

## Producer price highlights during 2001

*The decline of the PPI for finished goods in 2001 was the largest in 15 years; prices for natural gas and crude petroleum fell back to 1999 levels*

William F. Snyders,  
Jon Weinhagen,  
and  
Amy Popick

The Producer Price Index (PPI) for Finished Goods declined 1.6 percent in 2001, the largest calendar year decrease since a 2.3-percent drop in 1986. This index rose 3.6 percent in 2000, and 2.9 percent in 1999. Finished goods are commodities that are ready for sale to the final-demand user, either an individual consumer or a business firm. The majority of the 2001 decline in finished goods prices can be traced to a 17.1-percent drop in finished energy prices. Excluding energy, the index for finished goods advanced 1.2 percent in 2001. Following a 1.7-percent gain in the prior year, the index for finished consumer foods rose 1.8 percent in 2001. Prices for finished goods less foods and energy—a category that includes both consumer goods and capital equipment—increased 0.9 percent in 2001, following a 1.3-percent advance throughout the previous 12 months.

Prices for commodities at the overall crude and intermediate stages of processing also experienced declines for the 2001 calendar year. The PPI for intermediate materials, supplies, and components fell 4 percent in 2001, after posting a 4.1-percent gain in 2000. Intermediate goods in the PPI reflect material inputs to the manufacturing process, as well as various supplies consumed in the production process. Prices for crude materials for furthering processing dropped 32.5 percent, following a 35.5-percent jump in the prior calendar year. Crude goods are unprocessed goods that are prima-

rily outputs from mining industries and agricultural production.

Throughout 2001, energy prices turned down at both the crude and intermediate stages of processing. The index for intermediate foods and feeds rose at a much slower rate in 2001 than it did in 2000. Prices for crude foodstuffs and feedstuffs turned down, after falling a year earlier. Excluding foods and energy, the indexes for intermediate goods and crude materials posted declines. (See table 1.)

### Energy goods

Falling prices for both natural gas and petroleum-based commodities pushed energy prices down in 2001 at all three stages of processing. The crude energy index dropped 52.9 percent, compared with an 85.6-percent jump in 2000. This decrease was primarily the result of declining prices for natural gas and crude petroleum. Prices for energy goods at the intermediate stage of processing fell 16.9 percent, subsequent to a 19-percent gain a year earlier. The indexes for jet fuels, diesel fuel, and industrial and commercial natural gas registered declines in 2001, after rising in the prior year. At the final stage of processing, the index for finished energy goods decreased 17.1 percent, following a 16.6-percent advance in 2000. Falling prices were observed for gasoline, residential natural gas, liquefied petroleum gas, and home heating oil. (See table 2.)

William F. Snyders,  
Jon Weinhagen,  
and  
Amy Popick  
are economists for the  
Producer Price Index  
Program, Bureau of  
Labor Statistics.  
Email:  
Snyders\_W@bls.gov  
Weinhagen\_J@bls.gov  
Popick\_A@bls.gov

**Table 1. Annual percent changes for major categories of the Producer Price Index by stage of processing, 1992–2001**

Index	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Finished goods .....	1.6	0.2	1.7	2.3	2.8	-1.2	0.0	2.9	3.6	-1.6
Foods .....	1.6	2.4	1.1	1.9	3.4	-8	.1	.8	1.7	1.8
Energy .....	-3	-4.1	3.5	1.1	11.7	-6.4	-11.7	18.1	16.6	-17.1
Other .....	2.0	.4	1.6	2.6	.6	0	2.5	.9	1.3	.9
Intermediate materials, supplies, and components .....	1.0	1.0	4.4	3.3	.7	-8	-3.3	3.7	4.1	-4.0
Foods and feeds .....	-5	5.5	-4.5	10.3	2.1	-1.7	-7.3	-4.2	3.6	.3
Energy .....	.7	-4.2	2.9	1.1	11.2	-7.0	-12.1	19.6	19.0	-16.9
Other .....	1.2	1.6	5.2	3.2	-9	.3	-1.6	1.9	1.6	-1.6
Crude materials for further processing .....	3.3	.1	-5	5.5	14.7	-11.3	-16.7	15.3	35.5	-32.5
Foodstuffs and feedstuffs .....	3.0	7.2	-9.4	12.9	-1.0	-4.0	-11.0	-.1	7.4	-7.6
Energy .....	2.3	-12.3	-.1	3.7	51.2	-23.1	-23.8	36.9	85.6	-52.9
Other .....	5.7	10.7	17.3	-4.2	-5.5	0	-16.0	14.0	-5.5	-9.9

