



Economic News Release

Producer Price Index News Release text

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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 - FEBRUARY 2014

The Producer Price Index for final demand fell 0.1 percent in February, seasonally adjusted, the U.S. Bureau of Labor Statistics reported today. This decline followed advances of 0.2 percent in January and 0.1 percent in December. On an unadjusted basis, the index for final demand moved up 0.9 percent for the 12 months ended in February, the smallest 12-month rise since a 0.9-percent increase in May 2013. (See table A.)

In February, the 0.1-percent decrease in final demand prices can be traced to the index for final demand services, which fell 0.3 percent. In contrast, prices for final demand goods advanced 0.4 percent.

Within intermediate demand, the index for processed goods climbed 0.7 percent, prices for unprocessed goods jumped 5.7 percent, and the index for services rose 0.2 percent. (See tables B and C.)

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										
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.(1)	0.3	0.1	0.3	0.0	0.0	0.3	0.2	0.3	0.3	1.3
Nov.(1)	-0.1	-0.2	-0.3	-0.9	0.1	-0.1	0.3	-0.5	-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
Feb.	-0.1	0.4	0.6	0.5	0.2	-0.3	-1.0	-0.2	0.1	0.9

Footnotes

(1) Some of the figures shown above and elsewhere in this release may differ from those previously reported because data for October 2013 have been revised to reflect the availability of late reports and corrections by respondents.

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 services: The index for final demand services moved down 0.3 percent in February, the largest decrease since a 0.4-percent decline in May 2013. Most of the February drop can be traced to margins for final demand trade services, which fell 1.0 percent. (Trade indexes measure changes in margins received by wholesalers and retailers.) Prices for final demand transportation and warehousing services declined 0.2 percent. Conversely, the index for final demand services less trade, transportation, and warehousing inched up 0.1 percent in February.

Product detail: Over 80 percent of the February decrease in the index for final demand services can be attributed to margins for apparel, footwear, and accessories retailing, which fell 9.3 percent. The indexes for airline passenger services; machinery, equipment, and related parts and supplies wholesaling; food and alcohol retailing; automotive fuels and lubricants retailing; and brokerage compensation for residential property transactions also declined. In contrast, the indexes for both inpatient and outpatient hospital care; health, beauty care, and optical goods retailing; and the U.S. Postal Service moved higher in February. (See table 4.)

Final demand goods: Prices for final demand goods climbed 0.4 percent in February, the same rate of advance as in each of the prior two months. Leading the broad-based increase in February, the index for final demand goods less foods and energy rose 0.2 percent. Prices for final demand foods and final demand energy also moved higher, 0.6 percent and 0.5 percent, respectively.

Product detail: A major factor in the February advance in the index for final demand goods was prices for pharmaceutical preparations, which rose 0.9 percent. The indexes for dairy products, residential natural gas, liquefied petroleum gas, soft drinks, and eggs for fresh use also increased. Conversely, gasoline prices fell 1.1 percent in February. The indexes for processed poultry and for soaps and detergents also decreased.

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 February following advances of 0.1 percent in January and 0.3 percent in December. (The index for final demand less foods, energy, and trade services represents about two-thirds of final demand.)

Special grouping, Finished goods: The index for finished goods increased 0.4 percent in February. (The finished goods index, which excludes the weight for government purchases and exports, represents about two-thirds of final demand goods. The finished goods index represents about one-quarter of overall final demand.) In February, the broad-based advance was led by the index for finished consumer foods, which climbed 0.7 percent. Prices for finished consumer energy goods and for finished goods less foods and energy increased 0.5 percent and 0.1 percent, respectively. Within finished goods, higher prices for dairy products, residential natural gas, liquefied petroleum gas, pharmaceutical preparations, soft drinks, and eggs for fresh use outweighed lower prices for gasoline, processed poultry, and soaps and detergents.

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 0.7 percent in February, the largest advance since a 1.0-percent increase in

February 2013. The broad-based rise in February 2014 was led by the index for processed materials less foods and energy, which climbed 0.6 percent. Prices for processed energy goods and for processed foods and feeds increased 1.0 percent and 1.1 percent, respectively. For the 12 months ended in February, the index for processed goods for intermediate demand was unchanged. (See table B.)

