

The price information is collected at shopping sites and service locations selected for this purpose by reading from a label (price tag) or by interviewing vendors in the markets.

### What changes in the price of goods are taken into account during registration?

Only price changes for goods are tracked. Deviations in prices due to changes in the quality of goods, quantity, assortment shifts and other «non-price» factors are not taken into account. In the comparable periods of price registration, the goods (service) should be:

- of the same quality;
- sold under the same conditions of sale and payment;
- have equivalent quantities.

For this purpose, price collection specialists compile detailed characteristics of selected goods (services) containing their names, a description of all the quality and technical attributes. This makes it possible to identify the observed goods (services) in successive periods in the same trade object.

### Does the CPI account for discounts and sales for the goods?

A prerequisite for price collection is the invariability of the quality of the goods. Discounts and sales in respect of goods that are stale, have lost their presentation, obsolete, damaged or defective, sold at liquidation sale prices in the CPI are not taken into account.

### What are the differences between percentage and contribution?

The percentage shows the change in the price of a product over a certain period, and the contribution is the magnitude of the effect of this percentage change on the total CPI.

The contribution depends on the magnitude of the change in the price of the product (service) and its weight. The greater the weight of the product and the change in the price of it, the more significant it affects the index.

### Are there any defined periods for which the CPI is calculated?

Yes, CPI is calculated monthly. The index is determined:

- the current month compared with the previous month, with December of the previous year, with the corresponding month of the previous year, with a base period of December 2015;
- the current period compared with the corresponding period of the previous year;
- the current quarter compared to the previous quarter and the corresponding quarter of the previous year.

### What is the base period for CPI?

This is the period for which the index value is set to 100%. The base period of the index is often a year, but it can also be a month or a different period.

The base year is updated once every five years. Currently, the base year for the CPI is 2020.

*For example, the price index for May 2022 to December 2020 is 118%. This means that the base period, in this case, is December 2020 (December 2020 = 100%).*

### Do CPIs for various population groups calculated in Kazakhstan?

In Kazakhstan, in addition to the main CPI, consumer price indices are calculated for the population groups with the lowest and highest cash incomes. These indices characterize the change in prices for different sets of goods and services, corresponding to the structure of consumer spending of these groups depending on differences in preferences of purchases and income levels.

### Does the CPI take into account price changes for the goods in my personal consumption basket?

Not necessary. The CPI basket is formed on the basis of average data on the composition and structure of consumer spending. For example, you or your family do not eat meat. If its prices are rising faster than other products, then your personal inflation rate will be lower than for the general population. Conversely, if you spend more on medical expenses than usual, then even with an equivalent price increase for other items in the CPI basket, your personal inflation rate will exceed the average increase.

In addition, changes in prices for goods purchased by you personally may not coincide with national indices or indices for individual regions due to differences in locations and periods of price registration.

### How is the CPI calculated?

For each position included in the CPI basket, an individual (elementary) price index is calculated, as a private price of the current and previous months.

Based on individual price indices and corresponding weights, price indices are formed by groups, sections, and a consolidated CPI. For their calculation, the Laspeyres formula recommended for use as an international standard is used.

$$I_t = \frac{\sum \frac{P_t}{P_{t-1}} (P_{t-1} \times Q_0)}{\sum P_0 \times Q_0} \times 100 \text{ at } P_{t-1} \times Q_0 = P_0 \times Q_0 \times \frac{P_1}{P_0} \times \frac{P_2}{P_1} \times \dots \times \frac{P_{t-1}}{P_{t-2}}$$

where:

$I_t$  – price index for the period t compared with the previous period t-1;

$\frac{P_t}{P_{t-1}}$  – individual price index by type of product (service) for the period t to

the period t-1;

$P_0 \times Q_0$  – the cost of goods (services) in the prices of the base period, used as the basis for constructing the weighing scheme;

$P_{t-1} \times Q_0$  – cost of goods (services) in the reporting period;

$\frac{P_1}{P_0} \times \frac{P_2}{P_1} \times \dots \times \frac{P_{t-1}}{P_{t-2}}$  – product of individual price indices by type of product (service) to the previous period.

### Which official source publishes the CPI?

Monthly:

Press release «Inflation in the Republic of Kazakhstan»;

Express information «About inflation in the Republic of Kazakhstan»;

Statistical bulletin «Consumer Price Index in the Republic of Kazakhstan»;

Information and analytical magazine «Social and Economic Development of the Republic of Kazakhstan», section «Prices».