**Table 2. Annual percent changes in Producer Price Indexes for selected energy items, 1996–2001**

Index	1996	1997	1998	1999	2000	2001
Finished energy goods .....	11.7	-6.4	-11.7	18.1	16.6	-17.1
Gasoline .....	27.1	-15.0	-33.1	74.8	17.2	-33.1
Residential natural gas .....	11.2	2.4	-2.4	.9	41.8	-22.1
Liquefied petroleum gas .....	71.4	-29.3	-32.6	87.0	49.3	-55.3
Home heating oil .....	25.0	-21.7	-36.1	89.4	37.0	-42.9
Residential electric power .....	.6	-.2	-2.5	-.5	3.2	3.6
Intermediate energy goods .....	11.2	-7.0	-12.1	19.6	19.0	-16.9
Jet fuels .....	26.1	-22.3	-35.8	90.9	42.6	-44.3
Diesel fuels .....	26.2	-22.5	-33.8	86.4	39.8	-44.7
Industrial natural gas .....	22.3	3.1	-9.7	7.4	91.9	-36.7
Commercial natural gas .....	16.8	.9	-4.7	4.1	56.0	-24.3
Natural gas to electric utilities .....	6.1	9.3	-24.3	15.6	83.1	-39.9
Residual fuel .....	32.8	-7.6	-39.8	91.1	29.8	-29.1
Industrial electric power .....	0	.5	-1.3	-.1	4.9	3.2
Commercial electric power .....	-.1	0	-1.8	.6	4.4	4.4
Crude energy materials .....	51.2	-23.1	-23.8	36.9	85.6	-52.9
Natural gas .....	92.0	-27.9	-17.8	7.9	192.6	-65.6
Crude petroleum .....	35.8	-28.3	-48.6	172.0	11.0	-42.4
Coal .....	-1.1	4.9	-1.2	-9.3	0	10.1

*Natural gas.* The last 5 years have shown volatile price movements within the natural gas market, especially looking at the years 2000 and 2001. Prices were relatively lower and more stable in 1998 compared with 1997. Throughout the 1998–99 winter heating season, the natural gas index fell, but at a smaller magnitude compared with the previous season. Mild winter weather caused less demand for consumption, and therefore resulted in higher storage levels. By the winter of 1999–2000, weather conditions continued to be much warmer than expected; therefore, prices remained low.

Natural gas prices began to rise considerably in 2000 when the combination of decreasing supplies, high crude oil prices, and weather-related demand pushed natural gas prices to new heights. Demand for natural gas rose as consumers began switching from higher-priced crude oil to lower-priced natural gas. During the spring and early summer of 2000, supplies began to tighten, causing the price of natural gas to climb throughout the rest of the year.

After surging 192.6 percent in 2000, the PPI for natural gas decreased 65.6 percent for the 2001 calendar year. Prices be-

gan to drop significantly in February and March as milder temperatures moved into the high consumption regions, causing storage levels to rebound. Mild temperatures continued through October, which allowed prices to continue to decline. In November, the natural gas index shot up 56.4 percent as a result of colder weather. By the end of the year, mild weather pushed gas storage stocks to record levels, which helped push prices down again.<sup>1</sup>

For the 12 months ended in December 2001, industrial and commercial natural gas prices declined 36.7 and 24.3 percent respectively, falling to their lowest levels since May 2000. A sharp decrease in spot natural gas prices pulled gas prices substantially lower from their record highs in January 2001, when the conjunction of falling supplies, rising crude oil prices, and higher weather-related demand helped push natural gas prices to unprecedented heights. After an 83.1-percent jump in 2000, the index for natural gas to electric utilities fell 39.9 percent in 2001. The index for residential natural gas decreased 22.1 percent in 2001, following a 41.8-percent gain in 2000. After January 2001—the peak of residential natural

gas prices—this index declined sharply as a result of increased production levels and record supply numbers. In December 2001, residential natural gas prices were at their lowest point since May 2000.

The liquefied petroleum gas (LPG) index decreased 55.3 percent in 2001, after an increase of 49.3 percent in 2000. Prices fell with the help of mild weather throughout the summer and fall of 2001. Over the last 6 years, liquefied petroleum gas prices have experienced a period of volatility. In 1996, prices increased as a cold winter season created higher demand and a large drop in inventories. By the start of 1997, however, prices began to fall and continued in a downward trend until the end of 1998. This period was marked by decreasing demand due to warmer-than-normal temperatures, restored inventories, higher production levels, and strong imports in the LPG market. Lower prices in the crude petroleum and natural gas markets also helped lower the LPG index for 1997 and 1998. From January 1999 until February 2001, LPG prices rallied with rising prices for crude oil and natural gas.

*Petroleum-based products.* Prices for crude petroleum dropped 42.4 percent in 2001, following an 11-percent gain in 2000 and a 172-percent surge in 1999. In March of 1999, both Organization of Petroleum Exporting Countries (OPEC) and major non-OPEC member countries announced an agreement to reduce oil production, in order to bolster lackluster prices from previous years. Throughout 1999, oil prices increased dramatically, which ultimately resulted in OPEC receiving international pressure to raise their output. In March of 2000, OPEC decided to raise output by 1.7 million barrels per day.<sup>2</sup> Consequently, production from OPEC members increased throughout the year 2000. However, prices continued to climb as worldwide economic growth generated demand that outpaced the increased supply. By 2001, the combination of improved oil supplies and lower demand due to the economic recession in the United States helped bring prices down from their previous year's level.

