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Report of the Intersecretariat Working Group on Price Statistics

Note by the Secretary-General

In accordance with Economic and Social Council decision 2021/224 and past practices, the Secretary-General has the honour to transmit the report of the Intersecretariat Working Group on Price Statistics, which is being submitted to the Statistical Commission for information. The report provides an outline of the latest developments and activities in the area of price statistics, including the release of the updated Consumer Price Index Manual, following its endorsement by the Commission at its fifty-first session, and the guidance provided to countries regarding price data collection and index compilation during the coronavirus disease (COVID-19) pandemic. The Commission is invited to take note of the report and to encourage the timely release of the final version of the Classification of Individual Consumption According to Purpose 2018, endorsed by the Commission at its forty-ninth session.

* E/CN.3/2022/1.



Report of the Intersecretariat Working Group on Price Statistics

I. Introduction

1. Price statistics fall under the remit of a number of international organizations; the Intersecretariat Working Group on Price Statistics brings these stakeholders together. Since the Working Group last reported to the Commission, at its fifty-first session, member organizations have reacted to the coronavirus disease (COVID-19) pandemic through the release of guidance notes on how to manage price data collection and processing. Furthermore, the manual on the compilation of consumer price indices (CPI), entitled *Consumer Price Index Manual: Concepts and Methods*, has been released. The International Comparison Programme (ICP), which reports separately to the Commission, released new purchasing power parities for 176 countries in May 2020 and a guide for countries on finding synergies between the CPI and ICP production processes in 2021. The Working Group looks forward to the timely release of the Classification of Individual Consumption According to Purpose 2018.

2. The Intersecretariat Working Group on Price Statistics¹ was established in 1998 to develop international standards and recommendations on price statistics, to document best practice guidelines and support their implementation and to coordinate the work of international organizations in the area of price statistics. The members of the Working Group are Eurostat, the International Labour Organization (ILO), the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), the Economic Commission for Europe (ECE) and the World Bank. The World Bank is the current Chair.

3. The present report provides an overview of the main developments in price statistics in 2020 and 2021 since the issuance of the previous report of the Working Group to the Statistical Commission at its fifty-first session (E/CN.3/2020/10). Section II of the report contains the main developments in international standards and methodological guidance; section III covers issues related to the international collection of price data; and section IV provides a report of recent meetings and conferences.

II. International standards and methodological guidance

A. Release of the Consumer Price Index Manual

4. The *Consumer Price Index Manual: Concepts and Methods*, endorsed by the Statistical Commission at its fifty-first session (see E/2020/24), was released by IMF in November 2020. The primary purpose of the Manual is to assist countries in producing CPIs that reflect internationally recommended concepts, methods and practices. It draws upon a wide range of experience and expertise to describe practical and suitable methods to guide countries in their efforts to improve the quality and international comparability of their CPIs and to meet user needs. The Manual has been made available to national statistical offices and central banks in hardback form and the electronic version is available on a dedicated website.² IMF has begun to translate the Manual into Arabic, French, Russian and Spanish, and the final translated versions of the Manual are expected to be available by 2022. Furthermore, IMF has

¹ For more information, see www.ilo.org/public/english/bureau/stat/guides/cpi/IWGPS.html.

² See www.imf.org/en/Data/Statistics/cpi-manual.

been conducting webinars and giving presentations at international meetings on the new Manual. It is also developing an online CPI training course based on the content of the Manual.

5. A companion publication, *Consumer Price Index Theory*,³ is available for review. Its focus is on the conceptual and theoretical foundations that drive CPI compilation methods and practices. The two main changes from the original 2004 publication reflected in the companion publication include the treatment of scanner data in the calculation of elementary aggregates and quality adjustment methods for scanner data. Other updates have been made to reflect the theoretical underpinnings of evolving CPI methods.

B. Release of guidance material on price collection and index compilation in response to COVID-19

6. A number of guidance notes directed at national statistical offices regarding price collection and index compilation during the COVID-19 pandemic have been released by the Working Group and its member organizations: the Working Group released the “Consumer price index: business continuity guidance” (May 2020), ECE released the “Guide on producing CPI under lockdown” in August 2021, and IMF released a series of price statistics-related guidance under its Special Series on Statistical Issues in Response to COVID-19⁴ outreach, relating to CPI (April 2020), CPI weights and household expenditure patterns (August 2020) and data dissemination for the publication of price statistics (April 2020). Furthermore, Eurostat released the “Guidance on the compilation of the harmonized index of consumer prices (HICP) in the context of the COVID-19 crisis” (April 2020), the “Guidance note on HICP issues emerging from the lifting of lockdown measures” (July 2020) and the “Guidance on the compilation of HICP weights in case of large changes in consumer expenditures” (December 2020). ILO released the “COVID-19: guidance for labour statistics data collection – consumer price indices” (April 2020). In addition, the ICP Inter-Agency Coordination Group released two guidance notes: “Meeting ICP price data requirements during the COVID-19 pandemic” (February 2021) and “Meeting ICP national accounts expenditure data requirements during the COVID-19 pandemic” (May 2021).

