13. Publication, Dissemination, and User Relations

A. Introduction

13.1 As discussed in Chapter 2, the PPI is one of the most important statistical series for monitoring inflation and assisting in the measurement of GDP at constant prices. It follows, therefore, that the PPI must be published, and otherwise disseminated, according to the policies, codes of practice, and standards set for such data.

13.2 The PPI, therefore, should be

- Released as soon as possible (noting the trade-off between timelines and quality),
- Made available to all users at the same time,
- Released according to preannounced timetables,
- Released separately from ministerial comment,
- Made available in convenient form for users and include analysis of the main contributors to overall change,
- Accompanied by methodological explanation and advice as to where more detailed metadata can be found, and
- Backed up by professional statisticians or economists who can answer questions and provide further information.

13.3 Above all, the PPI should meet the UN's *Fundamental Principles of Official Statistics*. It is published in several languages on the website of the UN (www.un.org). The *Principles* refer to dissemination and to all aspects of statistical work. In addition, the data dissemination standards developed by the IMF should be reviewed and followed by statistical offices. These and other standards are discussed in this chapter.

B. Types of Presentation

B.1 Time-series presentation of level and change

13.4 It is common to give prominence to indices that show changes in aggregate prices between the month for which the most up-to-date data are available, the change from the same month one year earlier, and the one-month change. It is also usual to compare the annual change with the annual change shown one month previously. The model presentation in Section E provides examples of these.

13.5 The arguments for the first presentation shown in the example are as follows. The 12-month comparison provides an indication of price changes in a reasonably long time frame by referring to periods that are unlikely to be influenced by seasonal factors. Also, prices that are often set centrally, such as the prices of or tariffs on utilities, and changes in indirect taxes (which directly affect prices) are usually on an annual timetable and occur in the same month or months each year. However, there may be one-off changes in either of the two months that can have an influence on the index.

13.6 Data on the one-month change, especially for some components of the PPI, need to be treated with caution to avoid, for example, suggesting that a 2 percent change in one month is similar to a 24 percent change over a year. (See Chart 2 in Section E.)

13.7 It is normal practice to set a reference period (usually a year, though a shorter period, such as a month, may be used) for which the price index is set at one hundred. Index numbers for all subsequent periods are percentages of the value for the reference period. Indeed, that is the index that is used as the basic figure from which the other changes are calculated.

13.8 These indices are usually shown to only 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, therefore, be explained, especially where price changes are small.

13.9 Care also has to be taken to differentiate between changes in index points and 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 index point (above the previous level of 200) or as an increase of half a percent. Both measures are valid, but they require careful specification.

13.10 The reference period that is set at one hundred is often referred to as the *base period* or the *reference base period*. It is often an arbitrarily chosen date, changed periodically, and not necessarily related to a 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. For technical reasons, a reference period that is abnormal (for example, in terms of absolute or relative price levels, industry structure, etc.) should be avoided.

13.11 The PPI is, by definition, an index; it is, therefore, not a level or a series of absolute changes in prices. Nevertheless, in the process of presenting the indices, average prices are sometimes 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, and they should be made available to researchers who may want them.[1] It must be noted, however, that price-level data may be less reliable than the price change indices for any given group of goods or services because of the sampling strategies used. Further, quality changes can distort comparisons over time.

13.12 So far this chapter has referred to only the broadest aggregates without reference to subgroups of prices or to variants of the PPI that may include or exclude certain items. Nor does it refer to price indices with underlying concepts that may differ from those underlying the PPI. Some of these considerations are discussed later in this chapter.

13.13 All of the above can refer to the most common form of the PPI, which is usually intended to refer to the average price change in a specific country and to include high coverage of producer prices in that country. But it can equally refer to regions of a country or to subcomponents (such as raw materials versus intermediate goods), different product groups or industries of origin, or related or alternative measures of price change. Related or alternative measures and subaggregate indices are discussed in Section B.5.

B.2 Seasonal adjustment and smoothing of index

13.14 The treatment of seasonal products and the estimation of seasonal effects are discussed in Chapter 22. In this chapter, the dissemination of such adjusted or smoothed series is discussed.

