Chapter 14 Publication, Dissemination and User Relations

A. Introduction

14.1. The consumer price index (CPI) is one of the most important statistical series, as described in chapter 2 on the uses of CPI. Where statistics are categorized according to their potential impact, the CPI and its variants are always prioritized. It follows therefore that it must be published, and otherwise disseminated, according to the policies, codes of practice and standards set for such data. In addition to having information on price movement at the total level, users often require information on methodology and price movement at a more disaggregated level. The CPI is such an important indicator that it is necessary to explain how it is compiled and to provide information on price movements and weights at different levels of the basket of goods and services.

14.2. The CPI should therefore be:
   - released as soon as possible;
   - made available to all users at the same time (exceptions must be communicated in a transparent way; for example, if the central bank receives the results a few days before they are published on account of its monetary policy tasks, this should be mentioned in the press release);
   - released according to pre-announced timetables;
   - released separately from ministerial comment;
   - made available in convenient form to users;
   - accompanied by methodological explanation;
   - backed up by professional statisticians and economists who can answer questions and provide further information.

14.3. Above all, the CPI should comply with the *Fundamental Principles of Official Statistics* (United Nations (UN), A/RES/68/261 from 29 January 2014). These principles are published in several languages on the websites of the United Nations and the United Nations Economic Commission for Europe (UNECE). They refer to dissemination and to all aspects of statistical work. These and other standards are discussed in this chapter (paragraphs 14.39 to 14.41).

B. Time series presentation of level and change

14.4. It is common to focus on the percentage change over 12 months (price movement between the current month and the same month one year earlier). The 12-month comparison provides an indication of price changes over a reasonably long-time frame, by reference to periods which may otherwise be expected to be similar year to year. Thus, seasonal factors are unlikely to be influential. It is also usual to compare this annual change with the annual change shown one month previously. The model presentation in Box 14.1 provides an example of this.

14.5. It is also usual to focus on the month-on-previous-month change or highlight quarter-on-quarter changes. These provide an indication of price change over a short time frame, which could be appropriate for products with volatile prices, such as fuels. To avoid any confusion in interpreting the results, it is very important to precisely specify to which period the published inflation relates.
The index reference period (a month or a longer period) refers to a period in the past where the index equals 100. All subsequent months/periods then have index numbers which are percentages of the reference period. Indeed, it is that index which is used as the basic figure from which the other changes are calculated. The index reference period generally coincides with a routine update, but some countries choose to retain the old index reference period when updating weights. When implementing changes to compilation methods, rebasing (setting the index back to 100) signals to users that a new index has been published. The reference period should be defined in all publication and the methodological explanation.

Indices and rates of change are usually shown only to one decimal place in the press release, so figures have to be rounded. Rounding may lead to inconsistencies. For example, the unrounded index of t-1 is 101.1459, and the unrounded index of the following month t is 102.7591. The rate of change compiled with unrounded indices is 1.6%. The rate of change compiled with rounded indices is 1.7%. As long as this inconsistency can be explained (use full precision to calculate the rate of change), it is not a problem. An option could be to make available to users both rounded and unrounded figures: in the press release, the figures are rounded to one decimal, but NSOs publish data on the web site at or near full precision for analytical and research purposes. To avoid this inconsistency, it is also possible to compile the published rate of change with rounded indices to one or two decimals. This is the case for the European Union (EU) Harmonized Indices of Consumer Prices (HICPs) where rate of change is compiled with two decimals rounded indices.

Care must be taken to differentiate between percentages and index points. If in one month the index is, for example, 200 and the following month 201, then the change can be described as one index point (above the period when the index was set at 100) or as a half percentage (where the previous month is taken as 100 per cent). Both are valid, even if it is much more common to refer to change as a percentage.

