

SOUTHWEST INFORMATION OFFICE, DALLAS, TX

For release: 7:30 a.m. (CST) Wednesday, November 18, 2009

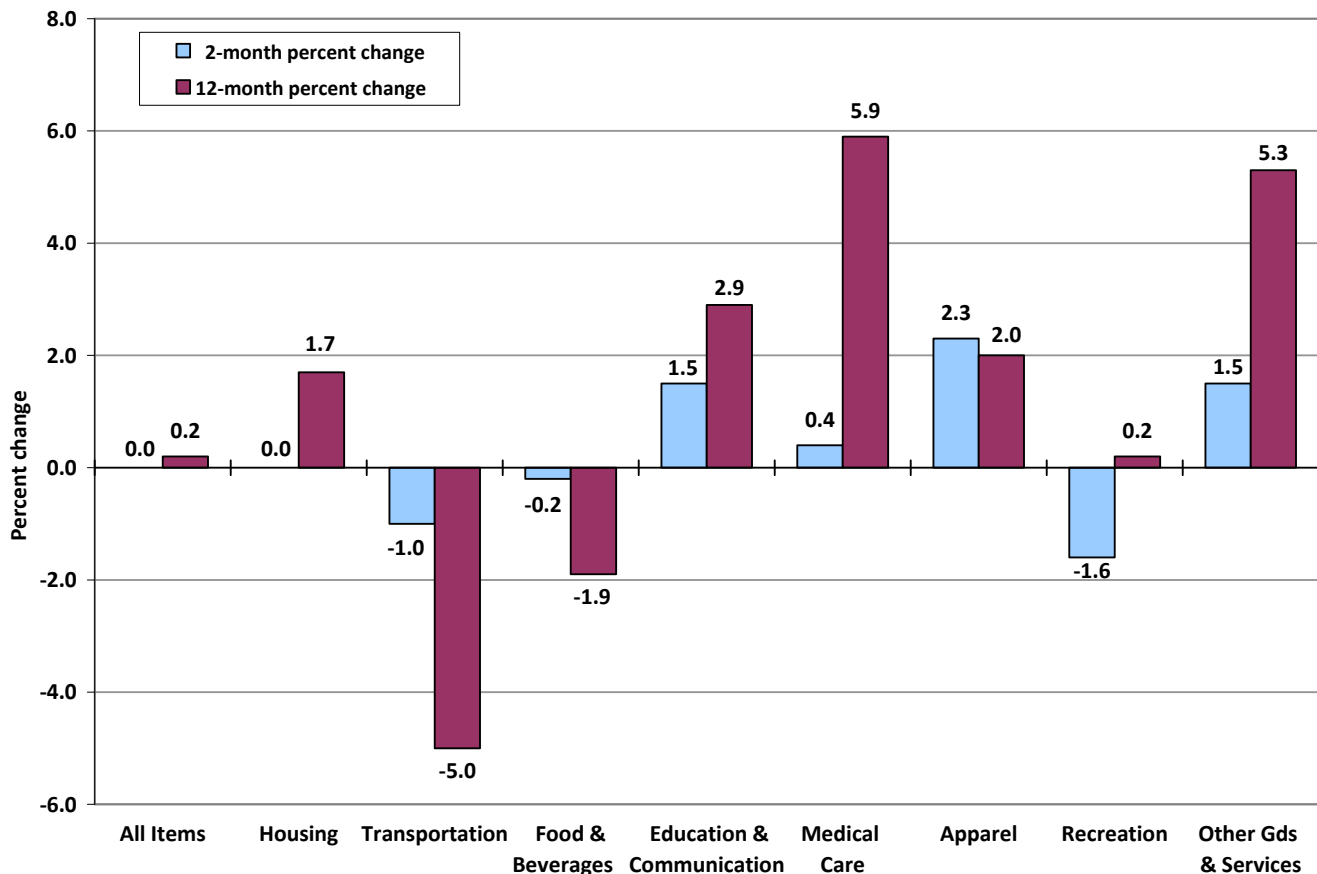
Contact Information: (972) 850-4800 • BLSInfoDallas@bls.gov • www.bls.gov/ro6

HOUSTON-GALVESTON-BRAZORIA CONSUMER PRICE INDEX – OCTOBER 2009

Area Prices Unchanged in September-October, but Rise Slightly over the Year

Prices in the Houston-Galveston-Brazoria area were unchanged during September and October, the U.S. Bureau of Labor Statistics reported today. Regional Commissioner Stanley W. Suchman noted that increases were registered in four of the eight major categories, but these gains were offset by declining or constant prices in the remaining components. During the year ended in October 2009, local prices increased 0.2 percent, marking the first 12-month gain in the area since April of this year. These data are based on the Consumer Price Index for All Urban Consumers (CPI-U).

