Introductory Note

This publication gives a general overview of the movement of price levels in the sphere of consumption. Starting from 2007, the CZSO publishes price indices that are calculated according to new revised index patterns based on the structure of household consumption in 2005.

In the framework of a comprehensive revision, which was in progress for individual price areas in 2005, the weighting systems and the samples of price representatives were revised. The valid Classification of Individual Consumption by Purpose (CZ-COICOP) was used. The weights were determined using expenditures of households taken from household budget statistics and the data were adjusted by the national accounts statistics.

At the same time, the basic period was changed; for new indices published since 2007 it is December 2005. The average of 2005 was fixed as the standard index reference period for all price indices.

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. The calculation uses 2005 constant weights.

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

p_1	=	*the reference (current) period price of a good (service),*
p_0	=	*the basic period price of a good (service),*
$p_0 q_0$	=	*the constant weight: expenditures of households on a good (service) in the basic period.*

A detailed breakdown of the aggregate indices including methodological notes is given in the Internet document *w-7103-09 Consumer Price Indices (Cost-of-Living) – detailed information*, which is always available on the 25th calendar day following the reference period.