



Economic News Release

Producer Price Index News Release text

Transmission of material in this release is embargoed until
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Technical information: (202) 691-7705 * ppi-info@bls.gov * www.bls.gov/ppi
Media contact: (202) 691-5902 * PressOffice@bls.gov

PRODUCER PRICE INDEXES - JULY 2012

The Producer Price Index for finished goods rose 0.3 percent in July, seasonally adjusted, the U.S. Bureau of Labor Statistics reported today. This advance followed a 0.1-percent increase in June and a 1.0-percent decline in May. At the earlier stages of processing, prices received by manufacturers of intermediate goods moved down 0.9 percent in July, and the crude goods index advanced 1.8 percent. On an unadjusted basis, prices for finished goods rose 0.5 percent for the 12 months ended July 2012, continuing the trend 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.)		
2011							
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
2012							
Jan.	0.3	-0.1	-0.2	0.6	4.1	0.0	1.1
Feb.	0.4	-0.2	1.8	0.1	3.4	0.7	0.9
Mar.(1)	-0.2	0.1	-1.2	0.2	2.8	0.8	-2.7
Apr.(1)	-0.2	0.2	-1.3	0.1	1.9	-0.5	-4.4
May	-1.0	-0.6	-4.3	0.2	0.7	-0.8	-3.2
June	0.1	0.5	-0.9	0.2	0.7	-0.5	-3.6
July	0.3	0.5	-0.4	0.4	0.5	-0.9	1.8

Footnotes

(1) Some of the figures shown above and elsewhere in this release may differ from those previously reported because data for March 2012 have been revised to reflect the availability of late reports and corrections by respondents.

Stage-of-Processing Analysis

Finished goods

In July, the increase in the finished goods index was led by prices for finished goods less foods and energy, which moved up 0.4 percent. Also contributing to higher finished goods prices, the index for finished consumer foods advanced 0.5 percent. By contrast, prices for finished energy goods decreased 0.4 percent.

Finished core: The index for finished goods less foods and energy moved up 0.4 percent in July, the largest rise since a 0.6-percent increase in January 2012. Over forty percent of the July advance can be attributed to prices for light motor trucks, which climbed 1.6 percent. The indexes for pharmaceutical preparations and cigarettes also were major factors in the rise in finished core prices. (See table 2.)

Finished foods: The index for finished consumer foods advanced 0.5 percent in July, the same rate as in June. Over half of the July increase can be traced to prices for beef and veal, which climbed 3.8 percent. Higher prices for pork also contributed significantly to the advance in the finished foods index.

Finished energy: The index for finished energy goods moved down 0.4 percent in July, the fifth straight decrease. Most of the July decline is attributable to prices for gasoline, which fell 3.1 percent.

Intermediate goods

The Producer Price Index for intermediate materials, supplies, and components fell 0.9 percent in July, the fourth consecutive decline. Prices for intermediate materials less foods and energy led the July decrease, moving down 0.9 percent. The index for intermediate energy goods dropped 1.6 percent. By contrast, prices for intermediate foods and feeds advanced 1.4 percent. For the 12 months ended in July, the intermediate goods index fell 2.6 percent, the largest decrease since a 7.7-percent decline for the 12 months ended October 2009. (See table B.)

Intermediate core: Prices for intermediate materials less foods and energy moved down 0.9 percent in July, the largest decrease since a 2.4-percent drop in December 2008. About half of the July decline can be attributed to the index for basic organic chemicals, which fell 6.3 percent. Lower prices for steel mill products and fabricated structural metal also were factors in the decrease in the intermediate core index. (See table 2.)

Intermediate energy: The index for intermediate energy goods fell 1.6 percent in July, the fourth straight decline. A 6.1-percent drop in prices for lubricating oil base stocks was a significant factor in the July decrease. A decline in the index for gasoline also contributed to the decrease in intermediate energy goods prices.

Intermediate foods: Prices for intermediate foods and feeds climbed 1.4 percent in July, the largest advance since a 1.4-percent increase in August 2011. More than half of the July rise can be traced to the index for prepared animal feeds, which moved up 3.1 percent.

Crude goods

The Producer Price Index for crude materials for further processing advanced 1.8 percent in July. For the 3-month period ended in July, prices for crude materials fell 5.0 percent after declining 6.2 percent from January to April. In July, the monthly increase in the crude goods index was mostly attributable to prices for crude foodstuffs and feedstuffs, which jumped 5.2 percent. Also contributing to the July increase, prices for crude energy materials climbed 0.6 percent. By contrast, the index for crude nonfood materials less energy fell 1.1 percent. (See table B.)

Crude foods: Prices for crude foodstuffs and feedstuffs increased 5.2 percent in July. From April to July, the index for crude foods advanced 1.2 percent subsequent to a 0.5-percent decline for the 3 months ended in April. In July, the monthly rise was mostly the result of a 27.8-percent jump in the grains index. Higher prices for hay, hayseeds, and oilseeds and for raw milk also contributed to the advance in the crude foods index. (See table 2.)

Crude energy: The index for crude energy materials rose 0.6 percent in July. For the 3 months ended in July, prices for crude energy materials declined 9.3 percent compared with a 14.2-

percent drop from January to April. The monthly increase in July was mostly attributable to a 12.3-percent advance in prices for natural gas. Additionally, the index for coal rose 0.8 percent.