13.15 Many economic statistical series are shown seasonally adjusted as well as unadjusted. Normally, however, PPIs are not seasonally adjusted. In cases where there are seasonal factors, statistical series are frequently recalculated using the latest data. As a result, seasonally adjusted series can be retrospectively revised. Unadjusted PPIs are not usually revised, although in a few countries, there is an explicit revision policy to publish a preliminary PPI and then revise that index after some fixed period (usually one–three months). This occurs because not all of the sample is received by the index cutoff date, so the index is released on a preliminary basis; but, after a few months, practically all of the sample is received and a revised index is published.

13.16 In comparing one month with the same month a year earlier, it is implicitly assumed that seasonal patterns are much the same from one year to the next. However, there may be exceptional months when the usual seasonal change is advanced or delayed, in which case the advance or delay should be identified as one of the likely contributors to a change in the PPI or one of its components.

13.17 Changes over periods of less than a year are subject to seasonal influence. To differentiate them from other factors, it is necessary to try to quantify seasonal effects and identify them as contributing to changes in the index.

13.18 Although the PPI itself is not seasonally adjusted normally, some variants of the PPI may be seasonally adjusted (such as the PPI for raw materials or agricultural products) because they are more subject to seasonality and can be revised retrospectively if necessary. If such variants are seasonally adjusted, it is important to explain why.

[1] When releasing data on average prices, confidentiality requirements must be maintained. See Section C.4.

13.19 Seasonal adjustment usually leads to a smoother series than the original unadjusted one. But there are other ways of smoothing a monthly series, such as using three-month moving averages. However, statistical offices do not usually smooth the PPI series in their published presentations. Producer price changes are not usually so erratic from month to month that they disguise price trends. To the extent that there might be an erratic change, the compilers of the index can usually explain the reasons for any sharp fluctuation.

13.20 In cases where any seasonally adjusted or smoothed PPI series is published, it is important to publish the unadjusted series as well, so that the effects of the adjustment process are clear to users who may wish to know what has happened to the actual transaction prices, whether the changes can be put down to seasonal or other factors. Similarly, full explanation should be given for the reasons why a particular seasonal adjustment procedure has been followed.

B.3 Analysis of contributions to change

13.21 The PPI is an aggregate of many different goods and services, whose prices are changing at different rates and possibly in different directions. Many users of the index want to know which goods or services have contributed most to changes in the aggregate index and which prices may be out of step with general price trends. The index compilers are well placed to provide analyses of the contributions to the price change in the current press release and current issue of the PPI publication.

13.22 Sufficient detail should be made available to the users of the index, so they can see for themselves what has happened to various groups of prices. However, because of the time constraints facing many users, the statistician should indicate which prices are the main contributors to the aggregate PPI and which ones may be most different from the aggregate. They can be presented in the forms of tables and charts, so that trends may be compared.

13.23 Similarly, statisticians should indicate any reasons for price changes that may not be immediately obvious but are nevertheless discernable from the published figures. For example, if there had been a sharp price rise or fall one year earlier, then it will affect the current year-on-year change, regardless of what happens to the current-period prices.

13.24 Analysis of contributions to change should also refer to any preannounced price changes, or major changes since the last price reporting date, that will affect the outlook for the index over the following months.

B.4 Economic commentary and interpretation of index

13.25 In undertaking 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 avoid expressing any judgment of the policy causes or possible implications for future policies. Whether the figures should be seen as good news or bad news is for the users to decide. The statistician's role is to make it as easy as possible for users to form their own judgments from their own particular economic or political perspective.

13.26 There are several ways of avoiding any apparent or real lapses in objectivity in the analysis. The first and perhaps most important way is to publish the figures independently of any ministerial or other kind of 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 Section B.6). For example, tables and charts should cover the same periods every month and use the same baselines.

B.5 Presentation of related or alternative measures

B.5.1 Core inflation

13.27 For the purposes of economic analysis, it is sometimes desirable to construct measures of *core* or *underlying* inflation that exclude movements in the price index that are attributable to transient factors. Examples of such factors include the impact of monetary and fiscal policy decisions, regular seasonal influences, and inherent volatility. In other words, measures of core or underlying inflation seek to measure the persistent or generalized trend of inflation. For example, central banks require measures of the general trend of inflation when setting monetary policy. For this reason, there is in-

creasing interest by economists and statisticians in developing measures of underlying inflation.

13.28 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 focus on exceptionally large individual price changes. The most traditional approach is to exclude particular components of the PPI on a discretionary basis. The items to be excluded are based on the statistician's knowledge of the volatility of particular items in the domestic economy. 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. 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.

