

## Services producer price indices

### Definitions of the categories of indices published

The services producer price indices measure the changes in transaction prices, excluding VAT, for services sold by French enterprises. They are calculated by markets and by products.

**The services producer price indices, production sold to French businesses** (« BtoB » for « Business to Business »), more exactly to legal entities established in France (including the general government sector, French affiliates of foreign groups, etc.), are regulated by the European regulation n° 1165/98<sup>1</sup> on short-term statistics extended by the « STS package 2017 » project. Their measurements are conducted at basic prices (by activity, including intra-group transactions, including subsidies on products, excluding VAT, excluding taxes on products). Some time series are available at market prices (by products, excluding intra-group transactions, excluding VAT, excluding subsidies on products, including taxes on products), most notably to be used in contract escalation.

**The services producer price indices, production sold to households in France** (« BtoC » for « Business to Consumer »), that is to say natural persons residing in France or not (tourists), were introduced by the « STS package 2017 » project. Their measurements are also conducted at basic prices. The consumer price indices are the main source for these indices. However, differences in concepts and in classifications may induce some variations.

**The services producer price indices, production sold on foreign markets** (« BtoE » for « Business to Exports ») measure the changes in transaction prices (converted into Euros, and therefore including the exchange rate effects) for French services sold to customers established in foreign countries in the same way as for the export turnover, with the exception of international freight transports which follow the concepts of the national accounts (consequences of cif-fob treatment for international trade of merchandises). Their measurements are conducted at basic prices. Intra-group transactions are included.

**The services producer price indices, production sold on all markets** (« BtoAll » for « Business to All ») are obtained by « horizontal » aggregation (at each classification level) of the three former indices. They are measured at basic prices. They follow the concepts of national accounts, and thus are appropriate deflators for them.

### Objectives

The services producer price indices respond to a national, European, and even international need, in that they are used by:

- economists to assess and analyse short-term trends, both at the national and international levels (European Central Bank, European commission, Organization for Economic Co-operation and Development (OECD), International Monetary Fund (IMF), etc. ) ;
- enterprises to escalate contracts (*generally* at « market prices ») ;
- national accountants to deflate production figures taken from the structural business statistics and to distinguish between the change in activity in volume and the change in prices (“volume-price breakdown”). Ultimately, they can therefore determine the change in Gross Domestic Product (GDP).

### Statistical field

In line with the recommendations from the French « Conseil National de l'Information Statistique » (CNIS) in May 2007 and the European project « STS package 2017 », which are very convergent, the field covered by the services producer price indices include the whole sections H, I, J, L, M and N, except for the group M70.1: services of head offices, the division M72: scientific research and development services and the division M75: veterinary services, but with the addition of the division S95: repair services of computers and personal and household goods.

<sup>1</sup> Council Regulation of 19 May 1998, which has been modified since then by several regulations.

In the first quarter of 2013, the survey « Observation des Prix de l'Industrie et des Services » is the main source for these indices: it covers 59 % (in value in 2010) of the markets and classes of products. 19 % are derived from consumer price indices. The 22 % left are imputed by close price indicators (from an other market or an other class of product).

## Methodology

The calculation of services producer price indices is harmonized within the European Union. A methodological handbook coedited by Eurostat and the OECD (2005) and inspired by the discussions of the Voorburg group is currently being rewritten.

The indices are calculated on the basis of quarterly price observations (or annual observations for some enterprises) of some 9.789 products collected from a representative sample of 1.725 enterprises in the mandatory « Observation des Prix de l'Industrie et des Services » survey (OPISE). This survey is part of the annual statistical survey programme of the official statistics services examined by the CNIS and published by a ruling in the Official Journal at the beginning of the year ([www.cnis.fr](http://www.cnis.fr))

The sample of surveyed enterprises is taken from the Structural Annual Survey in the services and transports.

Each selected enterprise is visited by a "survey engineer" from the INSEE. In the course of the interview, sample transactions are identified. These sample transactions are representative of the price trends of the enterprise and easily accessible in order to limit its response burden as much as possible.

The services producer prices measure gross changes in prices (not seasonally adjusted). They are Laspeyres chain-linked indices in reference 2010, with weights updated every year since 2005 (2005 included), using the turnover by class of products and by markets, with consistency at the upper level with the figures of national accounts.

The weights at the detailed levels (strictly below the CPF 4-digits level) are updated every five years when the sample of surveyed enterprises in a class of products is renewed.

For more information, see: *Insee Méthodes* n° 89 - October 1999 - « The French producer price indices and business-service price indices »

## Publication

The services producer prices are available approximately 60 days after the end of the reference month. They can be consulted on the following INSEE websites:

- [the Bulletin statistique](#) ;
- [the macro-economic database Banque \(BDM\)](#).

## Reviews and updates

The services producer price indices are provisional for a quarter. They are reviewed, in particular to take account of the late responses and of the weighting changes made as part of the continuous renovation of the indices.