

Producer Price Index for Services

2009, 4th quarter

Producer prices for services went up 0,1 per cent in October-December

According to Statistics Finland, producer prices for services went up by 0.1 per cent in the fourth quarter of 2009 from the corresponding quarter of the year before. The rise in the prices was curbed by, among other things, decreases in the prices of freight transport by road, business consultancy and telecommunications. The rise in prices was mostly due to increases in the rents of office and business premises and risen prices of architectural and engineering activities.

From third to fourth quarter, producer prices for services went up by 1.0 percent.

Producer price index for services 2005=100 (TOL 2008), 4th quarter 2009

Industry	Point figure	Quarterly change,%	Yearly change,%
Total index (TOL 2008)	113.3	1.0	0.1
H Transportation and storage	114.7	0.3	-3.1
I Accommodation and food service activities	104.8	9.5	-2.1
J Information and communication	102.9	0.1	-0.9
L Real estate activities	112.8	5.6	5.8
M Professional, scientific and technical activities	121.0	0.0	0.9
N Administrative and support service activities	113.9	-0.5	0.7
S Other service activities	100.2	-0.4	-1.4

The data on rents of office and business premises (6820) have been supplemented since the 4th quarter of 2008. For more information, see "Revisions in these statistics".

Producer price indices for services describe the price development in business services provided by enterprises to other enterprises and the public sector. The total index currently covers about half of the market services.

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Producer price index for services 2005=100 (TOL 2008), 4th quarter 2009

Industry	Point figure	Quarterly change, %	Yearly change, %
49 Land transport and transport via pipelines	117.9	-0.1	-3.9
4932 Taxi operation	121.4	0.0	2.4
4941 Freight transport by road	117.6	-0.2	-4.4
5020 Sea and coastal freight water transport	100.3	1.7	-11.0
52 Warehousing and support activities for transportation	106.9	-0.4	0.9
5210 Warehousing and storage	111.5	0.0	3.0
5224 Cargo handling	104.3	-0.7	-0.4
53 Post and courier activities	121.1	0.1	0.2
5310 Postal activities under universal service obligation	122.6	0.0	0.0
5320 Other postal and courier activities	114.7	0.8	0.9
5510 Hotels	104.8	9.5	-2.1
58 Publishing activities	112.6	0.3	2.1
61 Telecommunications	89.9	0.0	-4.3
62 Computer programming, consultancy and related activities	109.9	-0.1	-0.4
63 Information service activities	106.2	0.2	2.2
6820 Rents of office and business premises	112.8	5.6	5.8
6820A Rents of office premises	113.3	5.6	5.9
6820B Rents of business premises	112.3	5.6	5.5
69 Legal and accounting activities	124.2	-0.2	2.3
6910 Legal services	115.3	0.1	0.4
6920 Accounting, book-keeping and auditing activities; tax consultancy	129.3	-0.3	3.3
702 Management consultancy activities	128.3	-0.3	-3.3
711 Architectural and engineering activities and related technical consultancy	120.2	-0.1	1.9
712 Technical testing and analysis	127.2	-0.5	5.1
73 Advertising and market research	111.2	1.1	2.0
731 Advertising	111.3	1.1	2.0
732 Market research and public opinion polling	110.2	0.5	3.3
7732 Renting of construction and civil engineering machinery and equipment	107.4	-2.7	-7.7
7820 Temporary employment agency activities	115.5	1.0	3.5
8010 Private security activities	122.5	0.0	5.4
81 Services to buildings and landscape activities	115.6	0.0	3.6
811 Combined facilities support activities	118.1	0.0	4.4
812 Cleaning activities	111.8	0.0	2.3
96011 Washing and (dry-)cleaning of textile and fur products for enterprises	100.2	-0.4	-1.4
H Transportation and storage	114.7	0.3	-3.1
I Accommodation and food service activities	104.8	9.5	-2.1
J Information and communication	102.9	0.1	-0.9
L Real estate activities	112.8	5.6	5.8
M Professional, scientific and technical activities	121.0	0.0	0.9
N Administrative and support service activities	113.9	-0.5	0.7
S Other service activities	100.2	-0.4	-1.4
Total index (TOL 2008)	113.3	1.0	0.1

Quality Description of Producer Price Index for Services

1. Relevance of statistical information

1.1 A summary of the information content and purpose of use of the statistics

Producer price index for services describes the price development in business services provided by enterprises to other enterprises and the public sector. The index describes the relative change in prices (e.g. price, volume or value) compared to a certain base period.

The producer price index for services is compiled on product basis. The index describes development in the prices of certain types of services irrespective of the main industry of the producing enterprise. If a service enterprise also produces goods, its goods production is excluded from the scope of the description of the producer price index for services. On the other hand, an enterprise that mainly produces industrial goods may also produce services in which case its services production is included in scope of the description of the producer price index for services.

