

## Consumer price index

Supplement 1 □ 1988 Monthly

### PURCHASING POWER PARITIES AND PRICE LEVEL INDICES FOR HOUSEHOLD CONSUMPTION - MARCH 1988

In this bulletin Eurostat publishes updated purchasing power parities for household consumption for the EC-countries, Austria, the USA, Canada and Japan in March 1988 (Table A, page 4).

By comparing these purchasing power parities with the exchange rates the so called price level indices are obtained (Table B, page 5). Taking Denmark (the most expensive country) as reference, the price level indices for March 1988 and March 1987 are as follows:

	March 1988	March 1987
Denmark	100.0	100.0
FR Germany	83.3	84.9
France	76.7	78.5
Belgium	73.8	76.0
Netherlands	72.8	74.0
Ireland	70.8	71.5
Italy	67.3	68.5
Luxemburg	66.8	68.9
United Kingdom	64.3	60.7
Spain	54.0	50.8
Greece	50.2	49.8
Portugal	40.0	40.5
Austria	84.2	84.7
USA	58.5	63.4
Canada	57.1	60.8
Japan	93.3	87.6

This comparison shows that large price differences still exist between the EC-countries. For example: a standard basket of goods and services for private consumption which would require an expenditure of a 100 DKR in Denmark would cost only a 50 DKR in Greece and 40 DKR in Portugal. Figures also show that price relationships did not change significantly compared with the situation a year ago (March 1987), due to moderate inflation rates and rather stable exchange rates within the Community.



