Sticky CPI

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2021-12-12

Contents

Separating point

Here I use the Dixon and Tian 570 items frequency data. The monthly frequency of price changes averages 21.78278%. For the median category the time between price change averages 20 months.

If price changes for a particular CPI component occur less often, on average, than every 20 months, we called that component a "sticky-price" good. Goods that change prices more frequently than this we labeled "flexible price" goods.

Data

There are 284 items frequency less than 20 months, from which we form the sticky-price CPI.

The 284 items CPI and weights monthly data from Feb 2006 to Apr 21. The weight are made to add up to 1000.

Mean

The monthly frequency of pricechanges averages

```
#Means (weighted and unweighted)
mean(Dixon_tian$frequency)
```

[1] 21.78278

Median

For the median category the time between price change averages

```
##       item_id                                   item_des clear.weight
## 285   210415         Home Killed beef, Braising steak per kg          0.42
## 286   212923 Cook-in sauce jar/can, 350-520g (eg bolognese)          0.30
## 287   630332                    Child's soft toy/teddy bear          0.92
##      frequency rebase.weight null Accumulative weight
## 285         20          0.63   NA              542.64
## 286         20          0.45   NA              543.09
## 287         20          1.38   NA              544.47
```

Sticky CPI index

Please see spreadsheets.

Sticky component weight

Please see spreadsheets.

Following is their total share in CPI, around 200.

```
rowSums(sticky_weight_290)
```

```
##    [1] 267.24 267.24 267.24 267.24 267.24 267.24 267.24 267.24 267.24 267.24
##   [11] 267.24 267.24 251.29 251.29 251.29 251.29 251.29 251.29 251.29 251.29
##   [21] 251.29 251.29 251.29 251.29 239.73 239.73 239.73 239.73 239.73 239.73
##   [31] 239.73 239.73 239.73 239.73 239.73 239.73 240.62 240.62 240.62 240.62
##   [41] 240.62 240.62 240.62 240.62 240.62 240.62 240.62 240.62 232.14 232.14
##   [51] 232.14 232.14 232.14 232.14 232.14 232.14 232.14 232.14 232.14 232.14
##   [61] 227.34 227.34 227.34 227.34 227.34 227.34 227.34 227.34 227.34 227.34
##   [71] 227.34 227.34 215.80 215.80 215.80 215.80 215.80 215.80 215.80 215.80
##   [81] 215.80 215.80 215.80 215.80 210.37 210.37 210.37 210.37 210.37 210.37
##   [91] 210.37 210.37 210.37 210.37 210.37 210.37 202.04 202.04 202.04 202.04
## [101] 202.04 202.04 202.04 202.04 202.04 202.04 202.04 202.04 195.55 195.55
## [111] 195.55 195.55 195.55 195.55 195.55 195.55 195.55 195.55 195.55 195.55
## [121] 191.53 191.53 191.53 191.53 191.53 191.53 191.53 191.53 191.53 191.53
## [131] 191.53 191.53 185.63 185.63 185.63 185.63 185.63 185.63 185.63 185.63
## [141] 185.63 185.63 185.63 185.63 183.96 183.96 183.96 183.96 183.96 183.96
## [151] 183.96 183.96 183.96 183.96 183.96 183.96 183.77 183.77 183.77 183.77
```

```
## [161] 183.77 184.59 184.59 184.59 184.59 184.59 184.59 184.59 175.87 175.87
## [171] 175.87 175.87 175.87 175.87 175.87 175.87 175.87 175.87 175.87 175.87
## [181] 161.64 161.64 161.64
```

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