Looking further down the pipeline for petroleum-based products, the index for jet fuels fell 44.3 percent in 2001, after advancing 42.6 percent a year earlier. From the spring of 1999 through the summer of 2000, jet fuel prices rose due to the large increase in crude oil prices during the same period. After peaking in September 2000, prices finally leveled off with the increase in inventories and began falling in the early part of 2001 as a result of declining oil prices. Starting in April, volatile supply levels created a price roller coaster for jet fuels causing the index to jump up in May, fall in July, and rebound in early September. Following the events surrounding the September 11, 2001, terrorist attacks, prices once again dropped due to falling demand.

The PPI for gasoline declined 33.1 percent, following a 17.2-percent increase in 2000. Prices were relatively stable up until

April, when gasoline shortages caused a significant rise in prices. Refineries then greatly advanced production, pulling prices down considerably during the late spring. In response to lower prices, refineries once again adjusted and set production levels lower. These production cuts, combined with a late summer surge in demand, put upward pressure on gasoline prices. Demand, however, declined due to the events of September 11th and the end of the driving season. Furthermore, OPEC's inability to reduce global output resulted in an excess supply of oil in the world market, causing a substantial drop in gasoline prices.

In 2001, prices for diesel fuel decreased 44.7 percent, compared with a 39.8-percent rise in the previous year. For the first quarter of 2001, prices declined as distillate supplies increased. By April, distillate production began to taper off because refineries shifted more of their resources to gasoline production. Hence, prices climbed in the spring. Prices were then pulled back down in the summer as a result of oversupply. Due to the slowing of the U.S. economy, prices collapsed more rapidly in the last quarter of 2001.

The downward trend in the natural gas market helped lower residual fuel prices. The index for residual fuel fell 29.1 percent, following a 29.8-percent gain in 2000. Also adding to the downward price pressure were the events of September 11th, the contracting economy, the drop in oil prices, and unseasonably warm temperatures.

Home heating oil prices decreased 42.9 percent in 2001, compared with a 37-percent rise in the prior year. The supply of distillates remained quite low throughout the summer of 2000, and consequently put upward pressure on home heating oil prices. Supplies then rebounded in the beginning of October and continued through March of 2001, pulling down prices for this period. In April and May, the rising tide of gasoline prices carried other petroleum-based products along with it, including home heating oil. Prices then dropped in the summer months as supplies once again began to climb. The months of August and September saw a brief rebound in the home heating oil index resulting from increased demand. Like other petroleum-based commodities, prices then collapsed following the events of September 11th.

*Electric power.* The PPI for residential electricity increased 3.6 percent in 2001, after rising 3.2 percent in the previous year. Subsequent to price increases in 2000, the indexes for commercial electric power and industrial electric power advanced 4.4 percent and 3.2 percent, respectively. Residential electricity prices continued to increase through the first half of 2001 due to the ongoing crisis in California. Contrary to predictions, the crisis in California failed to widen in the summer of 2001 as lower fuel costs, cooler summer temperatures, and increased conservation within the State prevented the crisis from escalating further. However, the higher prices

brought on by the crisis did not subside much by the end of the year. Electricity prices as a whole continued to be high due to the rate increases in California and the Pacific Northwest. Drought conditions in the Pacific Northwest lowered reservoirs, putting a strain on the hydroelectric power industry found in that region.

### Foods and related products

The producer price index for finished consumer foods advanced 1.8 percent in 2001, following a 1.7-percent increase in the previous year. Leading this gain, prices for fresh fruits and melons rose 24 percent during 2001. The indexes for dairy products, soft drinks, processed fruits and vegetables, and pork also rose, contributing to the overall increase. By contrast, prices for eggs for fresh use, beef and veal, and finfish and shellfish turned down in 2001, partially offsetting the rise in finished consumer food prices. (See table 3.)

Prices for intermediate foods and feeds rose 0.3 percent in 2001, after increasing 3.6 percent in 2000. Most of this deceleration can be traced to the index for prepared animal feeds that fell 3.6 percent in 2001, following an 8.3-percent gain in the preceding year. The index for beef and veal also fell in the current year, after posting an increase in 2000, while prices for fluid milk products and flour rose at a slower pace in 2001 than they did in the year before. Partly offsetting the intermediate foods and feeds deceleration, crude vegetable oils; refined sugar; and natural, processed, and imitation cheese prices turned up in 2001, after falling in the prior year. The index for

confectionery materials escalated at a faster rate in 2001 than in the year before.

