Consumer Price Indices

General report Ch.3.8, paras 103-108

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12.10.2018

2003 Resolution on CPI

Adopted in 2003 by the 17th ICLS

- recommends that a number of price indices should be produced given the widespread use of CPI estimates for many different purposes.
- provides guidelines on the appropriate conceptual basis depending on the main use of the CPI.
The Manual published by the ILO
- a joint effort of six international organisations (Eurostat, ILO, IMF, OECD, UNECE, and the World Bank), members of the IWGPS, and experts from a number of national statistical offices and universities.
- provides considerably more detail, information and explanation of CPI methodology and the relevant economic and statistical theory than can be included in the resolution.
- presents an overview of conceptual and theoretical issues that should be considered when making decisions on the various problems in the daily compilation of the CPI.
- documents different practices in use and points out alternatives to existing practices whenever possible, along with their advantages and disadvantages

Methods and best practices have continued to evolve since 2004

2014 UNECE-ILO CPI Experts Meeting: Countries expressed a need for the CPI Manual to better reflect current best practices and to include more practical compilation advice.

IWGPS Endorsed and supported an update of the CPI Manual

TEG-CPI responsible for the update of the CPI Manual was established in 2016

• Members of the TEG-CPI represent international price index experts and compilers from national statistical offices.
• Terms of Reference

Objectives of the update: To produce a CPI Manual that includes more practical compilation advice for compilers. The update is not intended to include fundamental or comprehensive changes
Consume Price Index Manual: Theory and Practice, update

The main objectives of the update include:

i. Provide clearer and more prescriptive recommendations and guidelines in cases where research, methodological development and practical experience warrant such recommendations and guidelines, and where this is found useful.

ii. Take into account experiences gained on the applicability and usefulness of the 2004 manual.

iii. Incorporate relevant developments in methods and practices as well as theory and research over the last decade.

iv. Update material on data sources, data collection methods and related calculation methods to reflect developments since 2004.

v. Reflect recent developments in user needs.

vi. Harmonize the CPI concepts in line with the 2008 SNA.

Consume Price Index Manual: Theory and Practice, update

Main changes

❖ Objectives:
  • Provide more practical advice wherever possible
  • Streamline - reduce unnecessary repetition

❖ Volumes on practice and theory as stand-alone documents
  • Consumer Price Index Manual: Compilation practices
  • Consumer Price Index: Theory and concepts.

❖ Two new chapters
  • Scanner data
  • Updating weighs and linking index series

❖ Rewrites
  • Sampling (Focus on multi-stage sampling process in practice; Challenges faced by compilers in the absence of sampling frames)
  • Missing prices and quality adjustment (More detailed examples and clearer guidance)
**Main changes**

- Update and develop new detailed examples
  - Missing prices, quality adjustment
- Identify steps needed to develop and maintain a CPI
- Further elaborate use of national accounts data and alternative data sources to develop weights
- Treatment of internet purchases and collection of on-line prices
- Data editing
- Innovations in the collection of prices (Web-scraping)
- Theory and concepts
  - Treatment of scanner data in the calculation of elementary aggregates
  - Quality adjustment methods to deal with scanner data

**Current status**

- Chapters being revised taking into account comments from countries and IWGPS
- Submission of draft to the IWGPS for approval
- Formal consultation of countries
- Expected that the work will be completed before the end of 2018
- Submission of the final manual for endorsement by the UNSC