13.29 Other methods include smoothing techniques. An example would be annualizing three-month moving averages and abstracting from the effects of government fiscal policy decisions (for example, developing *net* price indices that have indirect taxes held constant or removed from the transaction price). A more difficult method is to exclude or give relatively smaller weight to *outliers*, that is, those items with the highest or lowest increases. This approach is gaining more interest as a method for identifying the inflation signal from price index measures.[2]

B.5.2 Alternative indices

13.30 An example of an alternative index is the PPI by stage of processing. The PPI can be viewed from the perspective that it is composed of the various stages at which price changes occur. The first stage is for primary inputs of raw materials such as iron, bauxite, or agricultural products. The second stage is for intermediate inputs, including such semifinished goods as steel and aluminum products. The last stage is for goods and services that are provided for final sale at the end of the production process. A variant on this traditional processing stage model groups PPI products according to their economic sequence in the chain of production and distribution. The approach requires a detailed analysis of national supply and use tables.

[2]See Roger (2000).

13.31 Another example is the net output PPI. In most PPIs, the price index for each industry would be aggregated by the gross output of that industry. This gives rise to concerns that there is a form of double-weighting in industries that produce significant intermediate products within the industry (for example, steel ingots used as an intermediate input to processed steel products). An index that uses net output by industry (excluding the value of intermediate products used from within the industry) avoids this perceived double-weighting problem.

13.32 Both of these examples involve different analytical weighting structures for basic components in an aggregate PPI. They are considerably more complex than the basic PPI itself but have the intuitive attraction of indices that aim to track the change in prices of different components that contribute differentially to overall price movements. As such, they can be presented as interesting and enlightening constructs derived from the basic PPI data.

13.33 Further examples are PPIs for industrial activities and PPIs for services. No country, at this time, has complete coverage of all goods and services in the PPI. Many countries started by developing PPIs for industrial activities (manufacturing, mining, and energy supply) and then progressively added economic activities over time (for example, agriculture, transport services, construction). This results in the availability of a range of PPIs for different sectors of the economy. However, not of all sectors of the national economy have their own PPI.

13.34 Another area of development in PPI indices is business services. In expanding their PPI into services activities, a number of countries have found high user demand for services to businesses (such as advertising, professional services, insurance, etc.). Because of this demand, several countries have developed corporate services PPIs.

B.5.3 Subaggregate indices

13.35 Countries commonly calculate price indices for hundreds of products (for example, bread or footwear) based on thousands of individual price records. Therefore, the number of possible subaggregates is quite large.

13.36 One kind of subaggregation is by groups of products that, when aggregated, comprise the whole of the PPI. An important consideration here is the

relationship between different products within the subgroups. For example, an index may be presented for food; under the "food" heading, indices may be presented for subgroups such as breads, cereals, vegetables, and so on.

13.37 Another type of aggregation is by industry. Indices for each 4-digit industry aggregate to 3-digit, 2-digit, and 1-digit groupings. For each aggregate grouping, there are subgroups that represent the industries within the grouping. Another important consideration is that the PPI by industry and the PPI by product produce the same aggregate price change in the overall PPI, so that the weighting structure used in the product and industry aggregations is consistent (see Chapter 4).

13.38 One of the first considerations in presenting such subaggregate data for related products or by industry is consistency over time. That is, there should be a set of subaggregates 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.

13.39 Another consideration is international standardization of the division of the index into groups of goods and services, which enables comparison among countries. Some countries also have their own subaggregate groupings that may predate the current international standard. The generally accepted international standards for the presentation of subaggregates is the ISIC, Revision 3.1; the CPA; and the CPC. These classifications are important because they define groups of industries or products by the technology used for production or the purpose for which they are produced (for example, manufactured products or transport services). Many national classifications are derived from these international standards by adapting them to local circumstances. Locally, it is important to identify and include certain modifications that make the classification more useful and better understood within the country.

13.40 A further type of subaggregate index is an index that is essentially the same as the PPI except that it excludes certain items. The underlying inflation index discussed earlier is an example. Some countries publish, in addition to their *all items* output PPI (at basic prices), an index or indices that can be derived from PPI sources. An example is an input price index that is measured at purchasers' prices and thus includes transport and trade margins paid by producers when purchasing inputs. In the presentation of all related or alternative measures, the concepts and definitions should be made clear, and it is advisable to give the reasons for the alternative presentation. Most importantly, it should not be suggested that the subaggregate index is more meaningful than or superior to the PPI itself.

