

PNC Christmas Price Index

Now in its 24th edition, the PNC Christmas Price Index has educated and entertained bankers, consumers and students alike with its tongue-in-cheek look at the economy. The following resources will provide you with more information on the history of the Christmas Price Index, this year's results, and how the results reflect current and past economic trends.

History

For 24 years, PNC has calculated the cost of the items in the song "The Twelve Days of Christmas" if purchased at current prices. Over the years, trends have emerged and the PNC Christmas Price Index has often increased or decreased at a rate consistent with the government's CPI, the Consumer Price Index, a widely followed measure of inflation produced by the U.S. Department of Labor's Bureau of Labor Statistics. From the partridge to the drummers, it's a fun way for students, children and adults to learn about the economy.

Now, here are some frequently asked questions about the Christmas Price Index.

First, some definitions:

The "**PNC Christmas Price Index**" is an index of the current costs of one set of each of the gifts given by the "True Love" to the singer of the song, "The Twelve Days of Christmas."

The "**True Cost of Christmas**" is the cumulative cost of all the gifts with the repetitions listed in the song.

What does it mean to me?

The Christmas Price Index, calculated by PNC Wealth Management, has consistently reflected changes in the economy and continues to do so in the 24th anniversary version. The rate of increase each year closely mirrors the results of the Consumer Price Index. It's a fun way to measure consumer spending and trends in the economy.

Why did PNC start tabulating the Christmas Price Index?

It all started 24 years ago as a way to engage clients of PNC predecessor Provident Bank during the traditionally light holiday weeks. What hatched as the creative brainchild of the bank's then - chief economist has since grown into one of PNC's most popular and anticipated economic reports.

Who is True Love's personal shopper at PNC?



Rebekah McCahan –
PNC's Personal
CPI Shopper

Since 1986, Rebekah McCahan of PNC Wealth Management has completed the True Love's shopping duties, putting a price tag on French hens, maids-a-milking and gold rings and all the other items in the PNC CPI, and evaluating some distinctive economic trends along the way.

Where does McCahan do her holiday shopping?

This year, the National Aviary in Pittsburgh provided the cost of some of the birds in the song, including the partridge, the French hens, geese and swans. The Cincinnati Zoo provided the cost of turtle doves. National pet chain PetCo provides the price of the calling birds, or canaries.

The pear tree price came from Waterloo Gardens, a Philadelphia nursery. Gordon's Jewelers provided the cost of five 14-carat gold rings, and Philadanco, a modern dance company in Philadelphia offered the price of ladies dancing. The Pennsylvania Ballet offered the price of the lords a-leaping. Prices for the musicians in the song — the drummers and pipers — were provided by a Pennsylvania musicians union.

Lastly, maids-a-milking are the only unskilled laborers in the index, and as such, they reflect the minimum wage.

Year after year, the sources for the prices remain the same for the most part to ensure consistency, but have changed on occasion due to changes in the market or business landscape.

What has changed since 1986?

The Internet. Today, with the help of the Internet, it's easier for to find the goods and services listed in the song. This convenience comes at a price however: Goods and services from the survey that are purchased on the Internet tend to be more expensive than those purchased in a more traditional transaction, mainly due to added shipping costs.



The price of swans has dramatically decreased since the eighties. Six-swans-a-swimming would have set the "True Love" back \$7,000 in 1984, but today, they cost around \$5,000, although that is \$1,400 more than 2007. Swans have proven to be the most "volatile" part of the index with wild swings up and down over the years, and that is why they are removed to make the

The cost of entertainment has greatly increased over the last 20 years, As a result, the ladies dancing and lords-a-leaping have seen a 300% increase in their fees.

Over the last 24 years, the prices of services in general have increased, while the price of goods has decreased. In the 1984 Christmas Price Index, goods were by far the

more expensive component of the index. Today, services are a much bigger piece of the Index.

Minimum wage. In 2007, federal laws increased the minimum wage and gave the maids-a-milking their first raise since 1997. The wage increased again in 2008 to \$6.55 per hour.

Fuel costs. As fuel prices go up and down, they have a major effect on the cost of shipping and as we all know, 2008 has been an especially volatile year.

Will True Love dig deeper this year than ever before ... again?

In keeping with inflation, the Christmas Price Index usually gets a little more expensive each year. The true cost of Christmas, however, has fluctuated a bit more over the years. This year is the most expensive year for that measure, and last year was just a bit less expensive. Prior to that, the costliest year for the True Love was 1994.

At 8.1, the increase in this year's PNC CPI over the previous year was the second greatest, percentage-wise, in the index's history. The largest jump was an incredible 16.0% jump in 2003. However, this year's core PNC CPI is a modest 1.1 % when the cost of swans is excluded.

Which year could True Love afford to be a scrooge?

The cheapest cost of Christmas in dollars occurred in 1995, when the true cost of Christmas was only \$51,000.