



Economic and Social Council

Distr.: General
19 December 2018

Original: English

Statistical Commission

Fiftieth session

5 - 8 March 2019

Item 3(j) of the provisional agenda*

Items for information and discussion: price statistics

Report of the Inter-Secretariat Working Group on Price Statistics

Note by the Secretary-General

In accordance with the Economic and Social Council decision 2018/227 and past practices, the Secretary-General has the honour to transmit the report of the Inter-Secretariat Working Group on Price Statistics, which is being submitted to the Statistical Commission for discussion. The report outlines the latest developments and activities in the area of price statistics, in particular the progress with the Consumer Price Index Manual Update. The Commission is invited to comment on the progress made to date, note that a global consultation on the Manual will take place in the first half of 2019, and encourage a timely response to the consultation from national price compilers.

* E/CN.3/2019/1.

I. Introduction

1. The Inter-Secretariat Working Group on Price Statistics (IWGPS) was established in 1998 to develop international standards and recommendations on price statistics, to document best practice guidelines and support their implementation, and to coordinate the work of international organizations in the area of price statistics. The members of the IWGPS comprise Eurostat, the International Labour Organization (ILO), the International Monetary Fund (IMF), the Organisation of Economic Cooperation and Development (OECD), the United Nations Economic Commission for Europe (UNECE) and the World Bank. The World Bank currently holds the chair.

2. This report presents an overview of the main developments in price statistics since the previous report of the IWGPS to the United Nations Statistical Commission (UNSC) in 2018. The content is arranged as follows: Section II addresses the main developments in international standards and methodological guidance; Section III covers issues related to the international collection of price data; and Section IV reports on recent meetings and conferences.

II. International Standards and Methodological Guidance

A. Update of the Consumer Price Index (CPI) Manual

3. In 2015, the IWGPS established a technical expert group (TEG-CPI) to update the 2004 “Consumer Price Index Manual: Theory and Practice”¹. The objectives of the update are: (i) to reflect the developments in methods and practices in CPI compilation and in data sources; (ii) to provide clearer and more prescriptive recommendations and guidance where possible; (iii) to meet developments in user needs; and (iv) to harmonize CPI concepts with the 2008 System of National Accounts (SNA). The TEG-CPI is led by the IMF and includes international experts and compilers from national statistical offices. This update is carried out under the auspices of the IWGPS who is responsible for the final approval of the update.

4. It was agreed that two separate publications will be prepared: the first, “Consumer Price Index Manual: Concepts and Methods”, focuses on CPI compilation issues; and the second, “Consumer Price Index Theory”, reviews the theoretical foundations of consumer price indices.

5. With regards to the first publication, referred to as the Manual, all chapters on CPI compilation methods have been drafted, peer reviewed, and made available for additional review and comment by compilers and users on a website hosted by the IMF. Commentators’ remarks have been incorporated, and it was widely noted that the updated Manual provides clearer, more practical advice than previously. The Manual also recognizes the onset of digitalization, such as the growing use of scanner data, web scraping, internet pricing, web-based outlets, and new digital economy service providers. These innovations, together with new data sources and the role of CPIs in measuring well-being, form part of a proposed research agenda. A physical meeting of the IWGPS, held in October 2018 in Paris, reviewed all the chapters, and a follow-up conference call meeting in November 2018 discussed progress and timetable. The TEG-CPI is incorporating relevant feedback and inputs to the chapters.

6. A formal consultation of Member States will be conducted in the first half of 2019. The Statistical Commission will be invited to endorse the updated Manual as an international statistical standard at its 51st session in 2020.

7. This Manual will be made available in soft copy through the IMF website. In addition, hard copies will be distributed to all national statistical offices and made available to key users, such as central banks, upon request.

8. With regards to the second publication on CPI theory, the chapters are being updated as needed and peer reviewed. The publication will be made available in soft copy only through the IMF website.

¹ https://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_090721/lang--en/index.htm

B. Guidance on Commercial Property Price Indices

9. Following the example of the *Handbook on Residential Property Price Indices*, and against the backdrop of the G20 Data Gaps Initiative (see Section III (E) below), work on conceptual and practical guidance on the compilation of Commercial Property Price Indices (CPPIs) started in 2013. CPPIs are new and challenging and raise a number of particularly difficult issues. Under the aegis of the member organisations of the IWGPS, Eurostat took the lead in coordinating the drafting of a guidance document by a team of experts. IMF, OECD, and the European Central Bank (ECB) also contributed.

