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PRODUCER PRICE INDEXES – MARCH 2014

The Producer Price Index for final demand advanced 0.5 percent in March, seasonally adjusted, the U.S. Bureau of Labor Statistics reported today. This increase followed a decline of 0.1 percent in February and a rise of 0.2 percent in January. On an unadjusted basis, the index for final demand moved up 1.4 percent for the 12 months ended in March, the largest 12-month advance since a 1.7-percent increase in August 2013. (See table A.)

In March, the 0.5-percent increase in final demand prices can be traced to the index for final demand services, which rose 0.7 percent. Prices for final demand goods were unchanged.

Within intermediate demand, the index for processed goods declined 0.2 percent, prices for unprocessed goods edged down 0.1 percent, and the index for services rose 0.4 percent. (See tables B and C.)

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

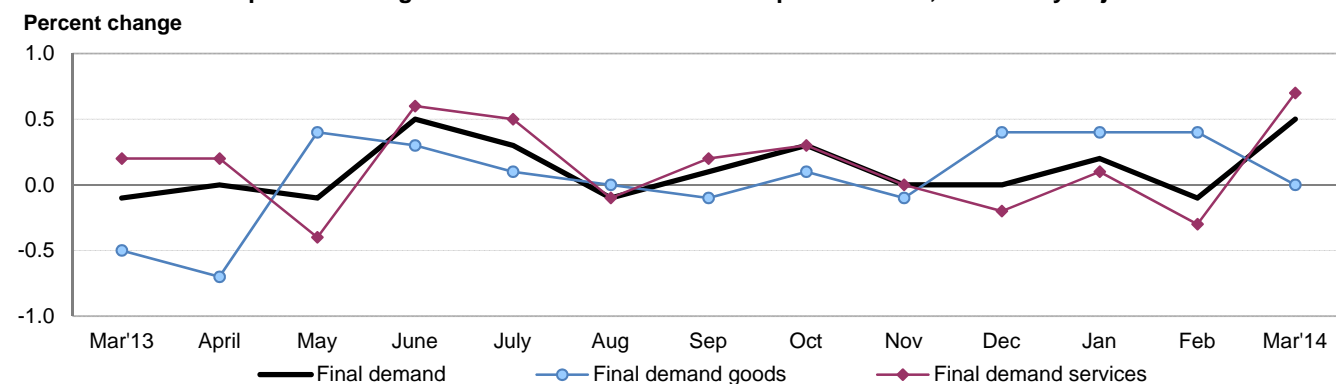


Chart 2. Twelve-month percent changes in selected PPI final demand price indexes, not seasonally adjusted

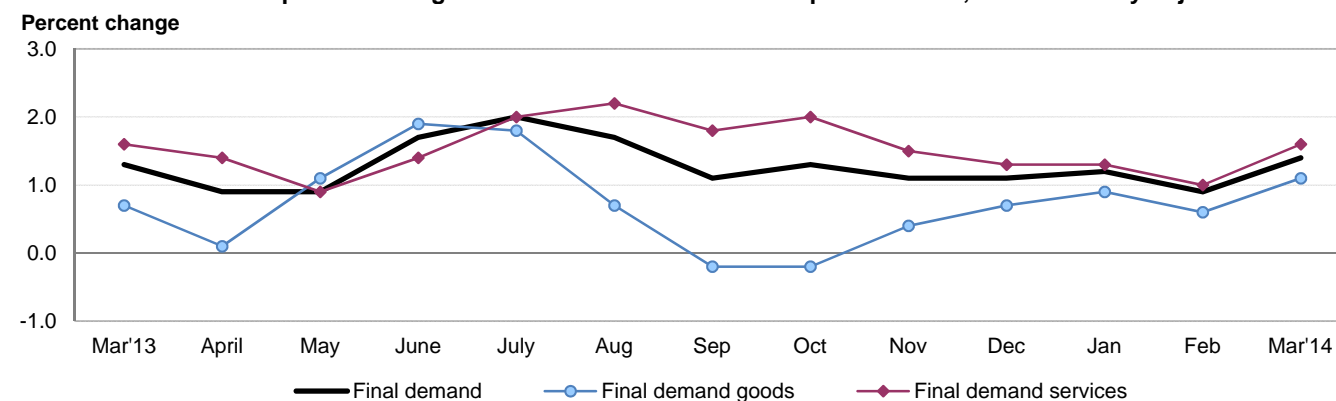


Table A. Monthly and 12-month percent changes in selected final demand price indexes, seasonally adjusted

