The Hungarian experience in implementing European Regulation about seasonal products

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Workshop: Treatment of seasonal products

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Consumer prices Section
Definitions – Estimation of out-of-season prices

Counter-seasonal estimation means the estimation of a price for a product-offer of a product that is out-of-season so that:

• in the first month of the out-of-season period, the estimated price is equal to a typical price observed in the previous in-season period, and,
• from the second month, the estimated price is equal to the estimated price for the preceding month, adjusted by the change in observed prices on average over all seasonal products that are in-season in the same subdivision of COICOP/HICP.

All-seasonal estimation means the estimation of a price for a product-offer of a product that is out-of-season so that:

• in the first month of the out-of-season period, the estimated price is equal to a typical price observed in the previous in-season period, and,
• from the second month, the estimated price is equal to the estimated price for the preceding month, adjusted by the change in observed prices on average over all available products in the same subdivision of COICOP/HICP.
Definitions – Weights

**Strict annual weights index** means a price index using weightings that do not differ between months within the same year at all levels of index calculation.

**Class-confined seasonal weights index** means a price index using weightings that within the same year:
- do not differ between months for any COICOP/HICP subdivision taken as a whole,
- do not differ between months for products within any COICOP/HICP subdivision that does not contain any seasonal product,
- within the in-season period do not differ between months for products within any COICOP/HICP subdivision that contains seasonal products, except to the extent that it is necessary to allow for month-on-month changes in the composition of the basket.
Hungarian practise before 2011

**Variable weights index** means a price index using weightings that within the same year:

- do not differ between months for any COICOP/HICP subdivision taken as a whole,
- but inside the subdivision differ between months for any product which has seasonal pattern.

**Estimation** of a price for a product that is out-of-season:

- from the **first month**, the estimated price is equal to the last observed or estimated price for the last month, adjusted by the change in observed prices on average over **all available products** in the same subdivision of COICOP/HICP.
Different methods

• Method A
  Variable weights, all seasonal estimation (the estimation differs between the first and the remaining months of the out-of-season period

• Method B
  Fixed weights, all seasonal estimation

• Method C
  Class-confined seasonal weights, all seasonal estimation

• CPI (Hungarian practise before 2011)
  Variable weights, seasonal estimation (same from the first month of the out-of-season period
Monthly indices, fruits

Method A
Method B
Method C
CPI
Monthly indices, fruits

%

2006 2007 2008 2009 2010

Method C  CPI
Typical (normal) price – typical month(s)

- Fruits and vegetables – sales data only for domestic products from the agricultural statistics, markets

Largest volume of sale

- Clothing – no information about monthly sale at all

- Woman sandal

![Graph showing the price of woman sandal over the years from 2009 to 2013, categorized by month (April, May, June, July, August, September).]

- Price of watermelon

![Graph showing the price of watermelon over the years from 2006 to 2013, categorized by month (June, July, August, September).]
<table>
<thead>
<tr>
<th>Country</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungary</td>
<td>-0,03</td>
<td>-0,02</td>
<td>-0,05</td>
<td>-0,06</td>
<td>-0,12</td>
<td>0,02</td>
<td>0,09</td>
<td>0,31</td>
<td>0,23</td>
<td>0,11</td>
<td>0,07</td>
<td>-0,01</td>
<td>0,05</td>
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<tr>
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<td>-0,08</td>
<td>-0,22</td>
<td>-0,52</td>
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<td>0,89</td>
<td>0,29</td>
<td>-0,01</td>
<td>-0,41</td>
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<tr>
<td>11 Food</td>
<td>-0,16</td>
<td>-0,09</td>
<td>-0,26</td>
<td>-0,61</td>
<td>-1,03</td>
<td>-0,26</td>
<td>0,15</td>
<td>1,43</td>
<td>1,05</td>
<td>0,34</td>
<td>-0,01</td>
<td>-0,49</td>
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<tr>
<td>116 Fruits</td>
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<td>-1,43</td>
<td>-3,55</td>
<td>-6,85</td>
<td>-15,03</td>
<td>-1,98</td>
<td>0,02</td>
<td>17,93</td>
<td>14,80</td>
<td>4,03</td>
<td>-2,08</td>
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<tr>
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<td>0,07</td>
<td>-0,06</td>
<td>-0,94</td>
<td>0,48</td>
<td>-0,93</td>
<td>1,22</td>
<td>1,12</td>
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<td>0,42</td>
<td>1,16</td>
<td>0,03</td>
<td>0,15</td>
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<td>3 Clothing and footwear</td>
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<td>1,07</td>
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<td>2,06</td>
<td>2,09</td>
<td>1,16</td>
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<td>0</td>
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<td>3,31</td>
<td>3,32</td>
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<td>3,29</td>
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<td>0,98</td>
<td>0,98</td>
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<td>0,93</td>
<td>0,95</td>
<td>1,19</td>
<td>1,20</td>
<td>1,20</td>
<td>0,78</td>
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<tr>
<td>321 Shoes and other footwear</td>
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<td>1,01</td>
<td>1,01</td>
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<td>0,98</td>
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<td>0,80</td>
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<tr>
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</table>
Possible way forward

Annual update regarding to typical price and month(s) (it is affected significantly by the weather for example)
Different seasonal pattern for domestic and imported products (more data collection – costly)