI would have risen 0.1 percent."

Prices were also lower for telecommunication services, furniture, kitchenware, and appliances. These falls were partly countered by rises in international air fares and petrol.

Telecommunication services, the second biggest contributor to the fall in the CPI, was down 3.6 percent. This reflected higher data caps and lower prices for broadband plans, and lower international calling rates from landline phones.

The household contents and services group also fell, down 1.5 percent. "This reflected lower prices for furniture, kitchenware, and appliances. There was more discounting in the December 2011 quarter than in the previous three months or in the final quarter of 2010," Mr Pike said.

The main price rise was for transport, which was up 1.4 percent in the December 2011 quarter, influenced by international air fares (up 5.8 percent), petrol (up 0.9 percent), and second-hand cars (up 1.8 percent). International air fares show seasonal increases in December quarters.

In the year to the December 2011 quarter the CPI rose 1.8 percent. This compares with a 4.6 percent rise for the year to the September 2011 quarter. Unlike the previous four quarters, the latest annual increase does not include most of the effects of the GST increase that occurred in October 2010.

On an annual basis, petrol prices increased 11 percent. Also rising were cigarettes and tobacco (up 9.4 percent), housing rentals (up 2.0 percent), second-hand cars (up 5.1 percent), and local authority rates (up 4.6 percent).

The CPI measures the rate of price change of goods and services purchased by New Zealand households. Statistics NZ visits 3,000 shops across New Zealand to collect prices for the CPI and check product sizes and features.

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