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Producer Price Index News Release text

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Producer Price Indexes -- February 2002

The Producer Price Index for Finished Goods increased 0.2 percent in February, seasonally adjusted, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. This rise followed a 0.1-percent advance in January and a 0.6-percent decrease in December. At the earlier stages of processing, prices for intermediate goods edged down 0.1 percent in February, after a similar decline in the prior month, and the crude goods index turned down 0.8 percent, following a 3.7-percent increase in January. (See table A.)

Among finished goods, the rate of increase in prices for finished consumer foods accelerated from 0.8 percent in January to 1.0 percent in February. Prices for finished energy goods also rose faster in February than in the prior month -- 0.4 percent compared with 0.1 percent. The index for finished goods other than foods and energy showed no change, compared with a 0.1-percent decline in the previous month.

Table A. Monthly and annual percent changes in selected stage-of-processing price indexes, seasonally adjusted

	Finished goods		

Month	Total	Foods	Energy	energy	Change in Except foods and ago(unadj.)	finished goods from 12 months ago(unadj.)	Inter- mediate goods	Crude goods

2001								
Feb.	0.2	0.9	0.5	-0.2	4.0	-0.2	-14.3	
Mar.	-.2	.6	-2.7	.1	3.0	-.3	-6.9	
Apr.	.3	.5	.4	.2	3.7	-.2	.6	
May	.2	0	.5	.2	3.9	.1	-2.0	
June	-.5	-.4	-2.6	.1	2.6	-.2	-8.1	
July	-1.2	-.4	-7.3	.1	1.4	-1.1	-5.3	
Aug.	.4	.7	1.4	0	2.0	-.2	-.7	
Sept.	.4	.1	1.5	.1	1.6	.1	-4.4	
Oct.	r -1.3	r -.1	r -6.7	r -.4	r -.3	r -1.3	r -8.8	
Nov.	r -.6	r -1.0	r -3.2	.1	-1.1	r -.6	r 7.6	
Dec.	-.6	0	-3.9	0	-1.8	-.8	-9.6	
2002								
Jan.	.1	.8	.1	-.1	-2.6	-.1	3.7	
Feb.	.2	1.0	.4	0	-2.6	-.1	-.8	

r=revised. Some of the figures shown above and elsewhere in this release may differ from those previously reported because data for October 2001 have been revised to reflect the availability of late reports and corrections by respondents.

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Before seasonal adjustment, the Producer Price Index for Finished Goods rose 0.1 percent to stand at 137.7 (1982=100). From February 2001 to February 2002, prices for finished goods decreased 2.6 percent. Over the same period, the finished energy goods index dropped 20.4 percent, prices for finished goods other than foods and energy gained 0.5 percent, and the index for finished consumer foods increased 1.9 percent. Prices received by producers of intermediate goods declined 4.4 percent for the 12 months ended in February, and the crude goods index dropped 30.9 percent during the same period.

Finished goods

Finished consumer food prices rose 1.0 percent in February, following a 0.8-percent gain in the prior month. The beef and veal index increased 7.4 percent, after falling 1.4 percent in January. The index for soft drinks also turned up, compared with a decline in the previous month. Prices for finfish and shellfish, fresh and dry vegetables, and bakery products advanced at a faster rate in February than they did a month ago. Partly offsetting these increases, prices for eggs for fresh use decreased 10.8 percent in February, following a 21.8-percent jump in January. The indexes for dairy products and for shortening and cooking oils also turned down in February, after increasing a month earlier. Prices for processed young chickens showed no change, following a 3.6-percent increase in

January.

The index for finished energy goods advanced 0.4 percent, after inching up 0.1 percent in January. February's increase in finished energy goods prices was led by the gasoline index -- which rose 4.5 percent in February. Price increases for home heating oil and liquefied petroleum gas also contributed to the advance. On the other hand, prices for residential natural gas, residential electric power, and diesel fuel fell in February.

Table B. Monthly and annual percent changes in selected price indexes for intermediate goods and crude goods, seasonally adjusted