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INDICES DE NIVEAUX DE PRIX  
CONSOMMATION PRIVÉE

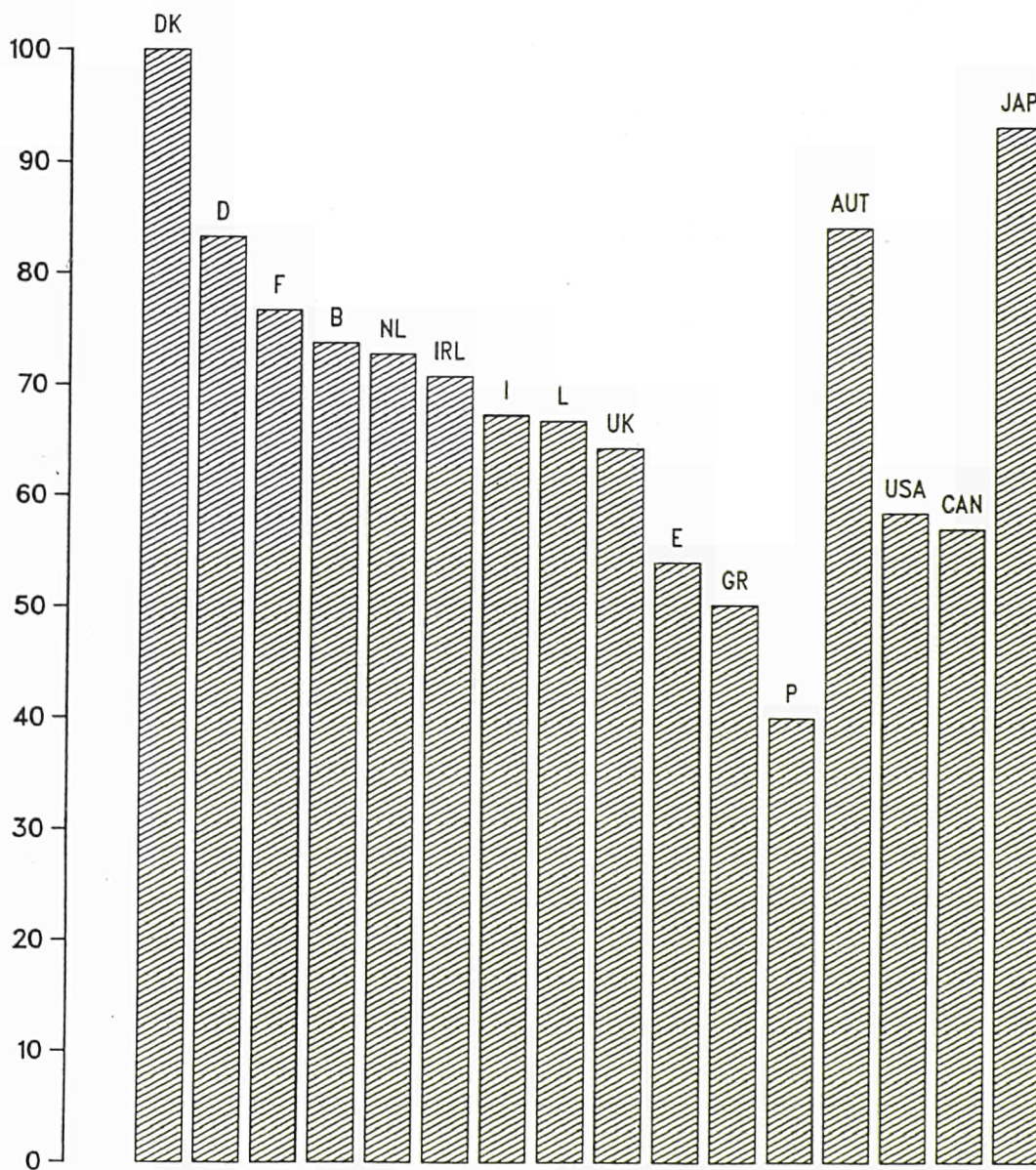
MARS 1988

DANEMARK = 100

PRICE LEVEL INDICES  
PRIVATE CONSUMPTION

MARCH 1988

DENMARK = 100



## PARITEES DE POUVOIR D'ACHAT POUR LA CONSOMMATION PRIVEE

## PURCHASING POWER PARITIES FOR PRIVATE CONSUMPTION

MARCH 1988

	DM	FF	LIR	FL	FB	FLUX	UK £	IRL £	DKR	DRA	PTS	ESC	SCH	US \$	CAN \$	YEN
DM	1.00	3.12	597.36	0.98	18.54	16.77	0.25	0.32	4.59	48.23	43.46	39.33	7.10	0.42	0.51	84.83
FF	0.32	1.00	191.26	0.31	5.93	5.37	0.08	0.10	1.47	15.44	13.91	12.59	2.27	0.13	0.16	27.16
1000 LIR	1.67	5.23	1000.00	1.64	31.03	28.07	0.42	0.53	7.69	80.74	72.75	65.83	11.89	0.70	0.85	142.02
FL	1.02	3.18	608.68	1.00	18.89	17.09	0.26	0.32	4.68	49.15	44.28	40.07	7.24	0.43	0.52	86.44
100 FB	5.40	16.85	3222.86	5.29	100.00	90.47	1.35	1.72	24.79	260.22	234.45	212.17	38.31	2.26	2.75	457.70
100 FLUX	5.96	18.63	3562.26	5.85	110.53	100.00	1.50	1.90	27.40	287.62	259.14	234.51	42.35	2.50	3.04	505.90
UK £	3.98	12.44	2378.89	3.91	73.81	66.78	1.00	1.27	18.30	192.07	173.05	156.61	28.28	1.67	2.03	337.84
IRL £	3.14	9.82	1878.07	3.09	58.27	52.72	0.79	1.00	14.45	151.64	136.62	123.64	22.33	1.32	1.60	266.72
DKR	0.22	0.68	130.00	0.21	4.03	3.65	0.05	0.07	1.00	10.50	9.46	8.56	1.55	0.09	0.11	18.46
100 DRA	2.07	6.48	1238.53	2.03	38.43	34.77	0.52	0.66	9.53	100.00	90.10	81.54	14.72	0.87	1.06	175.89
100 PTS	2.30	7.19	1374.65	2.26	42.65	38.59	0.58	0.73	10.57	110.99	100.00	90.50	16.34	0.96	1.17	195.22
100 ESC	2.54	7.94	1519.00	2.50	47.13	42.64	0.64	0.81	11.68	122.65	110.50	100.00	18.06	1.06	1.30	215.72
SCH	0.14	0.44	84.12	0.14	2.61	2.36	0.04	0.04	0.65	6.79	6.12	5.54	1.00	0.06	0.07	11.95
US \$	2.39	7.46	1426.81	2.34	44.27	40.05	0.60	0.76	10.98	115.20	103.79	93.93	16.96	1.00	1.22	202.63
CAN \$	1.96	6.12	1170.44	1.92	36.32	32.86	0.49	0.62	9.00	94.50	85.14	77.05	13.91	0.82	1.00	166.22
1000 YEN	11.79	36.82	7041.48	11.57	218.49	197.67	2.96	3.75	54.16	568.54	512.24	463.56	83.71	4.94	6.02	1000.00

N.B. This table should be read horizontally. The following example should make the meaning clearer.

For the same basket of goods and services for private consumption, it would be necessary to spend 1 DM in the FR of Germany, 3.12 FF in France, 18.54 FB in Belgium or 4.59 DKR in Denmark.

By comparison, the exchange rates in the same period were 1 DM = 3.38 FF, 1 DM = 20.91 FB, 1 DM = 3.82 DKR.

