

Recent Price Trends in the Chemical Industry

An overview of Chemical Manufacturing price indexes

2017

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U.S. Import and Export Price Indexes contain data on changes in the prices of nonmilitary goods and services traded between the United States and the world. The U.S. Bureau of Labor Statistics produces these indexes, which are Principal Federal Economic Indicators.

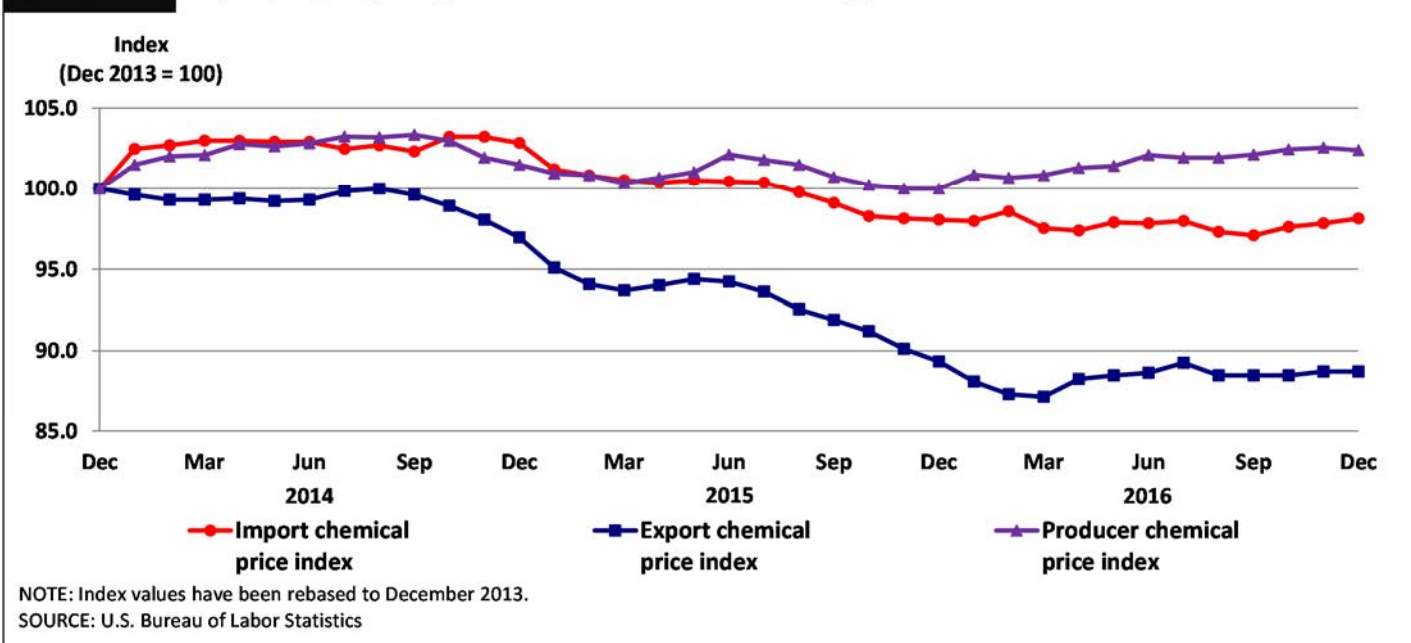
Q: How have import chemical prices trended over the 2014–2016 period? (See chart 1.)

- The price index for chemical imports fell over the past 3 years, declining 1.9 percent, notwithstanding a 2.8-percent increase for the year ended December 2014. In 2015 the index recorded a decrease of 4.7 percent, followed by a 0.1-percent uptick in 2016.
- Prices for imported chemicals dropped 4.9 percent over the 12-month period ended November 2015, the largest 12-month decrease for the index since October 2009.
- Import chemical prices fell in 2015 due to lower global prices for petroleum, an important input for many items in the industry. In 2016, the price index for chemical imports stabilized as petroleum prices rebounded.

Q: How did import chemical prices compare with other economic data?

- Export prices for chemicals diverged from prices for imports in the industry over the 3 year period. New energy access improved U.S. competitiveness globally. Weak foreign markets limited both the demand for exports and supply of imports. Between June 2015 and March 2016, export prices fell 7.5 percent, compared to a 2.9-percent drop in import prices.
- From 2014 to 2016, the producer price index for chemicals increased more than decreased. The index increased 1.5 percent for the year ended December 2014. In 2015, prices declined 1.5 percent, after which the index increased 2.4 percent in 2016.

