

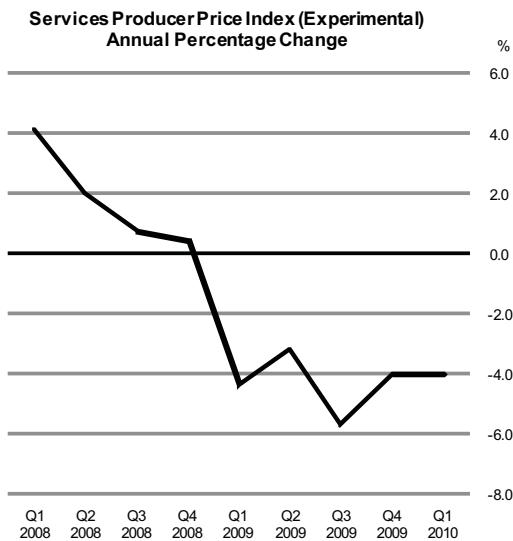


An Phríomh-Oifig Staidrimh
Central Statistics Office

17 June 2010

Services Producer Price Index

Experimental (Selected Services) Quarter 1 2010



Services Producer Price Index (Experimental)

	Price Index (Year 2006 =100)	% Quarterly change	% Annual change
Q3 2009	101.6	-2.3%	-5.7%
Q4 2009	102.1	+0.5%	-4.0%
Q1 2010	100.3	-1.8%	-4.0%

Services Producer Prices down 4.0% in the year to Quarter 1 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. These 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 1 2010, as measured by the experimental SPPI, were on average 4.0% lower in the year when compared with the same period last year.

The most notable changes in the year were: Architecture, Engineering and Technical Testing (-8.9%), Employment and Human Resource Activities (-8.5%), Air Transport (-5.2%), Advertising, Media Representation and Market Research (-5.1%) and Postal and Courier (+2.3%).

Services Prices decreased by 1.8% in the quarter. This compares to an increase of 0.5% recorded in Q4 2009.

The most notable quarterly price decreases were in Architecture, Engineering and Technical Testing (-4.5%), Air Transport (-4.2%), Sea and Coastal Transport (-3.9%) and Employment and Human Resource Activities (-3.7%). There was an increase of 3.8% in Postal and Courier Activities.

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

- ◆ *Architecture, Engineering and Technical Testing* – A reduction of fees due to the current economic climate.
- ◆ *Sea and Coastal Transport* – Increased competition in this sector led to decreases in prices charged.
- ◆ *Employment and Human Resource Activities* – Rate reductions negotiated by customers led to lower prices.
- ◆ *Postal and Courier Activities* – Some reversals of previous rate reductions.

For more information contact Niall O'Hanlon at 021 453 5207 or Cathriona McCarthy at 021 453 5450.

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Ardee Road
Dublin 6
Ireland

Skehard Road
Cork
Ireland

LoCall: 1890 313 414 (ROI)
0870 876 0256 (UK/NI)

Tel: +353 1 498 4000
Fax: +353 1 498 4229

Tel: +353 21 453 5000
Fax: +353 21 453 5555

Both offices may be contacted through any of these telephone numbers.

CSO on the Web: www.cso.ie
and go to
Economy: Prices

Director General: Gerard O'Hanlon

Enquiries:

SPPI Statistics SPPI Section, (021) 453 5450
servicesprices@cso.ie

Queries and Sales Information Section, (021) 453 5021
information@cso.ie

Databank, (021) 453 5650/453 5499
databank@cso.ie

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Table 1 Services Producer Price Index (All Sectors)

Period		SPPI Current base 2006 = 100	Quarterly	Annual
			%	%
2006	Year	100.0		
2007	Year	105.8		5.8
2008	Year	107.7		1.8
2009	Year	103.1		-4.3
2006	Quarter 1	98.2		
	Quarter 2	98.9	0.7	
	Quarter 3	101.8	2.9	
	Quarter 4	101.1	-0.7	
2007	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
2008	Quarter 1	109.3 ¹	3.1 ¹	4.1 ¹
	Quarter 2	107.4 ¹	-1.7	2.0 ¹
	Quarter 3	107.7 ¹	0.3	0.7
	Quarter 4	106.4 ¹	-1.2	0.4 ¹
2009	Quarter 1	104.5 ¹	-1.8 ¹	-4.4 ¹
	Quarter 2	104.0 ¹	-0.5 ¹	-3.2
	Quarter 3	101.6 ¹	-2.3	-5.7
	Quarter 4	102.1	0.5 ¹	-4.0 ¹
2010	Quarter 1	100.3	-1.8	-4.0

¹ Revised Data

Table 2 Services Producer Price Index (2006 = 100)

