

17 June 2013

Services Sector Price Indices (SSPI). Base 2010
First quarter of 2013. *Provisional data*

The annual rate of the services of *Advertising* decreases over six points and stands at 0.6% in the first quarter

***Passenger scheduled air transport* prices registers an increase of three points in its annual rate, up to 4.2%**

The INE begins publishing the Services Sector Indices in base 2010

Annual evolution of prices in services

Nine out of the 15 activities in the services sector, for which price indices are calculated, experienced a decrease in their annual variation rate in the first quarter of 2013.

Among the services with a decrease in annual rate, the most noteworthy were:

- ***Advertising***, whose annual variation decreased 6.6 points and stood at **0.6%**. This behaviour was due to the fact that the decrease in prices registered in this activity was higher than that registered in the first quarter of 2012.
- ***Sea freight transport***, whose rate decreased over four points, and stood at **-3.9%**. The lowest rate registered by this type of transport since the beginning of the series.
- ***Cargo handling***, with an annual rate of **-0.2%**, almost three points below that registered in the fourth quarter. This is the lowest rate registered in this activity since the third quarter of 2009.

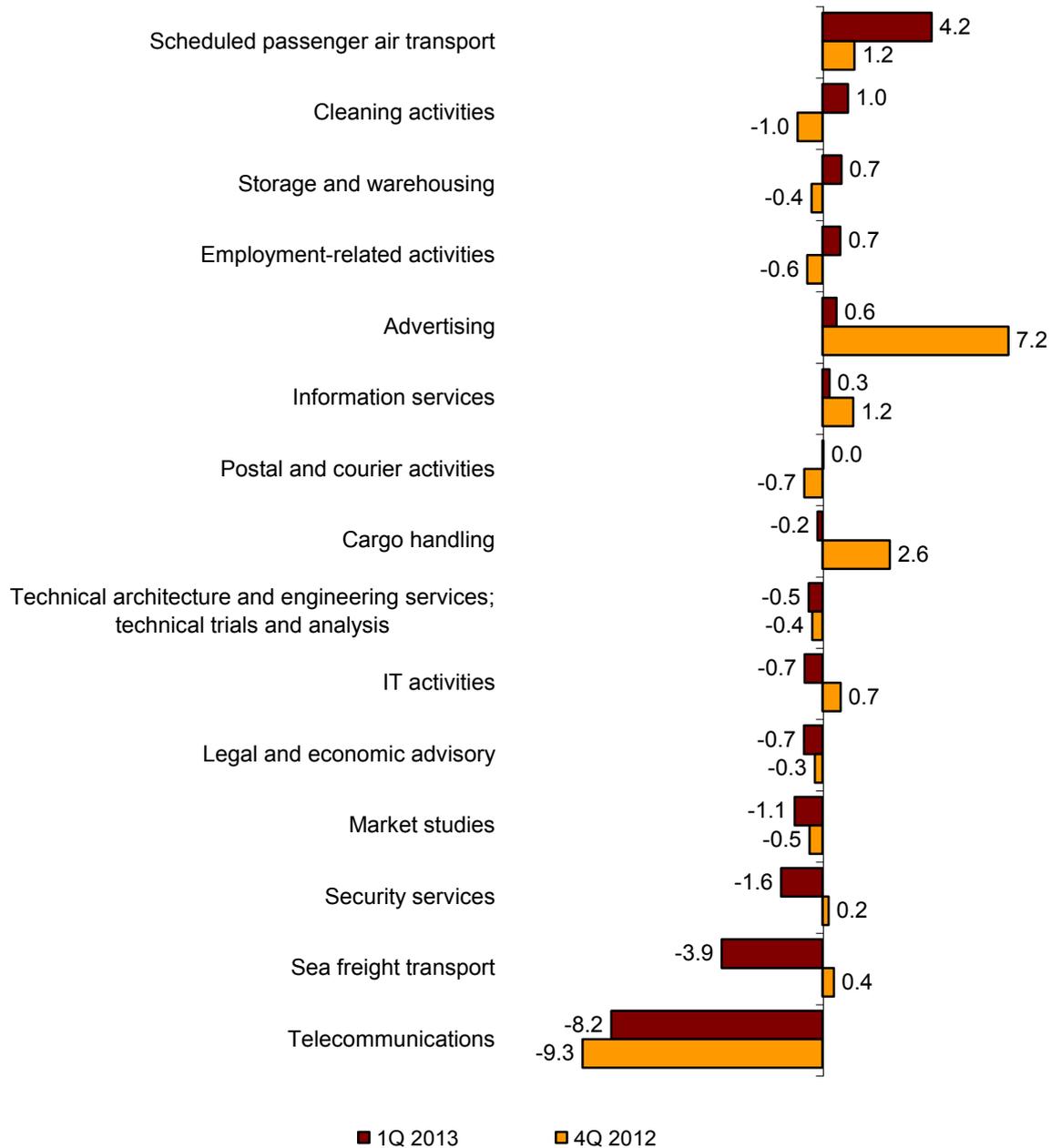
In turn, among the services with the greater increases in their annual rates, worth noting:

