



EUROPEAN CENTRAL BANK

EUROSYSTEM

Discussion points – Diewert/Fox

UNECE/Ottawa Group
on Prices Webinar

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*All views expressed are those of the
speaker and not necessarily those
of the ECB.*

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Observations

- Why should a COGI consider welfare changes?
- Does the use of reservation prices (purely hypothetical prices) really improve confidence in official statistics?
 - ⇒ Much variance in reservation price depending on underlying preferences
 - ⇒ Preferences have changed in the pandemic
- Alternative data sources for weights with drawbacks
 - ⇒ Credit card data: composition effects, store instead of product classification
 - ⇒ Continuous consumer expenditure survey: panel effect, panel mortality, underreporting, representativity problems
- Are indices using reservation prices and weights from data with a high error-margin really more representative than those with imputed prices?

Observations

- “Inflation adjusted carry forward prices”
 - ⇒ misleading terminology
 - ⇒ Imputation with other price changes mean implicit reweighting
 - ⇒ Flagging helped to estimate the influence of imputations
- Which “revisable CPI” do you propose? Which formula, chaining frequency etc.?
- The Allen quantity index is not seen as “real consumption”
 - ⇒ real consumption = deflated consumption from National Accounts
 - ⇒ Welfare considerations and National Accounts should not be mixed up
 - ⇒ Paper provides exaggerating message
- Central Bank perspective
- Why reservation prices for free rents? $p=0$