## B

INDICES DE NIVEAUX DE PRIX POUR LA CONSOMMATION PRIVEE

PRICE LEVEL FOR PRIVATE CONSUMPTION

MARCH 1988

	D	F	I	NL	B	L	UK	IRL	DK	GR	SP	PORT	AUT	USA	CAN	JAP
D	100.0	92.0	80.7	87.4	88.6	80.2	77.1	85.0	120.0	60.2	64.8	48.0	101.0	70.2	68.5	111.9
F	108.7	100.0	87.7	95.0	96.3	87.1	83.8	92.3	130.4	65.4	70.4	52.2	109.8	76.3	74.5	121.6
I	123.8	114.0	100.0	108.2	109.7	99.3	95.5	105.2	148.6	74.6	80.3	59.5	125.1	87.0	84.9	138.6
NL	114.4	105.3	92.4	100.0	101.4	91.7	88.2	97.2	137.3	68.9	74.2	55.0	115.6	80.4	78.4	128.1
B	112.9	103.9	91.1	98.6	100.0	90.5	87.0	95.9	135.4	68.0	73.2	54.2	114.1	79.3	77.3	126.3
L	124.8	114.8	100.7	109.0	110.5	100.0	96.2	106.0	149.7	75.1	80.9	59.9	126.1	87.6	85.5	139.6
UK	129.7	119.3	104.7	113.3	114.9	104.0	100.0	110.2	155.6	78.1	84.1	62.3	131.0	91.1	88.9	145.2
IRL	117.7	108.3	95.0	102.8	104.3	94.3	90.7	100.0	141.2	70.9	76.3	56.5	118.9	82.7	80.6	131.7
DK	83.3	76.7	67.3	72.8	73.8	66.8	64.3	70.8	100.0	50.2	54.0	40.0	84.2	58.5	57.1	93.3
GR	166.1	152.8	134.1	145.1	147.1	133.1	128.1	141.1	199.3	100.0	107.7	79.8	167.8	116.6	113.8	185.9
SP	154.3	142.0	124.6	134.8	136.7	123.7	119.0	131.1	185.1	92.9	100.0	74.1	155.9	108.3	105.7	172.7
PORT	208.2	191.6	168.1	181.9	184.5	166.9	160.5	176.9	249.8	125.4	135.0	100.0	210.4	146.2	142.7	233.0
AUT	99.0	91.1	79.9	86.5	87.7	79.3	76.3	84.1	118.8	59.6	64.2	47.5	100.0	69.5	67.8	110.8
USA	142.4	131.0	115.0	124.4	126.1	114.1	109.8	121.0	170.9	85.7	92.3	68.4	143.9	100.0	97.6	159.4
CAN	145.9	134.3	117.8	127.5	129.3	117.0	112.5	124.0	175.1	87.9	94.6	70.1	147.5	102.5	100.0	163.3
JAP	89.3	82.2	72.1	78.1	79.2	71.6	68.9	75.9	107.2	53.8	57.9	42.9	90.3	62.7	61.2	100.0

N.B. This table should be read horizontally. The following example should make the meaning clearer.

For the same basket of goods and services for private consumption which would require expenditure of 100 DM in the FR of Germany, it would be necessary to spend the exchange-rate equivalent of 92.00 DM in France, 88.60 DM in Belgium, 120.00 DM in Denmark, etc..

## METHODOLOGICAL NOTE

The purchasing power parities for final household consumption for the base year 1985 are calculated on the basis of extensive price surveys as described in "Comparison in real values of the aggregates of ESA". The specific parities for household consumption are updated by means of the national consumer price index for each of the countries which are regularly published in this bulletin. For each pair of countries the extrapolated parity is obtained by multiplying the 1985 parity by the relative price index.

In the first table (A) the parities are presented in a square matrix in which each country can be compared with all the others. In effect each column gives the parities of every country with respect to a reference country.

The parities obtained in this way have been related to the official exchange rates; the ratio of purchasing power parities to exchange rates is called the price level index. These figures, also presented in a square matrix, are given in the second table (B). Each line of this table shows the difference between the parity and the exchange rate of the base country compared to the other countries. For instance on the first line, where Germany is the base country (=100), the index for France is 92.0, for Belgium 88.6 and for Denmark 120.0.

In other words: for the same basket of goods and services for private consumption as would require an expenditure of 100 DM in the FR of Germany, it would be necessary to spend the exchange rate equivalent of 92.00 DM in France, 88.60 DM in Belgium, 120.00 DM in Denmark.

Purchasing power parities are mainly used for short term analysis of household consumption.

EUROSTAT also carries out an annual estimate of purchasing power parities of gross domestic product (see National Accounts - Aggregates), they are generally used for volume comparisons by eliminating the difference of general price level between countries.

The purchasing power parities for the United States, Japan, Canada and Austria are based on studies made by the OECD for the year 1985.

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