Crude core: Prices for crude nonfood materials less energy declined 1.1 percent in July. From April to July, the crude core index fell 6.4 percent following a 1.6-percent decrease in the prior 3-month period. A 9.0-percent decline in prices for iron and steel scrap was a major contributor to the monthly decrease in July.

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.)
2011								
July	0.8	0.9	0.3	11.5	-0.1	-1.2	1.3	23.1
Aug.	1.4	-2.3	-0.1	10.3	3.4	-6.1	0.6	18.6
Sept.	0.7	2.3	0.0	10.4	-0.7	5.1	0.0	20.0
Oct.	-1.1	-2.2	-0.6	8.0	-1.9	-0.1	-4.3	12.8
Nov.	-0.1	0.5	-0.4	7.2	1.2	4.4	-2.0	14.4
Dec.	-0.8	0.8	-0.6	5.7	-2.9	1.6	-0.6	6.6
2012								
Jan.	-0.1	-0.9	0.4	4.3	1.9	-0.6	2.3	4.3
Feb.	-0.2	0.8	0.7	3.3	0.2	1.8	-0.3	1.0
Mar.(1)	0.6	1.3	0.7	2.9	2.7	-9.0	0.4	0.2
Apr.(1)	0.3	-2.8	0.3	1.1	-3.3	-7.4	-1.7	-7.3
May	0.0	-3.3	-0.2	-0.6	-2.3	-5.0	-1.3	-7.7
June	1.0	-0.2	-0.7	-1.3	-1.6	-5.1	-4.0	-11.4
July	1.4	-1.6	-0.9	-2.6	5.2	0.6	-1.1	-9.6

Footnotes

(1) Some of the figures shown above and elsewhere in this release may differ from those previously reported because data for March 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 edged down 0.1 percent in July, the first decline since a 0.3-percent decrease in December 2011. (Trade indexes measure changes in margins received by wholesalers and retailers.) Leading the July decline, margins received by clothing and clothing accessories stores fell 6.4 percent. Lower margins received by gasoline stations and grocery stores also were major factors in the decrease in the total trade industries index.

Transportation and warehousing industries: The Producer Price Index for the net output of transportation and warehousing industries moved down 0.4 percent in July following a 0.2-percent decline in June. About sixty percent of the July decrease can be traced to a 1.3-percent drop in prices received by the scheduled air transportation industry group. Lower prices received by the industry for couriers and express delivery services and by line-haul railroads also contributed to the decline in the index for transportation and warehousing industries.

Traditional service industries: The Producer Price Index for the net output of total traditional service industries was unchanged in July after inching up 0.1 percent in June. In July, higher prices received by the industry group for securities, commodity contracts, and related financial investment services and by the passenger car rental industry offset falling prices received by the

industry group for depository credit intermediation and the software publishing industry.

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

Resampling of Industries

Effective with the release of data for July 2012, the Producer Price Index (PPI) includes data for 34 resampled industries classified according to the North American Industry Classification System (NAICS). The Bureau of Labor Statistics periodically updates the sample of producers providing data for the PPI to reflect current conditions more accurately when the structure, membership, technology, or product mix of an industry shifts. The first results of this systematic process were published in July 1986. Subsequent efforts have been completed at 6-month intervals.

Industries selected for resampling in July 2012 are noted below. For information on specific index additions, deletions, and recodes that are effective with this semiannual update, see the July 2012 issue of the PPI Detailed Report online at <http://www.bls.gov/ppi/ppidr201207.pdf>, or contact the PPI Section of Index Analysis and Public Information at ppi-info@bls.gov or (202) 691-7705.

NAICS Code	Industry
213112	Support activities for oil and gas operations
311224	Oilseed processing
311340	Nonchocolate confectionery manufacturing
311352	Confectionery manufacturing from purchased chocolate
312140	Distilleries
314994	Rope, cordage, twine, tire cord, and tire fabric mills
321113	Sawmills
325211	Plastics material and resins manufacturing
325520	Adhesive manufacturing
326121	Unlaminated plastics profile shape manufacturing
326130	Laminated plastics plate, sheet (except packaging), and shape manufacturing
327110	Pottery, ceramics and plumbing fixture manufacturing
327212	Other pressed and blown glass and glassware manufacturing
331315	Aluminum sheet, plate, and foil manufacturing
331491	Nonferrous metal (except copper and aluminum) rolling, drawing, and extruding
331511	Iron foundries
331512	Steel investment foundries
333243	Sawmill, woodworking, and paper machinery manufacturing
333921	Elevator and moving stairway manufacturing
335121	Residential electric lighting fixture manufacturing
335313	Switchgear and switchboard apparatus manufacturing
336310	Motor vehicle gasoline engine and engine parts manufacturing
336330	Motor vehicle steering and suspension parts manufacturing
336340	Motor vehicle brake system manufacturing
336350	Motor vehicle power train components manufacturing
337122	Nonupholstered wood household furniture manufacturing
339112	Surgical and medical instrument manufacturing
339113	Surgical appliance and supplies manufacturing
339995	Burial casket manufacturing
442110	Furniture stores
442210	Floor covering stores
445200	Specialty food stores
541610	Management consulting services
623110	Nursing care facilities

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U.S. Bureau of Labor Statistics | Producer Price Index, PSB Suite 3840, 2 Massachusetts Avenue, NE Washington, DC 20212-0001

www.bls.gov/PPI | Telephone: 1-202-691-7705 | [Contact PPI](#)