The CPI is, by definition, an index and therefore not a level or a series of absolute changes in prices. Nevertheless, in the process of compiling the CPI, average prices are/could be 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. These averages may be useful for some users, such as researchers. Average prices should only be published for tightly defined, homogeneous item groups that are relatively similar (in quality) and for which the variation coefficient is acceptable. It is also important to make it clear to users that average prices are a by-product of CPI compilation and are not used to calculate price changes.

The foregoing refers not only to the all-items CPI, but also to a more disaggregated level (detailed price movement of the components of the basket) such as regions of a country, population subgroups (such as pensioners), or to related or alternative measures of price change. Related or alternative measures, and sub-aggregate indices, are discussed in paragraphs 14.24 to 14.34 below.
C. Seasonal adjustment and smoothing of the index

14.11. The treatment of seasonal products and the estimation of seasonal effects are discussed in chapter 3 of the publication Consumer Price Index Theory. This chapter discusses the dissemination of adjusted adjusted or smoothed series.

14.12. Most series of economic statistics are disseminated seasonally adjusted, as well as unadjusted. CPIs, however, are not usually seasonally adjusted, although some countries do produce a seasonally adjusted CPI. Seasonally adjusted CPIs are purely analytical and do not replace the headline index. Seasonal factors, for any series, are usually frequently recalculated using the latest data, so seasonally adjusted series can be changed in retrospect, but unadjusted CPIs are not usually revised.

14.13. In comparing one month with the same month a year earlier, it is assumed that seasonal patterns are much the same from one year to the next. There may be, however, exceptional months when the usual seasonal change is advanced or delayed. Such exceptional circumstances should be noted in the monthly release as one of the likely causes of a change in the CPI or in one of its components.

14.14. Changes over periods of less than a year are subject to seasonal factors and. To differentiate seasonal factors from other factors, it is necessary to make estimates of seasonal effects and to note them as factors that have contributed to changes in the index. For this purpose, it is necessary to clearly identify seasonal products and to possibly calculate the complementary indices, for example, a CPI that only contains seasonal products and a CPI without seasonal products.

14.15. Although the CPI itself is not usually seasonally adjusted, some variants of the CPI (for analytical purposes) may be seasonally adjusted. These variants have to be explained to the users and can be revised in retrospect if necessary. Seasonal adjustment usually leads to smoother series than the original unadjusted series. There are other ways of smoothing monthly series, for example using three-month moving averages.

14.16. NSOs do not usually smooth the CPI series in their published presentations. In general, consumer price changes are not so erratic from month to month as to disguise price trends. If there is an erratic change, the producers of the index can usually explain the reasons for it. In any case, if seasonally adjusted or smoothed series are published, it is important to also publish the unadjusted series, so that the effect of the adjustment process is clear to users who may wish to know what has happened to prices, whether or not the changes can be put down to seasonal factors. Similarly, a full explanation should be given for the reasons why a particular seasonal adjustment procedure has been followed.

D. Analysis of contributions to change

14.17. Contributions to change help explain those groups of goods and services that contribute most to inflation. These data are useful to better understand the sources of inflation and can contribute to greater transparency.

14.18. The CPI is an aggregate of many different goods and services with prices changing at different rates, some of which may be going up while others are going down. The weights of these products or groups of products are different, resulting in a more or less pronounced impact
on the all items index. If the weight of a group of products is high and its price trend strong, the impact on the overall inflation rate will therefore also be high. Many users of the index want to know which goods or services have contributed most to changes in the total, and which prices may be out of step with general price trends.

14.19. The statisticians who calculate the CPI are well placed to provide analyses of the contributions to the overall price change, at the same time as the index is published. Sufficient detail should be made available so that users can understand what has happened to various groups of prices. In addition, to assist journalists and others working under time constraints, the statistician should indicate the goods and services or group of products whose changes in price are the main contributors to the all-items CPI, and also goods and services whose changes in price are the most different from the aggregate. The statistics can be presented in the form of tables and charts so that the trends may be compared. Similarly, statisticians should indicate any reasons for price changes which may not be immediately obvious but are nevertheless discernible from the published figures. For example, if there has been a sharp price rise or fall one year earlier, then it will affect the current year-on-year change, regardless of what is currently happening to prices.

