

Nicaragua

A: Identification

Title of the CPI: Consumer Price Index

Organisation responsible: Central Bank of Nicaragua

Periodicity: Monthly

Index reference period: 2006 = 100

Weights reference period: 2007 Household Income and Expenditure Survey.

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 , macroeconomic modelling and other analytic uses.

B: CPI Coverage

Geographical Coverage

Weights: Nation-wide

Price collection: Nation-wide

Population coverage: Resident households of nationals.

Population groups excluded: Institutional households.

Consumption expenditure includes:

- Foods produced for own final consumption;
- Other goods produced for own final consumption;
- Services produced for own final consumption;
- Housing maintenance, minor repairs;
- Major repairs, conversions and extensions to owner occupied housing

Consumption expenditure excludes:

- Mortgage repayments;
- Mortgage interest

C: Concepts, definitions, classifications and weights

Classification: COICOP (Classification of individual consumption by purpose) with 12 divisions.

Weights include value of consumption from own production: Yes

Sources of weights: Household expenditure surveys.

Frequency of weight updates: Above 5 years

D: Sample design

Sampling methods:

Outlets: Judgmental sampling

Products: Judgmental sampling

Criteria used for determining the optimal sample sizes and the coverage of localities, outlets, items and variety samples: Item selection: To select goods and services, the percentage participation of each of the goods and services in total household expenditure is calculated. Total household spending is defined by excluding those items not considered in the spending households

Outlet selection is based on the size of each of the cities, the degree of concentration of facilities in specific areas, and the number of markets, supermarkets and other establishments reporting.

E: Data Collection

Approximate number of localities, outlets and price observations: Outlets: 8,496, Price observations: 41,888

Frequency with which prices are collected: Price collection is monthly except for fruits and vegetables which is weekly.

Reference period for data collection: Price collection is done between 1st and 28th of each month excluding Saturdays and Sundays.

Methods of Price Collection

- Personal data collection
- Mailed questionnaires
- Internet
- Official tariffs for telephone companies, water services, electricity, public passengers transport, National lottery.

Treatment of:

Discounts and sales prices: Discount prices with limited quantities and prices or special offers for joint products (e.g. bottle of rum accompanied by a glass) are not included. Discriminatory sales are also not taken into account

Missing or faulty prices: Missing prices are estimated using an imputation procedure. The imputation of missing prices is considered if “no price” is due to a temporary absence or permanent absence. The temporary absence may refer in particular to an informant establishment (establishment level range), or temporary or seasonal reasons. The permanent absence relates to changes in supply or transfer of the facility (range facility) or disappearance of the variety on the market (level of variety).

Quality differences: Indirect or implicit methods are used to adjust for quality changes in the new CPI calculation. Among these are: Overlap (measures the ratio between the price of the previous and replacement cost in the common period of overlap); Allocation; comparable replacement, and keeping the product price above.

Treatment of seasonal items and seasonality

Treatment of housing

F: Computation

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

Formula to aggregate elementary indices to higher level indices: The CPI for each geographic area is calculated from the item level to the National CPI general level, with the Laspeyre’s formula:

$$I^t = \frac{\sum_k q_k^0 * p_k^t}{\sum_k q_k^0 * p_k^0} = \sum_k W_k^0 * \left(\frac{p_k^t}{p_k^0} \right)$$

with

$$W_k^0 = \frac{q_k^0 * p_k^0}{\sum_k q_k^0 * p_k^0}$$

where

W_k = weight of item k as a percentage of the total weight

p_k^t = average price of item k in current period t

p_k^0 = average price of item k in the base period

q_k^0 = quantity of item k in the base period

t = current period

0 = base period

G: Editing and validation procedures

Control procedures used to ensure the quality of data collected: During price collection, quality control is done by the supervisor, and then data is passed to the head of the field and office analysts. The objective of this task is to assist the interviewer in the correct assignment of the price of a good or service requested and at the same time, verifying data considered atypical.

Control procedures used to ensure the quality of data processed: Possible errors are checked during price recording and the error report is passed to control supervisors who correct it through a swift investigation into the source, which often involves new field trips. Subsequently, the analyst continues with the automated processing of information, which is to accept or reject a replacement, and proceed with the allocation and calculation of the index.

H: Documentation and dissemination

Timeliness of dissemination of the CPI data: CPI is disseminated not later than 15 days after the end of the reference month.

Level of detailed CPI published

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

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

Documentation

Publications and websites where indices can be found: Monthly Inflation report, Indicadores Económicos, CBN, in Spanish, available at <http://www.bcn.gob.ni>

Publications and websites where methodological information can be found: A methodological note entitled “Índice de Precios al Consumidor, Base 2006=100 (Nota Metodológica)”, in Spanish is available at <http://www.bcn.gob.ni/publicaciones/metodologias/index.html?&val=0>

I: Other Information

Completed by ILO in 2013.