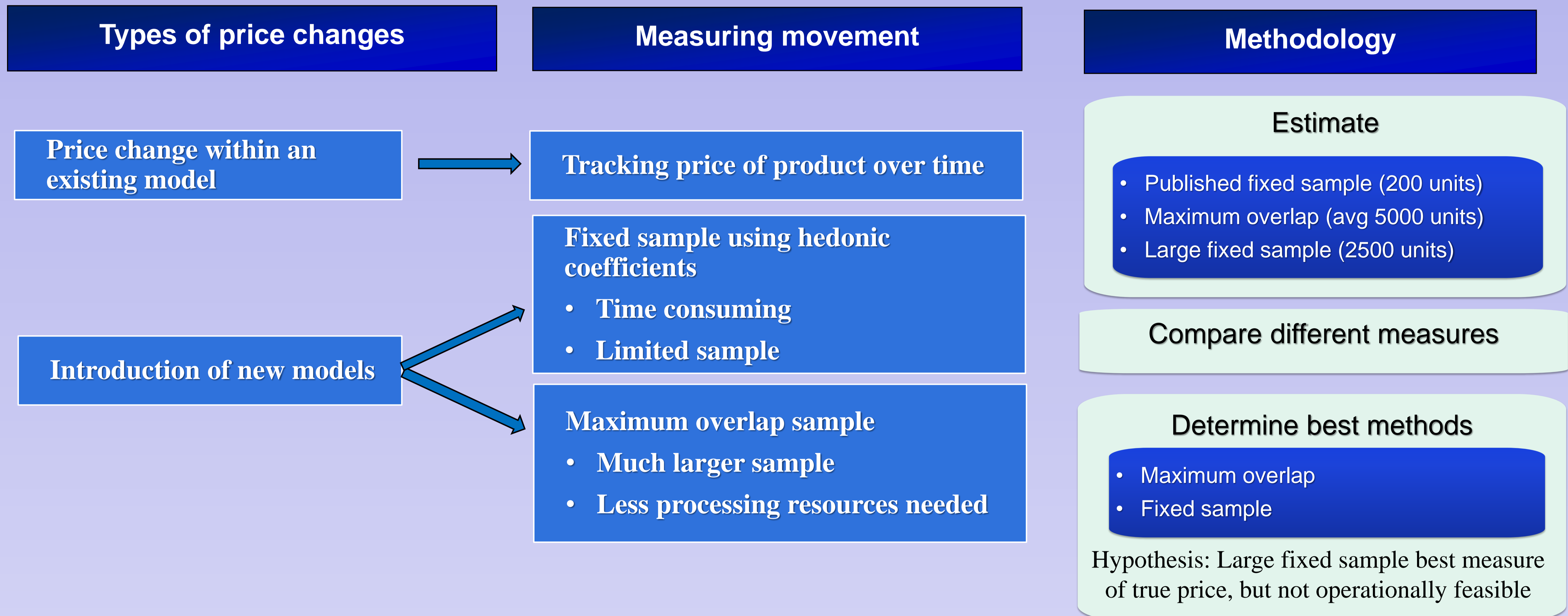


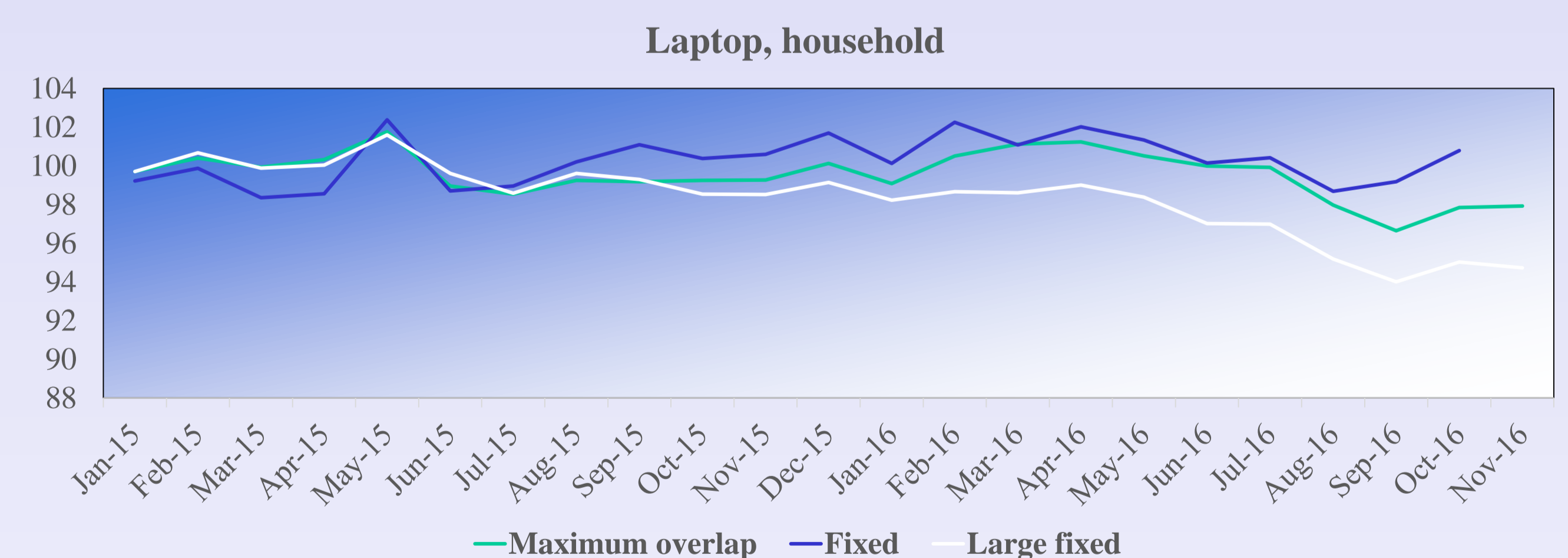
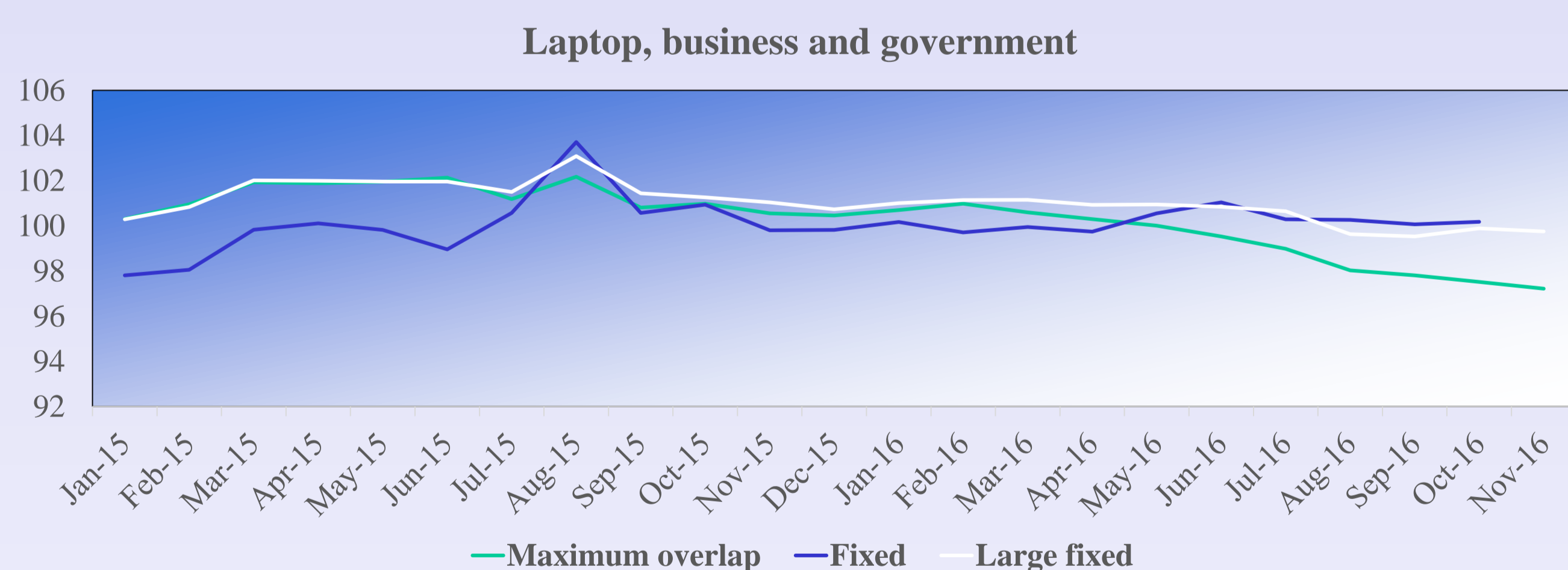
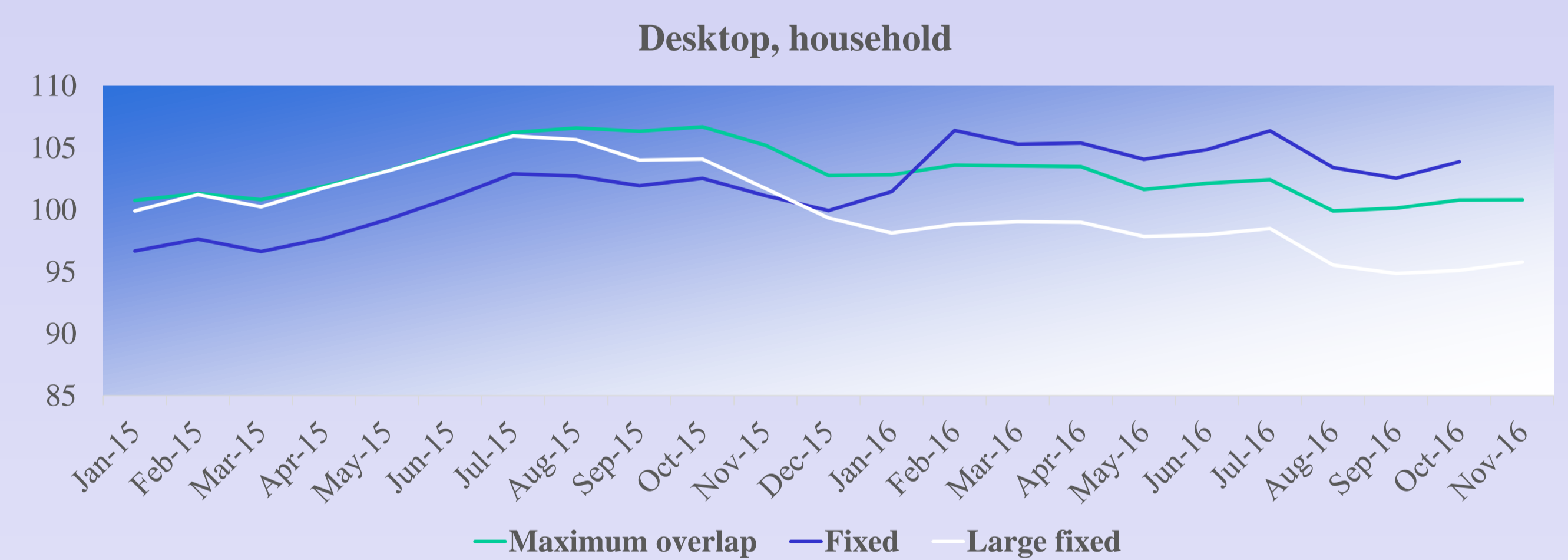
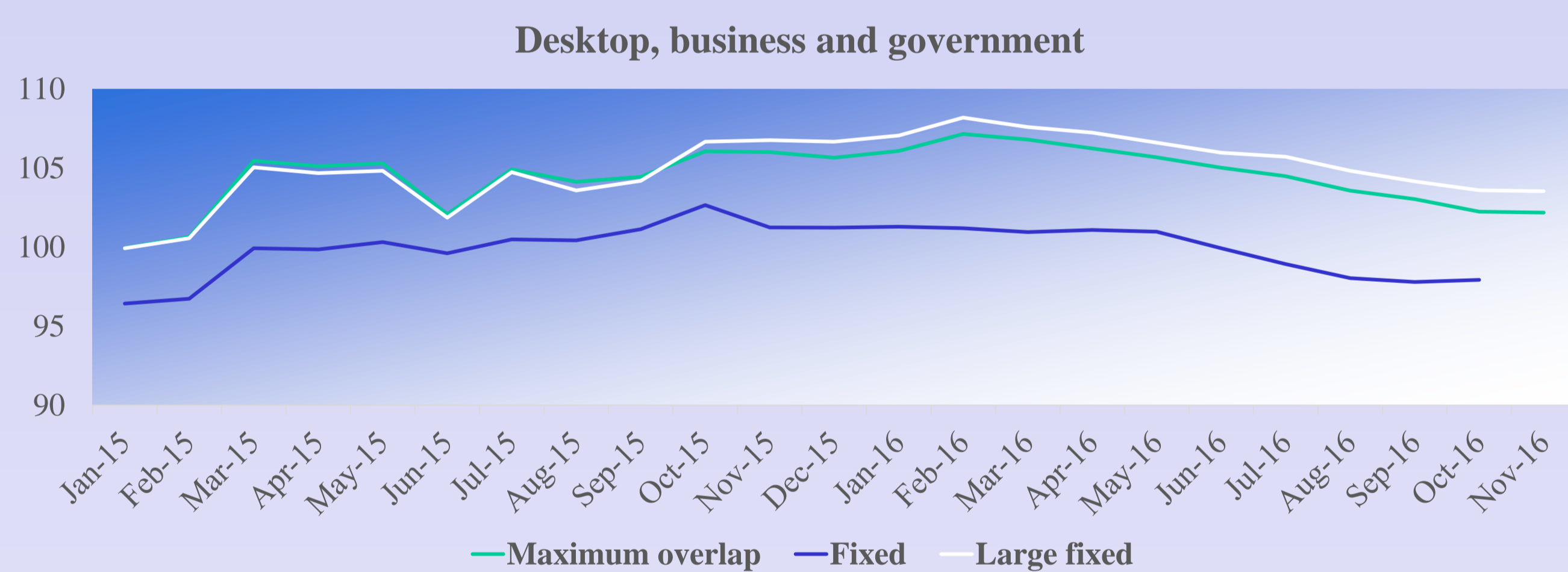
Comparison of maximum overlap and fixed sample methods for computer price indexes

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Question:
 Given the production limitations of a monthly computer index, does a maximum overlap method or a fixed sample using hedonic adjustments better reflect computer price movements?



Comparison of different methods



Preliminary Findings

Maximum overlap follows large fixed sample more closely, but misleading

- ↳ Hypothesis incorrect. Sample is so large that potential model replacements are limited
- ↳ Poor replacement being chosen
 - ↳ Hedonics of limited use and relative is excluded from the estimation
 - ↳ Resulting index necessarily resembles maximum overlap method

Next Steps

- Recreate index with various sample sizes to determine optimal size
 - ↳ Maximize sample size
 - ↳ Minimize imputation rate
 - ↳ Compare resulting index with maximum overlap and determine if there is value added in doing the hedonics