

Introduction

13.1 The consumer price index (CPI) is one of the most important statistical series. Where statistics are categorized according to their potential impact, the CPI and its variants are always in the first rank. It follows therefore that it must be published, and otherwise disseminated, according to the policies, codes of practice and standards set for such data.

13.2 The CPI should therefore be:

- released as soon as possible;
- made available to all users at the same time;
- released according to pre-announced timetables;
- released separately from ministerial comment;
- made available in convenient form for users;
- accompanied by methodological explanation;
- backed up by professional statisticians and economists who can answer questions and provide further information.

13.3 Above all, the CPI should meet the *Fundamental Principles of Official Statistics* (United Nations, 1994). These principles are published in several languages on the websites of the United Nations and the United Nations Economic Commission for Europe (UNECE). They refer to dissemination and to all aspects of statistical work. These and other standards are discussed in this chapter.

Time series presentation of level and change

13.4 It is common, though not universal, to give greatest prominence to indices that show changes in aggregate prices between the month for which the most up-to-date data are available and the same month one year earlier. It is also usual to compare this annual change with the annual change shown one month previously. The model presentation in Box 13.1 on page 230 provides an example of this. It is also possible to focus on the latest one-month change or to give some emphasis to quarter-on-quarter changes.

13.5 The arguments for the choices shown in the example are as follows. The 12-month comparison provides an indication of price changes in a reasonably long time frame, by reference to periods which may otherwise be expected to be similar year to year. Thus, seasonal factors are unlikely to be influential. Also, price changes that are often decided centrally, such as those relating to the tariffs of utilities, and changes in indirect taxes (which have a direct impact on prices), are usually on an annual

timetable and occur in the same month or months each year. There may nevertheless be one-off changes that can have an influence on the index.

13.6 Some press releases may give prominence to the month-on-previous-month change, especially for some components of the CPI. Such data have to be presented with care to avoid suggesting, for example, that a 2 per cent change in one month is similar to a 24 per cent change over a year.

13.7 It is also virtually universal to set a reference month (or longer period) in the past for which the price index is set at 100. All subsequent months then have index numbers which are percentages of the reference month or period. Indeed, it is that index which is used as the basic figure from which the other changes are calculated.

13.8 Indices are usually shown only to one decimal place, as are the other changes mentioned here, so figures have to be rounded. Rounding in these circumstances can, however, give a false impression of comparative change and must thus be explained, especially where prices are changing relatively little.

13.9 Care has also to be taken to differentiate between percentage points in the basic monthly index (which usually has 100 per cent set several years earlier) and, for example, percentage changes between one month and the next. If in one month the index is, for example, 200 and the following month it is 201, then the change can be described as one percentage point (above the period when the index was set at 100) or as half a percentage point (where the previous month is taken as 100 per cent). Both are valid, but they are percentages of different points in the past. It is therefore important to specify which is the base point of reference.

13.10 The reference period which is set at 100 is often referred to as “the base period”. But it is often a relatively arbitrarily chosen date, changed every few years, and not necessarily related to any point in time when methodologies may have changed or when a new basket of goods and services was introduced. The status of the reference period should be made clear in the methodological explanation.

13.11 The CPI is, by definition, an index and therefore not a level or a series of absolute changes in prices. Nevertheless, in the process of presenting the CPI, average prices are calculated for categories of goods and services. It is thus possible to publish some average prices for groups of goods or services, and also to show the upper and lower bands of the prices from which the averages have been calculated. Some users of the index find average price levels useful; these averages should therefore be made available to researchers who may want

them. It has to be noted, however, that data on price levels may be less reliable than the price change indices for any given group of goods or services.

13.12 So far this chapter has referred only to the broadest aggregates, without reference to subgroups of prices or to variants of the CPI which may include or exclude certain items. All of the foregoing refers to the most common form of CPI, which is usually intended to refer to the “average consumer” in a specific country and to include virtually all consumer prices in that country. But it can equally refer to regions of a country or to subgroups (such as pensioners), or to related or alternative measures of price change. Related or alternative measures, and sub-aggregate indices, are discussed in paragraphs 13.24 to 13.37 below.

