



## Services Producer Price Index

### Services Producer Price Index (Experimental) Annual Percentage Change



## Services Producer Prices down 1.3% in the year to Quarter 3 2010

The experimental Services Producer Price Index (SPPI) measures changes in the average prices charged by domestic service producers to other businesses for a selected range of services. **In most cases these services are provided to business customers only and so individual price indices should not be considered indicative of more general price trends in the economy.** The index covers transaction costs from business to business and excludes consumers who are covered in the Consumer Price Index (CPI).

The individual price indices are aggregated together to create a “service industry” index that is limited in coverage. The indices are still under development and may be subject to methodological improvement. Figures should therefore be treated as provisional and subject to revision. These indices are being published to engage users in the ongoing development of the SPPI methodology.

Services prices in Quarter 3 2010, as measured by the experimental SPPI, were on average 1.3% lower in the year when compared with the same period last year.

The most notable changes in the year were: Sea and Coastal Transport (-10.4%), Architecture, Engineering and Technical Testing (-6.6%), Warehousing, Storage and Cargo Handling (-4.3%), Advertising, Media Representation and Market Research (-3.6%) and Industry and Building Cleaning (+3.4%)

Services Prices increased by 0.2% in the quarter. This compares to a increase of 0.1% recorded in Q2 2010.

The most notable quarterly price decreases were Air Transport (-2.1%) and Sea and Coastal Transport (-2.9%). There was an increase of (+2.5%) in Computer Programming and Consultancy.

The main factors contributing to the largest quarterly changes, as identified by respondents were as follows:

- ◆ *Sea and Coastal Transport* - Market competition led to a decrease in prices charged.
- ◆ *Computer Programming and Consultancy* - Currency fluctuations led to price increases.

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**Table 1 Services Producer Price Index (All Sectors)**

Period		SPPI Current base 2006 = 100	Quarterly	Annual
			%	%
<b>2006</b>	Year	100.0		
<b>2007</b>	Year	105.8		5.8
<b>2008</b>	Year	107.7		1.8
<b>2009</b>	Year	103.1		-4.3
<b>2006</b>	Quarter 1	98.2		
	Quarter 2	98.9	0.7	
	Quarter 3	101.8	2.9	
	Quarter 4	101.1	-0.7	
<b>2007</b>	Quarter 1	105.0	3.9	6.9
	Quarter 2	105.3	0.3	6.5
	Quarter 3	107.0	1.6	5.1
	Quarter 4	106.0	-0.9	4.8
<b>2008</b>	Quarter 1	109.3	3.1	4.1
	Quarter 2	107.4	-1.7	2.0
	Quarter 3	107.7	0.3	0.7
	Quarter 4	106.4	-1.2	0.4
<b>2009</b>	Quarter 1	104.5	-1.8	-4.4
	Quarter 2	103.9	-0.6	-3.3
	Quarter 3	101.5	-2.3	-5.8
	Quarter 4	101.8	0.3	-4.3
<b>2010</b>	Quarter 1	99.9 <sup>1</sup>	-1.9 <sup>1</sup>	-4.4 <sup>1</sup>
	Quarter 2	100.0 <sup>1</sup>	0.1	-3.8 <sup>1</sup>
	Quarter 3	100.2	0.2	-1.3

