

**METADATA FOR THE UPDATED CONSUMER PRICE  
INDEX**

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**PRICES AND GOVERNMENT FINANCE STATISTICS UNIT**

**GAMBIA BUREAU OF STATISTICS**

## COMMUNICATING KEY CHANGES INVOLVED IN THE UPDATING OF THE CONSUMER PRICE INDEX (CPI)

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### INTRODUCTION

With the Index of January 2020 published in February 2020, the CPI will be updated.

This involves the introduction of; new weights, a new product basket, an improved price collection and updated index calculation methodologies all of which aim to improve the transparency, relevance and representativity of the Consumer Price Index (CPI). For the first time, GBoS will also produce and make available CPIs for urban and rural areas.

### NEW WEIGHTS

- Based on the 2015/16 Integrated Household Survey (IHS) conducted during the period May 2015-April 2016.
- The IHS is an income and expenditure survey conducted by GBoS, funded by the World Bank. The sample size of the IHS was approximately 13,360 households with a response rate of approximately 99.4%.
- The IHS covers the household consumption expenditure of resident households only, business, and tourist expenditures are excluded as are the estimated values of own production.
- The geographic coverage of the IHS was national.
- For the first time, weights were estimated for both urban and rural households
- Classification is unchanged – Classification of Individual Consumption according to Purpose (COICOP) 1999.

## **UPDATED AND EXPANDED CONSUMER PRICE INDEX (CPI) BASKET OF GOODS AND SERVICES**

- The new basket consists of 265 products (items) compared to 207 products (items) in the old basket (August 2004=100 CPI basket).
- 73 products (items) added, 64 products (items) dropped.

## **IMPROVED PRICE COLLECTION METHODOLOGY**

- Electronic data collection – price data now collected using Personal Digital Assistant (PDAs) otherwise tablets, this improves transparency, data quality and saves time.
- Updated price collection forms adapted to each market, which allow more in depth data validation.
- Individual price quotes are now recorded on the data entry sheets – the August 2004=100 CPI data entry sheets records average prices per item and not individual prices, this new approach will greatly improve transparency and enable better data validation at the individual price quote level.

## **UPDATED INDEX CALCULATION METHODOLOGY**

- The updated CPI uses the Jevons formula (geometric mean) for averaging prices in line with international best practice. The August 2004=100 CPI uses arithmetic means.
- Missing prices in the updated CPI series will be imputed in line with international best practice. The August 2004=100 CPI series excludes the weights of missing item prices.
- The updated CPI will be calculated using the modified Laspeyres- monthly chain linked methodology. The August 2004=100 CPI series uses the long-term laspeyres methodology. This change has no impact on the inflation rate (all else being equal), but it helps with the imputation of missing prices and the introduction of replacement items.

- The updated CPI has a price reference (base price) of January 2019, whereas the August 2004=100 CPI has a price reference period (base price) of August 2004.
- The stratification of the CPI has been improved by including weights for rural and urban areas. There is no such differentiation in the August 2004=100 CPI.
- The updated un-linked index series will have a price reference period of January 2019 (base price), and an index reference period of January 2019=100 and weights reference period of 2015/16.
- The updated index series (January 2019=100) will be chain linked onto the August 2004=100 CPI series beginning with the index of January 2020 published in February 2020.
- The long run official Series will be re-referenced to January 2020=100, this will be done on unrounded indexes, historical inflation rates will not change. This is just a rescaling of the index, which will not impact the inflation rate.
- The next CPI update is foreseen in February 2022 based on the 2020 Integrated Household Survey results.

## **IMPACT OF THE UPDATE**

- Going forward the likely impact of the update is not fully known as changes to the product basket, weights, and index compilation methodologies will all have an impact, however, the update will represent an improvement in the transparency, relevance and representativity of the CPI compared to the August 2004=100 CPI series.

## PUBLICATION

- The monthly press release will present the long run chain linked January 2020=100 CPI series only.
- The website will give the following index series:
  - The official chain linked series re-referenced to January 2020=100. The series will start from August 2004,
  - Updated CPIs, national, urban and rural with an index reference period of January 2020=100 (starting from January 2019),
  - The August 2004=100 index series CPI – from August 2004 until December 2019),
  - The updated January 2019=100 index series chain-linked onto the August 2004=100 index series from August 2004 with an Index reference period August 2004=100).