B.6 Model press release, bulletin, and methodological statement

13.41 An example of a press release for a fictitious country appears in Section E at the end of this chapter. The example provides only text and charts. It does not include data tables that would normally be attached to support the analysis in the text. Other formats are possible; for example, it might include a seasonally adjusted index.

13.42 Note that the example press release contains the following information:

(i) Details of issuing office,
(ii) Date and time of release,
(iii) Percentage change in new month versus a year ago,
(iv) Comparison of percentage change in a new month with that of previous month,
(v) Information on product groups that contributed to change and any significant component price, and
(vi) Reference to where more information can be found.

13.43 Note also that

- No judgments are offered on policy or economic reasons for the price change, and
- No judgment is given on whether the change is good or bad.

13.44 What is not obvious from just one example is that the format should be the same in all releases from month to month. Using a consistent format is important to avoid appearing to indicate a preference. A format with a selected starting date, for example, might indicate a preferred trend.

13.45 Other pages of the press release should give the monthly indices (base period equals one hundred) 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 PPI.

13.46 If any other producer price variant is also being published, then the differences between the indices should be briefly explained, including any methodological differences. Variants that require explanation include stage-of-processing indices and any regional indices or PPI variants that include particular components of producers' expenditure, such as the purchase of inputs, including margins. More detailed explanation can be found in handbooks.

13.47 In addition, the press release should include a short note on methodology similar to the following:

> **What Is the Producer Price Index Measuring and How Is It Done?**
>
> The all-items PPI is an overall measure of the change in prices received by producers for their output, valued at basic prices. The PPI is a key indicator of price movements that contribute to inflation. It measures the average change in prices, from month to month, of the goods and services sold by producers.
>
> Prices are collected each month from establishments that produce goods and services. The amount of revenue received by producers for these goods and services is derived from a regular census of establishments. The prices and revenue received are then combined to calculate the price indices for divisions and groups of industries, and for the all- items index.
>
> The overall index, with all of its component indices, is published each month in our *PPI Bulletin*. The *Bulletin* also contains more information on the methodology used in calculating the PPI. A small booklet is also available. For a detailed account of the methodology used in calculating the PPI, the National Statistical Office has published the *PPI Technical Manual*. For more information on these publications and how they may be obtained, please refer to our website at www.nso.gov.cy or call the numbers listed on the front of this press notice.

B.7 UN's *Fundamental Principles of Official Statistics*, IMF data standards, and ILO standards

13.48 Many international standards apply, in general terms or specifically, to the PPI. One very general but fundamental standard is the UN's *Fundamental Principles of Official Statistics* (1994). It is available in several languages on the UN's website. It refers not just to dissemination but to all aspects of statistical work.

13.49 The introduction to this chapter lists some of the broad principles that are reflected in many of the international standards in some form.

13.50 IMF standards are particularly pertinent in this context because they are specifically aimed at dissemination issues. There are two that refer to statistics, including producer price indices. One is the GDDS and the other is the 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 by writing to the IMF Board. Both are available on the IMF Dissemination Standards Bulletin Board (www.dsbb.org).

13.51 The GDDS has several dimensions for dissemination standards. Under the heading of *quality*, the GDDS refers to the necessity to provide information on sources, methods, component detail, and checking procedures. Under *integrity* it refers to declared standards of confidentiality, internal government access before data release, identification of ministerial commentary, information on revision, and advance notice of changes in methodology. Under *access by the public*, it refers to the need for preannounced release dates and simultaneous access for all users. In the tables of data categories, it refers to the PPI as a *core indicator* that 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 also has guidelines on the dissemination of labor statistics on its website (www.ilo.org).

C. Dissemination Issues

C.1 Timing of release

13.52 The PPI should be released as soon as possible (see the discussion in the following section), but it is equally important to release the index according to a strict timetable with an unambiguous embargo time to ensure simultaneous access. 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 early 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.

C.2 Timeliness of release versus data accuracy

13.53 The IMF's GDDS, discussed in Section B.7 above, recommends that the PPI be released within one to two months after the data collection month. It is customary for most countries to release the PPI in the middle of the month after the month covered by the index. 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 analyze the data, and to prepare the many tables and charts in which the data will be disseminated.