Every year - the statistical compilation «Prices in the consumer market in the Republic of Kazakhstan».

### When and how can I get information about the CPI?

CPI is published monthly in the first days of the month. Information is distributed simultaneously to all users and is accompanied by brief methodological notes.

You can get statistical information on the Internet-resource of the Agency for Strategic planning and reforms of the Republic of Kazakhstan Bureau of National statistics <http://www.stat.gov.kz> in the section «Official statistics» / «By industry» / «Prices and tariffs» and the Information-analytical system «Taldau» in the section «Sector» / «Price statistics».

### Do you have any questions?

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## Consumer Price Index: questions and answers



### What is CPI?

Consumer price index (here in after – CPI) is an indicator characterizing the change over time of the average price level for a fixed list of goods and services purchased by the population for personal consumption.

### Is the CPI estimate of the rate of inflation?

Yes. The Inflation rate is determined by the CPI value.

### Where can the CPI be used?

- For the inflation assessment;
- In the formation of the state budget, monetary and fiscal policy of the state;
- To review social programs, indexation of money incomes, social benefits and other indicators;
- In the private sector at the conclusion of long-term contracts.

### How is the international comparability of CPI ensured?

The CPI is formed in accordance with the established international standards and requirements of ILO / IMF / OECD / Eurostat / UNECE / World Bank – «Manual on CPI: Theory and Practice (2007)» ([http://www.imf.org/external/pubs/ft/cpi/manual/2004/rus/cpi\\_ru.pdf](http://www.imf.org/external/pubs/ft/cpi/manual/2004/rus/cpi_ru.pdf)).

General provisions on the procedure for price collection, sampling of objects of observation, goods (services) and their classification, the methodology for calculating the index (formulas, the definition of the weight components) are the same for all countries.

### Are there differences in the approaches to the construction of the CPI in the different countries?

Yes. Differences relate to the frequency of change of weight components, the frequency of collection of prices, territorial coverage, the selection of specific goods (services) for observation, reflecting the specifics of the country.

### How is it determined that the CPI of Kazakhstan meets international criteria?

The method of calculating the CPI in the Republic of Kazakhstan has repeatedly passed the examination of the International Monetary Fund, the United Nations Economic Commission for Europe, Eurostat and was recognized to meet international standards (1995, 1997, 2002, 2003, 2007, 2008, 2017), <http://stat.gov.kz>.

### What information is used for compiling of the CPI?

The CPI is calculated based on information obtained from two sources:

- price collection data;
- materials from a sample household survey in terms of consumer spending patterns.

### What is a «consumer spending»?

Consumer spending is a part of cash expenditures aimed at the purchase of food, alcoholic beverages, non-food items and payment for services. Consumer spending information is compiled from household diary records of their cash outlays over a period of time.

### What is the set of goods and services for the CPI?

The set of goods and services for the CPI (often referred to as a «basket») is a list of those that form the basis of regular purchases (purchased services) of the population and have the greatest weight in consumer spending. The «basket» includes goods and services of mass demand, as well as individual goods (services) of non-obligatory use (jewellery, automobiles and their maintenance, etc.).

### Does the CPI represent average consumer spending?

Yes. To compile the CPI basket, data on purchases and expenditures on them are used for the selected circle of all types of households, regardless of their income level or place of residence.

### Does the CPI basket reflect modern consumer tastes and preferences?

Yes. The sample is reviewed periodically, goods (services) that have lost their relevance in household consumption are being replaced by new ones.

Currently, a fixed set of goods and services for the CPI includes 508 items.



### What goods and services are included in the CPI basket?

160 food products – bakery and cereals, meat and meat products, fish and seafood, dairy products, eggs, oils and fats, fruits and vegetables, sugar and confectionery, soft drinks, alcoholic beverages and tobacco products;

243 non-food goods – clothing and footwear, household goods, household appliances, medical supplies, personal items, and sports facilities, materials, and fuels and lubricants for heating and other;

105 types of paid services – housing and utilities, medical, transport, communications, culture and recreation, education, restaurants and hotels, financial, legal, insurance and others.

### What household expenditure items are not included in the CPI?

Expenses on the acquisition of residential premises, valuable objects (works of art, antiques, etc.), stocks and bonds are not considered as a consumer.

