

About the Christmas Price Index

The PNC Christmas Price Index® shows the current cost for one set of each of the gifts given in the song “The Twelve Days of Christmas.” It’s a tradition that started 28 years ago as a way to engage clients of PNC’s predecessor, Provident Bank. Since then, The PNC Christmas Price Index® has become one of PNC’s most anticipated economic reports. It’s similar to the Consumer Price Index, which measures changes in prices of goods and services like housing, food, clothing, transportation and more that reflect the spending habits of the average American.

The goods and services in the PNC Christmas Price Index® are far more whimsical. And most years, the price changes closely mirror those in the Consumer Price Index. It’s a fun way to measure consumer spending and trends in the economy. So even if “pipers piping” or “geese a-laying” didn’t make your gift list, you can still learn a lot by checking out how their prices have gone up and down over the years.

About PNC Bank

The PNC Financial Services Group, Inc. (“PNC”) provides investment and wealth management, fiduciary services, FDIC-insured banking products and services and lending and borrowing of funds through its subsidiary, PNC Bank, National Association, which is a **Member FDIC**, and provides certain fiduciary and agency services through PNC Delaware Trust Company. PNC does not provide legal, tax or accounting advice.

Frequently Asked Questions

What’s the different between the Total Cost of Christmas and the True Cost of Christmas? Who figures out the prices for the Christmas Price Index? The answers to all these questions and more can be found here.

Q: What is the Christmas Price Index?

A. The PNC Christmas Price Index® shows the current cost for one set of each of the gifts given in the song “The Twelve Days of Christmas.”

Q: What is the True Cost of Christmas?

A. The True Cost of Christmas is the cumulative cost of all the gifts when you count each repetition in the song—so it reflects the cost of 364 gifts.

Q: Why did PNC start tabulating the Christmas Price Index?

A. It all started 28 years ago as a way to engage clients of PNC’s 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.

Q. Who is the holiday shopper at PNC?

A. Since 1986, Rebekah McCahan of PNC Wealth Management has handled our shopping duties, putting a price tag on French hens, maids a-milking, gold rings and all

the other items in the PNC CPI. She has evaluated some distinctive economic trends along the way.

Q. Where does McCahan do her shopping?

A. This year, the National Aviary in Pittsburgh provided the cost of some of the birds in the song, including the partridge, doves, geese and swans. National pet chain PetSmart provided 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 gave 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 they have changed on occasion due to changes in the market or business landscape.

Q. What has changed since 1984?

A. Many things. First off, the Internet. Today, it's easier for us to find the goods and services listed in the song online. This convenience comes at a price, however: Goods and services from the survey that are purchased online tend to be more expensive than those purchased in a more traditional transaction, mainly due to added shipping and handling costs.

Second, over the last 28 years, the price of services in general has increased, while the price of goods has slowed. In the 1984 PNC Christmas Price Index[®], goods were by far the more expensive component of the Index—today it's services. The cost of entertainment, in particular, has greatly increased over the last 25 years. As a result, the nine ladies dancing have seen a 300% increase in performance fees.

Also related to services, in 2007, federal laws increased the minimum wage and gave the maids a-milking their first raise since 1997. The wage increased again in both 2008 and 2009, and is now holding steady at \$7.25 per hour.

Third, fuel costs. As fuel prices go up and down, they have a major effect on the cost of shipping and, as we all know, 2011 has been an especially volatile year.

Q. Will shoppers spend more than ever before . . . again?

A. Looks like it, but that's because inflation usually makes the PNC Christmas Price Index[®] a little more expensive each year. The underlying inflation in this year's core PNC CPI (where the volatile cost of swans is excluded) is benign: up only 0.7%. The

True Cost of Christmas (the cumulative cost of all the gifts when you count each repetition in the song) measured even wider fluctuations over the years. In 2003 we had the largest jump in our history, 16.0%. Although this year's increase of 4.4% is not as dramatic, it is the most expensive year ever at \$101,119.84—higher than last year by \$823.80

Q. In which year could a shopper afford to be a scrooge?

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