



## **METHODOLOGICAL NOTE**

**INDUSTRIAL PRICE INDEX (IPRI) OF THE AUTONOMOUS COMMUNITY  
OF EUSKADI. Base 2005.**

***LINKED SERIES. IPRI - BASE 2000; IPRI - BASE 2005***

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In March 2008 the results of the Industrial Price Index of the Autonomous Community of Euskadi Base 2005 were published. We now present the series of indices obtained according to the new base with the series of indices previously obtained using base 2000.

The Industrial Price Index is a weighted Laspeyres index that is based on calculated fixed weights with data from the base year. It is therefore, a fixed base index that loses representativeness as it gets further away from the base period. It is therefore convenient from time to time to carry out what is known as a change of base.

The process to change the base year for the IPRI represents a break in the continuity of the series of the previously published index. As a result, a series of continuous data in time is required to be used both for calculating predictions and analysis of the historic development of the index. It is necessary to determine a process that enables us to link the series of the index calculated to date in which this change of base year takes place, and express all the series in the new calculus base.

In order to do so, the IPRI index series base 2000 are transformed into index series with base 2005 multiplied by their corresponding "link coefficients".

These "k" link coefficients are calculated as the quotient of the average annual value of indices expressed in one and another base for 2005:

$$k_{00,05} = \frac{\sum_{i=1}^{i=12} I_{i, b05}}{\sum_{i=1}^{i=12} I_{i, b00}}$$

The coefficients used for the link of the IPRI series were obtained from the comparison by quotient of the data referring to 2005, instead of a more recent period.

The main characteristics of the work carried out are as follows:

- Coefficients are calculated as a quotient of the annual averages in order to collect the greatest possible amount of information.
- Linked series are presented with the indices using base 2000, as this enables us to offer series of indices corresponding to 13 years, enough for any kind of analysis, with the exception of indices obtained from earlier bases
- The series of linked indices are presented according to the new sectorial standardised classification structure used by the EUSTAT in its economic analyses (A-5, A-17 and A-31) and the economic destination of goods, which has meant recalculating the indices with base 2000 according to the new sectorial classification.