



How the Bureau of Labor Statistics Measures Price Change for Air Passenger Fares in the U.S. Import/Export Price Indexes

The Bureau of Labor Statistics (BLS) Import/Export Air Passenger Fares Indexes measure changes in airline fares for air passenger travel to and from the U.S. These indexes were first published in the mid-to-late 1980s and were among the first import/export services price indexes published by BLS. Originally, the air passenger fares indexes were published quarterly. BLS began publishing the air passenger fares indexes on a monthly basis beginning in March 2001. In the current month BLS publishes preliminary estimates for these indexes. These estimates can be revised in each of the three months after original publication. BLS also publishes international services price indexes for air freight. Historical data are available for crude oil tanker freight, education, ocean liner freight, and travel and tourism services.

The Import Air Passenger Fares Index measures changes in fares paid to foreign carriers by U.S. residents for international travel. The Export Air Passenger Fares Index measures changes in fares paid to U.S. carriers by foreign residents for international travel. U.S. and foreign residents are identified by a flight's point of origin, based on the assumption that most passengers purchase their tickets and begin travel in their country of residence. Regional groupings follow the definitions set by the U.S. Department of Transportation's World Area Codes. For example, the fare for a flight from New York to Paris on Air France would be included in the Import Air Passenger Fares Index, while the fare for a flight from Tokyo to Los Angeles on American Airlines would be included in the

Export Air Passenger Fares Index. The U.S. Department of Commerce's Bureau of Economic Analysis (BEA) is a primary user of the Import and Export Air Passenger Fares Indexes. BEA uses these indexes to adjust the Balance of Payments Accounts and deflate the Gross Domestic Product.

Sample Design and Selection

The Import Air Passenger Fares Index comprises a subset of data from an airline consulting service. The specific transactions included represent fares from the U.S. and its territories to 49 foreign country markets flown on more than 100 foreign carriers. BLS does not sample for this index, but uses all foreign carriers and country markets data available from the airline consulting service.

The Export Air Passenger Fares Index comprises a subset of data from the BLS Producer Price Index (PPI) Scheduled Passenger Air Transportation Index. The specific transactions selected adhere to the PPI's sampling methodology.

Pricing

Pricing data for the Import Air Passenger Fares Index are obtained from an airline consulting service. The prices in this index are measured by the average revenue per passenger and include tickets sold by travel agencies and travel websites. Tickets sold directly by the airlines are excluded, as are frequent flyer tickets generally. Prices for these items represent all tickets with scheduled departure dates during the reference month. Taxes and fees are excluded from the Import Air Passenger

Index. Each import item is identified by a unique foreign country market and fare class.

Pricing data for the Export Air Passenger Fares Index are obtained from data collected from air carriers by the BLS Producer Price Index. Most of the prices in this index are measured by the average revenue per passenger and include frequent flyer tickets as well as those sold by consolidators. Prices for most items are collected during the first 21 days of each calendar month. Taxes and fees are excluded from the Export Air Passenger Index. Each export item is identified by a unique airport city-pair, airline and fare class. If a sampled item is unavailable, a new item with similar characteristics replaces it in the index.

Trade Value Weights

The revenue weights used for index calculation are derived from the passenger count data of the Transportation

Department's DB1B. The trade dollar value weights are updated annually with a two year lag.

Additional Information

Additional information on the U.S. Import/Export Price Indexes can be found in "International Price Indexes," *BLS Handbook of Methods*, Bulletin 2490 (Bureau of Labor Statistics, 1997), Chapter 15. This chapter also is available on the BLS Internet site (<http://www.bls.gov/mxp>) under the topic "Publications." You may contact the International Price Program of the BLS by telephone at (202) 691-7101 or by e-mail at mxpinfo@bls.gov.

Information in this report is in the public domain and may be reproduced without permission. This information is available to sensory impaired individuals upon request. Voice phone: (202) 691-5200; TDD Phone: (202) 691-5200; TDD message referral phone: 1-800-877-8339.

Last Modified Date: October 10, 2008