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[Economic Releases](#)

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## Economic News Release

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### Producer Price Index News Release text

Transmission of material in this release is embargoed until  
8:30 a.m. (EDT), Wednesday, June 13, 2012

USDL-12-1181

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#### PRODUCER PRICE INDEXES - MAY 2012

The Producer Price Index for finished goods fell 1.0 percent in May, seasonally adjusted, the U.S. Bureau of Labor Statistics reported today. Prices for finished goods moved down 0.2 percent in April and were unchanged in March. At the earlier stages of processing, prices received by manufacturers of intermediate goods decreased 0.8 percent in May, and the crude goods index fell 3.2 percent. On an unadjusted basis, prices for finished goods advanced 0.7 percent for the 12 months ended in May, the eighth straight month of slowing year-over-year increases following a 7.0-percent rise for the 12 months ended September 2011. (See table A.)

**Table A. Monthly and 12-month percent changes in selected stage-of-processing price indexes, seasonally adjusted**

Month	Finished goods					Intermediate goods	Crude goods
	Total	Foods	Energy	Except foods and energy	Change in finished goods from 12 months ago (unadj.)		
<b>2011</b>							
May	0.1	-1.2	0.9	0.2	7.1	0.7	-2.8
June	0.1	0.8	-1.2	0.3	6.9	0.2	0.3
July	0.5	1.0	0.2	0.5	7.1	0.4	-0.2
Aug.	0.2	1.0	-0.4	0.2	6.6	-0.5	-0.9
Sept.	0.9	0.5	3.0	0.3	7.0	0.6	1.7
Oct.	-0.3	0.1	-1.5	0.0	5.8	-1.0	-1.7
Nov.	0.1	1.0	-0.3	0.1	5.6	-0.1	1.9
Dec.	-0.1	-0.7	-0.3	0.2	4.7	-0.2	-0.6
<b>2012</b>							
Jan.(1)	0.3	-0.1	-0.2	0.6	4.1	0.0	1.1
Feb.(1)	0.3	-0.3	1.7	0.0	3.3	0.7	0.6
Mar.	0.0	0.2	-1.0	0.3	2.8	0.7	-2.5
Apr.	-0.2	0.2	-1.4	0.2	1.9	-0.5	-4.4
May	-1.0	-0.6	-4.3	0.2	0.7	-0.8	-3.2

#### Footnotes

(1) Some of the figures shown above and elsewhere in this release may differ from those previously reported

Month	Finished goods					Intermediate goods	Crude goods
	Total	Foods	Energy	Except foods and energy	Change in finished goods from 12 months ago (unadj.)		
because data for January 2012 have been revised to reflect the availability of late reports and corrections by respondents.							

#### Stage-of-Processing Analysis

##### Finished goods

In May, the decrease in finished goods prices was led by the index for finished energy goods, which declined 4.3 percent. Prices for finished consumer foods fell 0.6 percent. By contrast, the index for finished goods less foods and energy advanced 0.2 percent.

**Finished energy:** The index for finished energy goods fell 4.3 percent in May, the largest decline since a 4.6-percent decrease in March 2009. An 8.9-percent drop in the gasoline index accounted for over eighty percent of the May decline. Lower prices for liquefied petroleum gas and residential natural gas also contributed to the decrease in the finished energy goods index. (See table 2.)

**Finished foods:** Prices for finished consumer foods moved down 0.6 percent in May, the largest decline since a 0.7-percent decrease in December 2011. Over sixty percent of the May decline can be traced to the meats index, which decreased 2.2 percent. Lower prices for fresh fruits and melons also were a factor in the decline in the finished consumer foods index.

**Finished core:** The index for finished goods less foods and energy advanced 0.2 percent in May, the third consecutive increase. Over a quarter of the May rise can be attributed to the pharmaceutical preparations index, which climbed 0.7 percent.

##### Intermediate goods

The Producer Price Index for intermediate materials, supplies, and components fell 0.8 percent in May, the largest decline since a 1.0-percent drop in October 2011. Most of the May decrease can be traced to a 3.3-percent decline in prices for intermediate energy goods. The index for intermediate goods less foods and energy moved down 0.2 percent in May, while prices for intermediate foods and feeds were unchanged. For the 12 months ended in May, the intermediate goods index fell 0.6 percent, the first decrease since a 1.8-percent decline for the 12 months ended November 2009. (See table B.)

**Intermediate energy:** Prices for intermediate energy goods moved down 3.3 percent in May, the largest decrease since a 5.6-percent drop in March 2009. A major factor in the May decline was the jet fuel index, which fell 7.1 percent. Lower prices for gasoline and liquefied petroleum gas also contributed to the decrease in the intermediate energy goods index. (See table 2.)

**Intermediate core:** The index for intermediate goods less foods and energy fell 0.2 percent in May, the first decline since a 0.6-percent decrease in December 2011. Most of the May decline can be attributed to a 2.1-percent drop in prices for basic organic chemicals. Falling prices for nonferrous wire and cable also contributed to the decrease in the index for intermediate goods less foods and energy.

**Intermediate foods:** The index for intermediate foods and feeds was unchanged in May following two straight advances. In May, rising prices for prepared animal feeds and processed young chickens offset falling prices for meats and processed eggs.