Seasonal adjustment and smoothing of the index

13.13 The treatment of seasonal products and the estimation of seasonal effects are discussed in Chapter 22. In the present chapter we discuss the dissemination of such adjusted or smoothed series.

13.14 Most series of economic statistics are shown seasonally adjusted, as well as unadjusted. Consumer price indices are, however, not usually seasonally adjusted, although they sometimes are. Seasonal factors, for any series, are usually frequently recalculated using the latest data, so seasonally adjusted series can be changed in retrospect, but unadjusted CPIs are not usually revised.

13.15 In comparing one month with the same month a year earlier, it is assumed that seasonal patterns are much the same from one year to the next. There may be, however, exceptional months when the usual seasonal change is advanced or delayed. Such exceptional circumstances should be noted as one of the likely causes of a change in the CPI or in one of its components.

13.16 Changes over periods of less than a year are of course subject to seasonal factors and, in order to differentiate seasonal factors from other factors, it is necessary to make estimates of seasonal effects and to note them as factors that have contributed to changes in the index.

13.17 Although the CPI itself is not usually seasonally adjusted, some variants of the CPI may be seasonally adjusted, perhaps because they are more subject to seasonality and because they can be revised in retrospect if necessary. If such variants are seasonally adjusted, it is important to explain why. Seasonal adjustment usually leads to a smoother series than the original unadjusted one. There are also other ways of smoothing a monthly series, for example using three-month moving averages.

13.18 Statistical offices do not usually smooth the CPI series in their published presentations. Consumer price changes are not usually so erratic from month to month as to disguise price trends. If there is an erratic change, the producers of the index can usually explain the reasons for it. In any case, where any seasonally adjusted or smoothed series is published, it is important to publish the unadjusted as well as the adjusted series, so

that the effect of the adjustment process is clear to users who may wish to know what has happened to prices, whether or not the changes can be put down to seasonal factors. Similarly, a full explanation should be given for the reasons why a particular seasonal adjustment procedure has been followed.

Analysis of contributions to change

13.19 The CPI is an aggregate of many different goods and services whose prices are changing at different rates, some of which may be going up while others are going down. Many users of the index want to know which goods or services have contributed most to changes in the index, and which prices may be out of step with general price trends.

13.20 The statisticians who calculate the index are well placed to provide analyses of the contributions to the price change, and to do so at the same time as the index is published. Sufficient detail should be made available so that users can see for themselves what has happened to various groups of prices. In addition, to assist journalists and others working under time constraints, the statistician should indicate the goods or group of products whose changes in price are the main contributors to the aggregate CPI, and also goods whose changes in price are the most different from the aggregate. The statistics can be presented in the form of tables and charts so that the trends may be compared. Similarly, statisticians should indicate any reasons for price changes which may not be immediately obvious but are nevertheless discernible from the published figures. For example, if there has been a sharp price rise or fall one year earlier, then it will affect the current year-on-year change, whatever happens to prices currently.

13.21 Analysis of contributions to change should also refer to any pre-announced price changes, or major changes since the last price-reporting date, which will affect the outlook for the index over the following months.

Economic commentary and interpretation of the index

13.22 In undertaking an analysis such as that described above, statisticians must be objective so that users of the data may differentiate clearly between the figures themselves and the interpretation of them. It is therefore essential to take care to avoid expressing any judgement of the impact of current policy on price changes or the possible implications of price changes for future policies. Whether the figures should be seen as good news or bad news is for the users to decide for themselves. The statistician’s role here is to make it as easy as possible for users to form their own judgements from the perspective of their own economic or political views.

