Chaining or Splicing of Index Numbers

Need for Chaining or Splicing of Index Numbers

Indices need to be updated after a few years. In general, the updated indices are presented in relation to different base period prior to the updating. For practical purposes, different series of the same index may be chained / spliced and presented on a uniform base. The general formula for splicing/chaining is multiplying the index by a "chaining coefficient".

Chaining or splicing index numbers

Step 1: Identify one period when there are figures for both indices; 1992 in Table 1.

Step 2: For this period, divide the new figure by old figure; 83 / 133 = 0.62 (chaining coefficient)

Step 3: Multiply all old figures by the result; each figure in column C = figure in column A * 0.62.

Step 4: Put the re-based data with the new figures to create one long run of data.

Table 1 Chaining index numbers

Years	Old index A	New Index B	Old Index Rebased C	Chained Index D
1989	100.0		62.0	
1990	110.0		69.0	
1991	121.0		76.0	
1992	133.0	83.0	83.0	83.0
1993		91.0		91.0
1994		100.0		100.0
1995		110.0		110.0