Following a 7.4-percent increase in 2000, the index for crude foodstuffs and feedstuffs posted a 7.6-percent decline in 2001. Contributing most significantly to this deceleration, the index for slaughter cattle fell 15.1 percent in 2001, after advancing 9.1 percent in the previous year. Prices for slaughter hogs and soybeans also posted declines in the current year, after increasing in 2000. Fluid milk, wheat, and corn prices moved upward at a slower rate in 2001 than they did in 2000. Alternatively, the indexes for fresh and dry vegetables and for fresh fruits and melons turned up in 2001.

*Fruits and melons.* Prices for fresh fruits and melons turned up 24 percent in 2001, following a 1.3-percent drop in the previous year. Underlying this increase, the index for strawberries shot up 95.7 percent in 2001, after rising 25 percent in 2000. The index for citrus fruits turned up as a result of price increases for navel oranges, lemons, and grapefruits. Price increases in 2001 were also registered for red delicious apples and pears. On the other hand, prices for McIntosh and Granny Smith apples turned down in 2001.

*Grains.* Corn prices rose 2.8 percent in 2001, after increasing 7.8 percent in the preceding year. The index for corn exhibited a spike in July, rising 16.2 percent as a result of decreased supplies due to abnormally hot weather. In addition, elevated corn prices for 2001 were the result of increased foreign consumption of U.S. corn due to diminished production from for-

**Table 3. Annual percent changes in Producer Price Indexes for selected food items, 1996–2001**

Index	1996	1997	1998	1999	2000	2001
Finished consumer foods .....	3.4	-0.8	0.1	0.8	1.7	1.8
Fresh fruits and melons .....	37.2	-8.2	-19.0	8.2	-1.3	24.0
Dairy products .....	2.4	4.7	10.7	-11.1	3.2	2.3
Soft drinks .....	.1	-1.0	1.9	3.3	3.6	3.0
Pork .....	21.9	-13.6	-27.3	29.8	5.0	4.7
Fresh and dry vegetables .....	-24.3	21.6	8.8	4.4	-23.7	9.7
Bakery products .....	3.6	1.1	1.0	1.6	2.7	2.1
Processed poultry .....	2.6	-6.3	3.8	-3.7	1.1	1.4
Unprocessed and packaged fish .....	5.1	4.7	-3.4	8.8	.6	-7.8
Beef and veal .....	7.4	-5.4	-2.7	10.8	8.2	-4.5
Eggs for fresh use .....	15.0	-15.6	-6.2	-27.4	46.3	-27.5
Intermediate foods and feeds .....	2.1	-1.7	-7.3	-4.2	3.6	.3
Crude vegetable oils .....	-9.3	13.9	-2.7	-37.5	-16.5	15.9
Refined sugar .....	4.2	-4.5	.6	-2.2	-9.6	6.3
Confectionery materials .....	2.2	-15.8	-1.0	1.7	.7	15.1
Flour .....	-9.0	-8.2	-5.6	-7.5	7.9	4.1
Prepared animal feeds .....	5.4	-3.1	-20.4	-2.7	8.3	-3.6
Crude foodstuffs and feedstuffs .....	-1.0	-4.0	-11.0	-1	7.4	-7.6
Slaughter cattle .....	-2.5	2.0	-12.0	19.4	9.1	-15.1
Slaughter hogs .....	23.2	-21.7	-76.8	266.9	14.9	-24.9
Soybeans .....	-3.7	1.8	-21.3	-17.5	9.9	-12.5
Wheat .....	-19.3	-11.3	-15.0	-13.9	13.9	1.7
Corn .....	-21.0	2.2	-22.5	-12.4	7.8	2.8
Fluid milk .....	1.1	2.8	25.6	-31.3	7.0	3.0

eign suppliers. Following July's upsurge, corn prices decelerated through October 2001.

The index for wheat posted a 1.7-percent gain for the 12 months ended December 2001, following a 13.9-percent increase in 2000. Prices fluctuated throughout 2001; however, the yearly increase can be attributed mostly to a 9.4-percent rise in May. Wheat supplies, which were at their lowest level since 1988 due to adverse weather conditions, caused prices to increase.<sup>3</sup> Due to planting flexibility allowed for under current Government programs, wheat crops were substituted by other crops that yielded higher returns.

