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Strongly seasonal commodities

Technical box extracted from:

[Inflation Report no. 3, August 2013](#) ^[1]

The Consumer Price Index (CPI) is a measure that characterizes and provides an estimate of the evolution of prices of goods bought and tariffs for services used by the population for living needs in a given period (current period) compared to a previous period (reference period). Analyzing the structure of goods and services included in the CPI basket, a product category that is characterized by a specific behavior can be distinguished. Thus, these products are known in international practice as strongly seasonal commodities. Typically, the strongly seasonal commodities are not available for purchase in certain seasons of the year (early potatoes, cherries, strawberries, berries, melons and water melons, etc.). The existence of the strongly seasonal commodities generates a number of issues related to their observation. Thus, the international practice provides several ways of observing these products.

In 2013, the National Bureau of Statistics has decided to implement a new procedure, which is accepted internationally, for reflecting the prices of strongly seasonal commodities to the detriment of that applied until 2013. Key aspects of this procedure are:

1. Fixed weights during the year – according to this procedure the strongly seasonal commodities should be treated during the year the same manner as the other products.
2. Price imputation – according to this procedure, during the months when the analyzed product disappears from the market, as the price of observation shall be used the price recorded in the previous month. This process can be reflected in the following manner:

$$\hat{P} = P_{m-1}$$

, where

$$\hat{P}$$

- imputed price, and

$$P_{m-1}$$

- price in the previous month.

Here is an example created with artificial data that will elucidate the impact of changes in the reflection procedure of strongly seasonal commodities.

Chart no. 1. Price level developments fgor strongly seasonal commodities (lei) Chart no. 2. Evolution of monthly prices growth rates shown in chart no. 1 (%)