##### Crude goods

The Producer Price Index for crude materials for further processing decreased 3.2 percent in May. For the 3-month period ending in May, crude materials prices fell 9.7 percent compared with a 1.0-percent increase from November to February. In May, roughly sixty percent of the broad-based monthly decline can be attributed to a 5.0-percent drop in the index for crude

energy materials. Also contributing to the May decrease, prices for crude foodstuffs and feedstuffs moved down 2.3 percent and the index for crude nonfood materials less energy declined 1.3 percent. (See table B.)

**Crude energy:** The index for crude energy materials moved down 5.0 percent in May. From February to May, prices for crude energy materials fell 19.6 percent subsequent to a 2.4-percent increase for the 3 months ended in February. The monthly decrease in May was led by a 7.6-percent drop in crude petroleum prices. A decrease in the index for natural gas also was a factor in lower prices for crude energy materials. (See table 2.)

**Crude foods:** The index for crude foodstuffs and feedstuffs declined 2.3 percent in May. From February to May, crude foodstuffs and feedstuffs prices fell 3.1 percent following a 0.7-percent decrease in the previous 3-month period. Over one-third of the monthly decline can be traced to a 4.1-percent decrease in the index for grains. Falling prices for hay, hayseeds, and oilseeds also contributed to the decline in the crude foodstuffs and feedstuffs index.

**Crude core:** The index for crude nonfood materials less energy decreased 1.3 percent in May. For the 3-month period ending in May, crude core prices moved down 2.0 percent after advancing 0.8 percent from November to February. Over forty percent of the May monthly decline is attributable to prices for nonferrous metal ores, which fell 4.7 percent. A decrease in the iron and steel scrap index also was a significant factor in the crude core decline.

**Table B. Monthly and 12-month percent changes in selected price indexes for intermediate goods and crude goods, seasonally adjusted**

Month	Intermediate goods				Crude goods			
	Foods	Energy	Except foods and energy	Change in intermediate goods from 12 months ago (unadj.)	Foods	Energy	Except foods and energy	Change in crude goods from 12 months ago (unadj.)
<b>2011</b>								
<b>May</b>	-0.4	1.4	0.6	10.3	-3.3	-3.1	-1.0	22.7
<b>June</b>	0.8	0.5	0.1	10.9	1.8	-2.0	1.8	26.1
<b>July</b>	0.8	0.9	0.3	11.5	-0.1	-1.2	1.3	23.1
<b>Aug.</b>	1.4	-2.3	-0.1	10.3	3.4	-6.1	0.6	18.6
<b>Sept.</b>	0.7	2.3	0.0	10.4	-0.7	5.1	0.0	20.0
<b>Oct.</b>	-1.1	-2.2	-0.6	8.0	-1.9	-0.1	-4.3	12.8
<b>Nov.</b>	-0.1	0.5	-0.4	7.2	1.2	4.4	-2.0	14.4
<b>Dec.</b>	-0.8	0.8	-0.6	5.7	-2.9	1.6	-0.6	6.6
<b>2012</b>								
<b>Jan.(1)</b>	-0.1	-0.9	0.4	4.3	1.9	-0.6	2.3	4.3
<b>Feb.(1)</b>	-0.3	0.6	0.9	3.3	0.4	1.4	-0.9	0.7
<b>Mar.</b>	0.6	1.3	0.6	2.9	2.8	-9.2	1.1	0.1
<b>Apr.</b>	0.4	-2.7	0.2	1.1	-3.5	-6.8	-1.8	-7.3
<b>May</b>	0.0	-3.3	-0.2	-0.6	-2.3	-5.0	-1.3	-7.7
<b>Footnotes</b>								
(1) Some of the figures shown above and elsewhere in this release may differ from those previously reported because data for January 2012 have been revised to reflect the availability of late reports and corrections by respondents.								

#### Services Analysis

**Trade industries:** The Producer Price Index for the net output of total trade industries increased 0.3 percent in May, the third consecutive advance. (Trade indexes measure changes in margins received by wholesalers and retailers.) A 2.7-percent advance in margins received by merchant wholesalers of nondurable goods accounted for most of the May rise. Higher margins received by gasoline stations and new car dealers also contributed to the increase in the total trade industries

index.

**Transportation and warehousing industries:** The Producer Price Index for the net output of transportation and warehousing industries was unchanged in May after seven consecutive advances. Higher prices received by the industries for line-haul railroads and freight transportation arrangement offset lower prices received by the industries for scheduled passenger air transportation and local specialized freight trucking of new goods.

**Traditional service industries:** The Producer Price Index for the net output of total traditional service industries moved down 0.2 percent in May, following a 0.3-percent advance in April. The index for the depository credit intermediation group led this decline, falling 1.2 percent. Lower prices received by the investment banking and securities dealing industry and by the accommodation industry group also contributed to the decrease in the total traditional service industries index.

The Producer Price Index for June 2012 is scheduled to be released on Friday, July 13, 2012 at 8:30 a.m. (EDT).

- [Technical notes](#)
- [Table 1. Producer price indexes and percent changes by stage of processing](#)
- [Table 2. Producer price indexes and percent changes for selected commodity groupings by stage of processing](#)
- [Table 3. Producer price indexes for selected commodity groupings](#)
- [Table 4. Producer price indexes for the net output of selected industries and industry groups, not seasonally adjusted](#)
- [Table 5. Producer price indexes by stage of processing, seasonally adjusted](#)
- [HTML version of the entire news release](#)

## **The PDF version of the news release**

### **Table of Contents**

**Last Modified Date:** June 13, 2012

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