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										
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.....	0.3	0.1	0.3	0.0	0.0	0.3	0.2	0.3	0.3	1.3
Nov. ¹	0.0	-0.1	-0.2	-0.6	0.1	0.0	0.2	-0.5	0.1	1.1
Dec. ¹	0.0	0.4	-0.5	1.3	0.3	-0.2	-0.7	1.2	0.0	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
Mar.....	0.5	0.0	1.1	-1.2	0.1	0.7	1.4	0.5	0.4	1.4

¹ Some of the figures shown above and elsewhere in this release may differ from those previously reported because data for November 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 rose 0.7 percent in March, the largest advance since a 0.8-percent jump in January 2010. In March, over 60 percent of the broad-based increase can be traced to margins for final demand trade services, which climbed 1.4 percent. (Trade indexes measure changes in margins received by wholesalers and retailers.) Prices for final demand services less trade, transportation, and warehousing increased 0.4 percent, and the index for final demand transportation and warehousing services rose 0.5 percent.

Product detail: In March, a 3.3-percent increase in margins for apparel, jewelry, footwear, and accessories retailing led the advance in prices for final demand services. The indexes for chemicals and allied products wholesaling; services related to securities brokerage and dealing; portfolio management; food wholesaling; and airline passenger services also increased. In contrast, prices for guestroom rental fell 2.4 percent. The indexes for automotive fuels and lubricants retailing and for loan services (partial) also moved lower in March. (See table 4.)

Final demand goods: Prices for final demand goods were unchanged in March after moving up 0.4 percent in each of the prior three months. In March, a 1.1-percent increase in the index for final demand foods and a 0.1-percent rise in prices for final demand goods less foods and energy offset a 1.2-percent decline in the index for final demand energy.

Product detail: In March, advances in the indexes for pork; residential natural gas; pharmaceutical preparations; sausage, deli, and boxed meats; and fluid milk products offset declines in prices for gasoline, diesel fuel, liquefied petroleum gas, primary basic organic chemicals, and fresh fruit and melons.

Special grouping, Final demand less foods, energy, and trade: Prices for final demand less foods, energy, and trade services rose 0.3 percent in March after edging up 0.1 percent in each of the prior two months. (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 edged down 0.1 percent in March, the first decrease since September 2013. (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.) The March decline was led by the index for finished consumer energy goods, which fell 1.0 percent. Conversely, prices for finished consumer foods and for finished goods less foods and energy increased 0.7 percent and 0.1 percent, respectively. Within finished goods, lower prices for gasoline, liquefied petroleum gas, diesel fuel, light motor trucks, and fresh fruits and melons outweighed higher prices for pork, residential natural gas, pharmaceutical preparations, and sausage, deli, and boxed meats.

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 fell 0.2 percent in March, the first decline since moving down 0.3 percent in November 2013. Leading the March decrease, prices for processed energy goods fell 1.2 percent. The index for processed materials less foods and energy declined 0.2 percent. In contrast, prices for processed foods and feeds rose 1.6 percent. For the 12 months ended in March, the index for processed goods for intermediate demand advanced 0.7 percent, the largest 12-month increase since a 1.3-percent rise in July 2013. (See table B.)

Product detail: In March, a 7.0-percent decrease in diesel fuel prices was a major factor in the decline in the index for processed goods for intermediate demand. The indexes for primary basic organic chemicals, gasoline, commercial electric power, liquefied petroleum gas, and jet fuel also fell. Conversely, prices for prepared animal feeds climbed 1.8 percent in March. The indexes for utility natural gas and ethanol also advanced. (See table 5.)