

Finland

A: Identification

Title of the CPI: Consumer Price Index

Organisation responsible: Statistics Finland (SF)

Periodicity: Monthly

Index reference period: 2010 = 100

Weights reference period: 2010 Calendar year

Main uses of CPI: Indexation of wages, pensions and/or social security payment, indexation of rents, contracts and/or other payments, main inflation indicator used for monetary policy, macroeconomic modelling and other analytic uses.

B: CPI Coverage

Geographical Coverage

Weights: Nation-wide

Price collection: Nation-wide

Population coverage: Resident households of nationals, resident households of foreigners in the country and temporary visitors.

Consumption expenditure includes:

- Mortgage repayments;
- Mortgage interest;
- Housing maintenance, minor repairs;
- Major repairs, conversions and extensions to owner occupied housing;
- Financial services (including fees for financial advice, brokerage fees);
- Non-life insurance premiums (e.g. vehicle, housing, other property, medical), gross of claims;
- Social transfers in-kind of goods and services from government and No-profit institutions serving households

Consumption expenditure excludes:

- Foods produced for own final consumption;
- Other goods produced for own final consumption;
- Services produced for own final consumption

C: Concepts, definitions, classifications and weights

Definition of the CPI and its objectives: The Consumer Price Index is the most common measure of inflation. It describes development in the prices of products and services purchased by households in Finland. Inflation for a given month is usually expressed as a year-on-year change, i.e. as the change in price from the corresponding month of the previous year.

Classification: COICOP (Classification of Individual Consumption According to Purpose)

Weights include value of consumption from own production: No

Sources of weights: National accounts.

Frequency of weight updates: Every 3-5 years

Price updating of weight reference period to the index reference period: The method used to update weights from the weight reference period to the index reference period is based on price updates with item level yearly change.

Weights for different population groups or regions: The 5 Major region indices are computed. The weights of the indices by major region are formed direct from the information in the Household Budget Survey by the regional division.

D: Sample design

Sampling methods:

Outlets: Judgmental sampling

Products: Stratified sampling with PPS sampling in each stratum, judgmental sampling, cut-off sampling (the elements with the highest sales or value of other auxiliary variable are included into the sample), cluster sampling by brand and price group for new cars

Criteria used for determining the optimal sample sizes and the coverage of localities, outlets, items and variety samples: Outlet selection: The outlets from which the data for the consumer price index are collected are selected to represent the structure of the retail trade as closely as possible with regard to the size of central retail corporations and outlets. The aim is to take regional differences into account as well. For the time being, statistical sampling can only be used to select stores for daily consumer goods because a sufficiently reliable and accurate outlet- specific frame is not available.

Item selection: The main methods in the selection are: probability proportional to size (PPS) sampling, stratified by products and focusing on high sales values (e.g. magazines and prescription drugs), selection of the most sold products in terms of sales value (e.g. daily consumer goods), purposive sampling based on expert views in the absence of comprehensive sales data (e.g. optical industry products and restaurant). Other methods are for example cluster sampling by brand and price group for new cars.

Sample sizes: Approximately 51,000 price observations are collected from outlets per month. For food items the target sample varies between 100 – 200 per item; for durables the target is

170. Separate rental survey with a monthly sample of 1,600 dwellings and separate survey on house prices with quarterly sample size of 20,000 transactions. In addition, some administrative data with full coverage of transactions (e.g. health services) is used.

Criteria used for selecting an item variety in the outlet in case of loose specifications provided by the central office: Specification supplied to collectors includes for example, quality details, size range, material, acceptable brands, etc.

E: Data Collection

Approximate number of localities, outlets and price observations: Localities: 112, Outlets: 2,700, Price observations: 51,000

Frequency with which prices are collected: The prices for the Consumer Price Index are collected monthly.

Reference period for data collection: Prices are collected monthly between the 10th and 20th of the month.

Methods of Price Collection

- Personal data collection
- Telephone interviews
- Internet
- Fax

Treatment of:

Discounts and sales prices: Discounts are not taken into account

Missing or faulty prices: If prices are temporarily missing, they are deleted from the computation; if permanently unavailable, then a replacement item is selected.

Period for allowing imputed missing prices: A price can be missing for two months at most, after which the collected item has to be replaced with a new one.

Disappearance of a given type or quality from the market: Following the instructions, a close substitute should be chosen.

Quality differences: Quality adjustment is mostly done by means of detailed classification and replacement rule applied within a given class of items. Hedonic regression methods for quality adjustment are used for housing.

Appearance of new items: The prices for the new items are collected from the new and old outlets and included in the computation of the Consumer Price Index.

Treatment of seasonal items and seasonality

Items that have a seasonal character and their treatment: Seasonal commodities include summer and winter clothes and certain commodities related to outdoor recreation and sports. The prices for winter clothes are normally collected from October to February, and the prices for summer clothes from March to September. The price development of clothing is characterized by a change of model collection at the beginning of the season and sharp drop in the prices at the beginning of the sales season. The weights are the same for each month. The last available price is carried forward for months with no collection.

Seasonal Clothing: Seasonal clothing items are included in the CPI using fixed weights approach: the weights are kept constant over the year, while prices of out-of season products are estimated or imputed.

Method to impute the price of seasonal items: Prices are imputed using price development of in-season products.

Treatment of housing

Treatment of owner-occupied housing: Owner occupied housing is measured based on four components: i) new flats and detached houses (currently approximated with house price index of old flats), ii) maintenance costs, iii) mortgage rates, iv) real estate brokers fee and insurance costs of detached houses.

F: Computation

Formula used for calculation of elementary indices: The ratio of geometric mean prices (Jevons index) (Chained form)

Formula to aggregate elementary indices to higher level indices: The index is of a fixed quantity and quality (base weight) Laspeyre's type.

Formula of aggregating regional/population group indices into national index: The Consumer Price Index for the whole country is compiled from indices by major region.

Seasonally adjusted indices: Data are not seasonally adjusted.

G: Editing and validation procedures

Control procedures used to ensure the quality of data collected: The price collectors have the previous month's data at the time of collection and can detect outliers in relative price changes. Data checks are undertaken at 'desk' level by SF staff after the data arrives to SF.

H: Documentation and dissemination

Timeliness of dissemination of the CPI data: The indices are published on the 14th day of the month following the statistical reference month. If the day concerned falls on a weekend or a public holiday, the statistics are published on the weekday nearest to it.

Level of detailed CPI published

Paper publication: All items CPI, Division-level (12 Divisions), Group-level app. 40 groups

Online: All items CPI, Division-level (12 Divisions)

Documentation

Publications and websites where indices can be found: New release: “Consumer Price Index” (press release in English); Monthly: “Consumer Price Index” is available in Finnish, on a subscription basis, Consumer Price Index monthly bulletin is available in PDF-format (Statistics Finland); Internet website:

http://tilastokeskus.fi/tup/tilastotietokannat/index_en.html

Publications and websites where methodological information can be found:

Documentation on the methodology is published in “The Consumer Price Index 2010 = 100, Handbook for Users”, Statistics Finland Handbook No. 39 on the web-site

http://tilastokeskus.fi/til/khi/khi_2012-05-14_men_001_en.html (available also in Finnish and Swedish).

I: Other Information

Completed by ILO in 2013.