<sup>1</sup> Revised Data

**Table 2 Services Producer Price Index (2006 = 100)**

Sector		Freight and Removal by Road	Sea and Coastal Transport	Air Transport <sup>3</sup>	Warehousing, Storage and Cargo Handling	Postal and Courier	Computer Programming and Consultancy
Nace 2 Code <sup>1</sup>		49.4	50.1/50.2	51	52.1/52.24	53.1/53.2	62
Sectoral Weights <sup>2</sup>		7.3	2.1	12.7	1.5	4.7	27.3
<b>Annual average</b>							
2006		100.0	100.0	100.0	100.0	100.0	100.0
2007		102.3	99.6	106.4	102.6	103.7	108.9
2008		103.5	100.6	115.7	104.8	108.2	104.7
2009		100.1	98.9	113.6	102.6	106.2	97.4
<b>Quarterly</b>							
<b>2007</b>	Quarter 1	102.1	95.2	109.2	100.6	102.8	108.1
	Quarter 2	101.9	101.4	105.4	103.5	103.6	109.4
	Quarter 3	102.5	100.1	107.4	103.1	104.2	110.4
	Quarter 4	102.8	101.8	103.7	103.3	104.4	107.6
<b>2008</b>	Quarter 1	102.4	100.1	124.0	105.3	106.6	107.4
	Quarter 2	102.3	100.7	116.1	104.7	108.8	103.8
	Quarter 3	104.5	101.1	115.0	105.0	108.8	103.8
	Quarter 4	104.7	100.6	107.8	104.3	108.4	103.8
<b>2009</b>	Quarter 1	100.6	94.8	117.0	102.9	106.6	98.4
	Quarter 2	99.1	97.9	112.3	103.5	106.5	101.3
	Quarter 3	101.5	102.2	109.4	100.6	106.6	95.0
	Quarter 4	99.3	100.8	115.8	100.5	105.1	95.0
<b>2010</b>	Quarter 1	99.3 <sup>4</sup>	96.8 <sup>4</sup>	110.9	98.4 <sup>4</sup>	109.1	94.3
	Quarter 2	99.9	94.3	111.8	97.2 <sup>4</sup>	109.3	94.4
	Quarter 3	99.6	91.6	109.5	96.3	109.2	96.8
<b>Annual percentage change</b>							
<b>2008</b>	Quarter 1	0.3	5.1	13.6	4.7	3.7	-0.6
	Quarter 2	0.4	-0.7	10.2	1.2	5.0	-5.1
	Quarter 3	2.0	1.0	7.1	1.8	4.4	-6.0
	Quarter 4	1.8	-1.2	4.0	1.0	3.8	-3.5
<b>2009</b>	Quarter 1	-1.8	-5.3	-5.6	-2.3	0.0	-8.4
	Quarter 2	-3.1	-2.8	-3.3	-1.1	-2.1	-2.4
	Quarter 3	-2.9	1.1	-4.9	-4.2	-2.0	-8.5
	Quarter 4	-5.2	0.2	7.4	-3.6	-3.0	-8.5
<b>2010</b>	Quarter 1	-1.3 <sup>4</sup>	2.1	-5.2	-4.4	2.3	-4.2
	Quarter 2	0.8	-3.7	-0.4	-6.1 <sup>4</sup>	2.6	-6.8
	Quarter 3	-1.9	-10.4	0.1	-4.3	2.4	1.9
<b>Quarterly percentage change</b>							
<b>2008</b>	Quarter 1	-0.4	-1.7	19.6	1.9	2.1	-0.2
	Quarter 2	-0.1	0.6	-6.4	-0.6	2.1	-3.4
	Quarter 3	2.2	0.4	-0.9	0.3	0.0	0.0
	Quarter 4	0.2	-0.5	-6.3	-0.7	-0.4	0.0
<b>2009</b>	Quarter 1	-3.9	-5.8	8.5	-1.3 <sup>4</sup>	-1.7	-5.2
	Quarter 2	-1.5	3.3	-4.0	0.6 <sup>4</sup>	-0.1	2.9
	Quarter 3	2.4	4.4	-2.6	-2.8 <sup>4</sup>	0.1	-6.2
	Quarter 4	-2.2	-1.4	5.9	-0.1 <sup>4</sup>	-1.4	0.0
<b>2010</b>	Quarter 1	0.0 <sup>4</sup>	-4.0 <sup>4</sup>	-4.2	-2.1 <sup>4</sup>	3.8	-0.7
	Quarter 2	0.6	-2.6 <sup>4</sup>	0.8	-1.2 <sup>4</sup>	0.2	0.1
	Quarter 3	-0.3	-2.9	-2.1	-0.9	-0.1	2.5

<sup>1</sup> Nace Rev 2 statistical classification of economic activities in the European Community<sup>2</sup> Sectoral weights do not total 100 due to rounding differences<sup>3</sup> Air Transport is based on data compiled from the Consumer Price Index<sup>4</sup> Revised Data