Chart 1. Import, export, and producer chemical manufacturing price indexes





Q: How have export chemical prices trended over the 2014–2016 period? (See chart 1.)

- Export chemical prices declined 11.3 percent overall from 2014 to 2016, with most of the decrease happening between December 2014 and March 2016 when the index fell 10.1 percent
- Similar to price measures for imported chemicals, export chemical prices flattened in 2016 as petroleum prices increased from 2015 lows.

Q: What are the top six exporting states and territories for Chemical Manufacturing? (See chart 2.)

- The total trade value of chemical exports surpassed \$184 billion in 2016. The top six exporting states accounted for nearly 49.6 percent of the total trade dollar value.
- Texas ranked first in the United States in 2016 with \$36.5 billion in chemical exports, accounting for 19.8 percent of U.S. chemical exports.
- Puerto Rico ranked second in chemical exports from the U.S. in 2016 with \$16.5 billion in trade. That represented 8.9 percent of the total.
- California, the third largest exporting state, accounted for 7.2 percent of total U.S. chemical exports in 2016, up from 6.9 percent in 2015.

Q: How are import and export price indexes useful to you?

Import and export price indexes are the only data source that provide unique measures of import and export price movement. Most other trade sources report trade volume or aggregate dollar value.

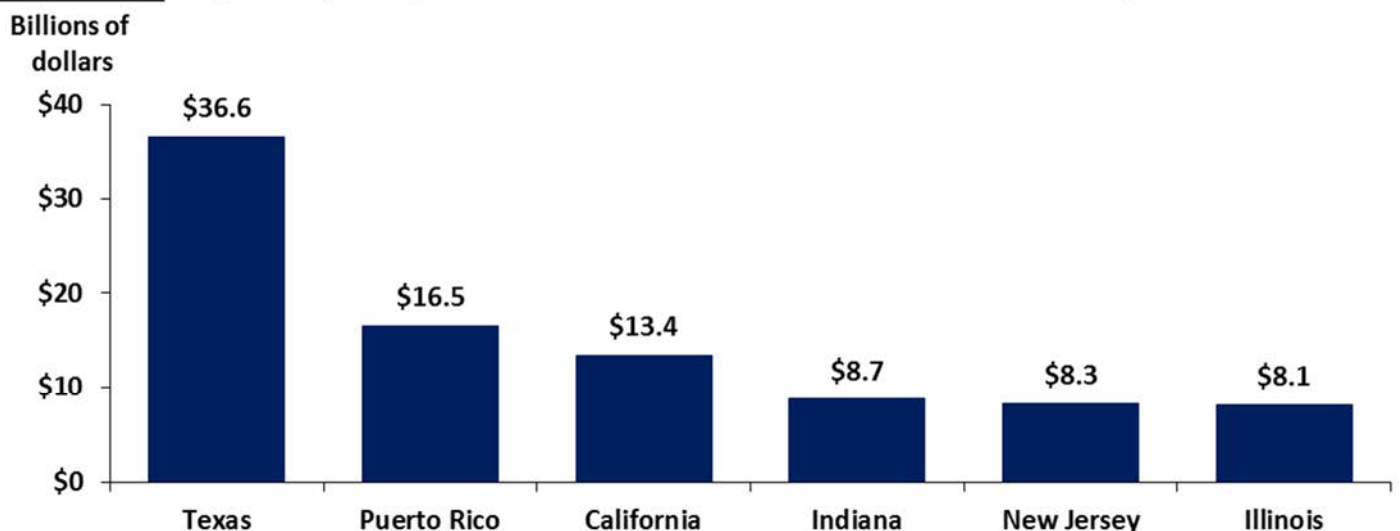
For example, if you are involved in the chemical industry and are considering conducting business overseas, IPP chemical price indexes can supplement your industry research by providing long-term import and export price trends of detailed prices actually collected from industry sources.

Q: How are import and export price indexes used?

Import and export price indexes are used for a variety of purposes:

- In the conversion of U.S. trade figures from current dollars to constant dollars in U.S. trade statistics including the Bureau of Economic Analysis' Quarterly Gross Domestic Product and the Census Bureau's monthly U.S. trade statistics.
- To assess the impact of international trade on domestic inflation and the competitive position of the United States.
- As a tool for analyzing fiscal and monetary policy, measuring the impact of exchange rates, and escalating trade contracts.
- To identify specific industry and regional price trends.

Chart 2. Top six exporting states and territories for chemical manufacturing in 2016



SOURCE: U.S. Census Bureau, Foreign Trade Statistics.