10. The resulting document, “Commercial Property Price Indices: sources, methods and issues”, provides the groundwork for a future CPPI Handbook. It sets out a conceptual framework for the compilation of CPPIs, presents the main methods and possible data sources, and the arising challenges. Additionally, an overview of CPPIs and related indicators presently available in a number of countries is provided.

11. After extensive editing by IMF and feedback from the IWGPS, the document was published by Eurostat in December 2017.

C. Update of the COICOP-classification

12. A new version of the Classification of Individual Consumption According to Purpose (COICOP) was adopted by the UNSC in 2018. The revision process was carried out under the auspices of the UNSC by the United Nations Expert Group on International Statistical Classifications and its Technical Subgroup for the revision of COICOP (TSG-COICOP). The IWGPS contributed to the work of the TSG-COICOP, either directly or via representatives of the various international organisations involved. The IWGPS will discuss and follow up on issues in relation to the implementation of COICOP 2018 for compiling price statistics.

III. International Collection of Price Data

A. Consumer Prices Indices

13. Under a joint project of IMF and OECD, detailed CPI data and associated weights for each of the twelve COICOP divisions for both national CPI and Harmonised Index of Consumer Prices (HICP) series are collected monthly and are available on both the websites of IMF² and OECD³. Data are currently available for more than 150 countries, and efforts are ongoing to expand the coverage. Improvements will also continue to be made to the dissemination of these data. This combined IMF–OECD effort will allow for the sharing of CPI data among international organizations and will ease the response burden on national statistical offices and central banks.

B. Residential property prices

14. Both the Bank of International Settlements (BIS) and OECD have lengthy experience in collecting and disseminating data on residential property prices, be they sourced from official statistics or from private producers. The “Handbook on Residential Property Price Indices” has given momentum to the development of residential property price indices (RPPIs), as part of the work package of official statistics. Official data are now being published by Eurostat⁴ (on the basis of a regulation that is binding for all EU member states), and, combined with their previous dissemination practices, BIS⁵ and OECD⁶. To further align collection and dissemination practices of residential property prices by

² <http://data.imf.org/CPI>.

³ https://stats.oecd.org/Index.aspx?DataSetCode=PRICES_CPI

⁴ <https://ec.europa.eu/eurostat/web/housing-price-statistics/data/database>

⁵ <http://www.bis.org/statistics/pp.htm>.

⁶ http://stats.oecd.org/Index.aspx?DataSetCode=RPPI_TARGET for RPPI “Headline Indicators”; <http://stats.oecd.org/Index.aspx?DataSetCode=RPPI> for the complete database on house prices; and http://stats.oecd.org/Index.aspx?DataSetCode=HOUSE_PRICES for the analytical house price indicators.

international organisations, a Working Group on House Prices has been formed, under the umbrella of the G-20 Inter Agency Group (IAG) on Economic and Financial Statistics (see below). The Working Group, whose membership consists of representatives from BIS, ECB, Eurostat, IMF, OECD and the World Bank, closely coordinates its activities with the IWGPS. One of the main outcomes of the Working Group was the development of a concrete template for the compilation of internationally comparable RPPI data and related housing indicators. Under the guidance of the IAG, this template was endorsed at the G-20 Thematic Workshop on RPPI/CPPI held in Argentina in January 2018. Collection of national data (for EU countries, OECD member states, and G20 countries) according to the agreed template began in 2018, with the aim to expand the coverage of countries and indicators.

C. International Comparison Programme

15. The UNSC instituted the International Comparison Programme (ICP) as a permanent element of the global statistical programme, to be conducted on a three-year cycle, at its forty-seventh session in March 2016. The most recent Purchasing Power Parities (PPPs) published by the programme are benchmarked to reference year 2011. New data are currently being collected during a three-year span (2016 to 2018), with a mid-cycle reference year of 2017, and results are due to be published by the end of 2019. An exercise is also underway to estimate a PPP time series to bridge the results of reference years 2011 and 2017. The next three-year ICP cycle for the reference year 2020 will be launched in 2019.

