

Article

Research and developments in the transformation of UK consumer price statistics: November 2021

The third in a series of biannual articles to update users on our research to modernise the measurement of consumer price inflation in the UK.

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Next release: To be announced

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1. Other pages in this release

- Introducing alternative data into consumer price statistics: aggregation and weights
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2. Overview

This is the third in a <u>series of biannual articles</u> that aim to update users on our research to modernise the measurement of consumer price inflation in the UK.

Our research programme involves the investigation of both new data sources and new methods. Our first notable milestone is in 2023, when we will begin the incorporation of new data and methods into our headline measures of consumer price statistics for certain targeted categories. Users can read about our plans and timeline for implementation in the article Transformation of consumer price statistics: November 2021.

In this biannual series, we focus on the research that is necessary for us to automate the production of these data sources, while maintaining the quality and integrity of our consumer price statistics. In this progress report, we look at https://www.ecan.aggregate.newer-alternative data sources with existing traditional data collection. We also look at how we can begin to resolve measurement challenges in the dynamic clothing market while using alternative data.

We have also been working with colleagues in the National Institute of Economic and Social Research in an Economic Statistics Centre of Excellence (ESCoE) commissioned project to look at <u>applying machine learning to detect outliers in our alternative data sources</u>. This work has been published as an ESCoE technical report alongside this release and we will explore these recommendations in our ongoing work to transform consumer price statistics using these data.

The research presented in these articles should not be considered as final but should begin to demonstrate how some traditional methods will need to be transformed in order to process the magnitude of information that is becoming available to us. All results and statistics within this article should therefore be treated as experimental. A full research program is outlined in our Consumer prices development work plan.

During this period of research, we will continue to work with our <u>Advisory Panels for Consumer Price Statistics</u> and broader users. We welcome feedback on any of the research completed to date to <u>cpi@ons.gov.uk</u>, which may help shape the ongoing transformation of consumer price statistics to include new data and methods.