13.54 The accuracy of the index is particularly important because so much depends on the PPI. In addition to the economic policy implications of the index, its components are used in many countries as deflators in the national accounts to derive constant price GDP; they are also used in a variety of commercial contracts. Perhaps the best-known contractual use is the indexing of material inputs.

13.55 The PPI may be subject to revision, depending on the data collection method used and the timeliness of source price data. When PPI data are collected though personal visits, the source prices are practically all available by the end of the month. In such cases, it is rare for the PPI to be revised after first publication. This represents a major difference between the PPI and other economic or socioeconomic aggregates, which are often subject to revision at a later date. In other instances, such as when the PPI source data are collected by a mail survey, the returns arrive more slowly and may not all be available at the time of first publication. In such instances, the statistical office may institute a revision policy in which the monthly PPI is first published on a preliminary basis; then a final estimate is published one to three months later when practically all sample returns have been received.

13.56 It follows that although timeliness is important, the timetable must allow time for the data to be properly prepared and thoroughly checked. In most cases, a revision to the nonseasonally adjusted PPI is not permitted after the release date. If a revision policy is in effect or the PPI series is revised on an ad hoc basis, then the policy or the changes must be fully described and explained when the new data are released. If there is any methodological change, then users should be advised several months before the change occurs.

C.3 Access to data

13.57 With the PPI, 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 details increases the understanding of and confidence in the data.

13.58 There are, however, limits on the amount of data that can be made available to users. One constraint is confidentiality, which is addressed in Section C.4. Another is the limited volume of data that most users can absorb. Still another reason is the cost of publishing large amounts of data that few users need.

13.59 In general, the PPI and its major components are deemed to be of such wide importance that they are freely available through press releases and statistical office websites. More detailed data are often published only in statistical office bulletins and other media, and users are charged fees so the statistical office can recover some of the dissemination costs. Similarly, particular users requesting special analyses are usually charged a rate commensurate with the work involved.

13.60 The volume of data to which users should be given access through the various media is also discussed in Sections C.4 and C.5.

C.4 Confidentiality

13.61 Although as much data as possible should generally be made available to users as explained above, there are reasons why confidentiality is important in most instances.

13.62 First, most data supplied by establishments are provided 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 when the data are supplied voluntarily, as they often are. Most statistical offices make a pledge that the price data are strictly confidential, or confidentiality requirements may be included in statistical legislation. In such cases, the statistical office will not provide the information to any other organizations or publish the data in a manner that would reveal the individual respondent's information. Many agencies have rules about the minimum number of establishments (for example, three or more) that must report before data can be published or released. In addition, many statistical offices have rules about dominant enterprises within an industry (for example, 75 percent of production), so that data for large firms are not divulged without the firm's consent.

13.63 Second, only a sample of particular product transactions are priced as representative of a much larger group of products. If it were known which varieties 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.

13.64 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 respondents choosing to change prices on a particular day. However, this provides only a short-run advantage and cannot be sustained.

C.5 Issues of electronic or Internet release

13.65 The World Wide Web has several advantages as a dissemination medium. For the data producer, distribution costs are relatively small, involving no printing or mailing. 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 doing the same with a much smaller amount. Web users can download the data without rekeying, thus increasing speed and reducing transmission or transposition errors.

13.66 One disadvantage is that all data users do not have equal access to the Web. Another is that users may go straight to the data without reading the metadata that may be crucial to understanding the data. Also, it may be as easy for a user to disseminate the PPI widely by electronic means as it is for the statistical office, thus enabling users to preempt the statistical agency by providing statistics without the metadata that may prevent a misunderstanding of the figures.

13.67 Ideally the PPI—complete with any essential metadata—is released simultaneously to the press and other users. Some statistical offices achieve this by bringing the journalists together, perhaps half an hour before the official release time, to 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.

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

D. User Consultation

D.1 Explanation of different uses of PPIs

13.69 The different uses of PPIs are discussed in some detail in Chapter 2. It is important to explain to potential users of the PPI what are suitable uses and what are not. To this end, it is important to explain how the PPI is constructed, in terms of its sources and methods (see Section D.2).

