

Standard-documentation Meta information

(Definitions, comments, methods, quality)

on

Wholesale Price Index

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Executive summary

In Austria, the wholesale price index has been an integral part of price statistics since 1914, representing a key business cycle indicator for the domestic economy.

The **wholesale price index (WPI)** is part of a comprehensive price index system that reflects current price trends at the various stages of the economic process through the producer price index, the import price index and the consumer price index, among others. The task of the wholesale price index is to measure the monthly price trends of goods sold by wholesale companies. The indicators of the wholesale price index are used mainly by public authorities, as well as by domestic and foreign companies, and serve as a safeguard of value for numerous contractual agreements. In addition, the wholesale price index is used as a deflator for value-based production data and as part of the national accounts. For the calculation of the agricultural price index, the construction cost index and for the business cycle statistics - trade and services - the wholesale price index is partly used as well as specific average prices as a factor for the compilation of energy prices.

The wholesale price index is available in a long-term series at the level of an all-items index beginning in 1947 (base: Schilling-price March 1938=100). Over the years the wholesale price index has been subject to several revisions, which were executed in ten-year intervals up to the year 2000. Since the year 2000 the wholesale price index is revised every 5 years.¹ Comparisons over a longer time period can be achieved by chain-linking the indices of different base-years.

The index calculation is based on the [index formula of Laspeyres](#) with a fixed base year, fixed base index, where the weighting remains unchanged for 5 years. The calculation is performed according to the measurement number method, which means that each individual price for a commodity is related to the price of the base period and represented by a measurement number. The measurement numbers per commodity are determined by means of geometric average measurement number. The average measurement numbers are aggregated according to the commodity weights to produce the sub-indices for the 61 OECPA² classes/categories/sub-categories and the overall index.

The wholesale price index is calculated monthly and is published between the 5th and the 7th of the following month as preliminary and after another month as final index. Since 1973, the wholesaler's selling prices (excluding VAT) are used for calculating the wholesale price index. Until the end of 1972 the index was computed on the basis of wholesaler's selling prices including VAT. The **wholesaler's selling price** is the price that a wholesaler realizes when selling goods to non-consumers such as retailers or commercial and industrial enterprises. Currently about **550** wholesale enterprises report monthly on a voluntary basis, **3 100** selling prices to the **395** commodities that make up the basket of goods of the wholesale price index. Due to the sharp decline in the willingness of companies to report prices voluntarily, it was decided to impose an obligation to provide information on the wholesale price index in August 2015.

Wholesale trade is usually classified as an economic sector between industry and manufacturing on the one hand and retail trade on the other. However, it should be noted that not all goods produced are sold to the retail trade via the wholesale trade. On the other hand, wholesalers also supply manufacturing sectors in addition to retailers. Like the previous wholesale price indices based on 1976=100 to 2015=100, the wholesale price index 2020 is based on an institutionally defined wholesale trade, i.e. only goods that are actually sold via institutional wholesalers were included in the basket of goods. However, approximately 88% of wholesale sales are made by institutional wholesalers, according to recent results from the 2019 Structural Business Statistics (SBS; 'Wholesale Revenues' result). Functional wholesale activities in other companies, such as in the manufacturing sector or the service sector, are not reflected. The wholesale price index also maps those transactions that are found within large corporations (e.g. supplying stores in large retail chains) and are not exposed to a competitive situation. The wholesale price index 2020 includes the OECPA 2015 division 46 'Wholesale trade services (excluding trade services

¹ The regulation introduced from the year 2000, following national and international practices, which provides base periods for indices on the years ending with '0' and '5' and revisions at 5-year intervals.

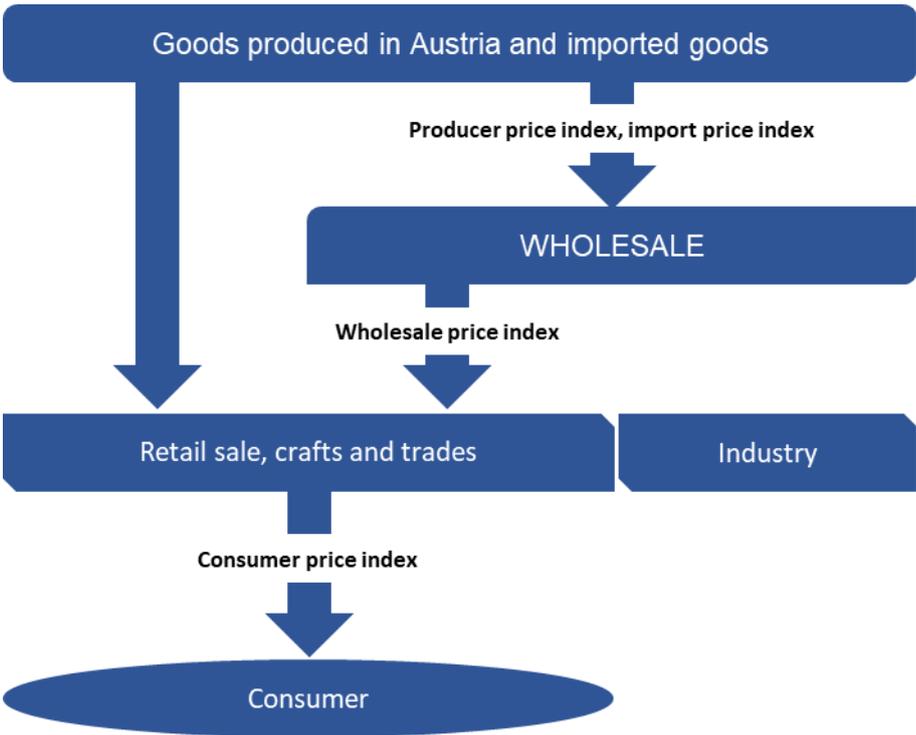
² Austrian Statistical Classification of Products by Activity.

