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ANNOUNCEMENT FOR CONSUMER PRICE INDEX

Recently, it has been reported in the printed and visual media that, the renewal process of the item basket covered by Consumer Price Index (CPI) indicates the CPI consistently lower than the actual value, and the results of June 2015 CPI published intentionally low. Therefore it was found necessary to make the following public announcement.

In order to form the basket of Consumer Price Index, all domestic final monetary consumption expenditure made by households are taken as basis. All items to be included in the CPI basket are selected using appropriate methods according to international norms and standards. The items in CPI basket are determined by using Household Budget Survey and administrative records, in addition all covered items are weighted in proportion to their consumption expenditure.

Starting from 2003, the CPI basket is updated every year according to the new data, as required by chained Laspeyres Formula. In this context, the items that have significant share in the consumption expenditure, have been included in the basket, while the items that lose their significance in the expenditure share have been excluded.

In this context, 7 of the 432 items that were covered in the year 2014, were excluded from the CPI basket of 2015 because of the reduction of their expenditure share, while one new item was included. As a requirement of transparency, in January 2015, the items that have excluded or included from the CPI basket have been shared with the public in detail, as done every year. In 2015, the items that have been excluded from the coverage of CPI are school books, vacuum bag, storage water heater, lace yarn, sleeping set, sewing fee and purslane and the included item was game console.

The total weight (consumption expenditure share) of the 7 excluded items from the CPI basket in 2015, in the 432 items that were covered by the CPI in 2014 is 0.22% (approximately two in a thousand). Therefore, the removal of these very low weighted 7 items, can't visibly affect the CPI results.

The CPI uses the same concept and methodologies during the year and the required updates and methodological changes are only made in December of each year. Nevertheless, it is an extremely baseless claim to say that the CPI results are distorted only in June, which only misleads the public. The CPI is calculated by using the same methods and items both for the months that experienced high inflation rates and June. In June, the main reason of the negative change in the CPI is the price reduction in fresh fruits and vegetables, which have high seasonality.

Ignorant, biased and prejudiced comments made on these extremely delicate figures are misleading the public. Without feeling any need of examination, research and inquiry, the claims about indicating low CPI, which is calculated by public employees whose salary increases are determined according to CPI, are completely unfounded, baseless and irrelevant.

Like in its all other practices, Turkish Statistical Institute will continue to calculate inflation figures by using international concepts and methods. TURKSTAT will also continue to share the produced figures to the public, transparent and timely as it was before. Furthermore, all the detailed informations related to the topic are on the Web site of our institute and our experts will inform everyone especially press members, if further information is needed.

Announced to the public with respect.