13.70 It is also important to make readily available explanations of alternative or subindices such as stage-of-processing indices, indicating how their uses are different from or supplement the uses of the PPI itself.

D.2 Presentation of methodology

13.71 When the PPI is published each month, users are anxious to see the main figures and to use them. They 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 that are comprehensible to users with different levels of expertise and interest.

13.72 Any significant changes in methodology must be fully explained, and users must be notified as far in advance as possible of the change being made.

13.73 In addition to a brief statement in press releases (see Section B.6), methodological explanations should be available on at least two levels. Nonexperts should be able to refer to a booklet that explains the history, principles, and practice underlying the PPI and any alternative measures that may be available. A more thorough explanation of sources and methods should be readily available to those users who are sufficiently interested to use it; an example would be statisticians in training who may be new to working in the production of the PPI. The information must also be kept up to date despite the pressures to devote time to the output at the expense of documentation.

13.74 As noted earlier, the ready availability of a full explanation of sources and methods is essential to confidence and trust in the PPI.

D.3 Role of advisory committees

13.75 For a statistical series as important as the PPI, it is essential that there is an advisory committee or set of committees that is representative of users and producers. There are many contentious issues in the construction of the PPI. In many countries, there has been debate about, for example, which components to include and exclude, particularly when the industrial scope of the PPI is being expanded. The role of an advisory committee is to consider and advise on issues contentious and otherwise. But perhaps its equally important role is *presentational*, in that it provides evidence that the PPI can be trusted and is not a tool of government propaganda.

13.76 In those countries where advisory committees have not been the norm, there may be a fear on the part of statisticians that by including nongovernment participants, their expectations may be raised beyond what the statisticians can deliver, thus increasing their dissatisfaction. On the other hand, the inclusion of nongovernment users can lead to a greater understanding of the realities and practical constraints of meeting theoretical needs. This is the usual experience of statistical offices that already have advisory bodies that include representatives of all the major constituencies inside and outside government.

13.77 It is, therefore, important that the advisory committee should be composed of academics, employers, trade unions, and others who have an interest in the index from differing points of view. It is also important that its reports are made available to the public fully and without undue delay.

D.4 Presentation of issues concerning index quality

13.78 The PPI may be regarded with suspicion at many different levels. It usually refers to producers in the industrial sector (mining, manufacturing, and energy supply), but this sector is becoming a smaller segment of the economy. Therefore, unless the PPI is expanded to cover more economic activities, it will be criticized for being less relevant than it was in the past. Also, there may be 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 marketing and sales methods. In transition economies, there is also the concern about the ability of the PPI to measure the newly emerging private economy with many small-sized producers.

13.79 In the light of such suspicion, it is important for the producers of the index to be willing to discuss these issues and 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 overcome the theoretical and actual problems that have been identified.

13.80 It follows that the statisticians who produce the index should publish explanations of quality issues, whether or not the quality of the index is being questioned currently.

E. Press Release Example

National Statistical Office of [name of country]

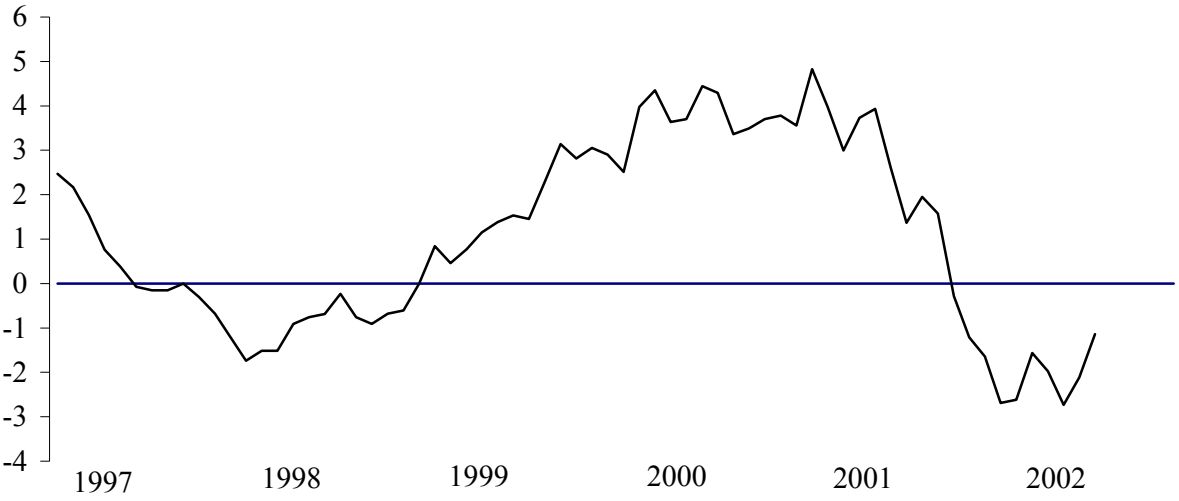
Friday August16, 2002
for release at 11:00 a.m.

