

Consumer Price Index: A preview of the upcoming basket update

On June 29, 2011, with the release of the May 2011 Consumer Price Index (CPI), Statistics Canada will update the basket of goods and services used in the calculation of the Index.

Statistics Canada updates the basket periodically to ensure the CPI's reliability, as it is used for three key purposes: as a measure of inflation; as a statistical series deflator; and as a tool for indexing various public and private transfer payments.

This update will introduce a revised weighting pattern for the CPI to reflect the latest available information on the consumption patterns of Canadian households.

The weights used for the CPI are primarily derived from Statistics Canada's Survey of Household Spending. The new weighting pattern will replace the current 2005 weights and will be based on 2009 consumer expenditures.

Also, to allow for the representation of emerging technologies and services in the market place, several changes will be made to the expenditure classes that make up the CPI basket. For example:

"Telephone equipment" has been added to the "Communications" class and will be made publicly available.

A new class, "Multipurpose digital devices", has been created to measure price changes for emerging consumer technologies, such as tablet computers and smartphones. This class will appear alongside "Computer equipment and supplies", under "Digital computing equipment and devices".

The class below "Other household services" will now include "Legal services not related to the dwelling", "Funeral services", "Government services", and "Retail club memberships". Weights for these items have, for the first time, been explicitly included in the CPI basket thus, in effect, expanding its coverage and scope. Similarly, "Financial services" will now include "Stock and bond commissions" and "Financial administrative and management fees".

In addition, to enhance the distinction between the goods price index and the services price index, a new published class, "Recreational services", was created. It includes the formerly published "Photographic services" class and other recreational services. Another new class, "Other recreational equipment", was created by splitting it away from what was formerly known as "Other recreational equipment and services".

There are no major changes to price measurement methodologies. The CPI's base year will remain 2002 = 100. To satisfy the needs of certain users, an all-Items CPI with a base year of 1992 = 100 will continue to be available.

For more information, contact the Dissemination Unit (toll-free 1-866-230-2248; 613-951-9606; fax: 613-951-2848; cpd-info-dpc@statcan.gc.ca), Consumer Prices Division.