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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 – APRIL 2014

The Producer Price Index for final demand advanced 0.6 percent in April, seasonally adjusted, the U.S. Bureau of Labor Statistics reported today. This increase followed a rise of 0.5 percent in March and a decline of 0.1 percent in February. On an unadjusted basis, the index for final demand moved up 2.1 percent for the 12 months ended in April, the largest 12-month advance since a 2.4-percent increase in March 2012. (See table A.)

In April, the 0.6-percent increase in final demand prices can be traced to the indexes for final demand services and final demand goods, both of which also advanced 0.6 percent.

Within intermediate demand, the index for processed goods was unchanged, prices for unprocessed goods climbed 0.4 percent, and the index for services inched up 0.1 percent. (See tables B and C.)

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

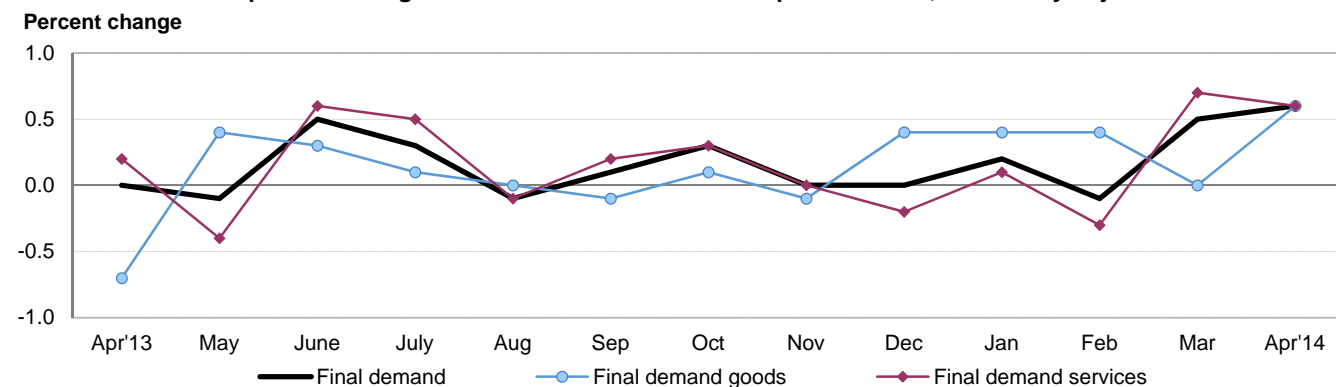


Chart 2. Twelve-month percent changes in selected PPI final demand price indexes, not seasonally adjusted

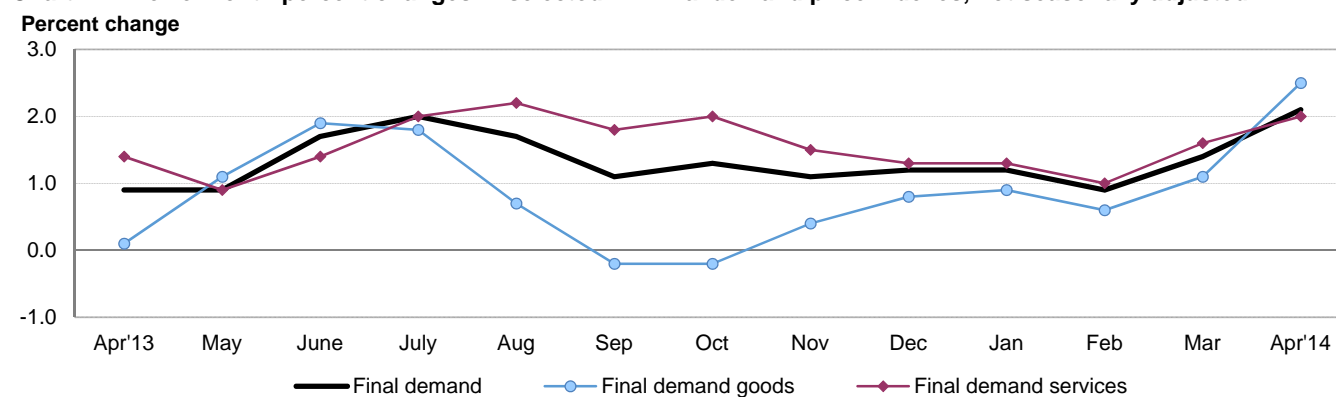


Table A. Monthly and 12-month percent changes in selected final demand price indexes, seasonally adjusted

