

Glossary: Purchasing power standard (PPS)

Statistics Explained

The **purchasing power standard** , abbreviated as **PPS** , is an artificial currency unit. Theoretically, one PPS can buy the same amount of goods and services in each country. However, price differences across borders mean that different amounts of national currency units are needed for the same goods and services depending on the country. PPS are derived by dividing any economic aggregate of a country in national currency by its respective [purchasing power parities](#) .

PPS is the technical term used by Eurostat for the common currency in which national accounts aggregates are expressed when adjusted for price level differences using PPPs. Thus, PPPs can be interpreted as the exchange rate of the PPS against the [euro](#) .

Further information

- [European Price Statistics - An overview, 2008 edition, chapter 5](#) (publication)

Related concepts

- [Purchasing power parities \(PPPs\)](#)

Statistical data

- [Comparative price levels of consumer goods and services](#)