

## **Planned Changes in the Consumer Price Index in 2002**

### **Expenditure Weight Update**

As announced in December 1998, the Bureau of Labor Statistics (BLS) will update the consumption expenditure weights in the Consumer Price Index for all Urban Consumers (CPI-U) and in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) to the 1999-2000 period, effective with release of data for January 2002. The newer weights will replace the 1993-95 weights, which were first used in the index effective with January 1998 data. Additionally, CPI expenditure weights will be updated at two-year intervals subsequent to the 2002 updating. Thus, for example, CPI expenditure weights will be updated to the 2001-02 period effective with release of CPI data for January 2004.

Historically, the introduction of a comprehensive new set of expenditure weights attached to the categories of goods and services in the CPI “market basket” has taken place in the context of the periodic major revisions of the index. Such major revisions have taken place approximately once each decade—in 1940, 1953, 1964, 1978, 1987 and, most recently, in 1998.

The goal in employing more current expenditure weights is to have the CPI reflect, as much as possible, the inflation currently experienced by consumers. More specifically, the use of more current weights will help to ensure that the relative importance of CPI item categories, such as food away from home, college tuition, or medical care services, more accurately reflects how consumers are allocating their spending.

### **Publication of Overlap CPIs**

For the first six months of 2002, BLS will continue to calculate and publish selected CPI-U and CPI-W “overlap” indexes on a not seasonally adjusted basis. These indexes will be compiled using the 1993-95 expenditure pattern that was introduced into the CPI in 1998. Comparison of these index series to the corresponding updated series will enable users of the CPI to observe the effects of the expenditure weight change. The subsequent expenditure updates scheduled in 2004 and every two years thereafter also will be accompanied by the publication of overlap indexes for a six-month period using the previous expenditure pattern.

### **Publication of CPI for the Phoenix Area**

Effective with release of the July 2002 Consumer Price Index (CPI), BLS will initiate publication of consumer price data specific to the Phoenix-Mesa, Arizona, Metropolitan Statistical Area. As with the national CPI and other local area CPIs, data will be published for each of two population groups, that for all urban consumers (CPI-U) and that for urban wage earners and clerical workers (CPI-W). The Phoenix-Mesa CPI will be published on a semi-annual basis with a reference base of December 2001 = 100. The same amount of item detail will be available for Phoenix-Mesa as is presently available for all other areas published on a semi-annual basis.

### **Change to Published Item Structure**

Effective with release of the January 2002 CPI, BLS will begin publishing an item index for leased cars and trucks. This index series will be available monthly at the U.S. City Average area level for both the CPI-U and CPI-W with a December 2001 = 100 reference base.