Month	Intermediate goods				Crude goods			
	Foods	Energy	Except foods and energy	Change in intermediate goods from 12 months ago (unadj.)	Foods	Energy (unadj.)	Except foods and energy	Change in crude goods from 12 months ago (unadj.)
2001								
Feb.	-1.0	-2.0	0.1	3.5	-0.9	-23.0	-1.4	28.0
Mar.	.1	-2.1	.1	2.3	2.8	-14.0	-1.0	17.1
Apr.	-.1	-.6	-.1	2.1	-.2	2.1	-2.6	19.6
May	.6	.4	0	2.3	-.8	-3.2	-.5	13.3
June	1.0	-.6	-.1	1.2	0	-15.8	-1.0	-4.0
July	.6	-5.0	-.5	-.2	.6	-12.4	1.0	-7.3
Aug.	1.8	-.3	-.3	-.2	-.6	-.5	-1.8	-4.5
Sept.	-.8	1.1	-.1	-.8	.8	-11.0	.2	-14.6
Oct.	r -0.4	r -6.2	-.4	-2.4	r -3.5	r -17.9	-1.5	r -25.1
Nov.	r -1.5	r -2.4	-.2	-2.9	r -5.0	r 28.0	-.6	-18.4
Dec.	-1.0	-4.0	-.2	-4.0	-1.9	-20.5	-.3	-32.4
2002								
Jan.	-.1	-.6	0	-4.6	4.0	5.6	-.5	-40.4
Feb.	0	-.7	0	-4.4	2.3	-6.5	1.5	-30.9

r=revised. Some of the figures shown above and elsewhere in this release may differ from those previously reported because data for October 2001 have been revised to reflect the availability of late reports and corrections by respondents.

The capital equipment index increased 0.1 percent, after edging down 0.1 percent in January. Light motor truck prices rose 0.6 percent in February, following a 0.6-percent decline a month earlier. Prices for integrating and measuring instruments also turned up in February. The indexes for communication and related equipment, heavy motor trucks, and ships advanced, after showing no change in the previous month. The index for civilian aircraft posted no change, following a decline in January. By contrast, electronic computer prices decreased 4.1 percent, after rising

1.5 percent a month ago. The indexes for passenger cars, commercial furniture, and welding machines and equipment also turned down in February. Prices for x-ray and electromedical equipment and for industrial molds fell more quickly than they did in the prior month.

For the second consecutive month, the index for finished consumer goods other than foods and energy decreased 0.1 percent. Declining prices for book publishing, sanitary papers and health products, floor coverings, passenger cars, and household appliances slightly outweighed rising prices for light motor trucks, pharmaceutical preparations, periodical circulation, tires, and sporting and athletic goods.

Intermediate goods

For the second straight month, the seasonally adjusted Producer Price Index for Intermediate Materials, Supplies, and Components inched down at a 0.1-percent rate and the index for intermediate goods less foods and energy showed no change. In February, falling prices for intermediate energy goods, components for manufacturing, and construction materials slightly outweighed rising prices for nondurable manufacturing materials. The indexes for durable manufacturing materials and intermediate foods and foods were unchanged in February. (See table B.)

Prices for intermediate energy goods declined at a slightly quicker pace in February than in the prior month -- down 0.7 percent, after falling 0.6 percent. Among the utility natural gas indexes, industrial natural gas, commercial natural gas, and natural gas to electric utilities fell in February. Prices for commercial electric power, industrial electric power, jet fuels, and diesel fuel also decreased. Partly offsetting these declines, the indexes for gasoline and liquefied petroleum gas advanced in February.

The Producer Price Index for Components for Manufacturing inched down 0.1 percent in February, after registering a 0.3-percent increase in January. Leading this downturn, prices for printed circuit assemblies fell 3.9 percent, following an 11.0-percent jump in the previous month. The indexes for plastic parts for transportation equipment; unsupported plastic film, sheet, and shapes; electronic filters, crystals, and transducers; and for pressed and blown glassware also fell, after rising in the prior month. Prices for aircraft parts and auxiliary equipment showed no change, following a January advance. On the other hand, the index for aircraft engines and engine parts rose 0.8 percent in February, after declining 1.2 percent a month earlier. Prices for tires also turned up in February.

Prices for construction materials edged down 0.1 percent, after rising 0.2 percent in January. The index for plastic construction products fell 1.0 percent in February, following a 0.2-percent gain in the prior month. Prices for hardwood lumber also turned down in February. The indexes for softwood lumber and for metal valves (except fluid power) increased less than they did in the previous month, while February prices for nonferrous wire and cable declined at a faster pace than they did in January. The index for asphalt felts and coatings showed no change, after advancing in the prior month. Conversely, prices for fabricated structural metal products showed no change, following a 0.3-percent decrease in January. The plywood index rose at a faster pace in February than it did a month

earlier. Prices for gypsum products and for millwork increased, after falling in the previous month.

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The index for materials for nondurable manufacturing moved up 0.6 percent in February, following a 1.2-percent drop a month earlier. Prices for plastic resins and materials rose 2.8 percent, after posting a 4.1-percent decline in January. The indexes for basic organic chemicals and for inedible fats and oils also turned up in February. Prices for medicinal and botanical chemicals and finished fabrics fell less, while paint materials prices increased more than they did in the prior month. By contrast, the index for gray fabrics decreased at a faster pace in February, 2.0 percent, compared with a 0.2-percent rate of decline in the previous month. Paper prices also fell more in February than they did a month earlier. The index for fertilizer materials turned down in February.

