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PRODUCER PRICE INDEXES – JANUARY 2014

The Producer Price Index for final demand increased 0.2 percent in January, seasonally adjusted, the U.S. Bureau of Labor Statistics reported today. This advance followed a 0.1-percent rise in December and no change in November. On an unadjusted basis, the index for final demand moved up 1.2 percent for the 12 months ended in January, the largest 12-month advance since a 1.2-percent increase in October 2013. (See table A.)

In January, the 0.2-percent advance in prices for final demand can be primarily traced to the index for final demand goods, which rose 0.4 percent. Prices for final demand services inched up 0.1 percent.

Within intermediate demand, the index for processed goods increased 0.6 percent in January, prices for unprocessed goods moved up 0.9 percent, and the index for services was unchanged. (See tables B and C.)

Chart 1. One-month percent changes in selected PPI final demand price indexes, seasonally adjusted

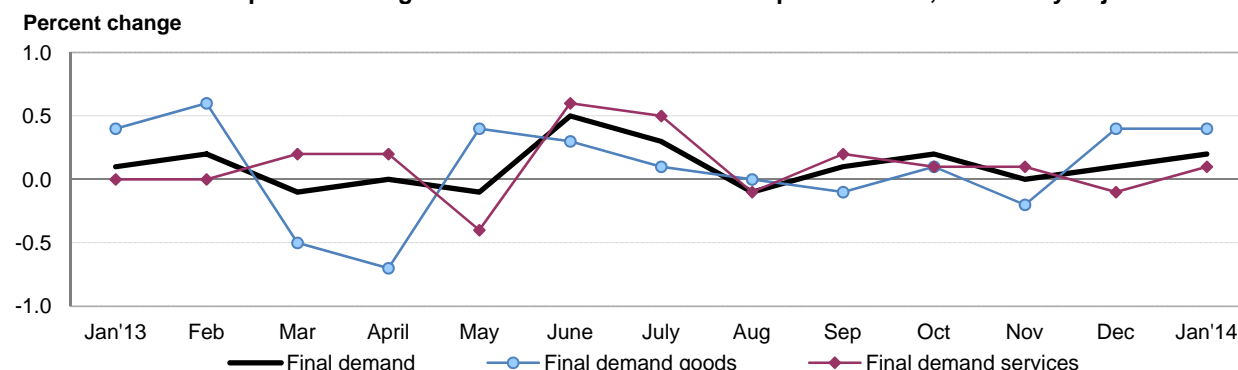


Chart 2. Twelve-month percent changes in selected PPI final demand price indexes, not seasonally adjusted

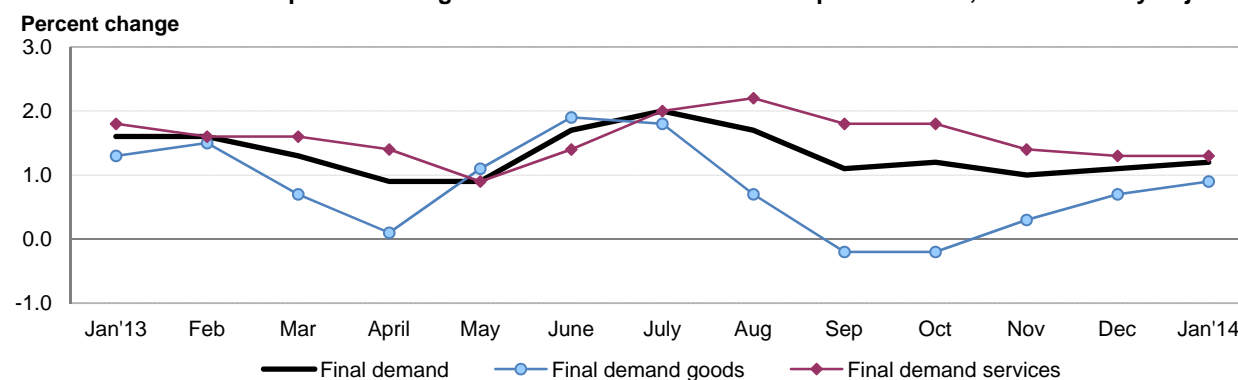


Table A. Monthly and 12-month percent changes in selected final demand price indexes, seasonally adjusted