14.20. The formula used to calculate the contributions from the aggregates to the total index is as follows:

\[
C_i^t = \frac{g_i^{t_0} \cdot (I_i^t - I_i^{t-m})}{I_{tot}^{t-m}}
\]

where

- \(C_i^t\) : contribution of aggregate \(i\) in period \(t\)
- \(g_i^{t_0}\) : weight of aggregate \(i\) in period \(t_0\)
- \(I_i^t\) : index of aggregate \(i\) in period \(t\)
- \(I_i^{t-m}\) : index of aggregate \(i\) in period \(t - m\)
- \(I_{tot}^{t-m}\) : total index in period \(t - m\)

The addition of individual contributions is equal to the published rate of change. It should be noted that this formula may only be applied if the weights remain constant. When the comparison period \(t-m\) to \(t\) crosses over a link period \(k\), then the contribution must be calculated separately for each period (\(t-m\) to \(k\) and \(k\) to \(t\)) and combined.

14.21. Analysis of contributions to change should also refer to any pre-announced price changes, or major changes since the last price-reporting date, which will affect the outlook for the index over the following months.

E. Economic commentary and interpretation of the index

14.22. In undertaking an 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 that care is taken to avoid expressing any
judgement of the impact of current policy on price changes or the possible implications of price
changes for future policies. Whether the figures should be seen as good news or bad news is
for the users to decide for themselves. The statistician’s role here is to give objective
information so that users can form their own judgements from the perspective of their own
economic or political views.

14.23. There are several ways of avoiding any apparent or real lapses in the analysis. The first,
and perhaps the most important, is to publish the figures independently of any ministerial or
other political comment. Another is to be consistent in the way in which the figures are
presented. That is to say the data should be presented in much the same format every month
(see paragraphs 14.35 to 14.38 below). For example, tables and charts should cover the same
periods every month and use the same baselines.

F. Presentation of related or alternative measures

1. Core inflation

14.24. For the purpose of economic analysis, it is desirable to construct measures of “core” or
“underlying” inflation which exclude movements in the inflation rate that are attributable to
transient factors. In other words, measures of core or underlying inflation seek to measure the
persistent or generalized trend of inflation. Central banks, for example, need to have measures
of the general trend of inflation when setting monetary policy. For this reason, economists and
statisticians are increasingly interested in developing measures of “underlying inflation”.

14.25. Several methods can be used to derive a measure of underlying inflation. Most
measures of core inflation focus on reducing or eliminating the influence of exceptionally
volatile prices, or of exceptionally large individual price changes. The most traditional
approach is to exclude particular components of the CPI on a discretionary basis. The items to
be excluded would be based on the statistician's knowledge of the volatility of particular items,
depending on the country’s economic conditions. Items commonly excluded under this
approach are fresh meat, fruit and vegetables, petroleum and other energy products. Many
countries also exclude imported goods, government charges, and government-controlled
prices. In some countries, a calculation is made to exclude the effect of indirect taxes such as
the value added tax (VAT). Of course, care must be taken not to exclude so many items that
the remainder becomes only a small and unrepresentative component of the total. The chosen
method for producing core inflation should be described.

14.26. Other methods of deriving an underlying measure of inflation include smoothing
techniques, for example annualizing three-month average inflation. A more difficult method is
to exclude outliers, i.e. those items with the highest or lowest increases.

2. Alternative and sub-aggregate indices

14.27.

14.28. While publishing alternative aggregations of the CPI meets data user needs, this can
also create confusion for other data users. Users can be confused over what is the headline, or
official, rate of inflation and how these alternative measures compare to the headline index.
NSOs must clearly explain the methods used and define the purpose compiling these alternative indices. It must be clear to users how these indexes can be used and why the NSO has published this alternative aggregation.