Subsequent to a 0.1-percent gain in January, prices for materials for durable manufacturing were unchanged in February. The indexes for cold rolled steel sheet and strip, plywood, building paper and board, gold, aluminum mill shapes, semi-finished steel mill products, flat glass, and cement exhibited rising prices in February. On the other hand, prices for hot rolled steel sheet and strip, primary aluminum (except extrusion billet), prepared paint, hardwood lumber, and silver fell in February.

The index for intermediate foods and feeds showed no change in February, after edging down 0.1 percent in the prior month. February's rising prices for beef and veal; natural, processed, and imitation cheese; and sausages and deli meats were offset by falling prices for prepared animal feeds; crude vegetable oils; fluid milk products; confectionery materials; dry, condensed, and evaporated milk products; and butter.

Crude goods

The Producer Price Index for Crude Materials for Further Processing turned down 0.8 percent in February, following a 3.7-percent increase in January. Prices for crude energy materials also fell in February, after advancing in the prior month. The crude foodstuffs and feedstuffs index rose at a slower rate than it did in January. By contrast, prices for basic industrial materials turned up, after falling in the previous month. (See table B.)

The index for crude energy materials declined 6.5 percent in February, after increasing 5.6 percent in January. Natural gas prices dropped 20.7 percent, following a 4.9-percent rise in the prior month. The coal index turned down 1.6 percent, after advancing 3.2 percent a month earlier. By contrast, prices for crude petroleum jumped 13.3 percent, following an 8.1-percent gain in January.

The crude foodstuffs and feedstuffs index increased 2.3 percent in February, after registering a 4.0-percent gain in January. Rising February prices for slaughter cattle, fresh vegetables (except potatoes), unprocessed finfish, fluid milk, and unprocessed shellfish outweighed decreasing prices for slaughter hogs, fresh fruits and melons, wheat, slaughter turkeys, alfalfa hay, and soybeans.

The index for crude nonfood materials less energy turned up 1.5 percent in February, after posting a 0.5-percent decline in January. Prices for iron and steel scrap rose 5.2 percent, following a 0.7-percent advance in the previous month. The indexes for raw cotton and gold ores also increased at a faster pace than they did in January. Prices for pulpwood and iron ore showed no change, after falling in January. The indexes for softwood logs, bolts, and timber and for construction sand, gravel, and crushed stone turned up, after declining in the prior month. On the other hand, aluminum base scrap prices decreased 0.7 percent in February, following a 0.7-percent gain in the previous month. The indexes for wastepaper and hardwood logs, bolts, and timber also turned down in February. Prices for phosphates rose less than they did in January. The leaf tobacco index declined at a faster rate than it did in the prior month.

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Net output price indexes for mining, manufacturing, and services industries

Mining. The Producer Price Index for the Net Output of Total Domestic Mining Industries declined 4.5 percent in February, following a 4.6-percent advance in January. (Net output price indexes are not seasonally adjusted.) Accounting for most of the downturn in mining prices, the crude petroleum, natural gas, and natural gas liquids industry index fell 7.6 percent in February, after posting a 7.0-percent gain in the previous month. The industry indexes for bituminous coal and lignite surface mining; bituminous coal underground mining; construction sand and gravel; and coal mining services also turned down in February. Industry prices for potash, soda, and borate minerals increased at a slower pace in February than they did in January. By contrast, the industry index for oil and gas well drilling fell 1.1 percent in February, following a 3.0-percent decline in the prior month. Prices for the iron ores industry also declined at a slower rate in February than they did in January. The gold ores industry index increased more in February than they did in the previous month. In February, the Producer Price Index for the Net Output of Total Mining Industries stood at 77.9 (December 1984 = 100), 47.9 percent below its year-ago level.

Manufacturing. A 0.2-percent increase in the Producer Price Index for the Net Output of Total Manufacturing Industries followed a similar rise in January. Rising prices for the petroleum refining and related products, food and kindred products, chemicals and allied products, and transportation equipment industry groups outweighed falling prices for the machinery, except electrical; rubber and miscellaneous plastic products; textile mill products; and the paper and allied products industry groups. In February, the Producer Price Index for the Net Output of Total Manufacturing Industries stood at 132.0 (December 1984 = 100), 2.1 percent lower than a year ago.

Services. Among service industries in February, engineering design, analysis, and consulting services; passenger car rental; operators and lessors of nonresidential buildings; help supply services; and courier services, except by air, posted rising prices. Alternatively, falling prices were registered by the industries for data processing services;

prepackaged software; telephone communications, except radiotelephone; travel agencies; railroads, line-haul operating; advertising agencies; and for truck rental and leasing.

Producer Price Index data for March 2002 will be released on Friday, April 12, 2002 at 8:30 a.m. (E.D.T.)

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