

## Combining micro and macro data in hedonic price indexes

Esmeralda Ramalho\*

Universidade de Evora, Evora, Portugal - ela@uevora.pt

Joaquim Ramalho

Universidade de Evora, Evora, Portugal - jsr@uevora.pt

This paper proposes arithmetic and geometric Paasche quality-adjusted price indexes that combine micro data from the base period with macro data on the averages of asset prices and characteristics at the index period. The suggested index has two types of advantages relative to traditional Paasche indexes: (i) simplification and cost reduction of data acquisition and manipulation; and (ii) potentially greater efficiency and robustness to sampling problems.

**Keywords:** Paasche price index; imputation hedonic method; quality adjustment; asset heterogeneity.