

# The Consumer Price Index: changes for 2024

The Consumer Price Index (CPI) follows each month the prices of a fixed basket of products. This basket is updated each year in order to remain representative of the consumption and in order to take into account the evolution in the consumer habits (Laspeyres-type index). Each year, a chain-linking of the index is performed in January and enables to update the basket of products and their weights and possibly permits to introduce some methodological improvements.

## The update of the products in the CPI basket

Each year, the product sample is updated in order to take into account changes in the household consumption. The products that are no more representative in 2023 are dropped from the CPI basket meanwhile new products, which represent a huge or an increasing market share (robot vacuum cleaners or connected watches, for example), are introduced. It is also an opportunity to take into account new habits of consumption (internet consumption in particular) and sometimes to adapt the collection protocol to track prices at best. The number of data collections by product varieties is also optimized according to the weight of the variety and the variability of the prices evolution (for example, the number of data collections for the fresh produces has been sharply revised in 2024). The prices of these new products are collected from December 2023 in order to measure their price evolution between December 2023 and January 2024 and so that they contribute to the CPI from January 2024.

## The 2024 weights update

As every year in January, the weights of the CPI and the Harmonized Consumer Price Index (HICP) have been updated for the current year. These weights represent the share of expenditure associated with the index concerned with regard to household consumption covered by the CPI.

In accordance with European regulations, these weights are usually updated based on semi-final estimates of consumption by the national accounts for year Y-2, valued at the prices of December of year Y-1 and possibly supplemented by volume corrections between year Y-2 and Y-1.

Since 2020, however, the structure of consumption changes markedly from year to year. This is why additional work has been carried out in accordance with the European rules<sup>1</sup> on updating weights in the event of a major shock on consumption.

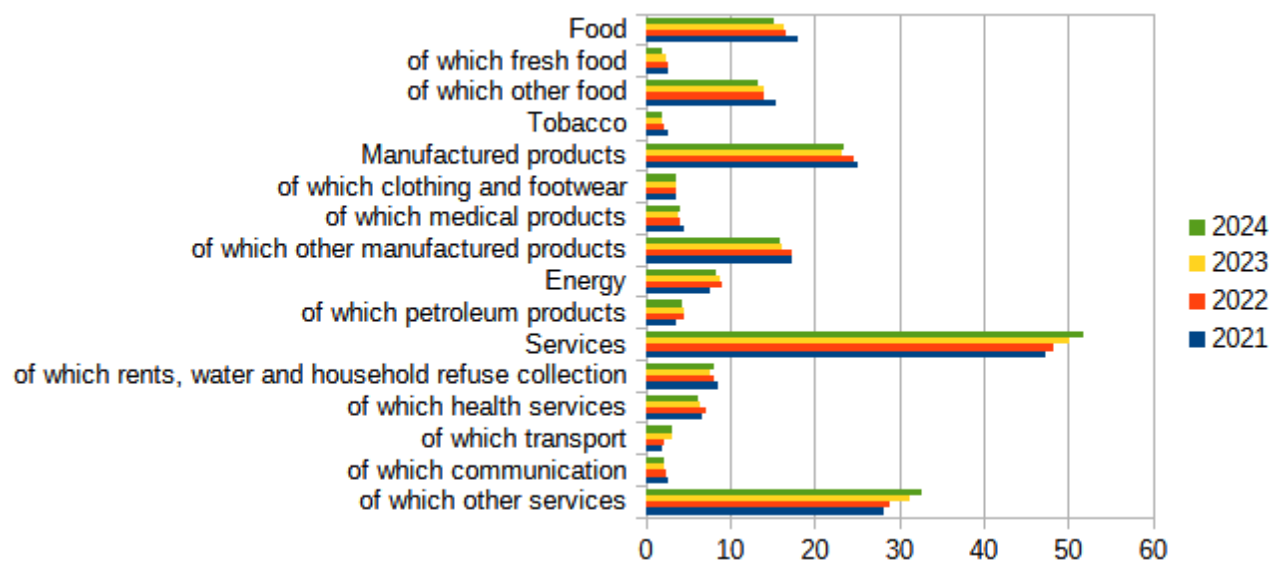
For the calculation of the 2024 weights, the first estimates of the quarterly accounts for the whole of 2023, used at a finer level of detail than that at which they are published (95 positions), were used to apply changes to volume 2022 consumption amounts provided by the annual accounts. If necessary, adjustments have been made to an even finer level of nomenclature by mobilizing turnover indices.

