

Recent Price Trends in the Metal Industry

An overview of Primary Metal Manufacturing price indexes

2019

www.bls.gov/mxp



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.

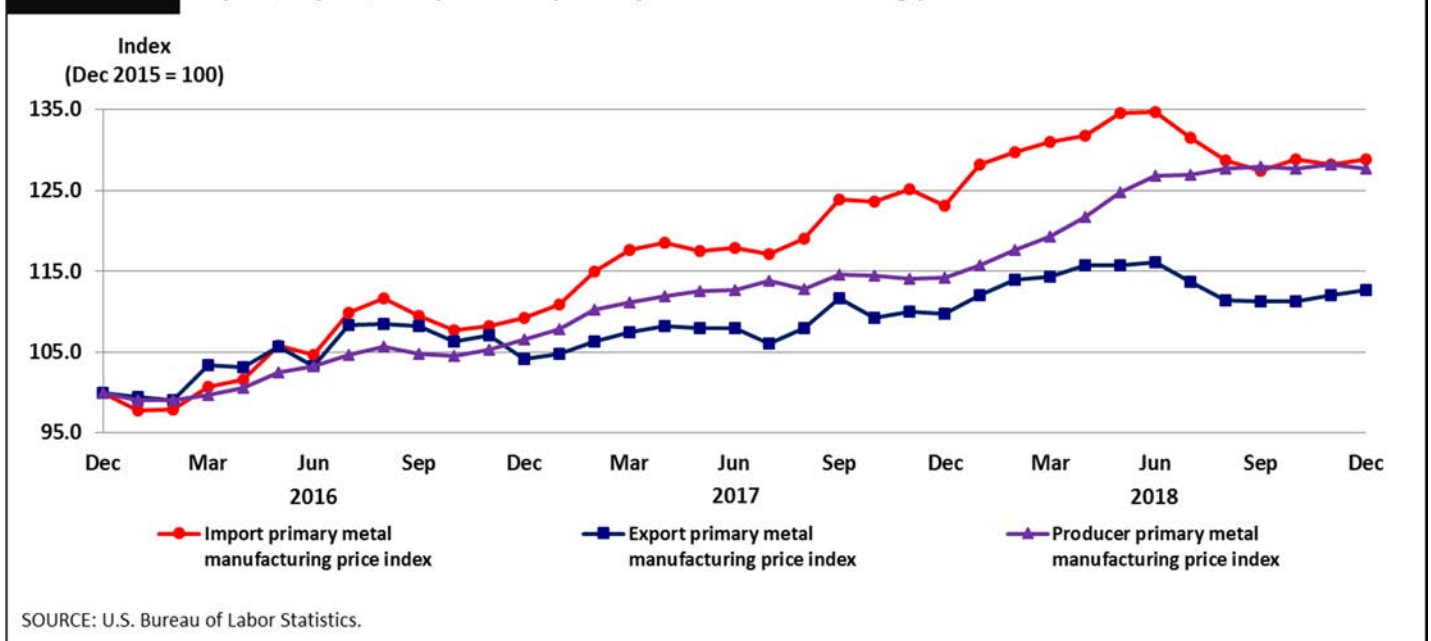
Q: How have import metal prices trended over the 2016–2018 period? (See chart 1)

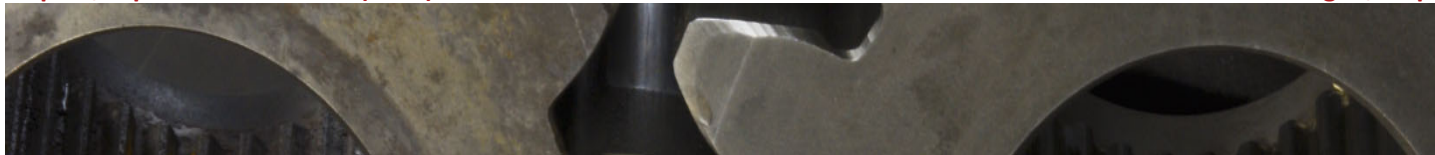
- Primary metal manufacturing import prices increased 28.8 percent from December 2015 to December 2018. Most of the increase during the 3-year period occurred in 2016 and 2017, with the index increasing 9.3 percent in 2016, 12.7 percent in 2017, and 4.6 percent in 2018.
- The import primary metal manufacturing price index peaked in June 2018, after increasing 37.7 percent from a 3-year low in January 2016.
- Iron, steel, and copper prices each increased by at least 15.0 percent from December 2015 through 2018, which contributed to primary metal manufacturing price increases.