Product detail: In February, a 4.8-percent advance in prices for primary basic organic chemicals accounted for almost a quarter of the increase in the index for processed goods for intermediate demand. Prices also rose for utility natural gas, diesel fuel, dairy products, plastic resins and materials, and liquefied petroleum gas. In contrast, the index for processed poultry declined 3.4 percent. Prices for gasoline and for structural, architectural, and pre-engineered metal products also decreased in February. (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	Foodstuffs and feedstuffs	Energy materials	Nonfood materials less energy	Total, change from 12 months ago (unadj.)
2013										
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.(1)	-0.1	-1.8	0.0	0.1	-0.8	-0.5	1.1	-1.8	-0.6	-0.5
Nov.(1)	-0.4	-1.2	-1.3	-0.1	-0.5	-2.0	-0.7	-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
Feb.	0.7	1.1	1.0	0.6	0.0	5.7	0.5	14.7	-0.7	5.4

Footnotes

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Unprocessed goods for intermediate demand: The index for unprocessed goods for intermediate demand jumped 5.7 percent in February, the largest advance since an 8.1-percent increase in January 2010. Leading the February rise, prices for unprocessed energy materials surged 14.7 percent. The index for unprocessed foodstuffs and feedstuffs moved up 0.5 percent. Conversely, prices for unprocessed nonfood materials less energy declined 0.7 percent. For the 12 months ended in February, the index for unprocessed goods for intermediate demand rose 5.4 percent, the largest 12-month increase since an 8.5-percent advance in July 2013.

Product detail: A 31.5-percent jump in the index for natural gas accounted for almost 60 percent of the increase in prices for unprocessed goods for intermediate demand. The indexes for crude petroleum, raw milk, grains, ungraded chicken eggs, and gold ores also advanced in February. In contrast, prices for copper base scrap fell 3.9 percent. The indexes for slaughter poultry and for prepared bituminous coal and lignite also moved down in February.

Services for intermediate demand: The index for services for intermediate demand moved up

0.2 percent in February following no change in January. Prices for transportation and warehousing services for intermediate demand increased 1.0 percent. Conversely, the index for trade services for intermediate demand edged down 0.1 percent. Prices for services less trade, transportation, and warehousing for intermediate demand were unchanged. For the 12 months ended in February, the index for services for intermediate demand advanced 1.2 percent. (See table C.)

Product detail: Leading the February advance in the index for services for intermediate demand, prices for courier, messenger, and U.S. postal services rose 1.8 percent. The indexes for chemicals and allied products wholesaling; staffing services; building materials, paint, and hardware wholesaling; legal services; and services related to securities brokerage and dealing also increased. In contrast, margins for parts and supplies for machinery and equipment wholesaling fell 0.6 percent. The indexes for loan services (partial) and transportation of passengers (partial) also declined.

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

Month	Services for intermediate demand				
	Total	Trade	Transportation and warehousing	Other	Total, change from 12 months ago (unadj.)
2013					
Feb.	-0.1	-1.4	0.6	0.2	2.0
Mar.	0.1	1.4	0.0	-0.4	2.2
Apr.	0.4	0.2	-0.1	0.7	2.4
May	-0.5	-2.1	-0.1	-0.1	1.7
June	0.4	0.4	0.3	0.3	2.2
July	0.1	0.6	0.4	0.0	1.9
Aug.	0.2	-0.3	0.3	0.3	2.1
Sept.	0.1	0.7	0.2	-0.1	1.8
Oct.(1)	0.2	-0.3	0.3	0.2	1.2
Nov.(1)	0.0	0.5	-0.1	-0.1	0.7
Dec.	0.1	-0.3	0.3	0.1	1.0
2014					
Jan.	0.0	-0.3	-0.3	0.3	0.9
Feb.	0.2	-0.1	1.0	0.0	1.2
Footnotes					
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Intermediate Demand by Production Flow

Stage 4 intermediate demand (The stage 4 intermediate demand index measures price changes for products purchased by industries that primarily produce output sold to final demand.): The index for stage 4 intermediate demand moved up 0.3 percent in February after a 0.2-percent rise a month earlier. In February, the index for total goods inputs to stage 4 intermediate demand rose 0.4 percent, and prices for total services inputs advanced 0.2 percent. (See table D.) Increases in the indexes for dairy products; courier, messenger, and U.S. postal services; diesel fuel; building materials, paint, and hardware wholesaling; staffing services; and ready-mix concrete outweighed decreases in prices for loan services (partial), unprocessed finfish, and gasoline. For the 12 months ended in February, the index for stage 4 intermediate demand advanced 0.7 percent. (See table 6.)

