



**United States Department of Agriculture  
National Agricultural Statistics Service**

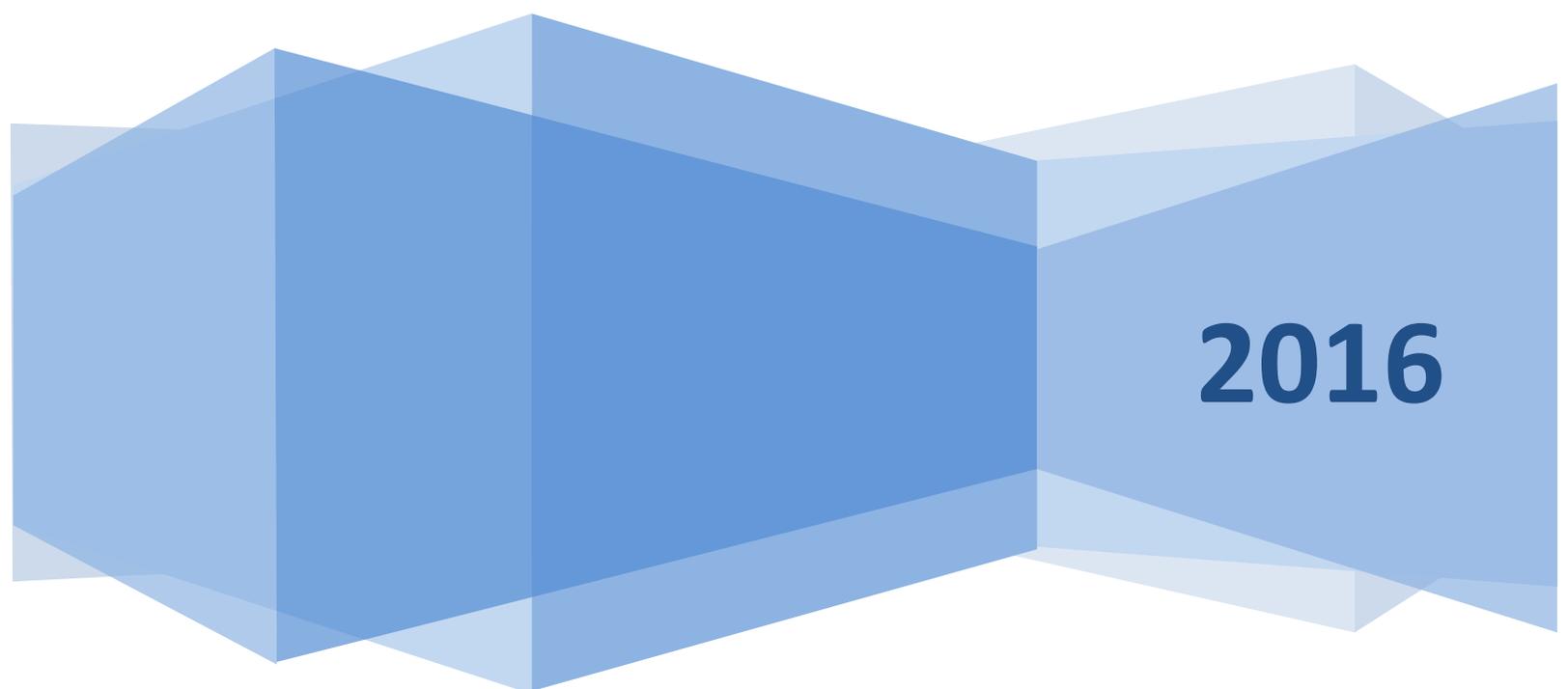


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[www.nass.usda.gov/Surveys/Guide\\_to\\_NASS\\_Surveys/Prices/index.asp](http://www.nass.usda.gov/Surveys/Guide_to_NASS_Surveys/Prices/index.asp)

# **Agricultural Price Program Update**

## **February 2016**

A large, decorative graphic composed of several overlapping, semi-transparent blue polygons of various shapes and sizes, creating a complex, layered effect. The polygons are arranged in a way that they appear to be part of a larger, abstract structure. The colors range from light blue to a darker blue.

**2016**



## NASS Price Program Mission, Vision, and Goal

**Mission Statement:** *The National Agricultural Statistics Service (NASS) price program provides **relevant, timely, accurate and useful statistics** for use in evaluating the economic condition of the United States agricultural economy.*

**Vision Statement:** *NASS strives to be a premier provider of **relevant, high quality, and useful agricultural price data**, consistent with other United States Federal and international statistical programs.*

**Goal:** *The objective of the price program for indexes is to measure the general level of price change farmers pay for agricultural inputs and the general level of price change farmers receive for commodities sold.*

### Overview of Program Modifications

NASS currently publishes price indexes rounded to the nearest whole number in the monthly *Agricultural Prices* report and Quick Stats. Because of the current rounding rules employed by NASS, changes in the 2011=100 and 1910-1914=100 index series are not consistent. In particular, the 2011=100 series may show no change while the 1910-1914=100 series indicates the index has changed as a result of the number of significant digits.

### Index Series Rounding

The current NASS policy is to round current index numbers to the nearest whole number. The magnitude of the difference between the 2011=100 and the 1910-1914=100 index series is currently on the order of 1:10 for the Prices Received Index Series and 1:30 for the Prices Paid Index Series. This means that if the pre-rounded 2011=100 Prices Received Index Series were to change by 0.9 points (100.5 to 101.4, for example), a change potentially not shown due to the current rounding policy, the 1910-1914=100

Prices Received Index results in a change of 9 points. Similarly, if the pre-rounded 2011=100 Prices Paid Index were to change by 0.9 points (108.5 to 109.4, for example), the 1910-1914=100 Prices Paid Index displays a change of 27 points.

Data from the Bureau of Labor Statistics (BLS) Consumer Price Index (CPI), Williams (2006)<sup>1</sup> shows that for each time an additional decimal place is added to the rounding for the CPI, the probability of rounding error in the rate of index change is reduced. This is especially true at the elementary and sub-group index levels. The addition of one significant digit to NASS 2011=100 series creates the indexes consistent with the 1910-1914=100 indexes and minimizes rounding bias.

### Program Change Implementation

The new rounding rule will be implemented beginning with the January 2016 indexes published in the February 2016 *Agricultural Prices* report. Quick Stats data for the 2011=100 index series will be published to the updated rounding.

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<sup>1</sup> Williams, E. 2006. "The Effect of Rounding on the Consumer Price Index." *Monthly Labor Review* 80.