

Purchasing Power Parities and Prices

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Methodology for Producer Price Indices

Purpose

The measurement of prices and volumes in the service sector is a significant statistical challenge. Yet, services account for a large part of OECD economies' employment and value-added and their measurement is key. The present activity is designed to advance methodological work on producer price indices (PPI), in general, and for service industries, in particular.

Another objective is to take stock of available service PPIs (and/or state of their development) in member countries and in some other countries that work in this field of statistics.

Objectives and outputs

For 2007, the objective is to advance a common understanding and methodology for PPIs in selected service industries. At present, services PPIs are under active development in many OECD member countries based on the SPPI Guide. Information on the implementation of the Guide is gathered to be used in further development of methodology and to facilitate updating the Guide in the future. A central tool in this work is the PPI inventory of which contents were revised in 2006. In 2007, the inventory will be updated and its usability improved to monitor better country practices. The inventory will also be used for identifying series that are appropriate to be incorporated into the OECD PPI data work.

Main Developments for 2007

General aspects:

A number of methodological issues discussed in the services PPI Guide will be elaborated. Usability of the PPI inventory will be improved.

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Price Indicators

Purpose

To provide a set of relevant, reliable, timely monthly and quarterly price indices for internal and external users. To provide methodological information on these price indices.

Objectives and outputs

The 'Price Indices' dataset in the Main Economic Indicators (MEI) publication and database contains statistics on Consumer prices, Producer prices and Construction costs for 30 OECD member countries and Big 6 non-member countries. The data series presented within these subjects have been chosen as the most relevant prices statistics in the MEI database for which comparable data across countries is available. In all cases much effort has gone into ensuring international comparability and into the availability of historical time-series for analysis.

Organisation of Seminars to discuss methodological issues: a main achievement in 2006 was the organisation of a joint workshop with IMF on real estate price indices. A manual on real estate prices will be written.

Non-member countries involved in the activity:

Brazil, China, Indonesia, Russian Federation, South Africa

Databases

MEI_PRICE

Main Developments for 2007

General aspects:

Review construction costs series and related metadata, as well as the PPI classification.

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Purchasing Power Parities

Purpose

Produce reliable and timely Purchasing Power Parities (PPPs) data for OECD member countries. PPPs are an important tool to compare levels of real income or real output across countries with indicators such as GDP per capita and relative price levels between countries.

Objectives and outputs

Finalisation of the data collection for the 2005 round which started in 2003 and covers 46 countries (30 OECD countries and 16 non-member countries). Calculation of the final results for 2005 at the end of the year. Work closely with Eurostat to further harmonise the methodology employed. Organisation of the data collection for the 2008 Round. Organise annual meeting in Tokyo with non-European OECD countries ("The Pacific Group") to have closer relationships with countries at all stages of the round and to present the final 2005 results for agreement before the publication. Participate in the ad-hoc task forces set up by Eurostat to discuss various issues associated with PPPs (In 2007, Task forces on non-market services, integrated PPP database and construction).

Provide technical input into the 2005 round of the ICP currently being organised by the World Bank. The work will go on in 2007.

Databases

Purchasing Power Parities

Main Developments for 2007

General aspects:

Improvement of PPPs for non-market services.

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Purchasing Power Parities for Non-member Economies

Purpose

To calculate benchmark purchasing power parities (PPPs) for selected non-member countries either specifically within the OECD PPP Programme or more generally for the European Comparison Programme. PPPs are currency converters that equalise price levels between countries; they are necessary in order to make inter-country price and volume comparisons of GDP and its component expenditures.

Objectives and outputs

Contribute to the organisation of the 2005 and 2008 round of the OECD PPP Programme. Non-members covered include Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Estonia, Israel, Latvia, Lithuania, Macedonia, Malta, Romania, Serbia, Montenegro, the Russian Federation and Slovenia.

Non-member countries involved in the activity:

Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Israel, Latvia, Lithuania, Macedonia, Malta, Romania, Russian Federation, Slovenia

Databases

Purchasing Power Parities for non-member countries

Main Developments for 2007

General aspects:

Linking of the results of the 2005 CIS comparison organised by CISSTAT and ROSSTAT with those of the 2005 Eurostat-OECD comparison so that they can be included in the 2005 ICP Global comparison. The link will be established through Russia which participated in both the CIS and Eurostat-OECD comparisons. Besides Russia, the CIS countries covered are: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan and Ukraine.