Stage 3 intermediate demand (The stage 3 intermediate demand index measures price changes for products purchased by industries that primarily produce output sold to industries classified in stage 4.): The index for stage 3 intermediate demand increased 0.6 percent in

February following a 1.0-percent jump in January. In February, prices for total goods inputs to stage 3 intermediate demand climbed 0.8 percent, and the index for total services inputs rose 0.4 percent. Higher prices for raw milk; natural gas; couriers, messenger, and U.S. postal services; plastic resins and materials; utility natural gas; and diesel fuel outweighed lower prices for slaughter poultry, unprocessed finfish, and loan services (partial). For the 12 months ended in February, the index for stage 3 intermediate demand rose 1.4 percent, the largest advance since a 2.0-percent increase for the 12 months ended July 2013.

Table D. Monthly percent changes in selected intermediate demand price indexes by production flow, seasonally adjusted

Month	Stage 4 intermediate demand			Stage 3 intermediate demand			Stage 2 intermediate demand			Stage 1 intermediate demand		
	Total	Goods inputs	Services inputs	Total	Goods inputs	Services inputs	Total	Goods inputs	Services inputs	Total	Goods inputs	Services inputs
2013												
Feb.	0.3	0.7	-0.2	0.4	0.5	0.5	0.3	0.7	-0.3	0.7	1.3	-0.1
Mar.	-0.4	-0.7	0.0	-0.6	-0.8	-0.4	-1.0	-1.9	0.3	-0.5	-1.4	0.7
Apr.	0.0	-0.5	0.5	0.1	-0.3	0.4	0.3	0.1	0.5	-0.8	-1.7	0.4
May	-0.2	0.1	-0.4	0.0	0.4	-0.4	0.5	1.7	-1.1	-0.3	-0.2	-0.2
June	0.3	0.2	0.3	0.2	0.0	0.4	0.2	0.1	0.4	0.2	0.3	0.1
July	0.2	0.1	0.2	-0.3	-0.3	-0.2	0.4	0.6	0.2	0.4	0.0	0.6
Aug.	0.1	0.1	0.3	0.1	-0.1	0.3	-0.4	-0.9	0.2	0.3	0.4	0.4
Sept.	0.0	0.0	0.0	0.1	0.1	0.1	0.3	0.3	0.3	-0.2	-0.3	-0.1
Oct.(1)	0.2	0.0	0.3	0.2	0.4	-0.1	-0.9	-1.4	-0.2	-0.1	-0.4	0.5
Nov.(1)	-0.2	-0.3	0.0	-0.1	-0.3	0.0	-1.5	-2.7	0.1	0.3	0.3	0.2
Dec.	0.3	0.4	0.2	0.1	0.3	0.0	1.5	2.9	-0.2	0.4	0.7	0.2
2014												
Jan.	0.2	0.4	-0.1	1.0	1.5	0.3	0.1	-0.1	0.4	1.0	1.8	-0.2
Feb.	0.3	0.4	0.2	0.6	0.8	0.4	4.2	7.0	0.2	0.4	0.7	0.2

Footnotes

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Stage 2 intermediate demand (The stage 2 intermediate demand index measures price changes for products purchased by industries that primarily produce output sold to industries classified in stage 3.): The index for stage 2 intermediate demand jumped 4.2 percent in February, the largest increase since a 4.6-percent rise in January 2010. In February, prices for total goods inputs to stage 2 intermediate demand climbed 7.0 percent, and the index for total services inputs moved up 0.2 percent. Advances in the indexes for gas fuels, crude petroleum, primary basic organic chemicals, chemicals and allied products wholesaling, grains, and plastic resins and materials outweighed falling prices for loan services (partial), iron and steel scrap, and cellular phone and other wireless telecommunication services. For the 12 months ended in February, the index for stage 2 intermediate demand climbed 3.7 percent, the largest advance since a 5.6-percent increase for the 12 months ended July 2013.

Stage 1 intermediate demand (The stage 1 intermediate demand index measures price changes for products purchased by industries that primarily produce output sold to industries classified in stage 2.): The index for stage 1 intermediate demand rose 0.4 percent in February compared with a 1.0-percent jump in the prior month. In February, the index for total goods inputs to stage 1 intermediate demand advanced 0.7 percent, and prices for total services inputs moved up 0.2 percent. Increases in the indexes for primary basic organic chemicals, electric power, utility natural gas, chemicals and allied products wholesaling, gas fuels, and diesel fuel outweighed lower prices for iron and steel scrap, copper base scrap, and guestroom rental. For the 12 months ended in February, the index for stage 1 intermediate demand rose 1.2 percent.

The Producer Price Index for March 2014 is scheduled to be released on Friday, April 11,

2014 at 8:30 a.m. (EDT).

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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](#)