



Economic News Release

Producer Price Index News Release text

Transmission of material in this release is embargoed until
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PRODUCER PRICE INDEXES - AUGUST 2012

The Producer Price Index for finished goods rose 1.7 percent in August, seasonally adjusted, the U.S. Bureau of Labor Statistics reported today. This increase followed advances of 0.3 percent in July and 0.1 percent in June, and marks the largest monthly rise since a 1.9-percent increase in June 2009. At the earlier stages of processing, prices received by manufacturers of intermediate goods moved up 1.1 percent in August, and the crude goods index rose 5.8 percent. On an unadjusted basis, prices for finished goods climbed 2.0 percent for the 12 months ended August 2012, the largest advance since a 2.8-percent increase for the 12 months ended March 2012. (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							
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.	-0.2	0.1	-1.2	0.2	2.8	0.8	-2.7
Apr.(1)	-0.3	-0.1	-1.4	0.1	1.8	-0.6	-4.5
May(1)	-0.9	-0.4	-4.1	0.2	0.7	-0.7	-3.1
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
Aug.	1.7	0.9	6.4	0.2	2.0	1.1	5.8

Footnotes

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

Stage-of-Processing Analysis

Finished goods

In August, over eighty percent of the broad-based rise in finished goods prices is attributable to the index for finished energy goods, which jumped 6.4 percent. Also contributing to the increase in finished goods prices, the index for finished consumer foods climbed 0.9 percent, and prices for finished goods less foods and energy advanced 0.2 percent.

Finished energy: The index for finished energy goods moved up 6.4 percent in August, the largest advance since a 6.7-percent jump in August 2009. Most of the rise in August 2012 can be traced to a 13.6-percent surge in gasoline prices. The indexes for home heating oil and liquefied petroleum gas also were factors in the advance in prices for finished energy goods. (See table 2.)

Finished foods: The index for finished consumer foods climbed 0.9 percent in August, the largest rise since a 1.0-percent increase in November 2011. About one-third of the August advance is attributable to prices for dairy products, which jumped 3.0 percent. Higher prices for eggs for fresh use also were a major factor in the rise in the finished consumer foods index.

Finished core: The index for finished goods less foods and energy moved up 0.2 percent in August after increasing 0.4 percent in July. Over thirty percent of the August rise can be traced to a 0.5-percent advance in prices for pharmaceutical preparations.

Intermediate goods

The Producer Price Index for intermediate materials, supplies, and components moved up 1.1 percent in August following four consecutive declines. Most of this increase can be attributed to higher prices for intermediate energy goods, which climbed 4.4 percent. The index for intermediate foods and feeds rose 2.4 percent. By contrast, prices for intermediate materials less foods and energy moved down 0.2 percent. On a 12-month basis, the index for intermediate goods declined 1.1 percent, the fourth straight month of year-over-year decreases. (See table B.)

Intermediate energy: The index for intermediate energy goods moved up 4.4 percent in August after four straight declines. A major factor in this increase was a 4.9-percent rise in the diesel fuel index. Higher prices for gasoline and jet fuel also contributed significantly to the advance in the intermediate energy goods index. (See table 2.)

Intermediate foods: Prices for intermediate foods and feeds rose 2.4 percent in August, the third consecutive increase. About three-quarters of the August advance can be traced to the index for prepared animal feeds, which moved up 6.6 percent. An increase in prices for processed eggs also contributed to the rise in the intermediate foods index.

Intermediate core: Prices for intermediate goods less foods and energy edged down 0.2 percent in August, the fourth straight decline. Nearly half of the August decrease can be attributed to the index for hot rolled steel sheet and strip, which fell 8.3 percent.

Crude goods

The Producer Price Index for crude materials for further processing jumped 5.8 percent in August. For the 3-month period ended in August, prices for crude materials advanced 3.8 percent after dropping 10.0 percent from February to May. In August, the monthly increase in the crude goods index was broad based and led by prices for crude energy materials, which surged 9.7 percent. The indexes for crude foodstuffs and feedstuffs and for crude nonfood materials less energy rose 4.6 percent and 2.2 percent, respectively. (See table B.)

Crude energy: Prices for crude energy materials increased 9.7 percent in August. From May to August the index for crude energy goods moved up 4.7 percent subsequent to a 19.9-percent drop for the 3 months ended in May. The monthly advance in August was mostly attributable to crude petroleum prices, which rose 12.8 percent. The indexes for natural gas and coal also contributed to higher crude energy goods prices. (See table 2.)

Crude foods: The index for crude foodstuffs and feedstuffs moved up 4.6 percent in August. For the 3 months ended in August, prices for crude foods jumped 8.3 percent compared with a 3.0-percent decline from February to May. Forty percent of the monthly advance in the crude foods index can be traced to prices for grains, which rose 6.1 percent. Higher prices for slaughter steers and heifers also contributed to the increase in the crude foods index.

Crude core: Prices for crude nonfood materials less energy advanced 2.2 percent in August. From May to August the crude core index decreased 3.0 percent following a 2.6-percent decline in the prior 3-month period. In August, a 9.6-percent rise in prices for carbon steel scrap accounted for most of the monthly increase in the crude core index.

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
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	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								
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.	0.6	1.3	0.7	2.9	2.7	-9.0	0.4	0.2
Apr.(1)	0.3	-3.0	0.2	1.0	-3.5	-7.1	-1.8	-7.4
May(1)	-0.1	-3.1	-0.1	-0.6	-2.2	-5.3	-1.2	-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
Aug.	2.4	4.4	-0.2	-1.1	4.6	9.7	2.2	-3.5
Footnotes								
(1) Some of the figures shown above and elsewhere in this release may differ from those previously reported because data for April 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 declined 1.3 percent in August, the largest decrease since a 1.4-percent drop in June 2010. (Trade indexes measure changes in margins received by wholesalers and retailers.) Leading the August decline, margins received by merchant wholesalers of durable goods moved down 1.7 percent. Lower margins received by gasoline stations and department stores also contributed to 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 up 0.4 percent in August following a 0.4-percent decline in July. Over half of this advance can be attributed to a 1.3-percent rise in prices received by the scheduled passenger air transportation industry. Higher prices received by the truck transportation industry group and by the general warehousing and storage industry also were factors in the increase in the transportation and warehousing industries index.

Traditional service industries: The Producer Price Index for the net output of total traditional service industries advanced 0.6 percent in August after no change in the prior month. Leading this rise, prices received by the industry group for hospitals climbed 1.6 percent. Higher prices received by the industry groups for depository credit intermediation and for securities, commodity contracts, and related financial investment services also contributed to the increase in the total traditional service industries index.

The Producer Price Index for September 2012 is scheduled to be released on Friday, October 12, 2012 at 8:30 a.m. (EDT).

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