of motor vehicles)' as well as those parts of the OECPA 2015 division 45 'Trade services of motor vehicles, maintenance and repair of motor vehicles' that concern wholesale trade.

The basket of goods is adapted and compiled in cooperation with wholesalers and experts from the Austrian Economic Chambers of Commerce and experts of other institutions representing various branches of wholesale. The weighting of the wholesale price index on the level of branches is based on the results of the Structural Business Statistics concerning revenues and income in wholesale in the various branches. The weights on the level of commodities are derived from various statistical data of Statistics Austria (agriculture and forestry, new motor vehicle registrations, supply balances, energy statistics or consumer surveys etc.), sections of the Austrian Economic Chambers, wholesale enterprises as well as experts of institutions representing various branches of wholesale.

By chaining with the 2020=100 wholesale price index, the overall index can continue the 61 sub-indices and all special breakdowns by OECPA of the previous 2015 wholesale price index. Chaining is also possible for the total index based on 2010, 2005, 2000, 1996, 1986, 1976, 1964, and 1938, as well as all special breakdowns based on 2010, 2005, 2000, 1996, 1986, and 1976, so that these indexes can be used as benchmarks for more distant, contractually agreed value hedges. A continuation of the index groups on the basis of 2010, 2005, 2000 and 1996 is possible for the most part, but is only feasible to a limited extent from the wholesale price indices 1986 and 1976 due to multiple changes in the classification scheme (operating system 1968, OECPA 1996, 2002, 2008 and 2015, respectively).

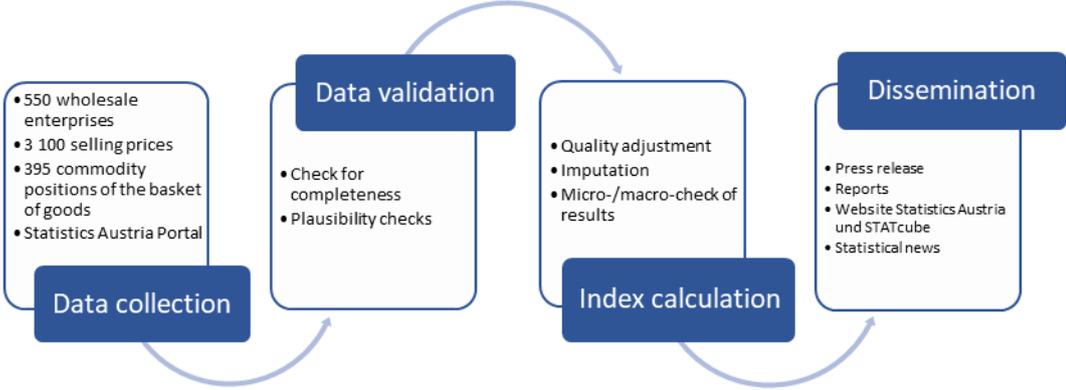
Figure 1: Commodity flow in wholesale as a percentage of turnover



Source: Structural Business Statistics 2019, revenues in wholesale - 88% of the revenues were generated by institutional wholesalers, 12% by enterprises allocated to OENACE³ 2008-sections B-S.

³ Austrian Statistical Classification of Economic Activities.

Figure 2: Monthly process of the wholesale price index



Wholesale Price Index – Main Features	
Subject Matter	Measurement of the price development of goods sold by wholesale enterprises
Population	All transactions to non-consumers executed by enterprises allocated – according to the Business Register – to OENACE 2008-divisions 45 'Wholesale and retail trade and repair of motor vehicles and motorcycles' and 46 'Wholesale trade, except of motor vehicles and motorcycles'
Type of statistics	Price index
Data sources/Survey techniques	3 100 selling prices to the 395 commodities that make up the basket of goods, reported by about 550 wholesale enterprises
Reference period or due day	Calendar month, reference date is the 15 th of each month
Periodicity	Monthly
Survey participation (in case of a survey)	Mandatory
Main legal acts	Federal Law GAZETTE II No.147/2007 , regulation concerning the compilation of indices of the price development in economy Amendment BGBl. II Nr. 222/2015
Most detailed regional breakdown	Austria, no regional subdivision
Availability of results	Preliminary data: t + 7 days Final data: t + 37 days
Other	Since 2006 on behalf of the Federal Guild 'Metall-Elektro-Sanitär-KFZ' the Wholesale Price Index for Copper material is computed and published