13.23 There are several ways of avoiding any apparent or real lapses in objectivity in the analysis. The first, and perhaps the most important, is to publish the

figures independently of any ministerial or other political comment. Another is to be consistent in the way the analysis is presented. That is to say, the data should be presented in much the same format every month (see paragraphs 13.38 to 13.41 below). For example, tables and charts should cover the same periods every month, and use the same baselines.

Presentation of related or alternative measures

Core inflation

13.24 For the purposes of economic analysis, it is desirable to construct measures of “core” or “underlying” inflation which exclude movements in the inflation rate that are attributable to transient factors. In other words, measures of core or underlying inflation seek to measure the persistent or generalized trend of inflation. Central banks, for example, need to have measures of the general trend of inflation when setting monetary policy. For this reason, economists and statisticians are increasingly interested in developing measures of “underlying inflation”.

13.25 Several methods can be used to derive a measure of underlying inflation. Most measures focus on reducing or eliminating the influence of exceptionally volatile prices, or of exceptionally large individual price changes. The most traditional approach is to exclude particular components of the CPI on a discretionary basis. The items to be excluded would be based on the statistician’s knowledge of the volatility of particular items, depending on the economic conditions of the country. Items commonly excluded under this approach are fresh meat, fruit and vegetables, and petroleum. Many countries also exclude imported goods, government charges, and government-controlled prices. In some countries, a calculation is made to exclude the effect of indirect taxes such as VAT. Of course, care must be taken so as not to exclude so many items that the remainder becomes only a small and unrepresentative component of the total.

13.26 Other methods include smoothing techniques, for example annualizing three-month average inflation. A more difficult method is to exclude outliers, that is those items with the highest or lowest increases.

Alternative indices

13.27 An example of an alternative index is a “tax and prices index” in which income tax and sometimes social security payments are taken into account. Such an index estimates how much a taxpayer’s gross income needs to change in order to maintain his or her spending power. It combines changes in direct (income) tax with changes in consumer prices.

13.28 Another example is an index which reflects changes in prices excluding indirect taxes (such as sales taxes) and duties. When compared to the CPI itself, such an index indicates the effects on prices of changes in indirect (e.g. sales) taxation.

13.29 Both of these examples involve allowing for taxes in one form or another. They are more complex

than the CPI itself, and do not have the intuitive attraction of an index which aims at tracking the change in prices of a typical basket of consumer goods and services. As such, they should be presented as interesting and enlightening constructs based on the core index. It must be made clear that they are not replacements for, or superior to, the CPI itself.

13.30 A further example is the European Union’s Harmonized Indices of Consumer Prices (HICPs), which are used to compare and aggregate price movements across European Union economies. The HICPs do not use a common basket of goods for all the countries in which they are calculated, because buying habits are different from one country to another, but the concepts and methods are nevertheless harmonized in other ways. No European Union member uses the HICPs as its national CPI, and therefore member countries also produce and publish their own indices. Although the HICPs are already used as an important indicator in the zone within Europe which uses the Euro as its underlying unit of currency, the HICPs are nevertheless relatively new, and are still under development. This is a case where the presentation of an alternative index may raise serious questions about whether it may be superior to the national CPI. It is therefore important to explain clearly the underlying concepts (which generally differentiate the HICPs from national CPIs) and to explain in some detail the reasons why the results are different. The HICPs were not calculated before 1996, and therefore do not enable price comparisons before that date. The starting date should be indicated if it is not obvious in any presentation.

13.31 Another concept is the cost of living index (COLI), which is usually defined as an index that indicates the changes in the costs associated not just with buying the same basket of goods, but with providing the same utility or usefulness to the consumer. Countries do not usually attempt to calculate a COLI on a regular basis, but users frequently refer to the CPI as a cost of living index. It should be made clear, in any background notes, whether this is indeed the concept underlying the CPI.

Sub-aggregate indices

13.32 Countries commonly calculate price indices for hundreds of products (for example bread or footwear), based on thousands of individual price records. The number of possible sub-aggregates is therefore very large indeed.

