

Consumer price index (CPI base 2015=100)

Scope of the CPI

The geographic coverage is the national territory of France, including four of the five overseas departments (except Mayotte)

The consumer price index (CPI) covers almost all goods and services consumed on the French territory by resident and non-resident households (for example, tourists). Only a few percentages of goods and services are not covered by the CPI, mainly private hospital services and life insurance. The CPI covered actually 97% of its scope in 2016.

Overview of the CPI

Goals

The CPI is the official instrument for measuring inflation. It allows an estimate, between two given periods, of the average change in the prices of goods and services consumed by households on the French territory. It is a summary gauge of movements in prices of products on a constant-quality basis.

The CPI plays three roles

- 1- **economic**: it provides a monthly tracking of inflation. The CPI is also used as a deflator for many economic aggregates such as consumption and income: their movements can thus be calculated in volume terms or real terms (i.e., in "constant euros").
- 2- **socio-economic**: the CPI, published in the *Journal officiel* (official government bulletin) every month, is used for the index-linking of many private contracts, maintenance payments, annuities, and the minimum wage ("Smic").
- 3- **monetary and financial**: for international comparison purposes, Eurostat –the Statistical Office of the European Communities– has undertaken a coordinated harmonization of European Union CPI production methods and data presentation. The harmonized consumer price indexes (HCPI) obtained on this manner are not substitutes for the national CPI. Within the context of the price stability objective of the European Central Bank, the HCPI is the main instrument for steering Euroland monetary policy. The French CPI and HCPI display very similar movements, reflecting their close methodological resemblance.

Furthermore, since September 1998, the French Treasury has issued inflation-linked bonds (in this case, indexed to the national CPI).

Production and publication

The basic structure is the international Classification COICOP¹ for its first four levels, plus a fifth level specific to the IPC. This structure includes 12 consumption functions, 117 groupings into 303 groups, and a few short-term groupings.

Since January 2016, the National Institute for Statistics and Economic Studies (INSEE) has published a flash estimate at the end of every month. This index, leading indicator of inflation, is intended for use primarily by economists. It should not be used to index-link a contract.

¹ Classification of Individual Consumption by Purpose

The definitive CPI is published monthly around the 13th of the following month in an issue of the short-term publication *Informations Rapides*. Insee also publishes about a hundred series of average prices for individual items.

Every year, at mid-January, an *Informations Rapides* is published which includes the annual averages by functions, groups and posts. Those are simple averages of the monthly indexes.

Collection methods

Historical summary

The first generation of indexes dates from 1914. Over the years, the CPI coverage has broadened both in geographic terms and in terms of population represented and consumption tracked.

The Base 2015 CPI is the eighth-generation index.

Statistical unit surveyed

Prices are collected from two kinds of statistical units:

- sales outlet, including Internet, for goods and services distributed through conventional channels
- national or regional producer organization for data on charges: electricity, telecommunications, rail and airfares, etc.

Frequency and collection method

Collection is carried out by price collectors on a month-long and once-a-month basis.

Sampling frame and number of units surveyed

The sampling plan is stratified according to three criteria:

- 1- **geographic criterion:** prices are collected in 99 urban units of more than 2,000 inhabitants throughout metropolitan France and in four overseas departments;
- 2- **product types:** a sample of slightly over 1,100 goods and services families, called "items" (*variétés*), is defined to address product heterogeneity within 303 groups of products.

The item is the basic, elementary level for monitoring goods and services and calculating the index. The list of items is confidential, and only some average prices of homogeneous goods and services are published at this level.

- 3- **type of sales outlet:** a sample of 30,000 outlets, stratified by sales channel, was constructed to represent goods and services diversity by brand, distributor, and consumer-purchasing modes, and to take into account the differences in price movements for each sales channel including Internet.

By combining those criteria, Insee manages to track about 200,000 items ("*séries*", i.e., specific products in a given type of sales outlet). In addition, some 190,000 items of charges are obtained from central sources.

The sample is updated annually to reflect the changing patterns of consumption behavior and, in particular, to introduce new goods and services.

Revisions concern the list and content of items as well as the distribution by form of sale and by urban unit.

■ Calculation method

The CPI is an annually chained Laspeyres index. It summarises 30,000 elementary indexes – an elementary index represents an item x an urban unit, in most cases. In addition to the sample composition, the weightings used to aggregate these elementary indexes are also updated annually. These weightings express the share of expenditures on a given aggregate as a total of the household consumption expenditures tracked by the CPI.

Most weightings are obtained from the annual assessments of household consumption expenditures in the National Accounts.

Specific methods are used for seasonal items, and for determining “pure” price movements on a constant-quality basis, when a product is eliminated and replaced by another during the year.

Special offers and discount sales available to all consumers are taken into account in all CPI products.

■ Producer unit and dissemination unit

Producer unit: Insee, Direction Générale, direction des Statistiques démographiques et sociales (DSDS), division des Prix à la consommation.

Timetable

The flash estimate for a given month is published at the end of that month.

The definitive index is published around the 13th of the following month. It is accompanied by all the detailed figures.

Insee publishes, at the same time, the seasonally adjusted monthly series for the overall index, the index excluding public-sector charges and volatile-price products adjusted for tax measures (i.e., the “core inflation” index), and the European-harmonized index (HCPI). Those indexes are yearly revised.

Publications

- *Informations Rapides*, série Prix à la consommation - Estimation provisoire ;
- *Informations Rapides*, série Prix à la consommation - Résultats définitifs : elles donnent les principaux résultats détaillés par secteur avec un commentaire ;
- *Informations Rapides*, série Prix à la consommation - Moyennes annuelles : fin janvier de chaque année, la publication regroupe les moyennes annuelles des indices de prix.

To know all about results and productions on CPI and consumer purchasing power, see the website of INSEE: <http://www.insee.fr/en>

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