- ***Passenger scheduled air transport***, whose annual variation increased three points, reaching **4.2%**, due to the increase in prices during this quarter, as compared with the decrease experienced in 2012.
- ***Cleaning activities***, that increased its rate two points, standing at **1.0%**.

• **Employment-related activities**, with a **0.7%** variation, over one point higher than that registered in the previous quarter.

Annual rates of the SSPI, base 2010

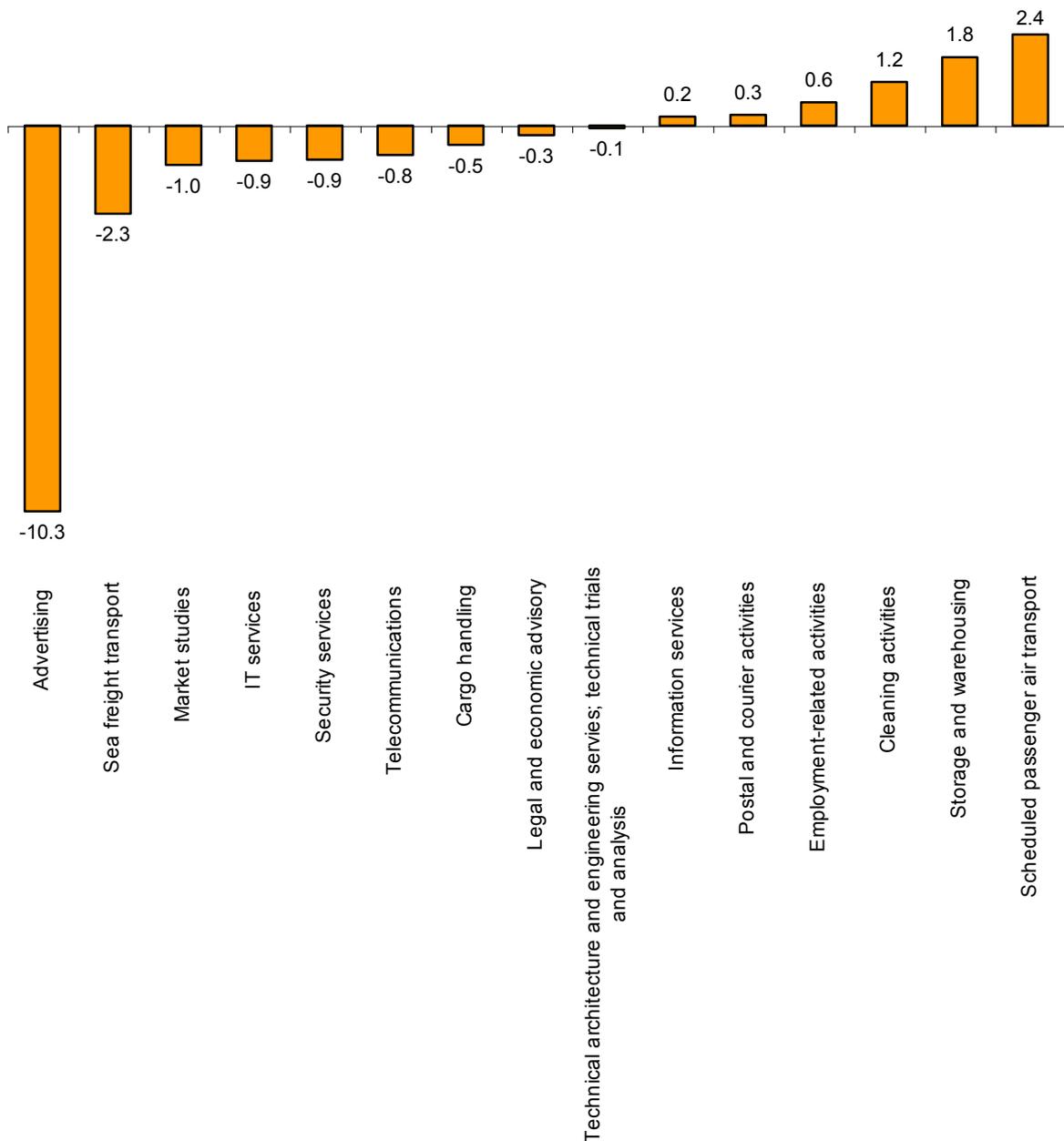
Index by sector



Quarterly evolution of the prices of services

The greatest price decreases as compared with the fourth quarter of 2012 were recorded in *Advertising* (−10.3%), *Sea freight transport* (−2.3%) and *Market studies* (−1.0%).

Conversely, among the activities that increased their prices this quarter, as compared with the previous quarter, worth noting *Scheduled passenger air transport* (2.4%), *Storage and warehousing* (1.8%) and *Cleaning activities* (1.2%).



Services Sector Price Indices. Base 2010

First quarter of 2013

Provisional data

1. National indices by sector

	Index	% Variation		
		On previous quarter	Year-to-date	Yearly
1. Sea freight transport	101.2	-2.3	-2.3	-3.9
2. Scheduled passenger air transport	108.8	2.4	2.4	4.2
3. Storage and warehousing	102.4	1.8	1.8	0.7
4. Cargo handling	104.4	-0.5	-0.5	-0.2
5. Postal and courier activities	98.7	0.3	0.3	0.0
6. Telecommunications	85.8	-0.8	-0.8	-8.2
7. IT activities	101.1	-0.9	-0.9	-0.7
8. Information services	97.3	0.2	0.2	0.3