13.33 One kind of sub-aggregation is the grouping of sets of items or products which, when the sets are taken together, comprise the whole of the CPI. An important consideration here is the relationship of products within the subgroups. For example, an index may be presented for food and, under the heading of food, indices may be presented for subgroups such as cereals and vegetables.

13.34 One of the first considerations in presenting such sub-aggregate data for related products is consistency. That is to say, there should be a set of sub-aggregates for which indices are calculated and presented each month. Users commonly attach great importance to being able to continue their analysis from month to month.

13.35 Another consideration is international standardization of the division of the index into groups of goods and services, which enables comparison between countries. Some countries also have their own sub-aggregate groupings which may predate the current international standard. The generally accepted international standard for the presentation of sub-aggregates is the Classification of Individual Consumption according to Purpose (COICOP). It is used, for example, in the HICPs. Because COICOP defines groups of items by the general purpose for which they are used (e.g. “transport” or “housing and household services”), it combines goods and services within the same subgroups. Many national classifications are, however, composed of subgroups in which goods and services are never in the same subgroup. Where the national CPI is sub-aggregated by divisions other than the international standard, it is advisable either to present a breakdown also by COICOP or at least to show how the national classification compares to the international standard. COICOP and the related Central Product Classification (CPC) are discussed in more detail in Chapter 3 of this manual.

13.36 A further type of sub-aggregate index is an index which is essentially the same as the CPI except that it excludes certain items from it. The core index discussed earlier is an example. It could also be argued that the HICPs are such an index because they exclude certain non-

monetary expenditures. Some countries publish, in addition to their all-items CPI, an index or indices which exclude certain expenditures. An example is an index which excludes mortgage interest payments from housing costs.

13.37 In the presentation of all related or alternative measures, their definitions should be made clear. It is also advisable to give the reasons for their publication. Most importantly, it should not be suggested that the sub-aggregate index is more meaningful than or superior to the CPI itself.

Press release, bulletin and methodological statement

13.38 The model presentation of a CPI in Box 13.1 is an example of the first page of a press release for a fictitious country. Other formats are possible. For example, the presentation might include a seasonally adjusted index. As indicated in the model, the presentation should contain the following information:

- details of issuing office;
- date and time of release;
- percentage change in new month over the same month one year earlier;
- comparison with change in previous month;

Box 13.1 Model presentation of consumer price index

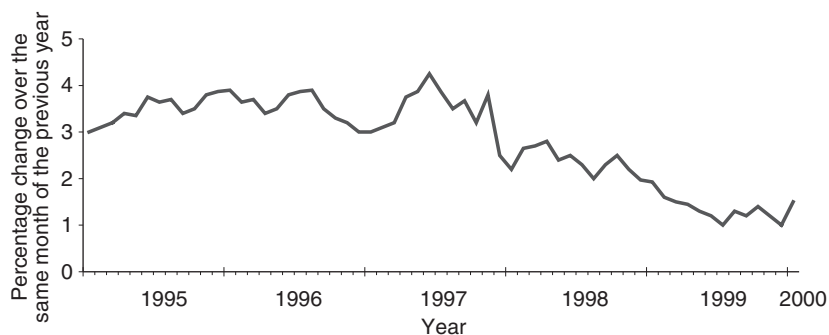
Office of [name of country] Statistics

Friday 18 February 2000, for release at 11.00 a.m.

CONSUMER PRICE INDEX (CPI) JANUARY 2000: PRESS RELEASE

In January 2000, consumers were paying 1.0 per cent more than they did in January 1999 for the goods and services in the CPI basket. This 12-month change was lower than the 12-month change recorded in December (1.5 per cent) but higher than in November (0.9 per cent).

Percentage change in the consumer price index over the same month of the previous year, for the last five years



Main contributions to the overall 1.0 per cent increase

The largest increase was in the prices of clothing and footwear, with smaller increases in recreation and culture. Within the energy group of prices, there was a significant increase in gas tariffs. There were falls in the prices of furnishings and household goods. The changes in product groups are shown in the table on page x of this release.