C. Introduction of the Classification of Individual Consumption According to Purpose 2018

7. The Working Group notes that editing by the Statistics Division of the Department of Economic and Social Affairs of the Classification of Individual Consumption According to Purpose 2018, endorsed by the Commission at its forty-ninth session (see E/2018/24), is ongoing, and encourages the timely release of the final version. Upon its release, the Working Group will coordinate with the Intersecretariat Working Group on National Accounts and other groups, such as the World Bank Living Standards Measurement Study, on the provision of guidance and instructions to countries. Furthermore, Eurostat expects to adapt the new classification by February 2026 for CPIs and by December 2025 for the Eurostat-OECD Purchasing Power Parity Programme.

³ Ibid.

⁴ See www.imf.org/en/Publications/SPROLLs/covid19-special-notes.

III. International collection of price data

A. Residential property prices

8. IMF released the *Residential Property Price Index Practical Compilation Guide*⁵ in late 2020. The Guide provides practical advice on the compilation of a residential property price index based on the conceptual approach described in the *Handbook on Residential Property Prices Indices*, published in 2013. The Guide was developed for data compilers in statistical offices, central banks, housing agencies or other statistical agencies and demonstrates how to compile and disseminate such indices.

9. IMF continues to expand capacity development activities to assist countries with developing residential property price indices. Over the past year, four regional training programmes on residential property price index compilation methods have been conducted for the Caribbean, Middle East and Central Asia, the western hemisphere and Asia. In addition, 19 technical assistance missions have been conducted to support countries in developing such indices.

10. In 2019, OECD launched a broad-based project on housing with the objective to build an OECD housing strategy to help Governments to ensure that housing sector developments are consistent with well-functioning housing markets in terms of housing supply, housing quality, affordability, access to public services, labour market efficiency, economic resilience, poverty reduction and a clean urban environment. In June 2021, OECD released a housing policy toolkit including a synthesis report, country snapshots, a data dashboard and a policy action tool.

11. As part of the project, in 2020 OECD released a new database on national and subnational residential property price indices.⁶ It includes quality-adjusted indices from official statistical agencies, with breakdowns by region, dwelling type and dwelling age, as well as detailed metadata. There is an accompanying web application that allows users to visualize house price developments across and within countries.⁷

12. A chapter of the project synthesis report released in 2021 includes a statistical measurement agenda with a focus on residential property prices. A major data gap identified in the measurement agenda relates to house price levels. Such statistics are fundamental to assessing housing affordability and barriers to labour mobility across regions and to the design of housing policies, but they are typically not available from official statistical agencies. In order to help to fill that data gap, OECD is setting up a methodology to compile regional house price levels that are consistent with the evolutions given by quality-adjusted house price indices and representative of the underlying stock of dwellings.

B. International Comparison Programme

13. At its forty-seventh session, the Statistical Commission instituted ICP as a permanent element of the global statistical programme, to be conducted on a three-year cycle (see E/2016/24). Purchasing power parities and results from the ICP cycle for the reference year 2017 were published in 2020. Revised data for the reference year 2011 and a time series spanning the years from 2011 to 2017 were also published.

⁵ See www.imf.org/en/Data/Statistics/RPPI-guide.

⁶ See <http://stats.oecd.org/Index.aspx?DataSetCode=RHPI>.

⁷ See https://oecd-main.shinyapps.io/House_price_indices/.

A World Bank report on the 2017 cycle⁸ includes economic analyses, summary results and visualizations, as well as details on the concepts and methodology underlying the programme, the uses and applications of ICP data and the programme's history and governance. In addition, a new interactive publication entitled *Purchasing Power Parities for Policymaking: A Visual Guide to Using Data from the International Comparison Program* was released in June 2021. The ICP cycle for the reference year 2020 was delayed to the reference year 2021 owing to the impact of the COVID-19 pandemic on global statistical processes. A guide for countries on finding synergies between the CPI and ICP production processes was published in July 2021.⁹ The full ICP report to the fifty-third session of the Statistical Commission is included under a separate item in the Commission's agenda.

IV. Meetings and conferences

A. Intersecretariat Working Group on Price Statistics

14. A virtual meeting of the Intersecretariat Working Group on Price Statistics took place on 19 February 2021. Attendees discussed the CPI Manual and the accompanying online course, guidance to countries on collating price statistics in the time of COVID-19, the introduction of the Classification of Individual Consumption According to Purpose 2018, the CPI research agenda and upcoming meetings.

