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Session 7: Multilateral index methods

The Geary Khamis index and the Lehr index: how much do they differ?

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A variant of the Geary-Khamis (GK) index labelled as a "Quality Adjusted Unit Value Index" has been recently proposed (e.g. Chessa (2016)) as a new way for compiling price indices from scanner data. In this paper, we formally link the bilateral GK index to the Lehr index which can be seen as another example of a generalized unit value index. This leads us to a multilateral extension of the Lehr index which is less complex to compile than the GK index. However, both approaches are likely to give similar results. We empirically compare these multilateral indices to a monthly chained Jevons index which is the standard approach currently adopted by STATEC for working with scanner data.