16. Concurrent with the implementation of the 2017 cycle, various research, knowledge and advocacy activities have been carried out. First, a research agenda⁷ has been established to guide the future of the ICP. Technical Task Forces have been established to undertake research into several topics, under the guidance and supervision of the ICP Technical Advisory Group. Second, a PPP eLearning course “Fundamentals of Purchasing Power Parities”⁸ was released in 2018 and a new ICP blog series has been introduced under the World Bank’s Data Blog portal to increase knowledge and understanding of the programme and its data. Third, a new ICP website was launched, as a part of continuous efforts to advocate the use of PPPs. Furthermore, various high-level events celebrated the programme’s 50th anniversary during 2018, increasing visibility and awareness of the ICP. The World Bank’s report to the 50th session of the UNSC, available on the UNSC website, provides a comprehensive overview of the programme and related activities.

D. Statistical Data and Metadata eXchange

17. Exchange of price data using the Statistical Data and Metadata eXchange (SDMX) format has been initiated by a technical group consisting of members from Eurostat, ILO, BIS, OECD, ECB and IMF, under the umbrella of the Ownership Group for Macro-Economic Statistics. Work on global Data Structure Definitions (DSDs) for Consumer Price Indices (national CPIs plus the European HICP) was initiated, with a first version released in May 2018⁹. Work on other sub-domains, including Producer Price Index, Import and Export Price Index, Residential Property Price Index/Indicators, and Commercial Property Price Index/Indicators will follow. The Ownership Group was due to discuss next steps in price statistics in late 2018.

E. G-20 Data Gaps Initiative

18. The G-20 Data Gaps Initiative (G-20 DGI) consists of 20 recommendations to improve statistics in response to the economic and financial crisis. The initiative, governed by the IAG on Economic and Financial Statistics, has recently moved into its second phase. Among the recommendations, two are directly related to price statistics. Recommendation II.17 on Residential Property Prices has the following goal: “The G-20 economies to publish residential property price indices consistent with the Handbook on RPPI and supply these data to the relevant international organizations, including BIS, Eurostat, and OECD. The IAG in collaboration with the IWGPS to work on a set of common headline residential property price indices; encouraging the production of long time series; developing a list of other housing-related indicators; and disseminating the headline residential property price data via the PGI website”. Recommendation II.18 on Commercial Property Prices has the following broad objective: “The IAG in collaboration with the IWGPS to enhance the

⁷ <http://www.worldbank.org/en/programs/icp#7>

⁸ <http://www.worldbank.org/en/programs/icp/brief/e-learning>

⁹ https://sdmx.org/?page_id=1498 SDMX for CPI.

methodological guidance on the compilation of commercial property price indices and encourage dissemination of data on commercial property prices via the BIS website”. The IAG closely cooperates with the IWGPS in moving forward on these recommendations.

19. In order to achieve these objectives, the Working Group on House Prices, in cooperation and consultation with the IWGPS, has developed and endorsed the above-mentioned template for the compilation of internationally comparable RPPI data and related housing indicators. The template is organized around five topics: RPPI; other housing price statistics; residential property markets; housing structural indicators; and construction. It aims at a better understanding of the housing market situation in individual countries.

20. In the context of the G-20 DGI, OECD calculates and publishes a G-20 aggregate for CPI on a monthly basis¹⁰, in addition to a G-20 aggregate for economic growth on a quarterly basis.

IV. Meetings and conferences

A. Workshop on Residential and Commercial Property Price Indices

21. The G-20 Thematic Workshop on Residential and Commercial Property Price Indices took place in January 2018. The workshop, which is part of the 2018 work programme of the G-20 DGI, focused on the implementation of the two recommendations of the G-20 DGI on the compilation of real estate price statistics (see above). As Argentina held the G-20 Presidency in 2018, the event was hosted by the Instituto Nacional de Estadística y Censos de la República Argentina in Buenos Aires. The workshop was jointly organized by BIS, Eurostat, IMF, and OECD and was attended by around eighty officials.

22. Workshop participants exchanged views on compilation practices and the use of the residential and commercial property prices for policy purposes, as well as on country-specific challenges. To advance the work, participants agreed to be pragmatic, data-oriented, and take account of available private source data. Representatives from several countries shared their experiences with digitalization and the use of big data to compile real estate price statistics.

