

## INTRODUCTORY NOTE

The publication provides a general overview of the price level movements in the sphere of consumption.

Starting from January 2018, detailed consumer price indices are calculated based on the new ECOICOP classification (European Classification of Individual Consumption according to Purpose), which introduces a more detailed breakdown into the consumer basket. This change occurs according to the Regulation (EU) 2016/792 of the European Parliament and of the Council. The structure of previously published indices remains unchanged.

A comprehensive revision of the weight system was carried out in 2017. The weights are updated using the national accounts statistics in 2016 since January 2018. The weights for detailed elementary aggregates are calculated using Household Budget Survey in 2016 and other available sources and surveys. Price indices that are counted according to new revised index patterns are published since January 2018.

Starting from January 2018, the price reference period of December 2015 for the price indices is changed to December 2017. Indices calculated with the new base December 2017 = 100 are chained at all levels of the consumer basket to the current index time series on the base average of 2015 = 100. Thereby, a continuation of the existing time series, from which indices to other bases are derived (previous month = 100, corresponding period of previous year = 100 and annual rolling average, i.e. the average of index numbers over the last 12 months to the average for the previous 12 months) is ensured.

The calculation of the price indices is based on prices of representatives collected in selected reporting units by aggregating simple price indices into an aggregate using a modified Laspeyres formula.

$$I = \frac{\sum \frac{p_1}{p_0} * p_0 q_0}{\sum p_0 q_0} * 100$$

$p_1$  = the price of goods (service) in the reference (current) period.

$p_0$  = the price of goods (service) in the base period

$p_0 \cdot q_0$  = constant weight: household expenditure on goods (service) in the base period.

A detailed breakdown of the aggregate indices including methodological notes can be found on the CZSO website, in the *document 012023-18 Consumer Price Indices (Cost-of-Living) – detailed information*, which is available usually on the 25th calendar day following the reference period.