Issued by the Office of Xxxxx Statistics, address xxxxxx
 Press enquiries 1 111 1111; Public enquiries 2 222 2222 (name of a contact is helpful)
 Background notes on the CPI are given in the annex to this note.
 More notes and more details are given in our Internet site at XXX

- information on the product groups which contributed to the change and on any significant component price;
- reference to where more information can be found.

Note that no judgements are offered on policy or economic reasons for the price change, and no judgement is given on whether the change is good or bad.

13.39 What is not obvious from just one example is that the format of the press release should be the same from month to month. Using a consistent format is important in order to avoid appearing to choose a different format to indicate a preferred trend, for example from a selected starting date.

13.40 Other pages of the press release should give the monthly indices (base period equals 100) from which the percentage changes are calculated. Similar indices should also be given for major groups of goods and services. Charts may also be used to illustrate, for example, which prices have contributed most or least to the overall CPI.

13.41 If any other consumer price variant is also being published, then the differences between the indices should be briefly explained, including any methodological differences. Such variants that require explanation include, for example, a national index based on the European Union's HICPs methodology, any regional indices, or versions of the CPI that exclude particular components of consumer expenditure such as house purchase. The press release should include a short note on methodology, similar to that given in Box 13.2. More detailed explanation could be given in a handbook.

International standards concerning the dissemination of consumer price indices

13.42 There are many international standards which apply, in general terms or specifically, to the CPI. The introduction to this chapter lists some of the broad principles which are reflected in many of the international standards in some form. One very general standard, but by its nature a fundamental one, is the United Nations *Fundamental Principles of Official Statistics*. It is available on the web sites of the UNECE and the United Nations in several languages. It refers not just to dissemination but to all aspects of statistical work.

13.43 The International Monetary Fund (IMF) standards are particularly pertinent in regard to dissemination. There are two which refer to statistics including consumer price indices. One is the General Data Dissemination System (GDDS), and the other is the Special Data Dissemination Standard (SDDS). The GDDS provides a general framework, with some specific indicators defined as “core” and others defined as “encouraged”. The SDDS is based on the GDDS framework, but is more demanding and applies only to those countries that choose to subscribe to it in writing to the IMF Board. Both standards are available on the IMF web site.

13.44 Under the heading of quality, the GDDS refers to the necessity to provide information on sources and methods, as well as on component details and

Box 13.2 Model note on methodology – to be included in press releases on consumer price indices

What is the consumer price index (CPI) measuring and how is it done?

The all-items consumer price index (CPI) is the main measure of what is commonly called inflation. It measures the change in prices, on average, from month to month, of the goods and services bought by most households.

Prices are collected each month from shops and other suppliers of goods and services. The pattern of household expenditure on these goods and services is derived from a regular household budget (or expenditure) survey. The prices and spending patterns are then combined to calculate the price indices for groups of goods and services and for the all-items index.

The overall index, with all of its component indices, is published each month in our *CPI Bulletin*. The *Bulletin* also contains more information on the methodology used in calculating the CPI. A small booklet is also available. For a detailed account of the methodology used in calculating the CPI, please see the *CPI technical manual*. For more information on these publications, and how they may be obtained, please refer to our web site at www.ous.gov or telephone the numbers given on the front of this press release.

checking procedures. Under the heading “integrity”, it refers to declared standards of confidentiality, internal government access before data release, identification of ministerial commentary, and information on revision and advance notice of changes in methodology. Under the heading “access by the public”, it refers to the need for pre-announced release dates and simultaneous access for all users. In the tables of data categories, it refers to the CPI as a core indicator which should be issued monthly, within one to two months of the data collection date. All of these standards are reflected in the present manual. The ILO has also published guidelines concerning dissemination practices for labour statistics (ILO, 1998), which are available on the ILO web site.