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										
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.....	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	-0.2	1.2	0.4	-0.2	-1.0	1.6	0.1	1.2
2014										
Jan. ¹	0.2	0.4	0.7	0.4	0.3	0.1	0.4	-1.4	0.0	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
Apr.....	0.6	0.6	2.7	0.1	0.3	0.6	1.4	0.8	0.3	2.1

¹ Some of the figures shown above and elsewhere in this release may differ from those previously reported because data for December 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 0.6 percent in April following a 0.7-percent advance in March. In April, over two-thirds 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 0.3 percent, and the index for final demand transportation and warehousing services rose 0.8 percent.

Product detail: In April, a 2.7-percent increase in margins for machinery and equipment wholesaling led the advance in prices for final demand services. The indexes for apparel, footwear, and accessories retailing; food and alcohol retailing; airline passenger services; guestroom rental; and food and alcohol wholesaling also increased. In contrast, margins for chemicals and allied products wholesaling fell 4.2 percent. The indexes for services related to securities brokerage and dealing and for fuels and lubricants retailing also moved down in April. (See table 4.)

Final demand goods: Prices for final demand goods climbed 0.6 percent in April after no change in the prior month. Leading the broad-based increase, the index for final demand foods rose 2.7 percent. Prices for final demand goods less foods and energy and for final demand energy also moved higher, 0.3 percent and 0.1 percent, respectively.

Product detail: In April, an 8.4-percent jump in meat prices accounted for over one-third of the increase in the final demand goods index. Prices for gasoline, light motor trucks, residential electric power, processed poultry, and dairy products also advanced. Conversely, diesel fuel prices fell 4.2 percent. The indexes for basic inorganic chemicals and soft drinks also decreased in April.

Special grouping, Final demand less foods, energy, and trade: Prices for final demand less foods, energy, and trade services rose 0.3 percent in April, the same rate of advance as in March. (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 moved up 0.7 percent in April. (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 broad-based increase was led by the index for finished consumer foods, which advanced 2.4 percent. Prices for finished goods less foods and energy and for finished consumer energy goods rose 0.3 percent and 0.5 percent, respectively. Within finished goods, higher prices for meats, gasoline, light motor trucks, residential electric power, processed poultry, and eggs for fresh use outweighed lower prices for residential natural gas, passenger cars, and soft drinks.

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 was unchanged in April following a 0.2-percent decline in March. In April, a 2.6-percent increase in prices for processed foods and feeds and a 0.2-percent rise in the index for processed materials less foods and energy offset a 1.2-percent decline in prices for processed energy goods. For the 12 months ended in April, the index for processed goods for intermediate demand moved up 1.5 percent, the largest 12-month advance since climbing 2.9 percent in March 2012. (See table B.)

Product detail: In April, the index for processed eggs jumped 25.3 percent. Prices for ethanol, meats, gasoline, and commercial electric power also increased. Conversely, the index for jet fuel declined 5.3 percent. Prices for diesel fuel, primary basic organic chemicals, natural gas to electric utilities, and soybean cake and meal also fell. (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										
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	-1.8	0.0	0.1	-0.8	-0.5	1.1	-1.8	-0.6	-0.5
Nov.....	-0.3	-0.9	-0.9	-0.1	-0.4	-1.7	-0.6	-4.0	1.0	-3.0
Dec. ¹	0.4	0.7	1.2	0.1	0.1	2.2	-0.6	5.3	1.1	-1.9
2014										
Jan. ¹	0.5	1.1	1.3	0.3	0.3	0.6	3.5	-2.0	1.1	-0.9
Feb.....	0.7	1.1	1.0	0.6	0.0	5.7	0.5	14.7	-0.7	5.4
Mar.....	-0.2	1.6	-1.2	-0.2	0.7	-0.1	7.6	-6.8	0.5	5.8
Apr.....	0.0	2.6	-1.2	0.2	1.5	0.4	3.6	-3.3	0.9	6.5

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Unprocessed goods for intermediate demand: The index for unprocessed goods for intermediate demand rose 0.4 percent in April after edging down 0.1 percent a month earlier. Leading the advance, prices for unprocessed foodstuffs and feedstuffs moved up 3.6 percent. Also contributing, but to a lesser extent, the index for unprocessed nonfood materials less energy increased 0.9 percent. In contrast, prices for unprocessed energy materials declined 3.3 percent. For the 12 months ended in April, the index for unprocessed goods for intermediate demand moved up 6.5 percent, the largest 12-month advance since an 8.5-percent increase in July 2013.