B. Group of Experts on Consumer Price Indices

15. The Group of Experts on Consumer Price Indices was established by the Conference of European Statisticians to support the development and implementation of international guidelines and best practices in the area of CPI. The Group of Experts meets every second year, and the meetings are organized by ECE in cooperation with ILO.

16. In cooperation with the Ottawa Group on Price Indices, ECE organized a series of four webinars¹⁰ in October and November 2020 to discuss the production of CPI during the pandemic and to share experiences among CPI compilers. During the webinars, theoretical and methodological challenges and best practices in data collection, imputation methods, and communication under lockdown were discussed. The webinars, which attracted global interest, were based on presentations by country experts, international organizations and researchers.

17. The most recent meeting of the Group of Experts was hosted online by ECE from 2 to 10 June 2021. At the meeting, which attracted 500 participants, new data sources (scanner data and web scraping), quality changes and quality adjustment methods, and meeting user needs were discussed. A special session was organized to discuss the production of CPI under lockdown. The proceedings of the meeting are available on the ECE website.¹¹ The next meeting of the Group of Experts is expected to take place in 2023.

⁸ *Purchasing Power Parities and the Size of World Economies: Results from the 2017 International Comparison Program* (Washington, D.C., 2020).

⁹ *A Guide to the Integration of Consumer Price Index (CPI) and International Comparison Program (ICP) Production Activities* (2021).

¹⁰ See <https://unece.org/info/Statistics/events/348358>.

¹¹ See <https://unece.org/info/Statistics/events/348376>.

C. Eurostat task force on commercial real estate indicators

18. The Eurostat task force on commercial real estate indicators was set up in 2018 to explore the further development of commercial real estate prices and associated indicators. It provides a forum for the exchange of experiences with pilot projects, with a focus on data sources such as valuation data, administrative or survey data and private data sources. The pilot projects in Member States are key to capacity-building in terms of methodological and conceptual issues and the exploration of relevant data sources. The task force will provide input for the further development of long-term solutions for data collection on commercial real estate.

19. The participants of the task force are experts with relevant experience and skills in this field at national statistical institutes and national central banks of European Union member States, as well as the European Central Bank, Eurostat (Chair), IMF, the Bank of International Settlements and OECD. The task force has held two meetings each year since 2018.

20. The task force has agreed on an outline of a future methodological manual, and Eurostat has started the drafting process. Eurostat also organizes technical assistance to Member States and is organizing a training course, to be delivered as of 2022. In addition, the task force follows up on the results of research studies initiated by Eurostat on automatic data collection (web scraping) from commercial real estate portals and on automatic data collection from information published by real estate investment trusts.

D. Ottawa Group on Price Indices

21. The Ottawa Group on Price Indices focuses on applied research on consumer price indices. The Group examines the advantages and disadvantages of concepts, methods and procedures in the context of realistic operational environments. Participants are specialists and practitioners at national statistical offices and international organizations. The Ottawa Group meets every second year, alternating with the biennial meetings of the Group of Experts on Consumer Price Indices.

22. The next meeting of the Ottawa Group is scheduled to take place in Rome from 7 to 10 June 2022 and will be hosted jointly by the National Institute of Statistics of Italy (ISTAT) and the Bank of Italy. The Group will discuss the following topics: new data sources and calculation methods; expenditure weights in CPI; measurement challenges for services and the digital and shared economy; housing costs in CPI; complementary measures of inflation and cost of living; and price expectations and inflation perceptions. The proceedings of the Group's meetings are available on the Group's website.¹² The Ottawa Group, as a city group of the United Nations, reports separately to the Statistical Commission.

E. Workshop on scanner data and web scraping

23. Eurostat, together with the scanner data task team¹³ of the Committee of Experts on Big Data and Data Science for Official Statistics, organized a virtual workshop on scanner data and web scraping from 12 to 14 October 2021. The objectives of the workshop were to exchange practical experiences related to the use of new data sources in consumer price indices and to present and discuss some of the work

¹² See www.ottawagroup.org/.

¹³ One of the task teams established under the Committee of Experts on Big Data and Data Science for Official Statistics, which reports separately to the Statistical Commission.

conducted by the task team and by the European Statistical System. The workshop attracted more than 200 participants from over 50 countries. The participants had the opportunity to present and discuss their latest work in the fields of scanner data, web scraping, classification and validation, as well as to participate in tutorials and demonstrations. The presentations and other material from the workshop are available online.¹⁴

V. Action to be taken by the Statistical Commission

24. The Commission is invited:

(a) To take note of the progress made by the Intersecretariat Working Group on Price Statistics with regard to guidance on price collection in the time of COVID-19;

(b) To encourage the timely release of the final version of the Classification of Individual Consumption According to Purpose 2018, endorsed by the Commission at its forty-ninth session.

¹⁴ See https://ec.europa.eu/eurostat/cros/content/workshop-scanner-data-web-scraping_en.