

Glossary: Price level dispersion

Statistics Explained

Price level dispersion is the [coefficient of variation](#) of [Price Level Indices \(PLIs\)](#) . PLIs are calculated as the ratio between [Purchasing Power Parities \(PPPs\)](#) and exchange rates for each country, in relation to the [European Union](#) average. These indices give a comparison of a country's price levels with the EU average: if the price level index is higher than 100, the country concerned is relatively expensive compared to the EU average, and vice versa.

More details on price level dispersion

The basic price data entering the calculation of PPP of consumer goods and services are collected with PPP consumer price surveys in the EU Member States, three [EFTA](#) countries, five [candidate countries](#) and two [potential candidate countries](#). For practical and cost reasons, the consumer price surveys are organised in a rolling cycle over three years, and are carried out in the countries' capital cities in a specific survey month. Later, the prices are adjusted to annual average prices, using monthly consumer price indices of the survey year, and to national average prices, using spatial adjustment factors. Between survey years, benchmark results are extrapolated using the annual average Consumer Price Index ([CPI](#)) of particular product groups. The prices observed are the shop advertised list prices including all margins, taxes and duties.

Comparative price levels are the ratio between Purchasing Power Parities (PPPs) and the market exchange rate for each country. PPPs are currency conversion rates that convert economic indicators expressed in national currencies to a common currency, called Purchasing Power Standard (PPS), which equalizes the purchasing power of different national currencies and so allows meaningful comparison. If the [variation coefficient](#) of the comparative price levels for the EU decreases/increases over time, the national price levels in the Member States are converging/diverging.

Related concepts

- [Exchange rate](#)
- [Price level index](#)
- [Purchasing power parities](#)

Statistical data

- [GDP per capita, consumption per capita and price level indices](#)