Product detail: In April, a 9.4-percent jump in prices for slaughter chickens led the advance in the index for unprocessed goods for intermediate demand. The indexes for slaughter hogs, corn, soybeans, carbon steel scrap, and crude petroleum also moved up. Conversely, prices for natural gas declined 12.0 percent in April. The indexes for slaughter steers and heifers and for copper ores also decreased.

Services for intermediate demand: The index for services for intermediate demand moved up 0.1 percent in April, the fourth consecutive increase. The April rise is attributable to, in roughly equal proportions, a 0.1-percent advance in prices for services less trade, transportation, and warehousing for intermediate demand and a 0.3-percent increase in the index for transportation and warehousing services for intermediate demand. Margins for trade services for intermediate demand were unchanged. For the 12 months ended in April, prices for services for intermediate demand moved up 1.2 percent. (See table C.)

Product detail: Leading the April rise in the index for services for intermediate demand, prices for securities brokerage, dealing, and investment advice climbed 2.6 percent. The indexes for business loans (partial); building materials, paint, and hardware wholesaling; guestroom rental; and airline passenger services also advanced. In contrast, prices for services related to securities brokerage and dealing fell 7.6 percent in April. The indexes for chemicals and allied products wholesaling, machinery and equipment parts and supplies wholesaling, and portfolio management 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					
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.....	0.2	-0.3	0.3	0.2	1.2
Nov.....	0.2	0.8	0.0	0.1	0.9
Dec. ¹	-0.2	-0.5	0.5	-0.2	1.0
2014					
Jan. ¹	0.1	-0.3	-0.6	0.4	0.9
Feb.....	0.2	-0.1	1.0	0.0	1.2
Mar.....	0.4	0.5	0.2	0.4	1.6
Apr.....	0.1	0.0	0.3	0.1	1.2

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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 increased 0.2 percent in April, the fifth consecutive rise. In April, prices for total goods inputs to stage 4 intermediate demand advanced 0.2 percent, and the index for total services inputs edged up 0.1 percent. (See table D.) Increases in the indexes for meats; securities brokerage, dealing, and investment advice; gasoline; building materials, paint, and hardware wholesaling; business loans (partial); and food and alcohol wholesaling outweighed decreases in prices for services related to securities brokerage and dealing, jet fuel, and diesel fuel. For the 12 months ended in April, prices for stage 4 intermediate demand moved up 1.5 percent, the largest 12-month rise since climbing 1.7 percent in July 2013. (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 rose 0.4 percent in April, the fourth straight advance. In April, prices for total goods inputs to stage 3 intermediate demand jumped 0.7 percent, and the index for total services inputs moved up 0.2 percent. Higher prices for slaughter chickens, slaughter hogs, gasoline, ungraded chicken eggs, business loans (partial), and unprocessed finfish outweighed lower prices for diesel fuel, slaughter steers and heifers, and services related to securities brokerage and dealing. For the 12 months ended in April, the index for stage 3 intermediate demand climbed 3.2 percent, the largest rise since a 4.3-percent increase for the 12 months ended January 2012.

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	Ser-vices inputs	Total	Goods inputs	Ser-vices inputs	Total	Goods inputs	Ser-vices inputs	Total	Goods inputs	Ser-vices inputs
2013												
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.....	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.....	0.0	-0.3	0.2	0.1	-0.1	0.2	-1.3	-2.5	0.3	0.2	0.2	0.2
Dec. ¹	0.1	0.4	-0.1	0.0	0.2	-0.1	1.4	2.8	-0.3	0.5	0.8	0.0
2014												
Jan. ¹	0.2	0.4	0.0	0.9	1.4	0.2	0.0	-0.2	0.3	1.0	1.8	0.0
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
Mar.....	0.2	-0.1	0.5	0.9	1.6	0.2	-2.0	-3.4	0.3	-0.5	-1.5	0.9
Apr.....	0.2	0.2	0.1	0.4	0.7	0.2	-0.6	-1.0	-0.1	-0.1	-0.1	-0.2

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