NEW WEIGHTS FOR CONSUMER PRICE INDEX

Introduction

The Consumer Price Index (CPI) is an economic indicator that is used to measure the changes of prices over time of consumer goods and services acquired, used or paid by households. The CPI aims to cover the full range of final consumption expenditure in order to give a timely and clear picture of inflation.

The previous revision of the CPI was based on the results of the Household Budget Survey (HBS) of 2009 and was adopted as an official index, starting from January 2011. The base year of the Index was 2005 = 100. As of January of 2016, the base year has changed to 2015 = 100.

Starting from January 2018, both the products and the weights of the CPI have been updated. The revision was based on the results of the Household Budget Survey of 2015/2016 (July 2015-June 2016).

Shopping Basket and Weights

The **shopping basket** comprises products and services for which households spend a significant amount for their acquisition. These are weighted in order to compile the CPI and are classified according to the ECOICOP classification. The **weight** of a specific good or service shows the percentage of expenditure spent for its purchase from households, compared to the total expenditure for all goods and services in the CPI. The weights do not reflect the quantities consumed by households on specific goods and services.

The shopping basket needs to be revised in order to reflect the current consumption patterns of households. In addition, the shopping basket is constantly assessed and evaluated so that the goods and services that tend to be eliminated from the market are replaced on time by other more popular and contemporary consumer products.

The new "shopping basket" includes **805 goods and services** compared to 783 that were included in the previous one. The 80 items out of the 805 are new additions to the basket.

It is clarified that many of the "new items" are not actually "new" to the market but they have now been included in the basket because of the significant share that have gained in the total household expenditure. In addition, for specific categories whose weight has been significantly increased (e.g. 01 Food and non-alcoholic beverages), an expansion of their representative items occurred in order to have a better and more representative coverage. In general, there is an increase in households' healthy consumer habits and a significant reduction in products that traditionally have been considered as luxury items.

The table below shows the previous and new weights of the 12 main categories of the CPI.

Percentage Breakdown of Household Expenditures by main Categories of Goods and Services, 2010 and 2018

Categories of Goods and Services		Weights	
		2010	2018
		(%)	(%)
01.	Food and Non-Alcoholic Beverages	16,15	19,06
02.	Alcoholic Beverages and Tobacco	2,13	3,47
03.	Clothing and Footwear	8,48	7,21
04.	Housing, Water, Electricity, Gas and Other Fuels	12,30	11,19
05.	Furnishings, Household Equipment and Routine Maintenance of the House	7,50	6,44
06.	Health	6,60	6,37
07.	Transport	15,16	15,24
08.	Communication	4,39	4,39
09.	Recreation and Culture	6,45	5,75
10.	Education	3,69	3,92
11.	Restaurants and Hotels	8,38	8,36
12.	Miscellaneous Goods and Services	8,77	8,60
	Total	100,00	100,00

It is noted that the change in the weight of a good/service does not entail an increase / decrease in the absolute amount of the expenditure for this good.