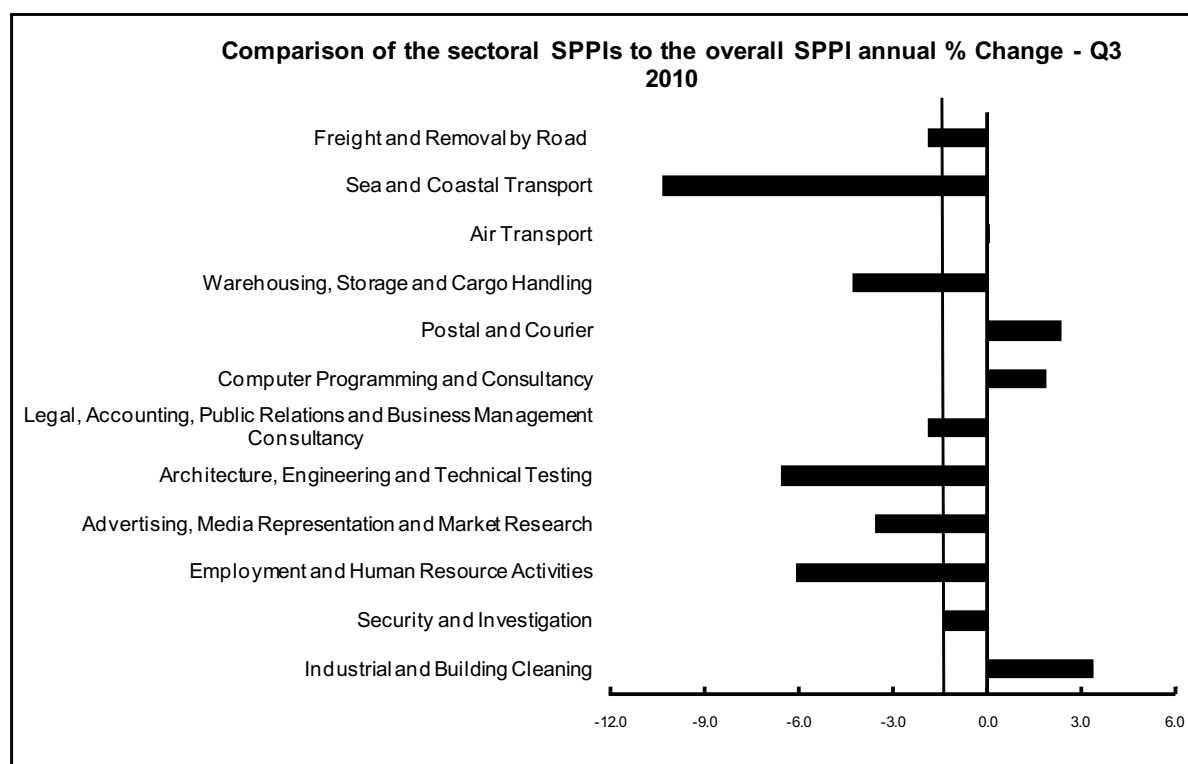
**Table 2 Services Producer Price Index (2006 = 100) continued**

