

Consumer Price Index: Basket Update and Enhancement Initiative

On March 27, 2013, with the release of the Consumer Price Index (CPI) for February, Statistics Canada will publish an updated basket of goods and services.

This move implements one of the key objectives of the CPI Enhancement Initiative, a five-year program designed to improve the CPI's accuracy and relevance. Under these new measures, the basket will be updated every two years instead of every four years.

The CPI tracks price movements for a representative 'basket' of about 600 goods and services Canadians purchase over time. It is updated periodically to ensure that the CPI remains representative of consumer spending patterns. This is essential, as it is widely used as an indicator of the change in the general level of consumer prices, or the rate of inflation.

In addition, a revised weighting pattern for items in the basket will be published. The revised weights, indicating the relative importance of the basket items, are primarily determined by Statistics Canada's Survey of Household Spending. It collects information on the buying habits of about 20,000 Canadian households.

The new weighting pattern will be based on consumer spending in 2011. It replaces the current weights, which are based on spending patterns in 2009.

In addition, because of the Enhancement Initiative, the elapsed time between the basket weight reference year and the date at which the update is published has been shortened by three months. As a result, the CPI will have more current weights, sooner, improving their representative nature.

In most other respects, changes to the CPI with this update will be minimal. The currently published list of CPI commodities and commodity groups will remain unchanged. The base year for which the CPI equals 100 will remain 2002.

No changes will be made to CANSIM table numbers or series identifiers. To satisfy the needs of certain users, an all-items CPI with a base year of 1992 equaling 100 will continue to be available.

Previously announced changes to the Purchase of Passenger Vehicles Index (http://www23.statcan.gc.ca/imdb-bmdi/document/2301_D51_T9_V1-eng.htm) will be implemented to coincide with this update.

A number of other changes will be introduced later this year under the Enhancement Initiative.

For the most part, these relate to introducing new or improved methodologies to measure price change for specific products. They will also ensure that price changes calculated with samples of products are representative of the price change for the entire class of products.

These measures will enhance several component indexes of the CPI, such as: passenger vehicle parts, maintenance and repairs; funeral services; and travel tours. Enhancements are also planned to improve geographic, outlet and product coverage in the CPI collection sample.

These changes will be announced in *The Daily* prior to their implementation.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; infostats@statcan.gc.ca) or Media Relations (613-951-4636; mediahotline@statcan.gc.ca).