Soybean prices fell 12.5 percent over the past 12 months, compared with a 9.9-percent advance in 2000. In addition to declines in January, February, and April, the soybean index posted price decreases for the last 4 months of 2001. Most of this annual decline can be attributed to record supplies that exceeded 3 billion bushels in 2001.<sup>4</sup> Soybean production increased, "in part because the soybean loan rate has supported expected returns and because per-acre costs of fertilizer and energy inputs are lower than those of corn," according to the USDA.<sup>5</sup>

Lower prices for soybeans led to depressed prices for prepared animal feeds in 2001. The index for prepared animal feeds fell 3.6 percent in 2001, following an 8.3-percent gain in the prior year. U.S. feed grain production increased 4 percent in 2001 from the year before, contributing to the fall in prepared animal feed prices.<sup>6</sup>

*Meats.* The PPI for slaughter livestock fell 16.7 percent in 2001, after moving up 9.8 percent in the previous year. Driving this downturn, prices for slaughter cattle dropped 15.1 percent over the 12 months ended December 2001, compared with a 9.1-percent advance in 2000. This significant decrease resulted from the record numbers of cattle remaining in feed lots without bids from packing houses. Decreased demand, both foreign and domestic, could not meet the overwhelming supply of slaughter cattle in 2001. Due to reduced travel and dining in the United States throughout the fall, domestic demand for slaughter cattle waned. Japan, which makes up approximately 50 percent of foreign beef exports, had reduced demand for slaughter cattle since the detection of mad cow disease (bovine spongiform encephalopathy), which had raised concern about the safety of beef products.

Transmission of weakened slaughter cattle prices led to declines in beef and veal prices over 2001. The PPI for beef and veal dropped 4.5 percent in 2001, following an 8.2-percent gain in the preceding year. Excess supply due to increased slaughter numbers and weights put downward pressure on beef and veal prices. In addition, the weakened economy in the second half of 2001 reduced demand by the restaurant and hotel industry for beef products. Similar to the slaughter

cattle market, foreign demand dropped in 2001 due to anxiety about mad cow disease and hoof-and-mouth disease in Japan and Europe.

Slaughter hog prices also exhibited a significant drop, falling 24.9 percent in 2001, after advancing 14.9 percent in 2000. This decline, like that of slaughter cattle prices, can be traced to reduced demand from the restaurant and hotel industry throughout the second half of 2001. Increased supplies as well as record weights of existing hogs also applied downward pressure on slaughter hog prices. In spite of declining slaughter hog prices, the index for pork rose in 2001, although at a slower rate than it did in the prior year.

*Dairy products.* Posting monthly price increases from March through September, fluid milk prices moved up 3 percent in 2001, compared with a 7-percent gain in the previous year. Most of this price increase can be traced to diminished supplies as a result of inclement weather in top milk-producing States. Bad winter weather makes dairy cattle less productive and increases the cases of mastitis (inflammation of the udder) among cattle, which also hinders their ability to produce milk. Winter weather conditions can also stop milk from arriving at the processor before it spoils. Excessive heat in summer months, especially in California, also caused stress to dairy cattle, decreasing the milk-per-cow ratio. In addition to weather problems, the tight supplies of top forage, such as high-quality alfalfa hay, added to the overall reduction of fluid milk supplies. The high prices of replacement cattle also left many dairy farms operating below capacity.

At later stages of processing, dairy product prices rose 2.3 percent over the 12 months ended December 2001. The increase in fluid milk prices, as well as energy problems in California, the top milk-producing State, led to decreased supplies of dairy products. The rolling blackouts and high energy prices in California cut milk processing times and spoiled some milk in refrigeration. Increased demand for cheese; ice cream; butter; and dry, condensed and evaporated milk products also contributed to the rise in dairy product prices in 2001.

## **Finished goods other than foods and energy**

The PPI for finished goods other than foods and energy—the core index—rose 0.9 percent in 2001, after increasing 1.3 percent in the previous year. Capital equipment prices showed no change, following a 1.2-percent gain in 2000. The index for finished consumer goods other than foods and energy increased 1.5 percent in 2001, after rising 1.4 percent a year earlier.

Within capital equipment, the index for civilian aircraft moved up at a slower pace in 2001 than it did in the previous year. Prices for light motor trucks, metal-cutting machine tools, truck trailers, and construction machinery and equipment turned down, after increasing in 2000. The indexes for electronic computers and passenger cars fell more than they did in the prior year. By contrast, prices for x-ray and electromedical equipment, and for office and store machines and equipment advanced in 2001, after declining a year earlier. The communications and related equipment index fell less than it did in the previous year. Prices for pumps, compressors, and equipment, and agricultural machinery and equipment advanced at a faster rate than in 2000.

The index for finished consumer goods other than foods and energy moved up 1.5 percent in 2001, after advancing 1.4 percent a year earlier. Rising prices for cigarettes, alcoholic beverages, book publishing, newspaper circulation, household furniture, sanitary papers and health products, pet food, and periodical circulation outweighed falling prices for light motor trucks, passenger cars, men's and boy's apparel, women's apparel, and floor coverings. (See table 4.)

*Civilian aircraft.* The index for civilian aircraft increased 3.8 percent in 2001, following a 6.7-percent gain in 2000. Prices for civilian aircraft rose throughout the majority of 2001; however, price increases slowed toward the end of the year, and the index declined in September and November (the index had not fallen since August 1999). The slower rate of increase for civilian aircraft prices in the latter months of 2001 resulted from declining sales, as civilian aircraft shipments fell to 3,483 in 2001, down from 3,780 in 2000.<sup>7</sup> Within civilian aircraft, sales for general aviation aircraft and helicopters decreased, and sales for transport aircraft advanced.