14.29. Countries commonly calculate price indices for hundreds of products (for example bread or footwear), based on thousands of individual price records. The number of possible sub-aggregates is therefore very large. The choice of disseminated sub-aggregates is left to statisticians, according to the users’ needs. A number of countries compile special indices to meet data user needs.

14.30. One kind of sub-aggregation is the grouping of sets of items or products which, when the sets are taken together, comprise the all-items index. An important consideration here is the relationship of products within the subgroups. For example, an index may be presented for food and, under the heading of food, indices may be presented for subgroups such as cereals and vegetables.

14.31. Sub-aggregates from different COICOP divisions can be combined to compile special aggregates. For example, a special index for education can be compiled using weights and indexes from different groups. Tuition and fees are part of Education, while school uniforms are part of Clothing, textbooks and school supplies are part of Recreation, and school transport is under Transportation. An alternative index for Education gives users a more complete picture of price change for education. Other examples would be to compile the CPI with and without production for own consumption in the weights. This analytical series meets the needs of poverty economists and analysts. Other examples include compiling CPIs for the poor or for the elderly.

14.32. Other forms of sub-aggregate indices include the dissemination of regional indexes. For those countries that compile a nation index based on regional indexes, the dissemination of detailed regional indexes should be disseminated. As with the national index, the monthly release should include data at a more aggregate level with detailed indexes published on the NSO website. Data should be disseminated to the lowest level possible, ideally down to the elementary aggregate level.

14.33. One of the first considerations in presenting such sub-aggregate data for related products is consistency. There should be a set of sub-aggregates for which indices are calculated and presented each period. Users commonly attach great importance to being able to continue their analysis for the most recent period.

14.34. Another consideration is international standardization of the division of the index into groups of goods and services, which enables comparison between countries. Some countries also have their own sub-aggregate groupings which may predate the current international standard. The generally accepted international standard for the presentation of sub-aggregates is the Classification of Individual Consumption according to Purpose (COICOP), as discussed in chapter 2. It is used, for example, in the HICPs. Because COICOP defines groups of items by the general purpose for which they are used (e.g. “transport” or “housing and household services”), it combines goods and services within the same subgroups. Where the national CPI is sub-aggregated by divisions other than the international standard, it is advisable either to present a breakdown also by COICOP or at least to show how the national classification compares to the international standard. COICOP and the related Central Product Classification (CPC) are discussed in more detail in chapter 2 of this manual.
14.35. A further type of sub-aggregate index is an index which is essentially the same as the CPI except that it excludes certain items. The core index discussed earlier is an example. Some countries publish, in addition to their all-items CPI, an index or indices which exclude certain expenditures (for example, a CPI without petroleum products) or merge the products differently (for example, a CPI for durable goods or a CPI for public services).

14.36. In the presentation of all related or alternative measures, their definitions (methodology, differences with the CPI) should be made clear. It is also advisable to give the reasons for their publication. Most importantly, it should not be suggested that the sub-aggregate index is more meaningful than or superior to the CPI itself.

G. Press release, bulletin and methodological statement

14.37. The model presentation of a CPI in Box 14.1 is an example of a press release for a fictitious country. Other formats are possible. For example, the presentation might include a seasonally adjusted index for analytical purposes. As indicated in the model, the presentation should contain the following information:

- details of issuing office;
- date and time of release;
- percentage change in current month over the same month one year earlier;
- comparison with change in previous month;
- information on the product groups which contributed to the change and on any significant component price;
- reference to where more information (detailed results, metadata) can be found.

Note that no judgements are offered on policy or economic reasons for the price change, and no judgement is given on whether the change is good or bad.

14.38. The format of the press release should be the same from month to month. Using a consistent format is important to avoid appearing to choose a different format to indicate a preferred trend. Using the same format also allows for rationalization.

14.39. Other pages (in the paper or digital version available on the NSO website) of the press release should provide information on the indices (base period equals 100) 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 all-items CPI.

