

Changes in the publication of consumer price indices from January 2011

With the release of consumer price indices for January 2011 (scheduled for 4 February 2011 for provisional data and 23 February for final data), in addition to the usual changes arising from the updating of the basket of goods and services, survey schedules and the weighting system, the following innovations¹ will be introduced, in order to improve the accuracy of measures of inflation still further:

- consumer price indices for the whole nation (NIC, *intera collettività nazionale*) and for blue- and white-collar worker households (FOI, *famiglie di operai e impiegati*) will be published with 2010=100 as a reference base;
- for all three indicators of the system of consumer price indices, i.e. NIC, FOI and the harmonised index of consumer prices (HICP), a new, more detailed classification system for consumer spending will be adopted;
- a new survey and calculation method for seasonal product price indices will be adopted.

Updating of the reference base to 2010 for consumer price indices for the whole nation (NIC) and for blue- and white-collar worker households (FOI)

Consumer price indices, as is widely known, are calculated using a chained Laspeyres formula, in which the basket of products and the weighting system are updated annually. Monthly indices for the current year are calculated with reference to December of the previous year (calculation base) and subsequently chained over the period chosen as a reference base in order to be able to measure price trends over a period of time of more than a year. Currently:

- the reference base for the national NIC indices is 1995, while the reference base for those calculated on territorial basis is December 1998 =100²;
- the reference base for the FOI indices, at both the national and territorial level, is 1995=100³;
- the reference base for the HICP index is 2005=100, as established by specific European regulations.

Starting from data referred to January 2011:

- the NIC indices and the FOI indices, calculated both at the national and territorial basis, will be expressed with 2010=100⁴ as a reference base;
- the HICP index, in contrast, will continue to be calculated and published with 2005=100 as a reference base (Prospect 1).

¹ Concurrently with the publication of the provisional indices for January 2011, further information and details regarding the changes will be provided through a more extensive Information Note in the usual manner.

² With the exception of those provincial capitals which in years after 1998 began or recommenced, after a period of interruption, consumer price surveys.

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⁴ Also in this case with the exception of the indices of those provincial capitals which for at least one month during 2010 interrupted survey operations or whose data are estimated, as they fall short of the quality standards established by Istat. In these cases, the new reference base will be December 2010=100.

Prospect 1. Reference bases for consumer price indices as of January 2011

	Reference base as of January 2011	Previous reference base
NIC National indices	2010=100	1995=100
NIC Territorial indices	2010=100	December 1998=100
FOI National indices	2010=100	1995=100
FOI Territorial indices	2010=100	1995=100
HICP	2005=100	2005=100

In order to ensure the temporal comparability of the series expressed according the new reference base and those expressed according to the previous bases, the corresponding linking coefficients will be made available.

Adoption of a new, more detailed classification scheme for consumer spending

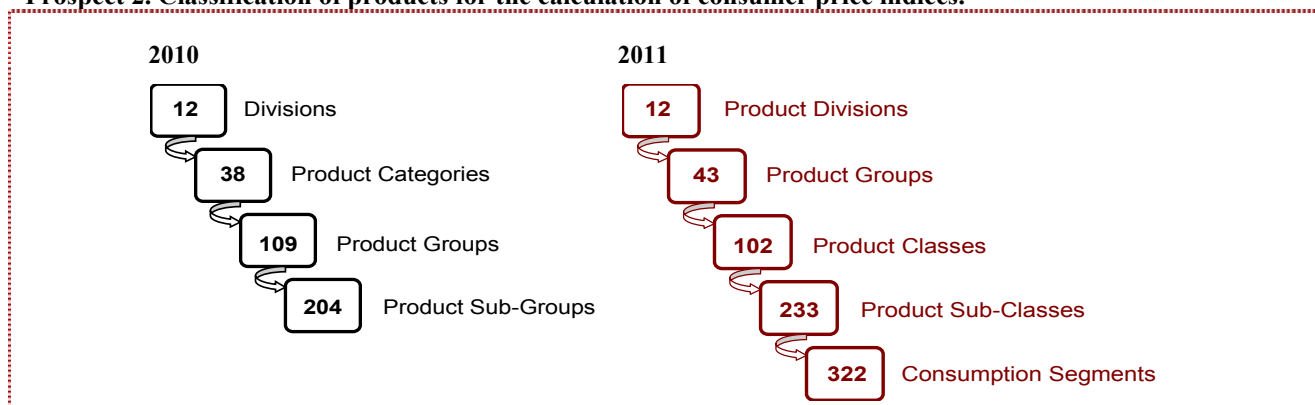
The new classification scheme has been adopted in order to raise the quality of statistical information on consumer prices with regard to its relevance and accuracy, while at the same time bringing consistency to the structure of the three indices NIC, FOI and HICP.

