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## **CONSUMER PRICE INDEX CALCULATIONS, 2017**

2003=100 based Consumer Price Index (CPI) has been published as a chain index according to international norms and standards since 2005. Basket of index and weights used in the CPI calculations are updated every year and published in the web site of TurkStat.

The weight data used in calculation of the Consumer Price Index (CPI) is basically determined by the Household Budget Surveys (HBS). In this survey, households are asked for what goods and services they buy and how much they spend for them.

Final monetary expenditures of households are taken into account for forming weight system of CPI and goods and services that are more than 1/1000 share in the final monetary consumption expenditures are included in the CPI basket. By addition of data from institutional population consumption expenditure survey and foreign visitors expenditure survey , the final CPI weight data is obtained.

Weights to be used in 2017 for 12 main expenditure groups and 2016-2017 comparison is summarized in the table below:

**Table 1. Main Expenditure Group Weights, 2016-2017**

<b>Main Expenditure Group</b>	<b>2016</b>	<b>2017</b>
1. Food and non-alcoholic beverages	23.68	21.77
2. Alcoholic beverages and tobacco	4.98	5.87
3. Clothing and footwear	7.43	7.33
4. Housing, water, electricity, gas and other fuels	15.93	14.85
5. Furnishing, household equipment, routine maintenance of the house	8.02	7.72
6. Health	2.66	2.63
7. Transportation	14.31	16.31
8. Communication	4.42	4.12
9. Recreation and culture	3.81	3.62
10. Education	2.56	2.69
11. Hotels, cafes and restaurants	7.47	8.05
12. Miscellaneous goods and services	4.73	5.04

In 2017, the CPI calculations will be performed by approximately 400 772 prices compiled for 910 item varieties from 27 386 outlets and 4275 household (for actual rent item). The approximate monthly outlet, price and actual rent numbers are given in Table 2.

**Table 2. Outlet, rent, price and item numbers, 2016-2017**

<b>CPI</b>	<b>2016</b>	<b>2017</b>
Item Number	417	414
Variety Number	924	910
Outlet Number	27 886	27 386
Price Number	408 093	400 772
Actual Rent Number	4 281	4 275

According to the HBS results, 6 items that lose significance removed from the 2017 CPI basket, whereas 3 new items those gain significance included in the basket. These items are summarized in Table 3:

**Table 3. New Items included in 2017 basket and items removed from 2017 CPI basket**

<b>Goods and services excluded in 2017 basket</b>	<b>Goods and services included in 2017 basket</b>
Expenditure on the purchase of glass	Roller curtain
Baby's socks	Deep freeze
Cotton (package)	Test books
Chocolate (madlen)	
Receiver	
Okra	

**Weighting system of seasonal goods was changed.** As of January 2017, instead of seasonal (variable) weight structure in which seasonal items have different weights in every month, fixed weight structure in which every item has same weight for every month in a year, encouraged by EuroStat is going to be used.

In the previously used seasonal weight system, weights from an upper group to the general and products with no seasonal characteristics were constantly used throughout the year. In the fixed weight system, weights for each product and upper groups will be used constantly throughout the year.

**CPIs having specified coverage** have been revised by taking into account Turkish Republic Central Bank and public expectations as of 2017. Having specified indices (H) CPI excluding unprocessed food, energy, alcoholic beverages and tobacco products and gold and (I), CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages and tobacco products and gold will continue to be published and 19 new indices will be added to the press release and statistical tables. Moreover, details of indices published on COICOP 3 digit level in previous years will be increased and **COICOP 4 digit level indices will be published.**

Announced to the public with respect.