14.40. If any other consumer 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, for example, a national index based on the EU HICPs methodology, any regional indices, or versions of the CPI that exclude particular components of consumer expenditure such as house purchases. The press release should include a short note on methodology, similar to that given in Box 14.2 or a link to the official website where the methodology is described. More detailed explanation could be given in a handbook.

14.41. Whether released in paper or digitally, the format of the press release remains the same. The only difference being the mode of dissemination. A number of countries are moving to a digital format and disseminate the monthly press release in PDF format on the NSO website.
and via email to those requesting or subscribing to the monthly release. Some countries release the data both electronically on the web, but continue to officially release the data via a press conference using the traditional paper format.

Office of [name of country] Statistics
Friday 19 January 2018, for release at 11.00 a.m.

CONSUMER PRICE INDEX (CPI)
DECEMBER 2017: PRESS RELEASE

In December 2017, the all items index increased 2.0 per cent more as compared to December 2016. This 12-month change was lower than the 12-month change recorded in November (2.5 per cent) but higher than in October (1.3 per cent).

Compared with the previous month, the CPI fell by 0.3 per cent, reaching 105.9 points (2015=100)

Percentage change over 12 months in the consumer price index, for the last five years

Main contributions to the overall 2.0 per cent increase
The largest increase was in the prices of clothing and footwear, with smaller increases in recreation and culture. Within the energy group of prices, there was a significant increase in gas tariffs. There were falls in the prices of furnishings and household goods. The changes in product groups are shown in the table on page x of this release.

Issued by the Office of Xxxxx Statistics address xxxxxx
Press enquiries 1 111 1111 Public Enquiries 2 222 2222 (name of a contact is helpful)
This press release was made available before release date to the following institution(s):
Background notes on the CPI are given in the annex to this note.
More notes and more details are given in our website at XXX

Box 14.2 Model note on methodology – to be included in press releases on consumer price indices or on the official website

*What is the consumer price index (CPI) measuring and how is it done?*

The CPI measures inflation, the average change in the prices of goods and services consumed by households.

Prices are collected each month from shops and other suppliers of goods and services. The pattern of household expenditure on these goods and services (the weights), is derived from a regular household budget (or expenditure) survey. The prices and spending patterns are then combined to calculate the price indices for groups of goods and services and for the all-items index.

The all-items index, with all of its component indices, are published each month in our *CPI Bulletin*. The *Bulletin* also contains more information on the methodology used in calculating the CPI. A small booklet is also available. For a detailed account of the methodology used in calculating the CPI, please see the *CPI technical manual*. For more information on these publications, and how they may be obtained, please refer to our website at www.ous.gov or contact the telephone numbers given on the front of this press release.

H.  **International standards concerning the dissemination of consumer price indices**

14.42. There are many international standards which apply, in general terms or specifically, to the CPI. The introduction to this chapter lists some of the broad principles which are reflected in many of the international standards in some form. One very general standard, but by its nature a fundamental one, is the UN Fundamental Principles of Official Statistics. It is available on the websites of the UNECE and the UN in several languages. It refers not just to dissemination but to all aspects of statistical work.

14.43. The International Monetary Fund (IMF) standards are particularly pertinent in regard to dissemination. As discussed in chapter 13, two standards refer to statistics including the CPI,
the Enhanced General Data Dissemination System (e-GDDS), and the Special Data Dissemination Standard (SDDS and SDDS+). The e-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 to countries that choose to subscribe to it in writing to the IMF Board. Detailed information on both standards is available on the IMF website.

14.44. Under the heading of quality, the GDDS refers to the need to provide information on sources and methods, as well as on component details and checking procedures. Under the heading “integrity”, it refers to declared standards of confidentiality, internal government access before data release, identification of ministerial commentary, and information on revision and advance notice of changes in methodology. Under the heading “access by the public”, it refers to the need for pre-announced release dates and simultaneous access for all users. In the tables of data categories, it refers to the CPI as a core indicator which should be issued monthly, within one to two months of the reference period. All of these standards are reflected in the present manual. The ILO has also published guidelines concerning dissemination practices for labor statistics (ILO, 1998), which are available on the ILO web site.