9. Legal and economic advisory	99.9	-0.3	-0.3	-0.7
10. Technical architecture and engineering services; technical trials and analysis	99.5	-0.1	-0.1	-0.5
11. Advertising	93.4	-10.3	-10.3	0.6
12. Market studies	100.6	-1.0	-1.0	-1.1
13. Employment-related activities	101.8	0.6	0.6	0.7
14. Security services	99.9	-0.9	-0.9	-1.6
15. Cleaning activities	101.4	1.2	1.2	1.0

Informative annex

Main features of the SSPI, base 2010

Today the National Statistics Institute (INE) is publishing the Services Prices Index (SSPI) in base 2010. In this way, Council Regulation (EC) No. 1165/98 regarding short-term statistics, in which it is established that member states must change the base for the short-term indicators to which said regulation refers every five years, is complied with.

The base change consists of the revision and updating of the components comprising the calculation of the index. The objective is to obtain an indicator to fit the changes that have occurred in the last five years in the different services sector activities, and that measures evolution of prices more accurately, which will result in a more representative SSPI of the service activities of which it consists.

Among the changes introduced in base 2010, of note is the new calculation system, which is a departure from the fixed-base concept (characterised by the use of a basket of products, and fixed weightings during the time that the base lasts) and introduces a new way of producing the indicator, based on the continual updating of the main elements comprising calculation thereof.

