



HICP Compliance Monitoring Follow-up report - Denmark

Date of visit of the Compliance Monitoring

- May 2021

Compliance Monitoring Report published

- August 2021 ⁽¹⁾

Date of follow-up information

- October 2023

1. Eurostat's recommendations and progress made by Statistics Denmark

- **Statistics Denmark should include purchases made on the internet by resident households on foreign websites in the HICP in line with the HICP recommendations on cross-border internet purchases.**

This recommendation has been fully implemented. Statistics Denmark has included purchases made by resident households on foreign websites in the HICP in 2022. The data collection covers several COICOP-groups.

- **Statistics Denmark should make explicit estimates of dwelling allowances with a view of adjusting the HFMCE figures.**

This recommendation has not been implemented. There is a small subsidy for rents which is the municipality subsidy for senior housing. The total rent figures in the national accounts are close to 100 billions and the municipality subsidy for senior housing is only around 70 millions. This subsidy is not deducted in the HICP weights. Although it is a very small share (0.0007 p.p.) Statistics Denmark should make the adjustment, since the data are available.

⁽¹⁾ The report is available on Eurostat's website: [HICP Compliance Monitoring Report - Denmark - August 2021 \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1).

- **Statistics Denmark should investigate whether the expenditure share for ECOICOP 12.4.0.2 'Retirement homes for elderly persons and residences for disabled persons' is less than one part per thousand and include this subclass index in the HICP in case its relevance proves to exceed this threshold.**

This recommendation has been fully implemented. The ECOICOP-index of 12.4.0.2 has been included in the HICP from January 2022, since it was found, that the total expenditure was higher than one part for thousand.

- **Statistics Denmark should derive weights for insurance services based on the household expenditure of the service charge estimated by the national accounts for a single year.**

This recommendation has been fully implemented. This change was implemented with the weights calculated for year 2022.

- **Statistics Denmark should ensure that observed prices for services shall be included in the HICP for the month in which consumption of the service can commence.**

This compliance issue has not been fully addressed. Statistics Denmark has improved the index for actual rentals from 2022. Prices are collected for almost 90% of the market each quarter. For the last 10% the price collection is still only in January. Besides the increase in the frequency of price collection, the coverage of the market was expanded. From 2022 the coverage of the private rent market has been improved from around 1000 dwellings to around 100,000 dwellings, which is approximately 20% of the private rent market. In addition, Statistics Denmark is investigating the possibility to receive rent data on a monthly basis instead of quarterly for the private rents.

- **Statistics Denmark should investigate ways of reducing the time lag associated with the compilation of the price index for pharmaceutical products.**

This compliance issue has not been addressed. Statistics Denmark has been in contact with the pharmaceutical data provider and unfortunately did not reach a reduction of the time lag. It would be possible to eliminate the time lag using list prices instead of prices actually paid. This practice would jeopardize the quality of the index. It has been assessed that the time lag of the index for pharmaceuticals do not affect the overall index.

- **Statistics Denmark should ensure that the index for child care services correctly takes into account changes in the reduced rates and also shows changes in income as price changes.**

This compliance issue has been fully addressed. From the HICP indices of January 2023 Statistics Denmark has implemented a new method that takes into account changes in the reduced rates and that shows changes in income as price changes

- **Statistics Denmark should investigate whether the use of the bridged overlap method in the compilation of price indices of technological products with high replacement rates (e.g. personal computers) has a downward impact on results when compared with the application of other alternative quality adjustment methods.**

This recommendation has been fully implemented. Statistics Denmark has investigated the impact on the index for computers of the bridged overlap method and concluded that the possible downward bias was due to the dumping filters used. The issue with the dumping filters has been solved. Statistics Denmark continues with the bridged overlap methods.

- **Statistics Denmark should develop, within its production environment, metrics on the type and frequency of imputations and quality adjustments.**

This recommendation has not yet been implemented. Statistics Denmark is currently working on a new IT system that will include statistics over the quality adjustment methods used.

- **Statistics Denmark should assess the impact of unit value bias in the average prices used for airfares.**

This recommendation has been fully implemented. Statistics Denmark has changed the prices collection method for airfares. The price for different destinations is followed instead of the average prices.

- **Statistics Denmark should investigate the importance of seasonal products in scanner data for food and include them in the HICP if significant.**

This recommendation has not yet been implemented. An analysis of the importance of seasonal goods in scanner data concluded that its relevance is limited. However, Statistics Denmark is currently working on a new IT system that will facilitate the inclusion of the seasonal products in the scanner data.

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

Statistics Denmark will make the adjustment of the HFMCE figures regarding the rents subsidies for senior citizens when calculating the weights for 2024.

3. Conclusion

Eurostat takes good note of the measures implemented by Statistics Denmark to improve the quality of the Danish HICP. Statistics Denmark should continue to implement improvement measures, particularly those related to the timeliness of the price collection for pharmaceutical products. Also, Eurostat welcomes the new IT system that will facilitate the production of statistics on data quality in particular on the type and frequency of imputations and quality adjustments and the inclusion of seasonal products in scanner data.