Sector		Legal, Accounting, Public Relations and Business Management Consultancy	Architecture, Engineering and Technical Testing	Advertising, Media Representation and Market Research	Employment and Human Resource Activities	Security and Investigation	Industrial and Building Cleaning
Nace 2 Code <sup>1</sup>		69.1/69.2/70.2	71.1/71.2	73.1/73.2	78	80	81.2
Sectoral Weights <sup>2</sup>		21.6	11.1	4.4	4.2	1.4	1.5
<b>Annual average</b>							
2006		100.0	100.0	100.0	100.0	100.0	100.0
2007		104.0	107.0	105.3	103.9	103.3	107.1
2008		107.6	110.3	106.6	106.7	109.2	112.0
2009		105.7	101.3	99.2	101.2	104.5	115.5
<b>Quarterly</b>							
<b>2007</b>	Quarter 1	102.4	104.5	105.2	101.3	102.8	103.2
	Quarter 2	102.6	104.6	105.3	103.9	103.3	106.7
	Quarter 3	105.3	109.5	105.3	104.2	103.3	109.2
	Quarter 4	105.7	109.4	105.3	106.0	103.9	109.2
<b>2008</b>	Quarter 1	107.3	110.5	105.7	109.5	109.2	109.9
	Quarter 2	107.5	110.5	107.1	105.3	108.9	111.8
	Quarter 3	108.5	110.2	107.1	105.9	109.7	113.2
	Quarter 4	107.0	110.2	106.5	106.1	109.0	113.2
<b>2009</b>	Quarter 1	106.6	104.3	100.4	105.7	105.6	115.6
	Quarter 2	106.4	101.5	98.8	99.2	105.4	116.1
	Quarter 3	104.9	100.0	98.8	99.4	103.6	113.2
	Quarter 4	103.5	99.5	98.8	100.4	103.5	116.9
<b>2010</b>	Quarter 1	102.1 <sup>3</sup>	95.0	95.3	96.4 <sup>3</sup>	101.9 <sup>3</sup>	116.9
	Quarter 2	102.6 <sup>3</sup>	93.4	95.2	97.9	102.2	117.0
	Quarter 3	102.9	93.4	95.2	93.3	102.2	117.0
<b>Annual percentage change</b>							
<b>2008</b>	Quarter 1	4.8	5.7	0.5	8.1	6.2	6.5
	Quarter 2	4.8	5.6	1.7	1.3	5.4	4.8
	Quarter 3	3.0	0.6	1.7	1.6	6.2	3.7
	Quarter 4	1.2	0.7	1.1	0.1	4.9	3.7
<b>2009</b>	Quarter 1	-0.7	-5.6	-5.0	-3.5	-3.3	5.2
	Quarter 2	-1.0	-8.1	-7.7	-5.8	-3.2	3.8
	Quarter 3	-3.3	-9.3	-7.7	-6.1	-5.6	0.0
	Quarter 4	-3.3 <sup>3</sup>	-9.7	-7.2	-5.4	-5.0	3.3
<b>2010</b>	Quarter 1	-4.2 <sup>3</sup>	-8.9	-5.1	-8.8 <sup>3</sup>	-3.5 <sup>3</sup>	1.1
	Quarter 2	-3.6	-8.0	-3.6	-1.3	-3.0	0.8
	Quarter 3	-1.9	-6.6	-3.6	-6.1	-1.4	3.4
<b>Quarterly percentage change</b>							
<b>2008</b>	Quarter 1	1.5	1.0	0.4	3.3	5.1	0.6
	Quarter 2	0.2	0.0	1.3	-3.8	-0.3	1.7
	Quarter 3	0.9	-0.3	0.0	0.6	0.7	1.3
	Quarter 4	-1.4	0.0	-0.6	0.2	-0.6	0.0
<b>2009</b>	Quarter 1	-0.4	-5.4	-5.7	-0.4	-3.1	2.1
	Quarter 2	-0.2	-2.7	-1.6	-6.1	-0.2	0.4
	Quarter 3	-1.4	-1.5	0.0	0.2	-1.7	-2.5
	Quarter 4	-1.3 <sup>3</sup>	-0.5	0.0	1.0	-0.1	3.3
<b>2010</b>	Quarter 1	-1.4 <sup>3</sup>	-4.5	-3.5	-4.0 <sup>3</sup>	-1.5 <sup>3</sup>	0.0
	Quarter 2	0.5	-1.7	-0.1	1.6	0.3	0.1
	Quarter 3	0.3	0.0	0.0	-4.7	0.0	0.0

<sup>1</sup> Nace Rev 2 statistical classification of economic activities in the European Community<sup>2</sup> Sectoral weights do not total 100 due to rounding differences<sup>3</sup> Revised Data