The SSPI, base 2010 is, therefore, an indicator characterised by its ability to adapt to changes in the services sector and by its up-to-date nature, since each year it reviews weightings for different levels of functional breakdown, and incorporates into calculation thereof any change detected in the sector at the moment at which the latter occurs, be it the appearance of new products, or changes in production activity or in the sample of respondent units.

Sample update and weighting structure

- Sample

One of the most important aspects of the base change process is the updating of the sample. Therefore a complete study is conducted into service activities covered by the indicator, basket of products, weightings and the sample of respondent units, in order to update the structure thereof and improve representation.

For each activity, units forming part of the sample are selected in such a way that between 60% and 70% of turnover for said activity is covered. Therefore information has been used from the Annual Services Survey, referring to the year 2010.

As a result of this sample update, **in the SSPI base 2010, approximately 6,800 prices are collected each quarter, for 197 products, in a sample of approximately 800 service companies each quarter.**

- Weightings

The complete weightings structure has been updated at all functional breakdown levels, in order to more accurately represent production activity in each sector.

Therefore, the Annual Services Survey, referring to the year 2010, has been used. This provides information about turnover by branch of activity and company, essential to

establishing the weightings structure. This structure was subsequently updated to the year 2012, using SSPI information.

A crucial improvement introduced in the new base is the annual updating of weight or importance of products and companies comprising each activity, which will make it possible to adapt the indicator to changes occurring in the service branches included in its scope.

Calculation formula

Until now, each activity in the SSPI has been calculated by means of what is known as a fixed-base Laspeyres type index, with the exception of *Telecommunications and Advertising and market studies*. The main advantage of an index of this type is that it enables comparing the same structure of products and weightings throughout the time that the base is in effect; however, there is also the drawback that the weighting structure loses relevance as time elapses and productive activity changes.

The SSPI, base 2010, will use the **chain-linked Laspeyres** formula, which consists of referring the prices from the current period to the prices from the year immediately prior. Moreover, each year, as has already been mentioned, weightings of lot with information taken from the actual survey will be updated.

Another important new feature in the new base is the used of the **geometric mean** for calculating average prices of products included in the basket, which are involved in compiling the quarterly index.

Series linking

The implementation of any system of price indices implies a break in the continuity of the series, and more so when, in addition to changing the composition of the representative products and their corresponding weightings, a change occurs in the calculation methodology used to compile the indices, as in the case of the SSPI, base 2010.

For the purpose of having continued series available, at least for certain breakdown levels, and which enable calculating variation rates between different periods, and allowing users to perform any type of analysis relating to price evolution, the INE has prepared a link, and publishes the indices in base 2010, as of the first quarter of 2007, in order to thus provide the continuity of the information published thus far.

It is important to highlight that, as the new SSPI has taken the year 2010 as its base, the series have been recalculated in the new base, using the new calculation formula and the new weightings, as of the first quarter of 2010. Therefore, the variation rates of the SSPI, base 2010, for the years 2010, 2011 and 2012, will be different from those calculated using the indices in base 2006.

In turn, the indices prior to the year 2010, which are indices calculated in base 2006 and linked subsequently, do preserve the variation rates.

Dissemination of results

In SSPI base 2010, national indices are published for activities included in the Regulation, which are listed below:

CODE	NAME (CNAE-2009)
50.1+50.2	Sea transport
51	Passenger air transport.
52.1	Storage and warehousing
52.24	Cargo handling
53	Postal and courier activities
61	Telecommunications
62	IT activities
63	Information services
69.1+69.2+70.2	Legal and economic advisory
71	Technical architecture and engineering services; technical trials and analysis
73.1	Advertising
73.2	Market studies
78	Employment-related activities
80	investigation and security activities
81.2	Cleaning activities

The indices are published to three decimal points, and the variation rates to one decimal point, though they are calculated with all of the decimal points available in the index. On the other hand, the data will be final one year following its first publication.

All information regarding the new base for the SSPI is available on the INE website (www.ine.es).