

Recent Price Trends in the Chemicals Industry

An overview of Chemical Manufacturing price indexes

2020

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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.

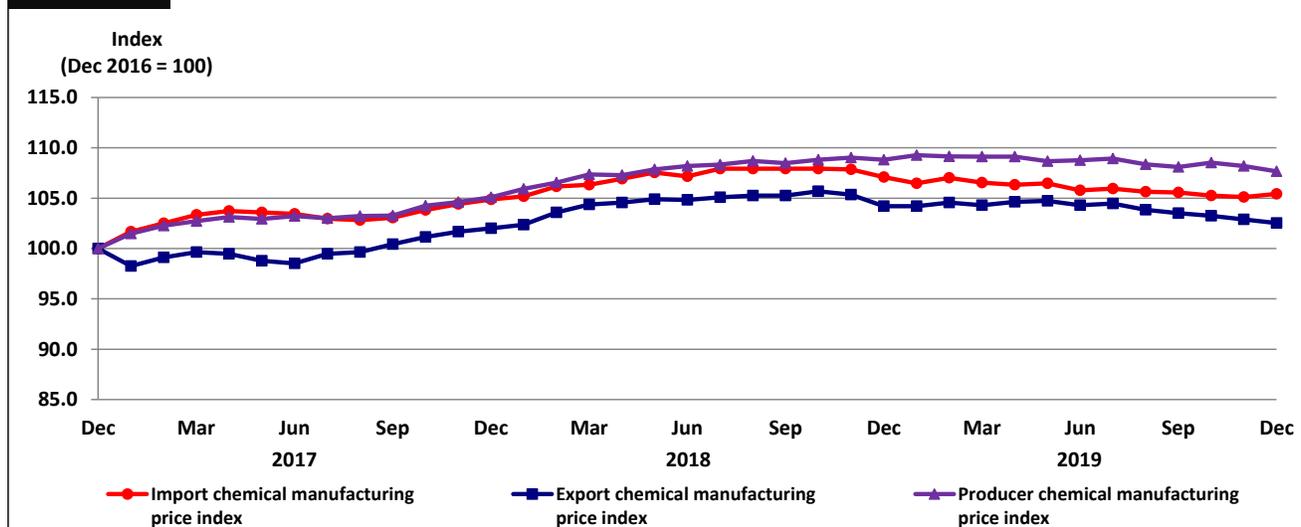
Q: How have import chemical prices trended over the 2017–2019 period? (See chart 1)

- The import price index for chemical manufacturing products advanced 5.4 percent from December 2016 to December 2019. The price index increased 4.9 percent in 2017 before rising 2.1 percent in 2018. Import chemical manufacturing prices declined in 2019, falling 1.6 percent.
- The 1.6-percent decline in import prices for chemical manufacturing in 2019 was the first calendar-year decrease since the index fell 4.7 percent in 2015.
- Higher prices for petroleum, a primary input for many chemical products, drove import prices for chemical manufacturing in 2017 and 2018.

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

- Import prices for chemical manufacturing recorded similar trends compared to the corresponding export and producer price indexes. Import, export, and producer chemical manufacturing prices all decreased in 2019, following increases in 2018 and 2017.
- The producer price index for chemical manufacturing increased 7.7 percent over the 3-year period from December 2016 to December 2019. The index rose 5.1 percent in 2017 before advancing 3.5 percent in 2018. The index decreased 1.1 percent for the 12-month period ended December 2019.

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



SOURCE: U.S. Bureau of Labor Statistics.



Q: How have export chemical prices trended over the 2017–2019 period? (See chart 1)

- Export chemical manufacturing prices advanced 2.5 percent over the 3-year period ended December 2019. Prices rose 2.0 percent in 2017 and increased 2.1 percent in 2018 before decreasing 1.6 percent in 2019.
- The 2019 decline in chemical manufacturing export prices was the first calendar year decrease since 2016.

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

- In 2019, the total trade value of exported chemical manufacturing products was \$208.6 billion, a 0.6-percent advance from 2018. The top 6 exporting states made up close to 50 percent of this value.
- Texas ranked first in the United States in 2019 for export chemical manufacturing with \$44.6 billion in export trade value. That accounted for 21.4 percent of total U.S. chemical manufacturing exports.
- Puerto Rico ranked second with \$17.2 billion in trade dollar value, accounting for 8.3 percent of total U.S. chemical manufacturing exports. California ranked third with \$13.8 billion in trade, which accounted for 6.6 percent of total chemical manufacturing exports.

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.

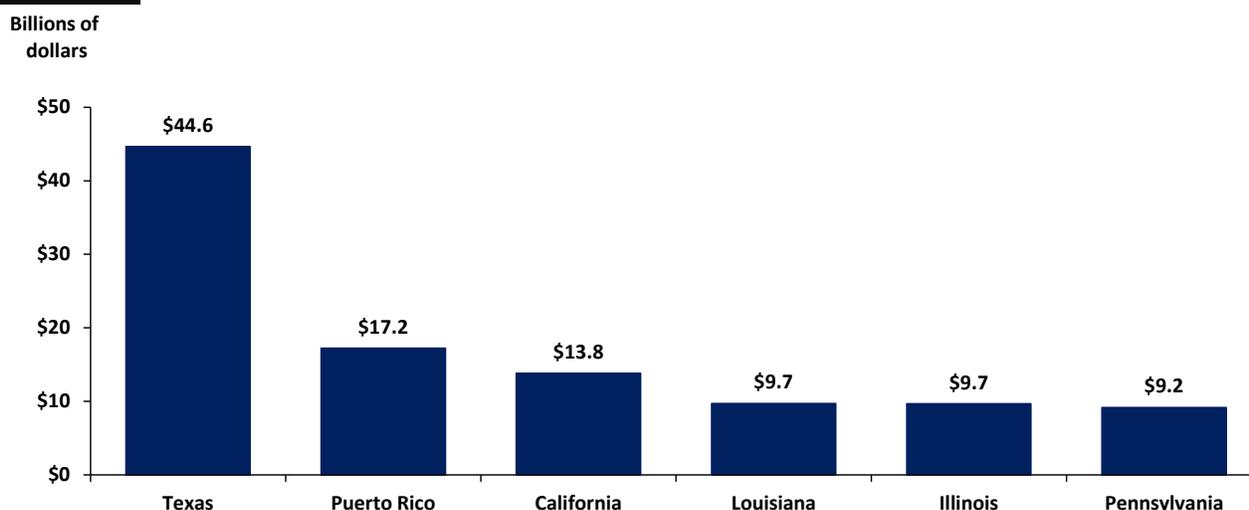
For example, if you are involved in the chemical industry and are considering conducting business overseas, IPP chemical manufacturing indexes can supplement your industry research by providing long-term import and export price trends.

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 chemical manufacturing in 2019



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