*Motor vehicles.* Prices for motor vehicles declined significantly in 2001, as prices fell for both light trucks and passen-

ger cars; however, prices for heavy trucks rose. A 3.7-percent fall in the October passenger car index represented the largest monthly decline in the index since a 5.2-percent decrease in October 1972. Manufacturer incentives, including 0 percent financing, were primarily responsible for driving down light truck and passenger car prices, helping to boost U.S. automobile sales to their second highest level on record.<sup>8</sup> Light truck sales finished 2 percent higher in 2001 than in the prior year.

*Electronic computers.* Prices for electronic computers dropped 29.9 percent in 2001, after showing a 14.2-percent decline in the previous year. Prices fell sharply for personal computers and workstations (31.6 percent); mid-range general purpose computers (34.5 percent); large-scale general purpose computers (31.2 percent); and portable computers (31.5 percent). Manufacturers of electronic computers benefited from declining input costs in 2001, as MOS memory prices dropped 40.7 percent, MOS microprocessor prices fell 38.7 percent, and prices for computer storage devices decreased 12.9 percent.

*Tobacco products and alcohol.* The index for tobacco products rose 12.6 percent in 2001, following a 2.3-percent gain in 2000. The majority of the increase in tobacco prices was due to a 14.1-percent jump in the index for cigarettes, which followed a 1.9-percent gain in 2000. In January and May, tobacco manufacturers instituted two 14-cent-per-pack price increases to offset losses from a \$206 billion legal settlement with 46 U.S. States, causing the index to rise significantly in these 2 months.<sup>9</sup> Tobacco producers also raised prices in anticipation of a 5-cent-per-pack increase in the Federal excise tax on cigarettes that went into effect January 2002. Alcohol prices advanced 2.6 percent in 2001, following a 4.2-percent rise in 2000. Accounting for the majority of this gain, the index for malt beverages increased at a 3.3-percent rate, after rising at a 4.4-percent rate in 2000. Advancing prices for grains

**Table 4. Annual percent changes in Producer Price Indexes for selected finished goods other than foods and energy, 1996-2001**

Index	1996	1997	1998	1999	2000	2001
Finished goods other than foods and energy .....	0.6	0.0	2.5	0.9	1.3	0.9
Finished consumer goods less foods and energy ..	.8	.3	4.2	1.2	1.4	1.5
Cigarettes .....	3.3	10.0	49.4	9.6	1.9	14.1
Alcoholic beverages .....	3.8	-.5	1.5	.6	4.2	2.6
Books .....	3.2	3.3	4.1	1.8	3.4	3.4
Newspapers .....	4.2	.1	1.1	1.4	4.3	3.2
Sanitary papers and health products .....	-2.6	-2.0	-.6	-1.0	2.7	1.6
Men's and boys' apparel .....	1.1	.2	.6	-.3	.2	-1.7
Passenger cars .....	-.8	-2.6	.5	1.2	-.7	-1.6
Light trucks .....	.2	-3.6	1.0	.3	1.8	-3.3
Capital equipment .....	.4	-.6	0	.3	1.2	0
Civilian aircraft .....	3.2	.5	.5	2.1	6.7	3.8
Computers .....	-22.3	-21.6	-26.6	-19.7	-14.2	-29.9
Construction machinery .....	1.8	1.9	1.7	1.4	.9	-.1
Communication and related equipment .....	1.5	.8	-1.1	-1.9	-1.3	-.7
Heavy trucks .....	-4.5	.6	3.9	1.4	.7	.3

in 2001 may have contributed to the rise in the malt beverage index. The indexes for wine and brandy and for distilled spirits also increased in 2001.

*Newspaper circulation and book publishing.* In 2001, the index for newspaper circulation rose 3.2 percent, after increasing 4.3 percent a year earlier. Price increases were observed for subscriptions and sales of both daily and weekly publications. The book publishing index advanced 3.4 percent, following a similar increase in 2000. Prices moved up for the publication of text books; technical, scientific, and professional books; general books; pamphlets; and religious books; however, prices fell for the publication of general reference books.

### Intermediate industrial materials

The PPI for intermediate materials other than foods and energy decelerated, falling 1.6 percent in 2001, following a 1.6-percent gain in the previous year. Prices also turned down for nondurable manufacturing materials and durable manufacturing materials. The index for construction materials showed no change after inching up in 2000. (See table 5.)

*Nondurable manufacturing materials.* Prices for nondurable manufacturing materials dropped 5.5 percent in 2001, follow-

ing a 4.1-percent increase in 2000. Not since 1951, when the index closed down 6.1 percent, has the nondurable manufacturing materials index fallen at such a steep rate over a calendar year. Much of the 2001 deceleration was the result of a downturn in prices for basic organic chemicals. The indexes for nitrogenates, plastic resins and materials, paperboard, woodpulp, and paper also decreased in 2001, after advancing in the prior year. By contrast, prices for fats and oils (inedible) turned up in 2001, after falling a year earlier. Prices for phosphates declined less than they did in 2000.

