Output price for internal trade

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Value Index of trade margins

$$Iv = S - P + \Delta In$$

where:

S are the value of goods purchased for resale;

P are the value of purchases of goods for resale and

ΔIn are the change in inventories of goods for resale

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At the base year, "o"

We have a rate of trade margins as:

$$(So – Po + \Delta Ino)/(Po + \Delta Ino)$$

Volume index

Applying the rate of trade margin to the flow of purchase of each year, "t", we can obtain a volume index, Iq. In formal term:

$$Iq = [(So – Po + \Delta Ino)/(Po + \Delta Ino)] *(Pt + \Delta Int)$$

Recommendation

Iq can be used to deflate both wholesale and retail trade. It is strongly recommended to calculate the rate of trade margin at the most level of detail available.

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The end

- Thank you for your kind attention

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