PRODUCER PRICE INDEX (PPI)

JULY 2002: PRESS RELEASE

In July 2002, producer prices were 1.5 percent lower than in July 2001 for finished products in the PPI product structure. This 12-month change was less than the 12-month changes recorded in June (–2.7 percent) and November (–3.1 percent).

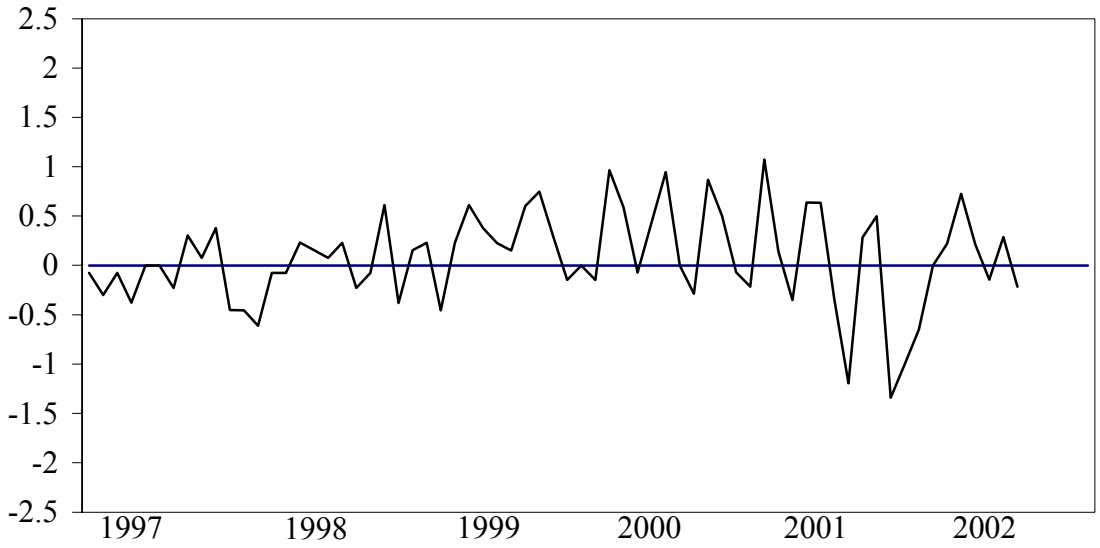
Chart 1. Percentage Change in the Producer Price Index: 1997–2002
Relative to the Same Month of the Previous Year *[line chart]*



Main contributors to the overall 1.5 percent decrease
Over the year the index for finished energy goods dipped 5.2 percent, prices for finished consumer foods declined 1.3 percent, and the index for finished goods other than foods and energy edged down 0.2 percent. At the earlier stages of processing, prices received by producers of intermediate goods decreased 1.5 percent for the 12 months ended July 2002, and the crude goods index fell 6.2 percent during the same period.

Current-period changes
The PPI for finished goods decreased 0.2 percent in July from the June level. Prices for finished consumer goods other than foods and energy declined 0.4 percent in July, compared with a 0.3 percent advance in June. The capital equipment index decreased 0.4 percent in July, compared with a 0.1 percent increase in June. The index for finished consumer foods edged down 0.1 percent, following a 0.1 percent increase in June. The index for finished energy goods increased 0.1 percent in July, after showing no change in the prior month.

Chart 2. Percentage Change in the Producer Price Index: 1997–2002
Relative to the previous month *[line chart]*



Issued by the National Statistical Office of (Country), address of NSO.
Press inquiries 1 111 1111, public inquiries 2 222 2222 (name of a contact is helpful), fax number, and e-mail address.
Background notes on the PPI are given in the annex to this note.
More notes and details are given on our website at www.nso.gov.cy.