Prices for basic organic chemicals moved down 11.6 percent in 2001, after rising 5.8 percent a year earlier. The index for primary basic organic chemicals decreased 29.5 percent, following a 13.4-percent gain in 2000. Intermediate basic organic chemical prices fell at a faster rate than they did in the previous year. Petroleum is a major input to primary basic organic chemicals, which include aromatics (not made in a refinery), liquefied refinery gases, and other basic organic chemicals, making primary basic organic chemical prices especially sensitive to changes in the petroleum market. In 2001, a 42.4-percent drop in crude petroleum prices coupled with weak demand put downward pressure on basic organic chemical prices.

Price decreases were widespread within the pulp and paper products industry in 2001. Woodpulp prices plummeted 24.3 percent, falling each month of the year with the excep-

**Table 5. Annual percent changes in Producer Price Indexes for selected intermediate and crude materials other than foods and energy, 1996-2001**

Index	1996	1997	1998	1999	2000	2001
Intermediate goods other than foods and energy .....	-0.9	0.3	-1.6	1.9	1.6	-1.6
Nondurable manufacturing materials .....	-3.3	.3	-5.3	4.0	4.1	-5.5
Basic organic chemicals .....	3.6	-1.7	-6.4	6.9	5.8	-11.6
Nitrogenates .....	5.9	-13.5	-19.0	2.2	44.9	-25.5
Plastic resins and materials .....	4.2	-2.8	-13.4	15.9	2.2	-9.8
Woodpulp .....	-33.0	4.1	-12.5	12.1	14.8	-24.3
Paperboard .....	-19.0	5.8	-8.0	13.0	10.6	-7.0
Paper .....	-14.2	3.8	-4.1	2.8	4.1	-3.1
Durable manufacturing materials .....	-1.4	0	-5.5	2.4	.2	-4.0
Steel mill products .....	-1.4	.5	-6.5	-2.4	-6	-6.1
Aluminum mill shapes .....	-7.9	6.8	-8.5	4.2	4.7	-2.9
Copper and brass mill shapes .....	-10.6	-6.5	-11.5	8.6	3.8	-9.5
Cement .....	5.0	3.5	5.2	1.6	-9	1.0
Plywood .....	-1.3	-1.1	4.9	-2	-6.2	-1.9
Building paper and board .....	-5.8	-2.0	-1.3	10.3	-9.3	-3.0
Construction materials .....	1.8	1.2	.1	2.2	.1	0
Plastic construction products .....	-1.1	-2.0	-2.2	5.6	1.6	-2.7
Nonferrous wire and cable .....	-3.1	-2.2	-4.6	.3	4.6	-4.0
Hardwood lumber .....	1.6	7.4	-1.2	3.5	2.4	-5.0
Softwood lumber .....	19.6	-3.8	-10.1	10.1	-14.5	-2.4
Millwork .....	3.5	1.0	.2	2.4	.5	1.7
Gypsum products .....	6.6	7.1	7.3	23.1	-27.1	.4
Crude nonfood materials less energy .....	-5.5	0	-16.0	14.0	-5.5	-9.9
Raw cotton .....	-13.0	-11.2	-8.0	-20.8	30.2	-46.7
Nonferrous metal ores .....	-16.8	-18.0	-10.0	6.6	4.4	-11.2
Wastepaper .....	-1.3	11.6	-28.9	110.5	-18.5	-30.2
Iron and steel scrap .....	-11.1	14.5	-39.9	40.0	-28.8	-5.6

tions of November and December. Weak demand, resulting from a slow domestic economy, in conjunction with high supplies of woodpulp drove down prices. Paper prices turned down 3.1 percent in 2001, following a 4.1-percent increase in the previous year. The paper index rose in the first 4 months of 2001 in spite of falling prices for woodpulp, a major input to paper, but then showed eight consecutive decreases—more closely reflecting the decline in price for woodpulp. Within paper, the indexes for newsprint, writing and printing papers, and packaging and industrial converting paper all decreased in 2001. The index for paperboard moved down 7 percent in 2001, after rising 10.6 percent in the previous year, as prices fell for the first 11 months in 2001. Price changes for woodpulp, paper, and paperboard are closely related because woodpulp is a major input for both paper and paperboard. (See chart 1.)