Month	Total final demand	Final demand goods				Final demand services				Change in final demand from 12 months ago (unadj.)
		Total	Foods	Energy	Less foods and energy	Total	Trade	Transportation and warehousing	Other	
2013										
Jan.....	0.1	0.4	0.6	0.3	0.2	0.0	-0.4	0.0	0.2	1.6
Feb.....	0.2	0.6	-0.8	2.9	0.3	0.0	-0.4	-0.1	0.3	1.6
Mar.....	-0.1	-0.5	0.9	-3.8	0.1	0.2	0.2	-0.1	0.1	1.3
Apr.....	0.0	-0.7	-1.3	-2.4	0.0	0.2	0.6	-0.7	0.3	0.9
May.....	-0.1	0.4	1.1	1.2	0.1	-0.4	-1.4	0.1	0.1	0.9
June.....	0.5	0.3	-0.3	1.5	0.1	0.6	1.0	0.8	0.3	1.7
July.....	0.3	0.1	0.3	-0.1	0.0	0.5	1.0	0.7	0.0	2.0
Aug.....	-0.1	0.0	-0.6	0.7	0.0	-0.1	-0.6	0.1	0.2	1.7
Sept.....	0.1	-0.1	-0.7	0.2	0.0	0.2	0.4	-0.1	0.1	1.1
Oct.....	0.2	0.1	0.3	-0.3	0.1	0.1	0.4	0.2	0.1	1.2
Nov.....	0.0	-0.2	-0.3	-0.6	0.0	0.1	0.1	-0.4	0.1	1.0
Dec.....	0.1	0.4	-0.4	1.5	0.3	-0.1	-0.8	1.2	0.2	1.1
2014										
Jan.....	0.2	0.4	1.0	0.3	0.4	0.1	0.1	-1.1	0.1	1.2

NOTE: Some of the percent changes shown here and elsewhere in this release may differ from those previously reported because seasonal adjustment factors have been recalculated to reflect developments during 2013. In addition, indexes for September 2013 have been recalculated to incorporate late reports and corrections by respondents. All indexes are subject to revision 4 months after original publication.

Final Demand

(Final demand includes goods, services, and construction which are sold for personal consumption, capital investment, government purchases, and export. See table 4 for product detail.)

Final demand goods: The index for final demand goods advanced 0.4 percent in January, the same as in December. Leading the broad-based increase in January, prices for final demand goods less foods and energy rose 0.4 percent. The indexes for final demand foods and final demand energy moved up 1.0 percent and 0.3 percent, respectively.

Product detail: Accounting for nearly a quarter of the January rise in the index for final demand goods, prices for pharmaceutical preparations advanced 2.7 percent. The indexes for dairy products, residential electric power, utility natural gas, beef and veal, and unprocessed finfish also moved up. In contrast, the gasoline index fell 1.3 percent. Prices for diesel fuel and integrated microcircuits also decreased. (See table 4.)

Final demand services: The index for final demand services inched up 0.1 percent in January following a 0.1-percent decline in December. In January, the indexes for both final demand services less trade, transportation, and warehousing and for final demand trade services moved up 0.1 percent. (Trade indexes measure changes in margins received by wholesalers and retailers.) Conversely, prices for final demand transportation and warehousing services fell 1.1 percent.

Product detail: A major factor in the increase in the index for final demand services was prices for loan services (partial), which climbed 2.1 percent. The indexes for apparel, jewelry, footwear, and accessories retailing; traveler accommodation services; hospital outpatient care; and securities brokerage, dealing, and investment advice also advanced. In contrast, prices for airline passenger services fell 4.3 percent. The indexes for services related to securities brokerage and dealing; food and alcohol retailing; and health, beauty, and optical goods retailing also declined.

Special grouping, Final demand less foods, energy, and trade: Prices for final demand less foods, energy, and trade services inched up 0.1 percent in January after a 0.3-percent rise in the previous month. (The index for final demand less foods, energy, and trade services represents about two-thirds of final demand.)

Special grouping, Finished goods: Prices for finished goods increased 0.6 percent in January. (The finished goods index represents about two-thirds of final demand goods, through the exclusion of the weight for government purchases and exports. The finished goods index represents about one-quarter of overall final demand.) In January, nearly half of the broad-based advance can be traced to the index for finished goods less foods and energy, which climbed 0.5 percent. Prices for finished consumer foods and finished consumer energy goods increased 1.1 percent and 0.4 percent, respectively. Within finished goods, higher prices for pharmaceutical preparations, residential electric power, dairy products, and residential natural gas outweighed lower prices for gasoline, soft drinks, and wine and brandy spirits.

Intermediate Demand

(Intermediate demand includes goods, services, and maintenance and repair construction sold to businesses, excluding capital investment. BLS publishes two parallel treatments of intermediate demand, each constructed from the identical set of commodity price indexes. The first treatment organizes commodities according to commodity type, and the second organizes commodities using a stage-based, production flow model. See the technical note for more information.)