The classification of consumer spending adopted for the consumer price indices is the international COICOP classification (*Classification of Individual Consumption by Purpose*). Its hierarchical structure provides the following three levels of disaggregation: *Divisions*, *Groups* and *Classes* (according to international naming conventions). This classification scheme, which is currently used for calculating the harmonised HICP index, includes a further level of disaggregation for the calculation of the NIC and FOI indices: that of *Product Items*.

Starting from data for January 2011 a new, more detailed consumer spending classification scheme will be adopted, which takes into account, with some changes, the proposed revision of the COICOP classification currently being discussed in Europe for disaggregation levels lower than *Classes* level. The new classification scheme, which will be adopted for all three consumer price indices published by Istat, entails the introduction of two additional lower levels of disaggregation, *Product Sub-Classes* and *Consumption Segments*, and is therefore structured in five levels, the names of which have been brought into line with the international names. The introduction of the level called *Consumption Segment* takes as reference the definitions of Regulation (EC) no. 1334/2007 of 14 November 2007, on the basis of which the *Consumption Segment* represents a set of transactions for the purchase of products which are homogeneous in terms of satisfaction of specific needs and which, as a result, may be considered equivalent by consumers.

Prospect 2 illustrates the new hierarchical structure adopted for the calculation of the indices as of January 2011, compared with the structure used until now.

Prospect 2. Classification of products for the calculation of consumer price indices.



With specific reference to national consumer price indices for the whole nation, the indicators will be currently published with a level of detail of the 322 *Consumption Segments*, against the current level of 204 *Product Items*, thus making a greater level of analysis of consumer price trends possible for users. These data will be made available on the Istat website at the following address: <http://www.istat.it/prezzi/precon/dati/>, concurrently with the publication of the press release “Consumer prices”, *Final data*, on 23 February 2011. They will also be published in the Conistat database (<http://con.istat.it/>) and on I.Stat, the data-warehouse of statistics produced by Istat (<http://dati.istat.it/>).

The transition to the new classification will ensure the continuity of the time series of indices with the exception of a sub-set of series referring to lower levels of aggregation (*Sub-Classes and Consumption Segments*).

Adoption of a new method for the treatment of seasonal products

Starting from data for January 2011 a new survey and calculation method for price indices of seasonal products will be adopted, in compliance with Regulation (EC) no. 330/2009 of 22 April 2009, which sets out minimum standards for the treatment of seasonal products in the HICP. This methodological innovation will also be introduced for the NIC and FOI indices.

The minimum standards required by the abovementioned Regulation apply to the following COICOP product groups and classes:

- 01.1.3 Fish;
- 01.1.6 Fruit;
- 01.1.7 Vegetables;
- 03.1 Clothing;
- 03.2 Footwear;

and define a seasonal product as one which, in certain periods of the year (of at least a month), may not be available for purchase, or one which is purchased in modest or insignificant volumes by consumers.

The Regulation also establishes that in a given month seasonal products are considered “in season” or “out of season”. On the basis of this standard a monthly calendar for the whole of 2011 has been introduced, which establishes in a given month when each specific product belonging to the abovementioned categories or groups must be considered “in season” or “out of season”, with the exception of fresh fish products, for which – on the basis of current quantitative evidence – products of the category of seasonal products as defined by the Regulation are absent.

As of 2011, the adoption of a seasonality calendar will entail a territorial consumer price survey only in the months in which the product in question is defined as “in season” and, consequently, the introduction of a new estimation method for prices of “out-of-season” products.

In pursuance of Regulation (EC) no. 1921 of 19 October 2001, furthermore, the estimate of the impact of the innovations introduced in the treatment of seasonal products on the annual rate of change in the harmonised consumer price index (HICP) will be made available.

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