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## **REPORT ON QUALITY CHANGES FOR 2010 MODEL VEHICLES**

### **Passenger Cars**

The value of quality changes for a sample of 2010 model year domestically produced passenger cars included in the Producer Price Index (PPI) for October averaged \$249.69, according to estimates by the U.S. Bureau of Labor Statistics (BLS). This change represents 30.8 percent of the average \$811.69 increase in manufacturers' invoice prices for this year's models as compared with last year's models.

The retail equivalent value of these quality changes averaged \$271.42, representing 38.0 percent of the average \$713.99 over-the-year increase in manufacturers' suggested list prices.

### **Light Trucks**

The value of quality changes for a sample of 2010 model year domestically produced light trucks included in the PPI for October averaged \$(5.02). The average increase in manufacturers' invoice prices for this year's models was \$793.46 as compared with last year's models.

The retail equivalent value of quality changes for domestically produced light trucks averaged \$(2.92). The average over-the-year increase in manufacturers' suggested list prices was \$752.81.

The \$(2.92) estimated retail value of quality change breaks down as follows:

- \$45.50 for mandated and non-mandated safety changes such as improvements to headrests and airbags.
- \$(48.42) for other quality changes such as changes in audio systems, powertrains, and changes in levels of standard or optional equipment.

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Estimates of the value of quality change are based on a review by the BLS of data supplied by producers for similarly equipped 2009 and 2010 domestically produced models priced for the Producer Price Index. Most of the estimates of quality changes in this release are derived from information supplied for the Producer Price Index for October. These data also form the basis of some of the new vehicle quality adjustments for the Consumer Price Index (CPI). However, it should be noted that, effective with the release of data for January 1999, changes made solely for the purpose of meeting air pollution standards are no longer considered quality improvements for CPI calculation purposes.