

Annual inflation highest in over five years

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The consumers price index (CPI) increased 2.2 percent in the year to the March 2017 quarter, Stats NZ said today. This is the highest annual increase since the September 2011 quarter, the last quarter affected by the rise in GST from 12.5 to 15 percent.

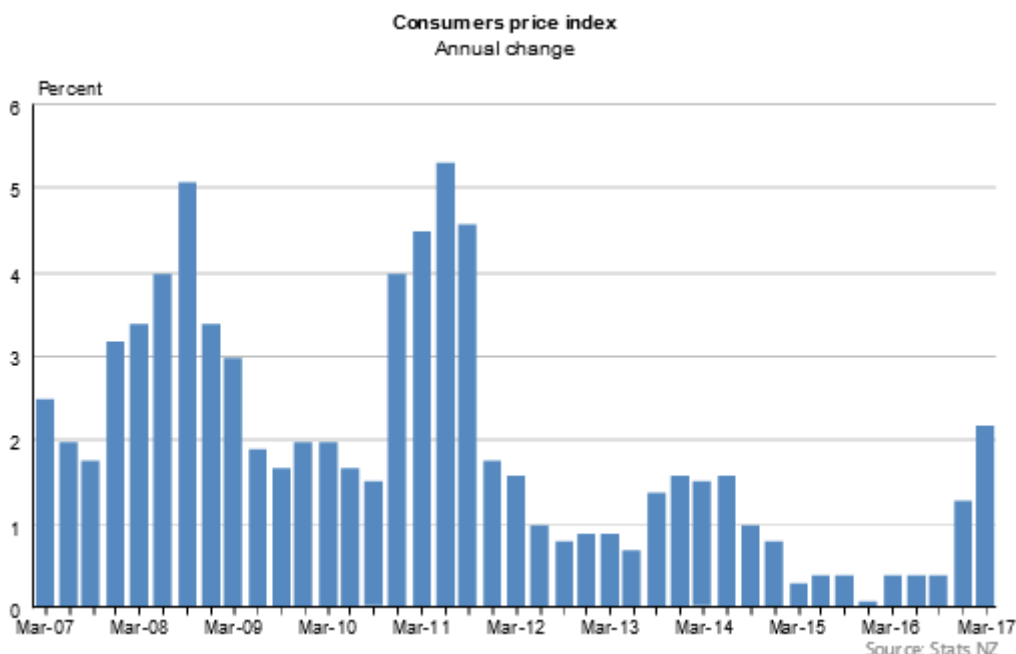
"Rising petrol prices along with the annual rise in cigarette and tobacco tax lifted inflation," prices senior manager Jason Attewell said. "Petrol prices in New Zealand are closely linked to global oil prices, and cigarettes and tobacco taxes rise in the March quarter each year".

Housing-related prices continued to increase, up 3.3 percent in the March 2017 year. Prices increased for newly built houses, excluding land (up 6.7 percent), and for housing rentals (up 2.3 percent). Newly built houses, excluding land, were up 8.0 percent in Auckland and 3.6 percent in Christchurch.

Transport prices (up 3.5 percent) made the second largest upward contribution, with petrol (up 12 percent) partially offset by falls in other private transport services (vehicle relicensing fees).

Prices fell for broadband and cellphone plans, as well as handsets. Improvements to speed and data capacity improved the quality of the service, which is reflected as a price fall.

Excluding petrol, and cigarettes and tobacco, the CPI showed a 1.5 percent increase.



Quarterly prices rise 1.0 percent

The CPI rose 1.0 percent in the March 2017 quarter, following a 0.4 percent rise in the December 2016 quarter. After adjusting for seasonal effects, the CPI was up 1.0 percent.

"Higher prices for cigarettes and tobacco, petrol, and fruit were partly offset by lower prices for international air transport, and package holidays," Mr Attewell said.

Cigarette and tobacco prices made the largest upward contribution for the quarter (up 9.7 percent), reflecting the annual tax increase in the March quarter.

Petrol prices continued to rise (up 4.1 percent). The average price of a litre of 91 octane petrol in the March 2017 quarter was \$1.90, up from \$1.82 in the December 2016 quarter, and \$1.75 in the September quarter.

Rents increased 0.8 percent in the March quarter, with 84 percent of the sample showing no price change.

Further information of how different household groups experience inflation will be published on 4 May in *Household Living-cost Price Indexes: March 2017 quarter*.

Ends

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Authorised by Liz MacPherson, Government Statistician, 20 April 2017