I. Timing of dissemination of the consumer price index

14.45. The CPI should be released as soon as possible, but it is equally important to release the index following a strict timetable. 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 three main reasons. First, it reduces the scope for manipulation of the release date for political expediency. Second, it instills confidence in users that the release date is as soon 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.

J. Timeliness of release versus data accuracy

14.46. The IMF’s e-GDDS, discussed in paragraphs 14.40 and 14.41, recommends that the CPI be released each month within one to two months of the reference period. It is usual, in practice, for most countries to release the CPI in the middle of the month after the month to which the index refers. 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 tables and charts in which the data will be disseminated.

14.47. The accuracy of the index is particularly important because so much depends on the CPI, as discussed in chapter 2. In addition to the economic policy implications of the index, the CPI is used in most countries in a variety of contracts. Perhaps the best-known contractual use is the indexing of wages and salaries. Also, partly because data are collected according to a strict schedule by enumerators it is rare for data to be reported after the CPI is published, and partly because of the way in which the index is used in contracts, it is very rarely revised. This represents a major difference between the CPI and other economic or socioeconomic statistics.
14.48. It follows that, although timeliness is important, the timetable must allow time for the data to be properly prepared and thoroughly checked. After the release date, in most cases, a revision to the non-seasonally adjusted CPI would not be permissible. The HICPs of the EU are an exception as they are revised from time to time. If any series is revised, then of course the changes must be fully described and explained when the new data are released. If there is any methodological change, this is usually known in advance. Users should be informed before any such change occurs.

14.49. Best practice suggests that NSOs develop a revision policy for the CPI. Should an error be discovered that exceeds a defined threshold, the CPI would be revised. This revision policy allows for the correction of errors and enhances transparency. Users should be made aware of the revision policy in the metadata.

14.50. A possible compromise between accuracy and timeliness can be the publication of flash estimates. A flash estimate is an early estimate of inflation computed from preliminary data at a given time, released at the end of the current month or at the very beginning of the following month, giving users a provisional figure very quickly. A flash estimate is always followed by the official publication of the results, once the data are complete and all controls and analyses have been carried out. For example, Eurostat publishes flash estimates for the euro area.

K. Access to data

14.51. For a number of countries, the internet has become the main dissemination medium, usually via the NSO website. For the data producer, distribution costs are relatively small. No printing or mailing costs are involved. As soon as the data are disseminated online, they are available to all users simultaneously. Disseminating a large amount of data on the NSO website costs little more than disseminating a smaller amount. Users can download and use the data without having to re-enter data into spreadsheets, thus increasing speed and reducing transmission or transposition errors.

14.52. Ideally the CPI, accompanied by any essential metadata, should be released simultaneously to the press and other users. One way in which some NSOs are doing this is by making the press release available to the journalists shortly before the official release time (maybe half an hour), providing them with the printed press release. Then, when the data are released, the journalists are permitted to make their analysis available to the public.

14.53. Essentially, care must be taken to ensure that the CPI is available to all users at the same time, regardless of the dissemination medium used.

14.54. With the CPI 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 data inspires confidence in the data.

14.55. Data should be disseminated to the lowest level possible, ideally the elementary aggregate level. Whether to publish a particular elementary aggregate may depend upon confidentiality issues, addressed in the next section below.

14.56. In general, the CPI and its major components are deemed to be of such wide importance that they are made available for free through press releases and on the NSO website. While the goal should be to meet data user needs, special analyses made at the request of particular users
may incur costs outside of the normal monthly production and processing budget. Some countries will charge for special analysis requests to defray the additional cost of preparing the analysis.

