

Title: *Sales Prices, Replacement Prices and Trade Margins - Tracing price changes through the UK retail sector*

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The retail and wholesale sector plays a unique role in the national system of price statistics as it applies several distinct sets of prices to items that are physically identical. Despite the unique problems of measurement this raises, the sector is increasingly important in modern economies. This paper lays out the theoretical framework for measuring trade margins and attempts to fit ONS' available data for values and prices of retailer's sales, stocks, and purchases -including imports- into an appropriate analytical framework.

The data presented suggest that double deflated estimates of trade margins are both more accurate and faster growing than single deflated estimates; that margins are determined by characteristics of the retailer rather than by the product being traded; and that this has important implications for statisticians measuring consumer prices and consumption.