INTERNATIONAL LABOR COMPARISONS

International Indexes of Consumer Prices

Technical Notes

Last Updated: July 2014

This file contains the technical notes for data products associated with monthly and annual updates of The Conference Board "International Indexes of Consumer Prices," which can be found at www.conference-board.org/ilcprogram/consumerpricesmonthly and www.conference-board.org/ilcprogram/consumerpricesannual. This document discusses the general sources, methods, and definitions used in compiling price indexes. Country-specific data sources and coverage of price index series are described in "Country Notes and Data Sources."

Definitions

Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by consumers for a market basket of consumer goods and services. Each country produces its own CPI using unique methods and concepts. For this reason, CPI data are not fully comparable across countries. Differences exist mainly in population coverage (e.g., urban households versus all urban and rural households), frequency of market basket weight changes, and treatment of homeowner costs.

Monthly ILC reports will be discontinued; related data available via other programs

Beginning October 1, The Conference Board will no longer issue monthly International Labor Comparisons (ILC) reports on consumer prices and employment. This step will allow The Conference Board to dedicate more resources to continuing and strengthening of the annual ILC reports on labor compensation, productivity and competitiveness. The underlying data tables on monthly consumer prices and employment will continue to be published on The Conference Board website through December 2014. Beginning January 1, 2015, related data series will be available via the Business Cycle Indicators program on a subscription basis. Historical monthly and annual datasets will remain publicly available on The Conference Board website.

Harmonized Index of Consumer Prices (HICP) is an internationally comparable measure of consumer price inflation. The HICP is the standard price index that European Union member states must produce for comparisons across countries. The index represents urban and rural households in each country and excludes the market basket component for owner-occupied housing costs. The US Bureau of Labor Statistics and the Statistics Bureau of Japan also publish HICP series that broadly follow European Union definitions.

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Methodology

The International Labor Comparisons (ILC) program compiles CPI series from the national statistical agencies of the countries compared. ILC then adjusts the official CPI data to a common base year (2005). Although the change in the base year allows for some degree of comparison, ILC does not further adjust the indexes for strict comparability to accommodate the differences in the national methodologies mentioned above. However, by construction, HICP series are comparable across countries. ILC adjusts the HICP series for the United States and Japan to the base year published by the European Commission (2005).

To create historical time series for each country, ILC combines series of price indexes by adjusting them to a common base year. Because ILC does not make adjustments for changes in the coverage or computation of national price indexes, historical (1950–2013) CPI series published by ILC are not strictly continuous. See country-specific breaks in series in "Country Notes and Data Sources."

Inflation rates in this report are computed as average annual percent changes in the underlying price index. Percent changes are computed using the compound rate method. The figures may differ from official inflation rates published by national statistical agencies because of rounding. In several countries, the national statistical agencies calculate the official inflation rates from more precise index values than those that they publish.

Sources

Underlying CPIs are obtained from the national statistical agencies of the countries compared. For European economies, underlying HICPs are from the European Commission (Eurostat). For the United States and Japan, underlying HICPs are from their national statistical offices. Additional source information by country is available in "Country Notes and Data Sources."

All inflation rates are calculated by The Conference Board.

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