Intermediate Demand by Commodity Type

Processed goods for intermediate demand: The index for processed goods for intermediate demand moved up 0.6 percent in January, the largest advance since a 1.0-percent rise in February 2013. The broad-based increase was led by the index for processed energy goods, which rose 1.4 percent. Prices for processed materials less foods and energy and for processed foods and feeds increased 0.3 percent and 1.7 percent, respectively. For the 12 months ended in January, the index for processed goods for intermediate demand edged up 0.3 percent, the first 12-month increase since August 2013. (See table B.)

Product detail: In January, a 2.8-percent jump in prices for electric power accounted for nearly one-third of the increase in the index for processed goods for intermediate demand. Prices also advanced for utility natural gas, dairy products, drugs and pharmaceuticals, prepared animal feeds, and primary basic organic chemicals. Conversely, the index for diesel fuel declined 1.8 percent. Prices for paper boxes and containers and for confectionery materials also decreased in January. (See table 5.)

Table B. Monthly and 12-month percent changes in selected intermediate demand price indexes for goods by commodity type, seasonally adjusted

Month	Processed goods for intermediate demand					Unprocessed goods for intermediate demand				
	Total	Foods and feeds	Energy goods	Less foods and energy	Total, change from 12 months ago (unadj.)	Total	Food-stuffs and feed-stuffs	Energy materials	Nonfood materials less energy	Total, change from 12 months ago (unadj.)
2013										
Jan.....	0.3	-1.1	-0.2	0.7	0.6	-0.4	0.3	-0.8	-1.2	0.5
Feb.....	1.0	0.0	2.9	0.6	1.3	-0.7	-2.1	0.7	-0.7	0.4
Mar.....	-1.1	0.3	-4.6	-0.1	-0.9	-0.5	1.4	-3.2	0.8	0.0
Apr.....	-0.6	-1.0	-2.0	-0.2	-1.1	-0.3	-1.9	3.1	-2.4	3.0
May.....	0.1	1.2	0.5	-0.2	-0.2	2.0	1.9	4.5	-1.7	7.5
June.....	0.3	0.1	1.0	0.0	0.8	-0.6	-1.3	0.0	-0.8	10.7
July.....	0.0	1.6	0.3	-0.2	1.3	0.2	-0.7	0.9	-0.1	8.5
Aug.....	0.0	-2.3	0.6	0.2	0.4	-1.4	-3.4	-0.5	0.0	1.9
Sept.....	0.1	0.5	0.3	-0.1	-0.6	-0.1	-0.7	1.0	-1.2	0.5
Oct.....	-0.1	-1.7	-0.2	0.1	-0.8	-0.5	1.0	-1.8	-0.5	-0.5
Nov.....	-0.4	-1.2	-1.0	-0.1	-0.5	-2.0	-0.6	-4.9	1.2	-3.3
Dec.....	0.5	0.4	1.4	0.2	0.0	2.3	-0.5	5.8	0.6	-2.1
2014										
Jan.....	0.6	1.7	1.4	0.3	0.3	0.9	3.5	-1.5	1.4	-0.9

NOTE: Some of the percent changes shown here and elsewhere in this release may differ from those previously reported because seasonal adjustment factors have been recalculated to reflect developments during 2013. In addition, indexes for September 2013 have been recalculated to incorporate late reports and corrections by respondents. All indexes are subject to revision 4 months after original publication.

Unprocessed goods for intermediate demand: The index for unprocessed goods for intermediate demand increased 0.9 percent in January following a 2.3-percent jump in December. Leading the January increase, prices for unprocessed foodstuffs and feedstuffs climbed 3.5 percent. The index for unprocessed nonfood materials less energy moved up 1.4 percent. In contrast, prices for unprocessed energy materials fell 1.5 percent. For the 12 months ended in January, the index for unprocessed goods for intermediate demand fell 0.9 percent, the fourth consecutive 12-month decline.

Product detail: A major factor in the January increase in prices for unprocessed goods for intermediate demand was the index for slaughter steers and heifers, which surged 8.8 percent. Prices for natural gas, raw milk, iron and steel scrap, unprocessed finfish, and copper ores also rose in January. Conversely, the index for crude petroleum fell 7.6 percent. Prices for corn and oilseeds also moved down in January.

Services for intermediate demand: The index for services for intermediate demand was unchanged in January after edging up 0.1 percent in December. Prices for services less trade, transportation, and warehousing for intermediate demand rose 0.3 percent in January. In contrast, the indexes for trade services and for transportation and warehousing services for intermediate demand both declined 0.3 percent. For the 12 months ended in January, the index for services for intermediate demand advanced 0.9 percent. (See table C.)