Abbreviated Methodology

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 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 index of consumer prices (HICP) 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 HICP is the main instrument for steering Euro zone monetary policy. The French CPI and HICP 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 COICOP for its first four levels, plus a fifth level specific to the CPI. This structure includes 12 consumption functions, 117 groupings into 303 groups, and a few economic 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 primarily intended for use by economists. It should not be used to index-link a contract.
**Abbreviated Methodology**

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 seventy 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.

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**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 of consumption tracked.

The 2015 base CPI is the eighth-generation index.

**Statistical unit surveyed**

Prices are collected from two kinds of statistical units:
- outlets, including Internet, for goods and services distributed through conventional channels
- national or regional providers for tariffs: electricity, telecommunications, rail and airfares, etc.

**Frequency and collection method**

Prices are collected monthly and all over the month.

The collection methods are varied:
- by INSEE collectors in stores
- on the Internet either manually by INSEE agents, or assisted by robot (webscraping)
- by transmission of scanner data for supermarkets and hypermarkets; this comprehensive data source transmitted by large retailers (supermarkets, hypermarkets, multi-businesses) has been used in the field of food products (excluding fresh products), clearing and personal care products since January 2020. Some prices are also collected from administrative databases (for example, health insurance data, administrative declaration of fuel prices...).

**Sampling frame and number of units surveyed**

About the prices collected in stores, the sampling is stratified according to three criteria:
- geographic criterion: around 160 000 prices are collected every month in 99 urban units of more than 2,000 inhabitants throughout metropolitan France and in four overseas departments;
- 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.
- 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.
In addition, nearly 600 varieties from scanner data add to this count. They allow you to follow a basket of nearly 80 million products (an item given at a point of sale) whose prices are tracked throughout the month.

More than 500,000 prices, collected on the internet, complete this sample of products.

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 the elementary indexes for each items. 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 in the total 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 disappears and is replaced by another within the year.

### 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 all-item 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 (HICP). Those indexes are yearly revised.

#### Publications

- *Informations Rapides*, Consumer price index - provisional results;
- *Informations Rapides*, Consumer price index - final results: it gives the main results detailed by sector with a brief comment;
- *Informations Rapides*, Price Index – Annual average rates of change: at the end of January of each year, the publication presents the annual averages of the price indices.

[1] Classification of Individual Consumption by Purpose