**Table 3 Comparison of the sectoral SPPIs to the overall SPPI annual % change - Q3 2010**

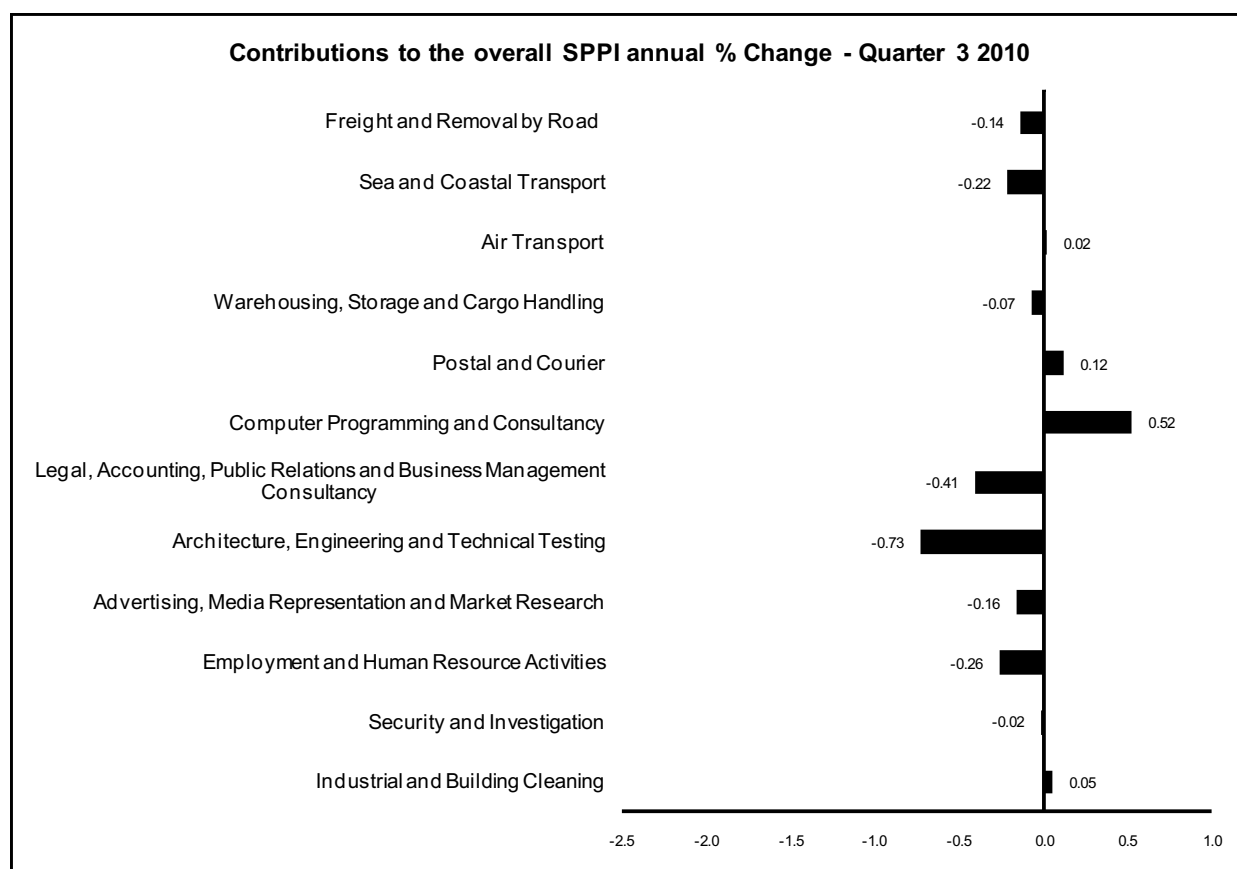
<b>Sector</b>	<b>Annual</b>
Freight and Removal by Road	-1.9
Sea and Coastal Transport	-10.4
Air Transport	0.1
Warehousing, Storage and Cargo Handling	-4.3
Postal and Courier	2.4
Computer Programming and Consultancy	1.9
Legal, Accounting, Public Relations and Business Management Consultancy	-1.9
Architecture, Engineering and Technical Testing	-6.6
Advertising, Media Representation and Market Research	-3.6
Employment and Human Resource Activities	-6.1
Security and Investigation	-1.4
Industrial and Building Cleaning	3.4
<b>ALL SECTORS % change</b>	<b>-1.3</b>



**Table 4 Contributions to the overall SPPI change - Q3 2010**

Sector	Contributions to overall SPPI % change	
	Quarterly	Annual
Freight and Removal by Road	-0.02	-0.14
Sea and Coastal Transport	-0.06	-0.22
Air Transport	-0.26	0.02
Warehousing, Storage and Cargo Handling	-0.01	-0.07
Postal and Courier	0.00	0.12
Computer Programming and Consultancy	0.71	0.52
Legal, Accounting, Public Relations and Business Management Consultancy	0.07	-0.41
Architecture, Engineering and Technical Testing	0.00	-0.73
Advertising, Media Representation and Market Research	0.00	-0.16
Employment and Human Resource Activities	-0.20	-0.26
Security and Investigation	0.00	-0.02
Industrial and Building Cleaning	0.00	0.05
<b>ALL SECTORS % change</b>	<b>0.20 <sup>1</sup></b>	<b>-1.30 <sup>1</sup></b>

<sup>1</sup> Totals may not equal the sum of the categories due to rounding differences