Timing of dissemination of the consumer price index

13.45 The CPI should be released as soon as possible, but it is equally important to release the index according to a strict timetable. It is also important to publish the timetable of release dates as far in advance as possible. Having a fixed release date, published well in advance, is important for two main reasons. First, it reduces the scope for the manipulation of the release date for political expediency. Second, it gives confidence to users that the release date is as soon as possible and has not been delayed (or brought forward) for purely political reasons. A third advantage is that users know when to expect the figures and can be prepared to use them.

Timeliness of release versus data accuracy

13.46 The IMF's GDDS, discussed in paragraphs 13.43 and 13.44 above, recommends that the CPI be

released within one to two months of data collection each month. It is usual, in practice, for most countries to release the CPI in the middle of the month after the month to which the index refers. This is possible because, in many cases, the data are collected mainly over a limited period in the middle of the month to which the latest data refer. Thus the statisticians have some time to check and analyse the data, and to prepare the many tables and charts in which the data will be disseminated.

13.47 The accuracy of the index is particularly important because so much depends on the CPI. In addition to the economic policy implications of the index, the CPI is used in most countries in a variety of contracts. Perhaps the best-known contractual use is the indexing of wages and salaries. Also, partly because it is rare for more data to emerge after the CPI is published, and partly because of the way in which the index is used in contracts, it is very rarely revised. This represents a major difference between the CPI and other economic or socioeconomic aggregates.

13.48 It follows that, although timeliness is important, the timetable must allow time for the data to be properly prepared and thoroughly checked. After the release date, in most cases, a revision to the non-seasonally adjusted CPI would not be permissible. The HICPs of the European Union are an exception and are revised from time to time. If any series is revised, then of course the changes must be fully described and explained when the new data are released. If there is any methodological change, this is usually known in advance. Users should be warned before any such change occurs.

Access to data

13.49 With the CPI as with other statistics, users should be allowed access to as much data as possible for two main reasons. First, some users find the detailed data very useful in their analysis. Second, access to the data inspires confidence in the data.

13.50 There are, however, limits on the quantity of data that can be made available to users. One reason is confidentiality, which is addressed in the next section of this chapter. Another is the quantity of data that most users can absorb. A further reason is the cost of publishing large quantities of data which few users may need.

13.51 In general, the CPI and its major components are deemed to be of such wide importance that they are made available free through press releases. More detailed data are, however, often published only in books and other media, and are charged for in order to recover some of the dissemination costs. Similarly, special analyses made at the request of particular users are usually charged for at a rate commensurate with the work involved.

13.52 The quantity of data to which users should be given access through the various possible media is also discussed in paragraphs 13.53 to 13.58 below.

Confidentiality

13.53 Although, in general, as much data as possible should be made available to users, there are reasons why

confidentiality is important in some instances. First, some data are supplied by retailers and others on the understanding that the data will be used only for the purpose of aggregation with other data and will not be released in any other form. This can be especially important where the data are given voluntarily, as they often are. Second, only a sample of particular brands is priced as representative of a much larger group of products. If it is known which brands are included in the index and which are not, then it might be possible to bias components of the index by manipulating a small number of prices.

13.54 Even the knowledge that price data are, or might be, collected on one particular day in the month could enable some component price indices to be biased by retailers or others choosing to change prices on a particular day. This is, however, only a short-run danger and cannot be sustained.

Electronic dissemination

13.55 The World Wide Web has several advantages as a dissemination medium. For the data producer, distribution costs are relatively small. No printing or mailing costs are involved. As soon as the data are on the Web, they are available to all Web users at the same time. Putting a large amount of data on the Web costs little more than putting on a smaller amount. Web users can download the data without re-keying, thus increasing speed and reducing transmission or transposition errors.