B. International Conference on Real Estate Statistics

23. The International Conference on Real Estate Statistics¹¹ organized by Eurostat in close cooperation with ECB, was scheduled for February 2019 in Luxembourg. The aim was to bring together high-level experts from the statistical community and important stakeholders and address a broad range of conceptual and practical issues relating to residential and commercial real estate statistics, in particular data sources for commercial real estate statistics, the conceptual framework for commercial real estate indicators, and recent developments in residential real estate measurement.

24. A G-20 Workshop on Commercial Property Price Indices, taking place in conjunction with the conference, would discuss the remaining obstacles in achieving the agreed target of Recommendation II.18 on Commercial Property Prices, and the reporting, in the absence of officially compiled CPPIs, of related indicators either privately or officially compiled.

C. Eurostat Task Force on Commercial Real Estate Indicators

25. The Eurostat Task Force on Commercial Real Estate Indicators (TF CREI) was set up in 2018 to explore the further development of commercial real estate prices and associated indicators. The task force provides a forum for the exchange of experiences with pilot projects, with a focus on data sources such as valuation data, administrative or survey data, and private data sources. The pilot projects in Member States are key to capacity building in terms of methodological and conceptual issues and the exploration of relevant data sources. The TF CREI should provide input into the further development of long-term solutions for data collection on commercial real estate.

¹⁰ https://stats.oecd.org/Index.aspx?DataSetCode=G20_PRICES

¹¹ <https://www.real-estate-statistics.eu/>

26. The TF CREI participants are experts with relevant experience and skills in this field from EU Member States' national statistical institutes and national central banks as well as from ECB, Eurostat (chair), IMF, BIS and OECD.

D. Group of Experts on Consumer Price Indices

27. The meetings of the Group of Experts on CPIs are organised every second year by UNECE in cooperation with ILO. This Expert Group supports the development of internationally agreed standards and methods in the field of CPIs and provides recommendations on good practices that can be implemented by statistical offices. The meetings are organised under the aegis of the Conference of European Statisticians (CES) and are attended by price statisticians from CES member countries, while an increasing number of countries from Africa, Asia and South America also participate. Experts from international organisations and researchers specialising in index numbers also attend.

28. The 2018 meeting of the Group of Experts on CPIs took place in May 2018 in Geneva, hosted by UNECE. The 150 participants discussed four substantive topics: new data sources; services in the CPI; methodological issues; and understanding and meeting different user needs. During poster sessions, countries and organisations presented their practical experiences in areas such as big data and web scraping; the use of scanner data; integration of different data sources; adjustment for quality changes; sampling and open source survey apps for price collection. To mark the 40th anniversary of the CPI Expert Group, a panel session was organized to discuss future challenges in CPI compilation. The panel identified five key methodological issues that should be addressed: the use of scanner data and big data; seasonal products; durable goods; financial services; and goods and services provided for free. A special session was organized for the countries of East Europe, Caucasus and Central Asia and other interested countries to discuss methodological and practical problems particular to this group of countries. The proceedings of the meeting are available from the UNECE website¹².

29. The next CPI Expert Group meeting is proposed for 2020 and will discuss the following topics: new data sources; the digital and sharing economy; measuring welfare and well-being; quality adjustment and other methodological issues; and understanding and meeting user needs.

E. Ottawa Group on Price Indices

30. The Ottawa Group on Price Indices focuses on applied research, particularly (though not exclusively) on CPIs. The Group examines advantages and disadvantages of various concepts, methods and procedures in the context of realistic operational environments. Participants are specialists and practitioners from national statistical offices and international organisations. The Ottawa Group meets every second year, alternating with the biennial meetings of the CPI Expert Group. The proceedings of the meetings are available from the Group's website¹³. The Ottawa Group, being a UN City Group, reports separately to the UNSC. More details of the Group's work are available in its report to the 50th session of the UNSC, available on the UNSC website.

V. Conclusion

31. The Commission is requested to:

- a. take note of the progress made by the IWGPS;**
- b. urge member states to provide timely input into the global consultation on the updated CPI manual in 2019;**
- c. request the IWGPS submit the updated CPI manual for endorsement at its 51st session in 2020.**

¹² <http://www.unece.org/index.php?id=46772>

¹³ www.ottawagroup.org