CPI Manual
Concepts and Methods
OCTOBER 2, 2019 – 13TH AEG MEETING
Background

- **Goal of the update**: to produce an update of the 2004 CPI Manual that includes more practical compilation advice for compilers
  - Relevant input from IWGPS and TEG-CPI
  - Extensive consultation with countries

- **IWGPS** (Intersecretariat Working Group on Price Statistics): endorsed and supported the update
  - Eurostat, ILO, IMF (lead agency), OECD, UNECE, and World Bank (chair)

- **TEG-CPI**: a Technical Expert Group supervised the update
  - Members represent international price index experts and compilers from NSOs

- **Structure**: one manual – two volumes:
  - Practice: *CPI Manual: Concepts and Methods*
  - Theory: *CPI Theory*
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TEG Members and contributors

- The Manual benefited from the experience of several individuals, as TEG-Members, contributors to the chapters and reviewers. Including, among others:
  - Paul Armknecht (IMF-Retired); Corinne Becker (Swiss FSO); W. Erwin Diewert (University of British Columbia); David Fenwick (UK ONS-Retired); Jan de Haan (Statistics Netherlands); Brian Graf (IMF, editor of the Manual); Claude Lamboray (Eurostat); Maria Mantcheva (IMF Retired); Mick Silver (IMF Retired); Valentina Stoevska (ILO); Marcel von Kints (ABS); and Jan Walschots (Statistics Netherlands).
  - Badria AlAadi (NCSI, Oman); Carsten Boldsen (UNECE); Rob Cage (BLS, USA); Barra Casey (CSO, Ireland); Patrick Kelly (Statistics South Africa); Brent Moulton (Expert, external reviewer); Ragnhild Nygaard (Statistics Norway); Niall O’Hanlon (IMF); Federico Polidoro (ISTAT, Italy); Rafael Posse (INEGI, Mexico); Yunita Rusanti (BPS-Statistics Indonesia); and V. Thuy, GSO (Vietnam).
  - Members of the IWGPS: Carsten Boldsen (UNECE); Yuri Dikhanov (World Bank); Robert Dippelsman (IMF); Louis Marc Ducharme (IMF); Claudia Dziobek (IMF); Anne-Sophie Fraisse (OECD); Nada Hamadeh (IWGPS Chair, World Bank); Francette Koechlin (OECD); Paulus Konijn (Eurostat); Claude Lamboray (Eurostat); Margarida Martins (IMF Secretariat); Pierre-Alain Pionnier (OECD); Valentina Stoevska (ILO); Gabriel Quiros-Romero (IMF); James Tebrake (IMF); and Peter van de Ven (OECD).
Progress to date

- Chapter outlines and draft chapters
- Main review
- International consultation of CPI compilers and users; incorporation of comments
- IWGPS review; incorporation of IWGPS comments
- Meeting of IWGPS – October 2018; revision of chapters to include IWGPS comments
- Editing for consistency (ongoing)
- Outside review – incorporate comments
Currently...

Formal consultation of Member States run by UNSD (until October 31, 2019)


Consumer Price Index Manual: Concepts and Methods

CPI Manual: Concepts and Methods
Summary of Main Changes
Next steps

- Incorporation of comments from formal consultation of Member States
- Final approval from IWGPS
- Formal editing (IMF COM Department)
- Submission of the final manual for endorsement by the UNSC
Key changes & updates

• Reflect advances in technology, e-commerce and digital economy.

• More prescriptive:
  ► More practical, less repetition, more consistency between chapters, new detailed examples
  ► Increase harmonization with national accounts concepts
  ► Second and third-best option presented, wherever possible, to guide compilers
  ► Key points and recommendations by chapter

• Reflect improvements made to the concepts and methods used to compile CPIs, and evolving user needs.

• Standardizing terminology:
  ► Product, item, and variety
  ► Elementary aggregate
Key changes & updates

- **Increase harmonization with national accounts concepts – examples:**
  
  - References to the *2008 SNA* included across the Manual
    - Especially in Chapter 2 (*Uses, Concepts, Scope and Classifications of CPIs*)
  
  - Harmonization of concepts
    - Household Final Consumption Expenditure and Household Actual Final Consumption
    - Residency (domestic vs national concept)
  
  - Use of national accounts as a data source for CPI expenditure weights
  
  - Highlight differences in treatment between CPI and national accounts
    - Household own-account production
Key changes & updates

• Chapters - main changes:
  ► Two new chapters (scanner data; updating CPI weights and linking CPI series)
  ► Two chapters rewritten (sampling; missing prices and quality change)
  ► Chapter 1 redrafted (follows steps to develop and maintain a CPI as set out in the Manual)

• Treatment of:
  ► Internet purchases and collection of online prices
  ► Innovations in the collection of prices (web-scraping and hand-held computers/tablets)
  ► Scanner data in the calculation of elementary aggregates
  ► Data editing

• Forward looking:
  ► Research Agenda identifies topics for further research and discussion
  ► Guidance Notes to be issued as needed to ensure Manual remains current