13.56 Among the disadvantages of dissemination via the World Wide Web is that not all data users have equal access to the Web. Another important disadvantage is that users may go straight to the data, without reading the metadata which may be crucial to the proper understanding of the data. Also, it may be as easy for a user to disseminate the CPI widely by electronic means as it is for the statistical office, thus enabling users to preempt the producers by circulating the index in advance of the release time, perhaps without the metadata which may be essential to a proper understanding of the figures.

13.57 Ideally the CPI, complete with any essential metadata, should be released simultaneously to the press and other users. One way in which some statistical offices are ensuring this is to bring the journalists together perhaps half an hour before the official release time, provide them with the printed press release, explain the data and answer any questions. Then, at release time, the journalists are permitted to transmit the figures to their offices for wider distribution.

13.58 In essence, care must be taken to ensure that the CPI is available at the same time to all users, regardless of the dissemination medium used.

User consultation

Different uses of consumer price indices

13.59 The different uses of CPIs are discussed in some detail in Chapter 2. It is important to explain to potential users of the CPI which are suitable uses and

which are not. To this end, it is important to explain how the CPI is constructed, and to provide details of its sources and methods. It is also important to make readily available explanations of alternative indices or sub-indices, indicating how their uses differ from the uses of the CPI itself.

Presentation of methodology

13.60 When the CPI is published each month, users are anxious to see the main figures and to use them. Users do not generally want to be burdened with explanations of the methodology underlying the data. Nevertheless, methodological explanations must be accessible to those who may want them, and in forms which are comprehensible to users with different levels of expertise and interest. Any significant changes in methodology must be fully explained, and notified as far in advance as possible of the change being made.

13.61 In addition to a brief statement in press releases (see paragraphs 13.38 to 13.41 above), methodological explanations should be available on at least two levels. Non-experts should be able to refer to a booklet which explains the history, principles and practice underlying the CPI and any alternative measures which may also be available. A more thorough explanation of sources and methods should also be readily available for those users who are sufficiently interested and, for example, for statisticians who may be working on the production of the CPI for the first time. The information must also be kept up to date despite the pressures to devote time to the output at the expense of documentation. As noted elsewhere, the ready availability of a full explanation of sources and methods is essential to confidence and trust in the CPI.

Role of advisory committees

13.62 For a statistical series as important as the CPI, it is essential for there to be an advisory committee, or set of committees, representing users and producers. There are many contentious issues in the construction of the CPI. In many countries there have been fierce arguments about, for example, which components should be included and excluded. The role of an advisory committee is to consider and to advise on contentious and other

issues. Perhaps an equally important role of an advisory committee is that its very existence provides reassurance that the CPI can be trusted and is not a tool of government propaganda.

13.63 In those countries where advisory committees have not been the norm, there may be a fear on the part of statisticians that including non-governmental participants may raise expectations beyond what the statisticians can deliver, thereby increasing dissatisfaction among the general public. In fact, the inclusion of non-governmental users can lead to a greater understanding of the realities and the practical constraints to meeting theoretical needs. This is the usual experience of offices that already have advisory bodies which include representatives of all the major constituencies, both inside and outside government. It is therefore important that the advisory committee should comprise people such as academics, employers, trade union representatives and others who have an interest in the index from differing points of view. It is also important that the reports of the advisory committee are made available to the public fully and without undue delay.

Explaining index quality

13.64 The CPI is regarded with suspicion at many different levels. It usually refers to the average consumer, but each consumer has a different spending pattern from the spending patterns of others and may notice changes in one set of prices but not in others. More importantly, perhaps, there is criticism of the index because of suspicion that it does not keep track of newer types of goods and services, changes in the quality of products, or newer types of retailing.

13.65 In the light of such suspicion, it is important for the producers of the index to be willing to discuss these issues and to explain how they are being dealt with. As with other issues discussed here, the producers of the index must be open about their methods and the extent to which they can, or cannot, overcome the potential or real problems which have been identified. It follows that the statisticians who produce the index should publish explanations of quality aspects, whether or not the quality of the index is currently being questioned.