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

- Import prices largely trended similarly with producer and export prices over the 3 year period. The indexes all rose steadily from January 2016 through June 2018, with import prices increasing at a higher rate through June 2018. In the second half of 2018, producer prices continued to rise in contrast to import and export prices, which declined.
- The producer price index for primary metal manufacturing increased 27.7 percent over the 3-year period ended December 2018. The index increased 6.6 percent in 2016, 7.1 percent in 2017, and 11.8 percent in 2018.

Chart 1 Import, export, and producer primary metal manufacturing price indexes





Q: How have export metal prices trended over the 2016–2018 period? (See chart 1)

- Export primary metals prices increased 12.7 percent from December 2015 to December 2018. Most of the 3-year increase occurred in 2016 and 2017, with the index increasing 4.2 percent in 2016, and 5.4 percent in 2017. The index rose 2.7 percent in 2018.
- The 2.7-percent increase in 2018 was largely driven by increases in the first half of the year. The export price index increased 5.8 percent from December 2017 to June 2018, but then decreased 2.9 percent from June 2018 to December 2018.

Q: What are the top six exporting states and territories for metal manufacturing? (See chart 2)

- In 2018, the total trade value of exported primary metals was \$59.3 billion, up 4.9 percent from 2017. The top 6 exporting states accounted for more than 55.2 percent of this value.
- New York totaled \$8.2 billion in primary metal manufacturing exports in 2018, ranking first in the United States.
- Utah and Texas ranked second and third in 2018, with \$6.4 billion and \$5.7 billion in trade dollar value, respectively. Together, the two states accounted for 20.4 percent of total U.S. primary metals exports in 2018.

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

Import and export price indexes can provide a new perspective for your trade analyses. Although many sources report domestic market prices and trade volume, IPP data are unique in measuring import and export price movement.

For example, if you are involved in the metal industry and are considering conducting business overseas, IPP primary metal manufacturing indexes can supplement your industry research by providing long-term import and export price trends.

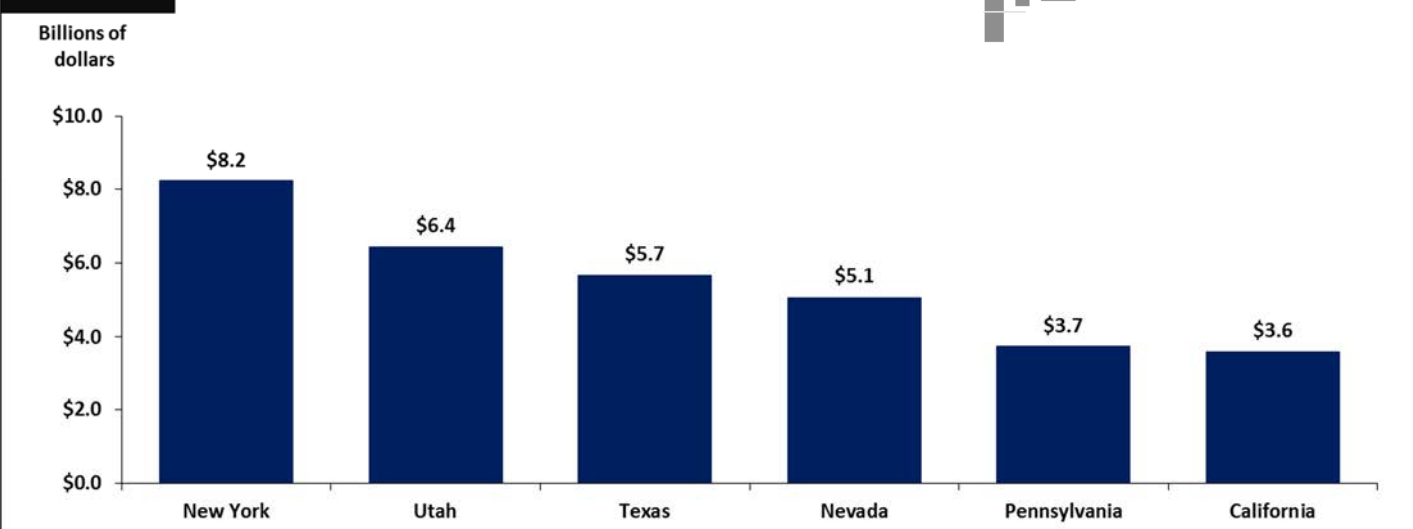
Q: How are import and export price indexes used?

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 industry-specific and global price trends.

Chart 2

Top six exporting states and territories for primary metal manufacturing in 2018



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