### Does the CPI include housing prices?

Not. According to the «Guide to the Consumer Price Index: Theory and Practice» cost of acquisition of residential premises are not considered as consumer goods and are therefore excluded from the scope of the CPI.

The CPI takes into account the rent for the lease of dwellings by their owners, the housing charge (housing and communal services) and the cost of maintaining it.

### What classification system is used?

The distribution of items of consumer expenditures of the population into groups and sections is made according to the Classification of Individual Consumption by Purpose (COICOP), developed by the Organization for Economic Cooperation and Development and recommended for use as an international standard.

### What products are included in the COICOP?

12 sections that combine the following products and services:

- food and non-alcoholic beverages;
- alcoholic beverages, tobacco products;
- textiles, clothing and footwear, clothing care and shoe repair services, haberdashery goods;
- housing and communal services, types of fuel, apartment repair services and goods for it;
- furniture, carpets, household appliances, dishes, washing and cleaning products;
- health care and pharmaceuticals;
- public transport services, purchase of own vehicles, fuel and lubricants, car maintenance services;
- postal, telephone, cellular and other communication services;
- goods and services related to cultural leisure, sports, games and other activities performed in their free time;
- services of kindergartens, schools, colleges, higher education institutions and educational programs designed for adults;
- hotel accommodation services and consumption of food, beverages in restaurants, cafes and canteens;
- various goods and services (personal care, insurance, legal, financial, funeral services and others).

### What does the term «weight» mean?

The «weight» reflects the relative importance of goods and services as measured by their respective shares in the amount of household expenditure. «Weight» for each product or service determines the extent of the impact of changes in the price of goods or services by the amount of the overall index. For example, the weight of bread in the CPI is equal to 0.01268, or the average household expenditure on bread is 1.3%.

### What does the term «weighing scheme» mean?

The weighting scheme of the CPI reflects the structure of consumer spending on a fixed set of goods and services included in the index. The share of each item (product or service) in total consumption expenditure is its weight.

### Weighting scheme for calculating the CPI used in 2022

Goods and services	in percentage
Food and non-alcoholic beverages	38.75
Bakery products and cereals	6.75
Meat (including meat products)	10.71
Fish and seafood	1.49
Milk products	4.16
Eggs	0.89
Oils and fats	2.29
Fruits and vegetables	6.14
Sugar and pastry	2.75
Foodstuffs not elsewhere classified	1.33
Soft drinks	2.24
Alcoholic beverages, tobacco products	1.95
Alcoholic beverage	1.18
Tobacco products	0.77
Clothes and shoes	10.07
Housing services, water, electricity, gas and other fuels	14.60
Household goods	5.30
Health care	5.85
Transport	7.64
Communication	4.28
Leisure and culture	2.03
Education	1.93
Restaurants and hotels	0.74
Different goods and services	6.88
Products	70.87
food goods	40.70
Non-food goods	30.17
Paid services	29.13

### How often is the weighting scheme revised?

Every year, according to international recommendations.

### Where is CPI pricing information collected?

Collection of prices (tariffs) is carried out in the capital of the republic, the cities of republic value, in all regional and district centers where most of the population lives and the existing trade and services sector ensures that regular price information is obtained taking into account the established requirements for the basics of data collection.

Collection of information is carried out by experts on a selective range of trade and paid services.

### In which shopping facilities are prices being recorded?

Registration of prices is carried out in shopping facilities and places of service, where significant volumes of goods (services) are sold. They are located in different parts of the settlement (center, microdistricts, on the outskirts).

Objects are selected with a wide range of goods and paid services (hypermarkets, supermarkets, department stores, trading houses, specialty stores and objects that provide a complex of paid services), small and medium ones that sell one or two groups of goods or paid services, clothing, food and mixed markets. It is mandatory to include companies that dominate the market (monopolists).

### How many price quotes are collected for each good (service) – a representative that is part of CPI?

On each good (service) – a representative has registered not less than 6 price quotations. The exception is made for regulated types of service and services in the competitive environment (housing-and-municipal, communications, transport and others).

### How are the prices collected?

Collection of prices is made monthly according to a special schedule. The main condition for price collection is the fixing of the price for a certain type of goods (services) in a particular trade object on the same date of the month as in the previous period. The deviation is allowed no more than 1-2 days.