Sector		Freight and Removal by Road	Sea and Coastal Transport	Air Transport ³	Warehousing, Storage and Cargo Handling	Postal and Courier	Computer Programming and Consultancy
Nace 2 Code ¹		49.4	50.1/50.2	51	52.1/52.24	53.1/53.2	62
Sectoral Weights ²		7.3	2.1	12.7	1.5	4.7	27.3
Annual average							
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 ⁴	102.6	106.2	97.4
Quarterly							
2007	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
2008	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
2009	Quarter 1	100.6	94.8	117.0	103.6	106.6	98.4
	Quarter 2	99.1	97.9	112.3	104.2	106.5	101.3
	Quarter 3	101.5	102.2	109.4	101.3	106.6	95.0
	Quarter 4	99.3	100.8	115.8 ⁴	101.3	105.1	95.0
2010	Quarter 1	99.7	96.9	110.9	99.1	109.1	94.3
Annual percentage change							
2007	Quarter 3	2.5	1.1	4.1	4.0	3.8	7.4
	Quarter 4	2.4	4.8	7.8	2.7	4.4	4.7
2008	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
2009	Quarter 1	-1.8	-5.3	-5.6	-1.6	0.0	-8.4
	Quarter 2	-3.1	-2.8	-3.3	-0.5	-2.1	-2.4
	Quarter 3	-2.9	1.1	-4.9	-3.5	-2.0	-8.5
	Quarter 4	-5.2	0.2	7.4 ⁴	-2.9	-3.0	-8.5
2010	Quarter 1	-0.9	2.2	-5.2	-4.3	2.3	-4.2
Quarterly percentage change							
2007	Quarter 1	1.7	-2.0	13.5	0.0	2.8	5.2
	Quarter 2	-0.2	6.5	-3.5	2.9	0.8	1.2
	Quarter 3	0.6	-1.3	1.9	-0.4	0.6	0.9
	Quarter 4	0.3	1.7	-3.4	0.2	0.2	-2.5
2008	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
2009	Quarter 1	-3.9	-5.8	8.5	-0.7	-1.7	-5.2
	Quarter 2	-1.5	3.3	-4.0	0.6	-0.1	2.9
	Quarter 3	2.4	4.4	-2.6	-2.8	0.1	-6.2
	Quarter 4	-2.2	-1.4	5.9 ⁴	0.0	-1.4	0.0
2010	Quarter 1	0.4	-3.9	-4.2	-2.2	3.8	-0.7

¹ Nace Rev 2 statistical classification of economic activities in the European Community² Sectoral weights do not total 100 due to rounding differences³ Air Transport is based on data compiled from the Consumer Price Index⁴ 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 ¹		69.1/69.2/70.2	71.1/71.2	73.1/73.2	78	80	81.2
Sectoral Weights ²		21.6	11.1	4.4	4.2	1.4	1.5
Annual average							
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 ³	110.3	106.6	106.7	109.2	112.0
2009		105.7 ³	101.3	99.2	101.2	104.5 ³	115.5 ³
Quarterly							
2007	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
2008	Quarter 1	107.3 ³	110.5	105.7	109.5	109.2	109.9
	Quarter 2	107.5 ³	110.5	107.1	105.3	108.9	111.8
	Quarter 3	108.5 ³	110.2	107.1	105.9	109.7	113.2
	Quarter 4	107.0 ³	110.2	106.5	106.1	109.0	113.2
2009	Quarter 1	106.6 ³	104.3	100.4	105.7 ³	105.6	115.6 ³
	Quarter 2	106.4 ³	101.5	98.8	99.2 ³	105.4	116.1
	Quarter 3	104.9 ³	100.0	98.8	99.4 ³	103.6 ³	113.2
	Quarter 4	104.8 ³	99.5	98.8	100.4 ³	103.5 ³	116.9 ³
2010	Quarter 1	103.5	95.0	95.3	96.7	102.1	116.9
Annual percentage change							
2007	Quarter 3	3.7	7.1	5.9	3.2	3.0	8.4
	Quarter 4	4.0	6.7	3.3	4.2	3.8	7.8
2008	Quarter 1	4.8 ³	5.7	0.5	8.1	6.2	6.5
	Quarter 2	4.8 ³	5.6	1.7	1.3	5.4	4.8
	Quarter 3	3.0 ³	0.6	1.7	1.6	6.2	3.7
	Quarter 4	1.2 ³	0.7	1.1	0.1	4.9	3.7
2009	Quarter 1	-0.7 ³	-5.6	-5.0	-3.5 ³	-3.3	5.2 ³
	Quarter 2	-1.0 ³	-8.1	-7.7	-5.8 ³	-3.2	3.8
	Quarter 3	-3.3	-9.3	-7.7	-6.1 ³	-5.6 ³	0.0
	Quarter 4	-2.1 ³	-9.7	-7.2	-5.4 ³	-5.0 ³	3.3 ³
2010	Quarter 1	-2.9	-8.9	-5.1	-8.5	-3.3	1.1
Quarterly percentage change							
2007	Quarter 1	0.8	2.0	3.2	-0.4	2.7	1.9
	Quarter 2	0.2	0.1	0.1	2.6	0.5	3.4
	Quarter 3	2.6	4.7	0.0	0.3	0.0	2.3
	Quarter 4	0.4	-0.1	0.0	1.7	0.6	0.0
2008	Quarter 1	1.5 ³	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
2009	Quarter 1	-0.4 ³	-5.4	-5.7	-0.4 ³	-3.1	2.1 ³
	Quarter 2	-0.2	-2.7	-1.6	-6.1 ³	-0.2	0.4 ³
	Quarter 3	-1.4 ³	-1.5	0.0	0.2	-1.7 ³	-2.5
	Quarter 4	-0.1	-0.5	0.0	1.0 ³	-0.1 ³	3.3 ³
2010	Quarter 1	-1.2	-4.5	-3.5	-3.7	-1.4	0.0