Chart 1. Percent change in Houston-Galveston-Brazoria CPI-U by major category, October 2009



Education and communication costs rose 1.5 percent in September and October following four bimonthly periods of little change. Sharper than normal increases often occur during these months as higher tuition rates typically go into effect. The current 1.5 percent increase compared to a 1.3-percent gain in the same period in 2008. In the latest period, higher prices were also registered for postage and delivery services, as well as personal computers. During the last 12 months, the education and communication index increased 2.9 percent.

Apparel prices also advanced in September and October, up 2.3 percent since July and August. Higher prices were registered for many items, but were particularly notable among boys' clothing, men's shirts and sweaters, men's pants and shorts, and women's sportswear. During the year ended in October 2009, apparel prices rose 2.0 percent, marking only the third time in more than two years that this category has registered a 12-month increase.

The index for other goods and services – which includes such diverse items as tobacco products, personal care products, and miscellaneous personal services – increased 1.5 percent in September and October. The advance was due in part to higher prices for tobacco and smoking products. Over the year, the cost of other goods and services increased 5.3 percent.

Medical care costs rose 0.4 percent in September and October reflecting higher charges for hospital services and prescription drugs. During the last 12 months, medical care costs were up 5.9 percent, the fastest rate of gain among the eight major categories.

The local housing index was unchanged in September and October as higher charges for fuels and utilities were balanced by a price decrease in household furnishings and operations and unchanged shelter costs. Household energy costs increased 0.2 percent during the period reflecting a 0.2-percent increase in electricity prices; natural gas costs were unchanged. In contrast, prices for household furnishings and operations fell 0.7 percent, due in part to lower prices for household appliances. The shelter index was unchanged during the bimonthly period as advances in owners' equivalent rent and rent of a primary residence were offset by decreased prices for lodging away from home. During the previous 12 months, shelter costs rose 4.4 percent, but charges for fuels and utilities fell 9.7 percent. Combined with a 1.6-percent price increase in household furnishings and operations, these annual movements left the total housing index 1.7 percent higher than a year ago.

Decreases were recorded in the three remaining major categories and combined to offset the previously discussed bimonthly increases. The transportation index fell 1.0 percent in September and October as lower motor fuel costs, down 6.9 percent, served as the major contributor within this index. The average price for a gallon of gasoline in the Houston area stood at \$2.389 in October. Partially countering the motor fuel price decline, higher charges were registered for automobile insurance and used cars and trucks. During the previous 12 months, motor fuel prices fell 22.8 percent, significantly contributing to the total annual transportation decrease of 5.0 percent.

Food and beverage prices slipped 0.2 percent in September and October marking the fourth consecutive two-month decline for the index. The decrease was the result of lower prices for food at home, down 0.6 percent, and a 0.7-percent decrease in prices for alcoholic beverages. Over the year, prices for food at home fell 5.0 percent, while prices for food away from home advanced 0.9 percent and costs for alcoholic beverages rose 2.5 percent. These movements combined to place the total food and beverages index 1.9 percent below a year ago.

The recreation index fell 1.6 percent during the bimonthly period as lower prices were registered for televisions and cable and satellite television services. Over the year, the cost of recreation edged up 0.2 percent.

The CPI-U for the Houston-Galveston-Brazoria area stood at 191.608 on the 1982-84=100 reference base, meaning that a market basket of goods and services that averaged \$100.00 in 1982-84 would have cost \$191.61 in October 2009.

The Houston-Galveston-Brazoria, Texas, Consolidated Metropolitan Statistical Area (CMSA) includes Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties. Local area CPI indexes are by-products of the national CPI program. Because each local area index is a small subset of the national index, the sample size is smaller and therefore subject to substantially more sampling and other measurement error than the national index. In addition, local indexes are not adjusted for seasonal influences. As a result, local area indexes show greater volatility than the national index, although their long-term trends are quite similar.

Next Release Date: November 2009 Consumer Price Indexes for Energy, Food At Home, and Shelter for Houston-Galveston-Brazoria will be released on December 16, 2009.