

## **Consumer Price Index: A preview of the upcoming changes**

- **Statistics Canada has announced a major update of the Consumer Price Index to reflect changes in the spending patterns of Canadian households.**
- **The update will take effect on June 19, 2007, when data for the reference period of May 2007 are released.**
- **The update, which occurs periodically, is designed to ensure the CPI's reliability for three key purposes: a measure of inflation; a statistical series deflator; and a tool for indexing various payments and transfers.**

It will include two major changes:

- the weights of various items in the basket of goods and services used to calculate the index will be updated from 2001 to 2005; and
- the CPI base year (the period for which the value 100 is assigned to the index) will change from 1992 to 2002.

Users should note that the changeover to the base year 2002=100 will in no way alter rates of changes measured for previous periods, barring rounding.

The weights for the various components of the basket of goods and services are being updated on the basis of the most recent Survey of Household Spending (SHS). The update ensures that the CPI reflects any changes in the consumption patterns of Canadians.

The weights between January 2003 and mid-2007 are based on 2001 consumption patterns. The new basket will be based on patterns captured by the 2005 SHS.

More details on this significant change can be viewed on Statistics Canada's Website, at: <http://www.statcan.ca/Daily/English/070123/d070123e.htm>