

Summary of variance estimates for PPI price changes, 2015

The 1-month median absolute percent change in the final demand index for 2015 was 0.30 percent, and the accompanying standard error (SE) value was 0.11 percent. Two standard error values, plus and minus, provide 95-percent confidence that the true change in the median absolute 1-month change in the final demand index was between 0.08 percent and 0.52 percent. Looking at 12-month data for the final demand index in 2015 reveals that the median absolute change was 0.94 percent, the SE was 0.23 percent, and the 95-percent confidence interval was between 0.48 percent and 1.40 percent. The confidence intervals for the major subcomponents of the final demand index varied in 2015, with the interval for the goods component being somewhat narrower, on a relative basis, while the services component of final demand exhibited a somewhat wider interval. (See table A below.)

Table A. Variance estimates for selected PPI Final Demand–Intermediate Demand indexes, 2015

| Index | 1-month median absolute percent change | 1-month median standard error | 12-month median absolute percent change | 12-month median standard error |
|----------------------------|--|-------------------------------|---|--------------------------------|
| Final demand | .30 | .11 | .94 | .23 |
| Final demand, goods | .64 | .12 | 4.17 | .25 |
| Final demand, services | .19 | .16 | .90 | .34 |
| Final demand, construction | .04 | .03 | 1.91 | .11 |