L. Confidentiality

14.57. Although, in general, as much data as possible should be made available to users, there are reasons why confidentiality is important in some instances. First, some data are supplied by retailers and others 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 where the data are given voluntarily, as they often are. This can be the case when a single respondent provides data for a given elementary aggregate. Publishing data at the elementary aggregate would identify the data provider. To avoid any issues, some countries will obtain written permission from the respondent authorizing the dissemination of the elementary aggregate even though such publication would reveal the identity of the data provider. Second, some elementary aggregates may be compiled based on a small number of prices and could be deemed as not being sufficiently representative for publication purposes. Samples should be selected in such a way as to support the dissemination of all elementary aggregates.

14.58.

M. Presentation of methodology

14.59. When the CPI is published each month, users are anxious to see the main figures and to use them. Users do not generally want to be burdened with explanations concerning the methodology underlying the data. Nevertheless, methodological explanations must be accessible to those who may want them, and in forms which are comprehensible to users with different levels of expertise and interest. Any significant changes in methodology must be fully explained and notified as far in advance as possible of the change being made.

14.60. In addition to a brief statement in press releases (see paragraphs 14.35 to 14.38 above), methodological explanations should be available on at least two levels. Non-experts should be able to refer to a booklet which explains the history, principles and practice underlying the CPI and any alternative measures which may also be available. A more thorough explanation of sources and methods should also be readily available for those users who are sufficiently interested and, for example, for statisticians who may be working on the production of the CPI for the first time. The information must also be kept up to date despite the pressures to devote time to the output at the expense of documentation. As noted elsewhere, the ready availability of a full explanation of sources and methods is essential to confidence and trust in the CPI.

N. Explaining index quality

14.61. As noted in chapter 2, the CPI is regarded with suspicion at many different levels. Metadata usually refers to the “average consumer” or “average household”, but each consumer and household has different spending patterns from the spending patterns of others and may notice changes in one set of prices but not in others. More importantly, perhaps, there is
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 types of retail outlets.

14.62. In light of such suspicion, it is important for the producers of the index to be willing to discuss these issues and to explain how they are addressed. As with other issues discussed in this chapter, the producers of the index must be open about their methods and the extent to which they can overcome the potential or real problems which have been identified. It follows that the statisticians who produce the index should publish explanations concerning the quality aspects, whether or not the quality of the index is currently being questioned.

O. User consultation

1. Different uses of consumer price indices

14.63. The different uses of CPIs are discussed in some detail in chapter 2. It is important to explain to potential users of the CPI what suitable uses are and what they are not. To this end, it is important to explain how the CPI is constructed, and to provide details of its sources and methods. It is also important to make readily available explanations of alternative indices or sub-indices, indicating how their uses differ from the uses of the CPI.

14.64. If there are different uses for CPIs, there are also different users. It would be useful to identify the different users to provide them the relevant information. The basic user would be interested in knowing general results on an occasional basis, while the central bank or an academic would be interested in detailed results over a longer period. The identification and classification of CPI users are useful to better respond to their expectations.

2. Role of advisory committees

14.65. For a statistical series as important as the CPI, it is essential to organize an advisory committee, or set of committees, representing users and producers. There are many contentious issues in the construction of the CPI. In many countries there have been fierce arguments about, for example, which components should be included and excluded. The role of an advisory committee is to consider and to advise on contentious and other issues. An equally important role of an advisory committee is to provide reassurance that the CPI can be trusted and is not a tool of manipulated.

14.66. In those countries where advisory committees have not been the norm, there may be a fear on the part of statisticians that including non-governmental participants may raise expectations beyond what the statisticians can deliver, thereby increasing dissatisfaction among the general public. In fact, the inclusion of non-governmental users can lead to a greater understanding of the realities and the practical constraints to meeting theoretical needs. This is the usual experience of offices that already have advisory bodies which include representatives of all the major constituencies, both inside and outside government. It is therefore important that the advisory committee should include academics, employers, trade union representatives and others who have an interest in the index from differing points of view. It is also important that the reports of the advisory committee are made available to the public in full and without undue delay.