HICP Compliance Monitoring

Follow-up report

Portugal

January 2022

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Date of visit of the Compliance Monitoring

- June 2019

Compliance Monitoring Report published ([1])

- December 2019

Date of follow-up information

- December 2021

1. Eurostat's recommendations and progress made by the Portuguese National Statistical Institute (INE)

- **INE should follow a more systematic approach for the maintenance of the outlet sample so that outlet-types or outlets are appropriately represented. INE should explore data sources for the estimation of outlet-type or outlet weights with a view to construct balanced outlet samples or detailed outlet stratifications.**

  This recommendation has been partly implemented. For clothing and footwear, explicit weights based on turnover are now used for the outlets for which prices are scraped from the web. This ensures that each outlet is appropriately represented in the HICP. INE intends to further expand the use of outlet weights to other product areas where feasible.

- **INE should monitor the importance of internet purchases with the aim of reflecting appropriately the internet as a part of the sample of outlets.**

  This recommendation has been partly implemented. INE now collects more online prices mainly for food products, clothing and footwear, and electronics. In general, the prices collected from the websites of major retailers are found to be similar to the prices charged in the physical outlets. The results of the next Household Budget Survey to be conducted in 2022-2023 will allow INE to estimate the volume of internet purchases in a more accurate way and to further update the samples as needed.

- **INE should further increase the price collection frequency for those services that are only collected every three months or otherwise demonstrate that carrying forward a previous price is an appropriate estimate.**

([1]) The report is available on Eurostat's website: https://ec.europa.eu/eurostat/documents/272892/272977/CM-Report-Portugal-2019/

This recommendation has been partly implemented. Increasing the price collection frequency for these products was not yet possible because of the COVID-19 pandemic. INE monitors the variability of the prices of products that have a less frequent price collection. No increase in variability has been detected so far and therefore INE considers that carry forward remains an appropriate estimation method. A quarterly price collection can result at most in a 2-month delay in the recording of price changes. Moreover, a rolling sample strategy is applied for these products so that each month, one third of the outlets are surveyed.

- **INE should examine the current treatment of income-dependent prices and verify that changes in prices resulting from changes in purchasers' incomes are shown as price changes.**

This recommendation has not been implemented. INE has not yet assessed the treatment of income-dependent prices, due to lack of resources.

- **INE should continue its efforts to get access to detailed data from providers, regulators and relevant authorities in order to further improve the compilation of price indices for social rents and insurances.**

This recommendation has not been implemented. Limited progress was made on this recommendation because of the COVID-19 pandemic. INE will resume its efforts to access additional administrative data sources as soon as possible.

- **INE should carry out research into methods and sources with a view to expand the use of explicit quality adjustments methods.**

This recommendation has not been implemented. INE has not conducted any research on explicit quality adjustment methods due to lack of resources.

- **INE should further improve the monitoring of the quality adjustments that are applied at the regional and central levels.**

This recommendation has not been implemented. INE will take into account the need for tools that help monitor quality adjustments when planning the development of a new CPI/HICP software.

- **INE should continue to improve the treatment of replacements and quality adjustments in the context of sales or prices observed at the end of a product's lifecycle in order to avoid possible biases in sub-indices.**

This recommendation has been implemented. As of January 2022, INE follows Eurostat's recommendation on bridged overlap. INE has adjusted its replacement and quality adjustment procedures in order to avoid possible biases in the sub-indices.

- **For fish, fruits and vegetables, INE should re-examine if the last in-season price is an appropriate estimate of the typical price to be used for the first-out-of-season month.**

This recommendation has not been implemented. INE continues to use the last in-season price as an estimate for a typical price used in the first-out-of-season month. Because of lack of resources, INE has not yet assessed the impact of changing this procedure.

2. Additional measures to improve the quality of the Portuguese HICP

In 2021, INE introduced web scraping in order to obtain prices for clothing and footwear for several major retailers. This has led to a significant increase in the sample size for these products and to an improvement in the index compilation methods. In 2022, the online price collection from the website of a major airline has been replaced with web scraped data. The same data that were previously collected in a manual way are now obtained in an automatised way. In the future, the change in data collection will allow INE to collect more prices for airfares, thereby covering more destinations, increasing the temporal coverage and better representing the purchasing patterns of households. INE also considers developing similar scrapers for other airlines.

3. Conclusion

Eurostat takes good note of the measures implemented by INE to improve the quality of the Portuguese HICP. INE should continue to implement improvement measures, particularly those related to the recommendations on outlet weights, internet purchases, price collection frequency, the access to administrative data sources, and the monitoring of quality adjustment procedures.