

Consumer Price Index

Consumer Price Index is the measure of retail price changes that consumers pay for specific consumer goods and services within a specific period of time.

Consumer Price Index is used by different sectors of society, to follow price movements in the economy, to determine the direction of commercial activities and wage changes and also for consumption structure analysis.

Four surveys have been applied in TRNC in the years 1977-1978, 1987, 1998-1999 and 2008 by Statistics and Research Department of State Planning Organization in order to determine the society's consumption pattern, to follow price movements and to form a Consumer Price Index.

Consumer Price Index which is used as the indicator of inflation in our country, has been calculated and published monthly since 1978. The index used until 1987 was based on the 1977-1978 survey results, the index used between the years 1988-2000 was based on the 1987 survey results and the index used between the years 2001-2009 was based on the 1998-1999 survey results.

The Consumer Price Index currently in use, is the 2008=100 Basic Year Index based on the 2008 Household Budget Survey results.

Laspeyres formula which is widely used in the world has been used in the whole indices mentioned above. According to this formula; prices must be collected from the same business units and for same goods and services in every time period that the changes have been measured. The weights of goods and services are derived upon the result of the Household Budget Survey.

In 2008=100 Basic Year Index, 579 business units have been chosen from Lefkosa, Gazimagusa, Girne, Guzelyurt and İskele for collecting periodical (monthly) current prices of goods and services included at the Index. These 579 business units have been chosen among most popular shopping centers.

Monthly current prices for all goods and services, except fruit and vegetable, are collected once a month. Fruit and vegetable prices are collected three times a month, as their prices change more frequently than others.

2008=100 Consumer Price Index values and change rates are publicized at the first week of the month following the month that prices have been collected.

Comparison of Household Consumption Expenditure Surveys

Survey	Survey Period	Sampling Method	Sampling Mass (TRNC Resident Household)	Survey Period of Each Household	Number of Main Groups in Index	Number of Goods and Services Covered in Index	Implementation Period of the Index	Price Collection
1977-78	7 March, 1977 10 March, 1978	Simple Random Stratification	3,000	3 Month	10	224	March 1977 December 1987	Once a Month
1987	1 January, 1987 31 December, 1987	Simple Random Stratification	1,560	3 Month	8	233	January 1988 December 2000	Three Times a Month
1998-99	1 May, 1998 30 April, 1999	Double Stage Systematic Stratification	3,792	1 Month	12	431	January 2001 December 2009	Fruits and Vegetables Three Times a Month, Others Once a Month
2008	1 January, 2008 31 December, 2008	Double Stage Systematic Stratification	3,240	1 month	12	678	January 2010 Continued	Fruits and Vegetables Three Times a Month, Others Once a Month

1977-78 and 1987 Main Group Weights of Consumer Price Indices

1977-78		1987	
Main Groups	Weights	Main Groups	Weights
1.Food and Beverage	43.64	1.Food and Beverage	38.30
2.Household Equipment and Operations	14.62	2.Clothing and Footwear	9.46
3.Clothing and Footwear	17.27	3.Household Equipment	9.58
4.Medicine and Medical Services	1.09	4.Health and Personal Care Expenditures	3.41
5.Education	0.70	5.Transportation and Communication	18.36
6.Transportation	10.62	6.Culture, Education and Entertainment	7.27
7.Services	2.17	7.Housing	10.21
8.Entertainment and Recreation	1.58	8.Tobacco	3.41
9.Tobacco	7.86		
10.Private Expenditures	0.45		
Total	100.00	Total	100.00

1998-99 and 2008 Main Group Weights of Consumer Price Indices

1998-99		2008	
Main Groups	Weights	Main Groups	Weights
1.Food and Non Alcoholic Beverage	33.35	1.Food and Non Alcoholic Beverage	22.02
2.Alcoholic Beverages and Tobacco	3.06	2.Alcoholic Beverages and Tobacco	3.96
3.Clothing and Footwear	9.26	3.Clothing and Footwear	5.39
4. Housing, Water, Electricity, Gas and Other Fuels	7.55	4. Housing, Water, Electricity, Gas and Other Fuels	14.55
5. Furniture, Household Appliances and Services	8.79	5. Furniture, Household Appliances and Services	6.36
6.Health	4.72	6.Health	4.15
7.Transportation	12.85	7.Transportation	22.63
8.Communication	2.66	8.Communication	4.21
9. Entertainment and Culture	4.02	9. Entertainment and Culture	4.04
10.Education	4.10	10.Education	4.16
11. Hotels and Restaurants	4.16	11. Hotels and Restaurants	4.15
12. Other Goods and Services	5.48	12. Other Goods and Services	4.38
Total	100.00	Total	100.00