

Taking Account...

New Comparison of PCE and CPI Price Indexes

A new interactive comparison of the personal consumption expenditures (PCE) price index, from the Bureau of Economic Analysis (BEA), and the consumer price index for all urban consumers (CPI), from the Bureau of Labor Statistics (BLS), is now available on the BEA Web site.

The new feature walks users through a detailed comparison and quantifies how differences in formulas, weights, and scope, among other things, lead to differing results. For the fourth quarter of 2007, for example, the PCE price index increased 3.9 percent at an annual rate, while the CPI increased 5.0 percent, for a difference of 1.1 percentage points. The difference was mainly accounted for by different formulas and weights.

The new feature provides quarterly and monthly data back to 2002. The data can be downloaded in spreadsheet format or printed in a user-friendly format that can be customized for letter or legal paper and landscape or portrait orientation.

BEA developed the interactive comparison in response to the growing interest in explaining the differences between the two widely used indexes. Both play important roles in guiding economic policy. However, the two

price indexes have different purposes. Thus, they are constructed differently and tend to behave somewhat differently over time.

BEA will regularly update the comparison. Quarterly tables will be available after the release of the “advance” estimates of gross domestic product (GDP) and will be revised after the release of the “preliminary” and “final” estimates of GDP. Monthly tables will be available after the release of BEA’s monthly personal income and outlays.

The new comparison also reflects BEA’s efforts to better integrate its data with other agencies’ data. BEA also makes available a set of macroeconomic accounts that integrates the BEA national income and product accounts (NIPAs) with the Federal Reserve Board flow-of-funds accounts (FFAs). The integrated set of tables was based on the *System of National Accounts*, a widely used set of international account guidelines from the United Nations. In addition, BEA offers an interactive comparison of personal saving as measured by the NIPAs and the FFAs.

The PCE and CPI price index comparison is available at www.bea.gov/national/nipaweb/nipa_underlying/pce-cpi.asp.

The integrated economic accounts can be accessed at www.bea.gov/bea/dn/nipaweb/Ni_FedBeaSna/Index.asp. And the comparison of personal saving is at www.bea.gov/bea/dn/nipaweb/Nipa-Frb.asp.

Spending on Tourism Rises in Fourth Quarter

Spending on tourism (adjusted for price changes) increased at an annual rate of 2.0 percent in the fourth quarter of 2007, according to the most recent estimates from the BEA travel and tourism satellite accounts.

The increase reflected a rise in spending on accommodations and food that was partly offset by a decrease in spending on transportation and entertainment. In the third quarter of 2007, spending on tourism grew 1.8 percent (revised). By comparison, real gross domestic product grew at an annual rate of 0.6 percent (preliminary) in the fourth quarter and 4.9 percent in the third quarter.

The travel and tourism accounts provide detailed data on expenditures by tourists, the income generated by travel and tourism, and estimates of output and employment generated by travel and tourism-related industries. For more information on the accounts, please visit www.bea.gov/industry/iedguide.htm#TTSA.