## Background Notes

**Services Producer Price Index** **Services Producer Price Index** The Services Producer Price Index (SPPI) is made up of a set of individual price indices that measure changes in the average level of prices charged by producers for a selected range of services supplied to businesses and government. **In most cases these services are provided to business customers only and so individual price indices should not be considered indicative of more general price trends in the economy. The index covers transaction costs from business to business and excludes consumers who are covered in the Consumer Price Index (CPI).**

The individual price indices are aggregated together to create a “service industry” index that is limited in coverage. The SPPI is experimental, under development and may be subject to methodological improvement. Figures should therefore be treated as provisional and subject to revision. The index is published to engage users in the ongoing development of the methodology.

**Relevancy** There are two main uses of SPPI; as a short-term indicator of the business cycle and to provide deflators for national accounts.

**Coverage** The services producer price index covers a limited range of service industries as set by the European Parliament and Council Regulation (EC) No 1165/1998 (consolidated).

The following industries are selected (based on the Nace Rev 2 Classification):

### **H – Transportation & Storage**

**49.4** Freight transport by road and removal services

**50.1/50.2** Sea and coastal transport

**51** Air transport

**52.1/52.24** Warehousing, storage and cargo handling

**53.1/53.2** Postal and courier activities

### **J – Information & Communication**

**62** Computer programming, consultancy and related activities

### **M – Professional, Scientific & Technical Activities**

**69.1/69.2/70.2** Legal, accounting, public relations and business management and consultancy

**71.1/71.2** Architecture, engineering and technical testing

**73.1/73.2** Advertising, media representation and market research

### **N – Administrative and Support Services Activities**

**78** Employment activities

**80** Security and investigation activities

**81.2** Industrial and building cleaning

At present the quality of indices for the telecommunications (61) and information service activities (63) are deemed insufficient for publication.

The published index accounts for approximately 43% of the total value of the traded services sector, excluding Wholesale and Retail Trade, when measured by sales.

**Nace Classification** The business activity classifications used in this Statistical release are based on the Statistical Classification of Economic Activities in the European Community i.e. Nace Rev 2. The descriptions of particular NACE Rev 2 sectors are shown in abbreviated form in the release. For further information on the NACE Rev 2 classifications, visit the CSO website: (<http://www.cso.ie/px/u/NACECoder/NACEItems/searchnace.asp>)

**Scope** Regulation (EC) No 1165/1998 (consolidated) requires Member States to provide data on the change in price of services within the business sector. In most cases the CSO collects data on prices charged to Republic of Ireland businesses and government. In several instances prices are collected on the basis of prices charged to all sectors, i.e. ‘Air transport’ and ‘Postal activities under universal service obligation’, as these are representative of prices charged to Business customers.

**Price collection** All indices in the series are based on prices collected on a quarterly basis, using either the average price per quarter or the price on the 15th of the middle month of the reference period.

Prices used in the compilation of these indices are:

Exclusive of VAT

Inclusive of surcharges (such as for fuel)

The Air Transport index is constructed using data collected by the Consumer Price Section.

The Employment and Human Resource Activities index is constructed using a combination of survey data and data from the Earnings, Hours and Employment Cost Survey.

**Weights** The SPPI is compiled to base 2006 = 100. Weights at Nace Rev2 for 2006 were estimated by the SPPI Section primarily using data from the CSO Annual Services Inquiry. Weights are 'gross' – they are based on turnover from sales to all sectors, including non-resident.

**Methodology** More information on SPPI's is available from the Eurostat Methodological guide for developing producer price indices for services which can be viewed at:  
<http://www.oecd.org/dataoecd/44/40/36274111.pdf>

Additional methodological information can be found on the website of the Voorburg Group on Services Statistics at: <http://www4.statcan.ca/english/voorburg/>

**Calculating percentage changes in the index** The movement of the SPPI is expressed as percentage change, rather than a change in index points, because index point changes are affected by the level of the index in relation to its base period, whereas percentage changes are not.

The example below illustrates the computation of a percentage change:

<b>Percentage change calculation</b>	
Current index	102.6
Less previous index	103.7
Equals in index points	-1.1
Divided by the previous index	103.7
Equals	-0.0106
Results multiplied by 100	0.0106*100
Equals percentage change	-1.1%