Jordan

A: Identification

Title of the CPI: Consumer Price Index

Organisation responsible: Division of Prices and Cost of Living, Statistics Office

Periodicity: Monthly

Price reference period: 2006 = 100

Index reference period: 2006 = 100

Weights reference period: 2006

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, deflate household expenditures in national accounts, computation of purchasing power of households , macroeconomic modelling and other analytic uses.

B: CPI Coverage

Geographical Coverage

Weights: Nation-wide

 Price collection: Nation-wide

Population coverage: Resident households of nationals.

Consumption expenditure includes:

- Foods produced for own final consumption;
- Other goods produced for own final consumption;
- Services produced for own final consumption;
- Food consumed away from home;
- Income in-kind receipts of goods;
- Income in-kind receipts of services;
- In-kind goods received as gifts;
- In-kind services received as gifts;
- Purchase of owner-occupied housing;
- Mortgage repayments;
- Mortgage interest;
- Housing maintenance, minor repairs;
- Major repairs, conversions and extensions to owner occupied housing;
- Purchase of gifts of goods and services given to others outside the household;
- Luxury goods;

- Financial services (including fees for financial advice, brokerage fees);
- Interest payments (excluding mortgage interest payments);
- Non-life insurance premiums (e.g. vehicle, housing, other property, medical), gross of claims;
- Life insurance premiums;
- Licences and fees (e.g. driver's licence, hunting licence, vehicle registration);
- Investment-related expenditures (e.g. purchase of shares/stocks);
- Occupational expenditures;
- Other business-related expenditures;
- Social transfers in-kind of goods and services from government and No-profit institutions serving households;
- Expenditures abroad

Consumption expenditure excludes:

- Gambling expenditure, gross of winnings;
- Second hand goods purchased

C: Concepts, definitions, classifications and weights

Definition of the CPI and its objectives: The main objective the CPI is to measure the change in prices.

Definition of consumption expenditures: The weights are based on consumption expenditures.

Classification: National classification (broadly comparable to COICOP)

Weights include value of consumption from own production: Yes

Sources of weights: Household expenditure surveys.

Frequency of weight updates: Every 3-5 years

Price updating of weight reference period to the index reference period: The weights reference year is the same as the index reference period, there is therefore no need to price update weights.

Weights for different population groups or regions: Weights for each governorate are compiled.

D: Sample design

Sampling methods:

Localities: Sampling with probability proportional to size (PPS)

Outlets: Sampling with probability proportional to size (PPS)

Products: All goods available in the store and sample products listed

Frequency of sample updates:

Localities: Continuous (on a rotating basis)

Outlets: Continuous (on a rotating basis)

Products: Continuous (on a rotating basis)

Criteria used for determining the optimal sample sizes and the coverage of localities, outlets, items and variety samples: Sampling of the localities is based on the population size, and the same basket is used for all governorates.

Criteria used for selecting an item variety in the outlet in case of loose specifications provided by the central office: In consultation with the central office.

E: Data Collection

Approximate number of localities, outlets and price observations: Localities: 12, Outlets: 3,786.

Frequency with which prices are collected: Fruits, vegetables, fish, meats, poultry, gold, eggs – weekly; rents – biannual and other goods – monthly.

Methods of Price Collection

- Personal data collection for all items.

Treatment of:

Discounts and sales prices: They are used in the calculation of the index.

Black market prices: Not collected.

Second hand purchases: Not included.

Missing or faulty prices: Prices are reviewed, and if there is a missing price, price collectors are contacted to resolve the problem.

Period for allowing imputed missing prices: The missing prices are replaced as soon as possible

Disappearance of a given type or quality from the market: If an item becomes permanently unavailable, it is replaced by another commodity.

Quality differences: If there are quality changes, the base period price is also changed.

Appearance of new items: New items are included in the basket at the time of weights updates.

Treatment of seasonal items and seasonality

Items that have a seasonal character and their treatment: Fresh fruits and vegetables are the only seasonal items, and are re-weighted.

Seasonal food items: Seasonal food items are included in the CPI using variable weights approach: the weights vary over the year.

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: The method used to impute price development in out-of season periods is carrying forward the last observed price.

Treatment of housing

Treatment of owner-occupied housing: Owner occupiers are asked about the rental value of their home in the expenditure survey, this kind and rented units carry the same weight.

Types of dwellings covered by the rent data: Rents on houses and apartments are observed every six month (June and December).

F: Computation

Formula used for calculation of elementary indices: The ratio of arithmetic mean prices (Dutot index) (Direct form)

Formula to aggregate elementary indices to higher level indices:

$$R.L.I.N = \sum \frac{P_{1i}}{P_{0i}} \times W_{0i}$$

Monthly and annual average prices: Simple average is used for calculating the regional average prices, but weighted average is used for calculating the national prices (geographical weights are used).

Seasonally adjusted indices: Weights of seasonal goods, especially vegetables and fruits are re-distributed within the group and then calculate the index number for the group.

Software used for calculating the CPI: Microsoft Excel

G: Editing and validation procedures

Control procedures used to ensure the quality of data collected: Field follow-ups are made to validate the data. In addition prices are compared between all governorates.

Control procedures used to ensure the quality of data processed: Published data is reviewed and compared with the previous month data.

H: Documentation and dissemination

Level of detailed CPI published

Paper publication: All items CPI

Online: All items CPI

Type of products for which average prices are calculated and disseminated: Average prices are calculated and used for the calculation of the index but not disseminated.

Documentation

Publications and websites where indices can be found: www.dos.gov.jo

I: Other Information

Reported by the country in 2012.