¹ Nace Rev 2 statistical classification of economic activities in the European Community² Sectoral weights do not total 100 due to rounding differences³ Revised Data

Table 3 Comparison of the sectoral SPPIs to the overall SPPI annual % change - Q1 2010

Sector	Annual
Freight and Removal by Road	-0.9
Sea and Coastal Transport	2.2
Air Transport	-5.2
Warehousing, Storage and Cargo Handling	-4.3
Postal and Courier	2.3
Computer Programming and Consultancy	-4.2
Legal, Accounting, Public Relations and Business Management Consultancy	-2.9
Architecture, Engineering and Technical Testing	-8.9
Advertising, Media Representation and Market Research	-5.1
Employment and Human Resource Activities	-8.5
Security and Investigation	-3.3
Industrial and Building Cleaning	1.1
ALL SECTORS % change	-4.0

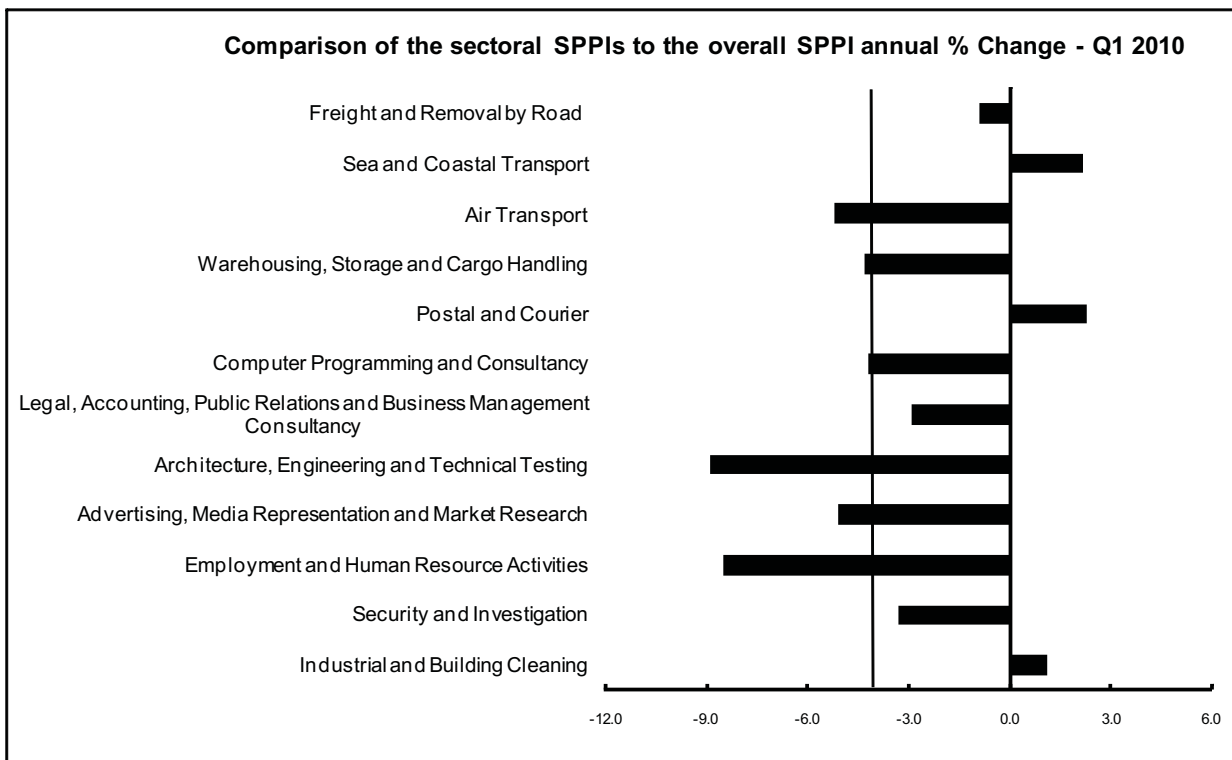
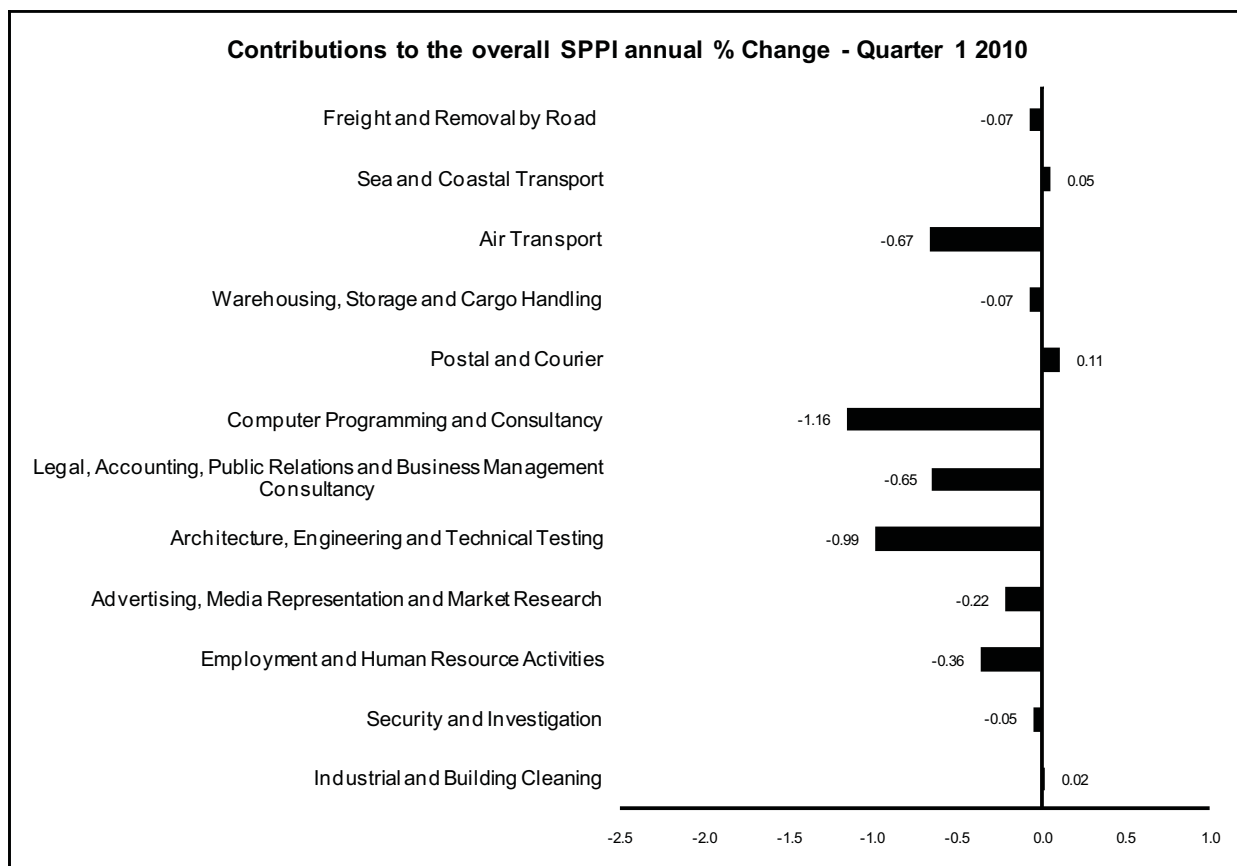


Table 4 Contributions to the overall SPPI change - Q1 2010

Sector	Contributions to overall SPPI % change	
	Quarterly	Annual
Freight and Removal by Road	0.03	-0.07
Sea and Coastal Transport	-0.08	0.05
Air Transport	-0.55	-0.67
Warehousing, Storage and Cargo Handling	-0.03	-0.07
Postal and Courier	0.18	0.11
Computer Programming and Consultancy	-0.22	-1.16
Legal, Accounting, Public Relations and Business Management Consultancy	-0.27	-0.65
Architecture, Engineering and Technical Testing	-0.50	-0.99
Advertising, Media Representation and Market Research	-0.16	-0.22
Employment and Human Resource Activities	-0.16	-0.36
Security and Investigation	-0.02	-0.05
Industrial and Building Cleaning	0.00	0.02
ALL SECTORS % change	-1.80¹	-4.00¹

¹ Totals may not equal the sum of the categories due to rounding differences



Background Notes

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. These 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:

Percentage change calculation	
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%