One of the key purposes of the producer price index of services is to function as a deflator in national accounts calculations. With it the value of production or sales is converted to volume of production. Enterprises can use the data of the producer price index of services when comparing the price development of their purchases or sales with the average development of the industry.

1.2 Information source and classifications used

1.2.1 Information source

As a rule, price data for the producer price indices of services are collected from enterprises quarterly. Besides the data collected from enterprises, price data or point figures from Statistics Finland's other statistics are also exploited in the compilation of the producer price indices of services.

1.2.2 Classifications

The industrial classification used in the compilation is the Finnish Standard Industrial Classification TOL 2008, which has been confirmed by Statistics Finland and is based on NACE Rev. 2., the industrial classification of the European Union. As far as appropriate, the services of specific industries are classified into main groups according to the CPA product classification, which is the European Union's classification of goods and services by activity. Where necessary, detailed product classifications are used within the individual service product categories of the CPA.

1.3 Laws and regulations

The production of the statistics is based on the Statistics Act (280/2004) and on a Council Regulation (EC) concerning short-term statistics (No 1165/1998). Only the data necessary for the calculation of the index but not available from another source are collected from data suppliers. Confidentiality is taken into account when releasing the data; it is not possible to identify from the results information or development concerning an individual enterprise.

2. Methodological description of survey

2.1. Compilation of the index

Statistics Finland's Business Register is used as the sampling frame for the producer price indices for services. The Register contains data on the industry and turnover of enterprises. The indices have been developed independently for individual service industries, which is why the used sampling method varies by industry. Depending on the industry, the data suppliers have been selected either by PPS (Probability Proportional to Size) sampling, judicious sampling or by combining judicious sampling and probability-based sampling. The services for the price monitoring have been selected in co-operation with service enterprises.

The Laspeyres price index formula is used in calculating the index. Geometric averages of price ratios calculated from the prices of individual service products are combined into indices for the main product groups of an enterprise, and then weighted into its overall index using a specific coefficient for each main group. The

weighting coefficients are based on enterprises' turnover and its distribution between the main groups of the enterprise. The turnover figures used in the weighting are either obtained from the data reported by the enterprises themselves or from Statistics Finland's Business Register.

The overall index is calculated by means of industry indices. The weights between different industries are based on national accounts data on the use of enterprises' and the public sector's services. In connection with the introduction of the classification TOL 2008 the weight structure has been updated.

Further information about compiling the producer price indices for services is available in the Methodological descriptions of the statistic.

2.2. Development and publication of new indices

Statistics Finland will enlarge the coverage of total index by developing indices for new services industries. Publication of new indices can commence once data concerning an industry have been collected from an adequately large number of enterprises for at least twelve months and once it has been verified that index figures depicting average price development in the industry can be sufficiently reliably calculated from the prices provided by the data suppliers.

The development of producer price index for services was started in 2000, and indices for new service industries are being devised continuously. At the moment, producer price indices for services are calculated for 27 service industries and they are published quarterly for 26 industries, each describing average price development in its respective industry. In connection with the introduction of the classification TOL 2008 index series at a lower classification level will be published on publishing activities (TOL 2008: 58), information service activities (TOL 2008: 63), and services to buildings and landscape activities (TOL 2008: 811).

The total index currently covers about half of the market services. The service industries excluded from the overall index are wholesale and retail trade activities, financial and insurance activities, education, human health and social work activities, and arts, scientific and recreation activities.

3. Correctness and accuracy of data

The producer price index for services is calculated on the basis of over 17,500 prices collected from approximately 360 data suppliers. The number of prices and data suppliers varies by industry. Roughly 15,000 of price data concern the rents of office and business premises. The producer price index for services describes the relative change in prices compared to a certain base period.

4. Timeliness and promptness of published data

Indices are published on the 17th day or the weekday following it of the month following the end of the statistical reference quarter.

Depending on the industry, the time of collecting price data from enterprises may be the first, second or third month of the quarter under review. In some cases real charged unit prices are collected for the whole quarter under review.

5. Accessibility and transparency/clarity of data

Producer price indices for services is a quarterly statistics. Indices are published on the 17th day or the weekday following it of the month following the end of the statistical reference quarter at 9 a.m.

6. Comparability of statistics

The time series of the overall index of producer prices for services starts from the year 2005. The length of the industry-specific time series varies depending on when the production of the industry index started.

7. Coherence and consistency/uniformity

Documentation on the producer price index for services is available on the home page of the statistics and the Statistic Finland Unit which produces the statistics. (e-mail phti.tilastokeskus@stat.fi, tel. +358 9 1734 1 / Producer price index for services).

Producer price indices for services describe the price development in business services provided by enterprises to other enterprises and the public sector. Consumer services are thus excluded from the producer price index for services. The development of consumer service prices is described with the consumer price index. Information about other price and cost indices is available on the homepage of indices at http://www.tilastokeskus.fi/til/hin_en.html.

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