In the 2024 CPI basket, the weight of food drops in favor of housing-related services and “other services”, notably catering and accommodation services and more cultural and recreational services. The weight of petroleum products, manufactured products, transport and communication services and tobacco decreases slightly in the 2024 basket. These differences are partly due to the change in the basis of the national accounts, which will be published for the first time in spring 2024 using the 2020 base. The impact of this change on consumer price indices is very limited (effect on the annual slip of the CPI less than 0.1 points in absolute value).

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<sup>1</sup> <https://ec.europa.eu/eurostat/documents/272892/11336726/Derivation+of+HICP+weights+for+2024.pdf>

Figure 1: weighting of short-term aggregations in the CPI basket for 2021, 2022, 2023 and 2024, in %



Scope: France

Source: INSEE, quarterly accounts detailed results for 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarter and first estimate for 4<sup>th</sup> quarter 2023; semi-final national accounts 2022.

How to read it: the weight of food in the CPI basket goes from 17.9% in 2021, to 16,5% in 2022, to 16.2% in 2023, to 15.1% in 2024.

## The update of seasonal adjustments and seasonal adjusted indices

As each year, seasonal adjustments for the all-item index (France, all household) and for four indexes of core inflation have been revised. Contrary to the previous years, the estimated coefficients for covid crisis years were not treated with a special calculus, except with the identification of potential outliers. 2023 data, year for which the covid presumably did not impact the prices, allow for a best separation of seasonal and exceptional variations during this period. Some timespan is necessary to take into account these special years in the best possible way. These series will be revised next year, allowing for an even more robust estimation with a supplementary year of data.

## Collection schedule

The CPI is based on scanner data, price collected by collectors on the field or recorded centrally. The centralized collection is made throughout the calendar month.

The field collection is carried out according to a specific calendar fixed a year in advance. This collection calendar differs from the civil calendar. Every month, prices for CPI are collected during 20 days, throughout the working days of four consecutive weeks.

Each product in the sample is tracked on a specific day among the 20 days of field collection (numbered from 1 to 20) and the price collector responsible for this collection returns every month to observe in the same outlet, the same product, the same day among the collection month: this organization ensures that we measure changes on average over a month, ensures that the outlet is open and neutralizes possible “day of the week” effects on the prices.

A calendar month consists of 28 to 31 days and does not correspond to a whole number of weeks. So, every year, INSEE adapts the field collection calendar so that the 48 weeks of collection coincide at best with the civil calendar. This adaptation consists of fixing weeks without collection, generally four in a year. In 2024, the field collection calendar has four weeks without collection as in 2022 and 2023.

Regardless of this exercise, the month-on-month changes in the CPI integrate calendar effects which may affect the year-on-year comparability of monthly changes. In general, the calendar effects in the index level disappear after one or two months and are limited to specific consumption segments. For example, every year, the school holidays or some days off are not located on the same month. These generate variations in the index evolution for the accommodation and passenger transports. If such effects are seen, they are commented in the publication *Informations Rapides* published at the same time as the CPI. It is the same for the sale calendar when it changes.

The INSEE's field collection calendar aims as much as possible to reproduce the calendar effects: a shift in the sales observed in the civil calendar will have to be found, as far as possible, in INSEE's collection calendar.

Table 2 : Number of sale days in the CPI calendar and the civil calendar

	Calendar	2021	2022	2023	2024
<b>Winter sales</b>					
<b>January</b>	CPI	8	13	13	13
	Civil	12	20	21	22
<b>February</b>	CPI	20	7	7	7
	Civil	28	8	7	6
<b>March</b>	CPI	2	0	0	0
	Civil	2	0	0	0
<b>Summer sales</b>					
<b>June</b>	CPI	0	3	0	0
	Civil	0	9	3	5
<b>July</b>	CPI	17	16	17	18
	Civil	27	19	25	23