

# Glossary: Price level index (PLI)

Statistics Explained

The **price level index** , abbreviated as **PLI** , expresses the price level of a given country relative to another (or relative to a group of countries like the European Union), by dividing the [Purchasing power parities \(PPPs\)](#) by the current nominal [exchange rate](#) .

If the price level index of a country is higher than 100, the country concerned is relatively expensive compared to the one to which it is compared (for example the EU), while if the price level index is lower than 100, then the country is relatively inexpensive compared to the other country.

Price level indices are not intended to rank countries strictly. In fact, they only provide an indication of the order of magnitude of the price level in one country in relation to others, particularly when countries are clustered around a very narrow range of outcomes. The degree of uncertainty associated with the basic price data and the methods used for compiling PPPs, may affect in such a case the minor differences between the PLIs and result in differences in ranking which are not statistically or economically significant.

## Related concepts

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

## Statistical data

- [Consumer prices - inflation](#)