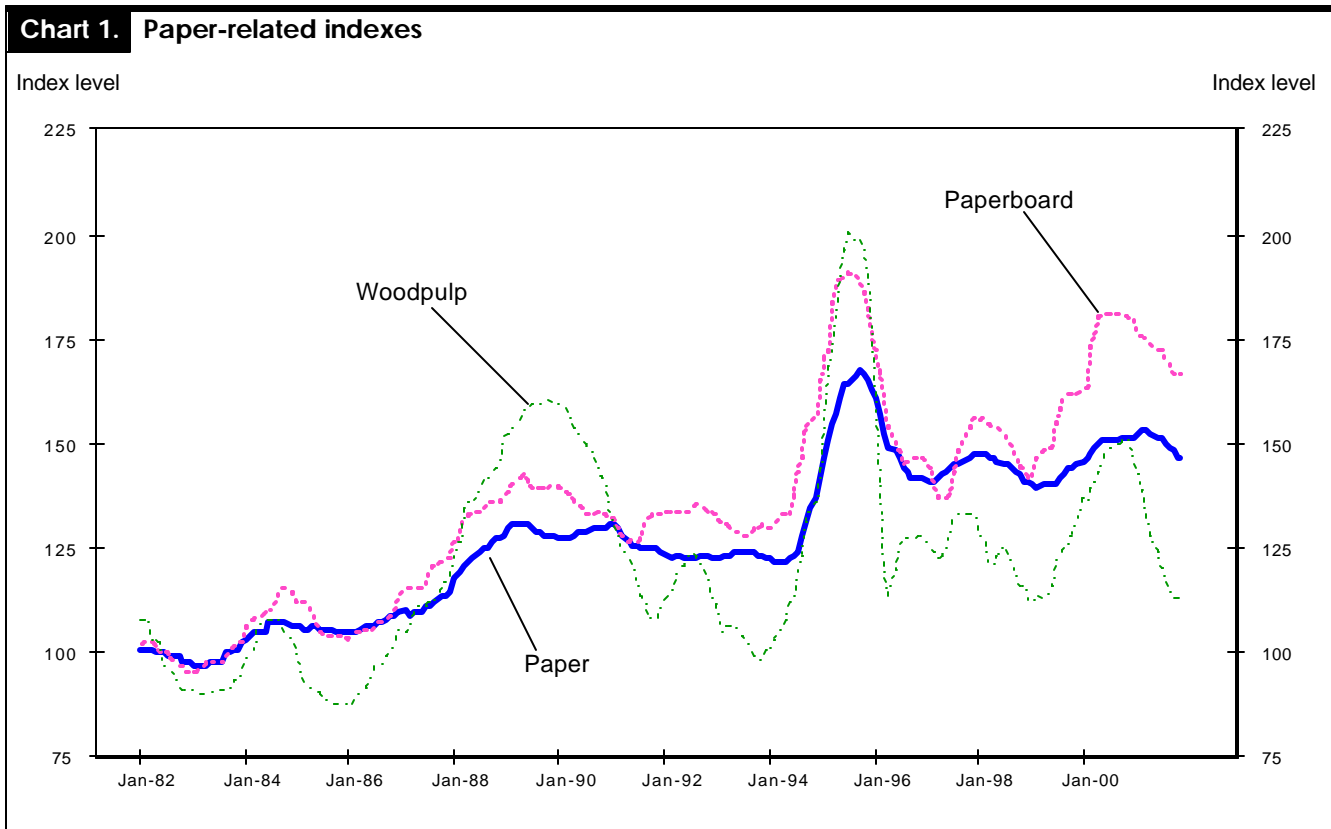
Prices for plastic resins and materials declined in 2001, falling 9.8 percent. Both the indexes for thermoplastic resins and thermosetting resins decreased, after advancing a year earlier. Falling prices for crude petroleum and the economic downturn were the most likely causes of declining prices for plastic resins and materials.

*Durable manufacturing materials.* The index for durable manufacturing materials fell 4 percent in 2001, after increasing 0.2 percent in the prior year. Prices for aluminum mill shapes,

cold rolled sheet and strip, primary aluminum (except extrusion billet), copper and brass mill shapes, and hardwood lumber turned down, after rising in 2000. The indexes for hot rolled sheets and strip and hot rolled bars, plates, and structural shapes declined at a faster pace in 2001 than in the previous year. On the other hand, prices for building paper and board, plywood, and semi-finished steel mill products fell less in 2001 than they did a year earlier. The index for cement advanced, after moving down in 2000.

Prices for steel mill products declined substantially in 2001 as the indexes for cold rolled sheet and strip; hot rolled sheet and strip; hot rolled bars, plates, and structural shapes; and semi-finished steel mill products fell 9.5, 8.2, 4.3, and 0.2 percent, respectively. Steel producers faced fierce import competition throughout 2001, causing the steel mill product index to decline 11 months out of the year. Domestic steel manufacturers complained of unfair foreign competition, prompting the Bush Administration to request the International Trade Commission to investigate whether restrictions on steel imports were needed.

The index for aluminum dropped 14.5 percent in 2001, registering 8 monthly price declines during the year, after moving up 3.3 percent in 2000. The American Metal Market reported that primary aluminum production levels declined to a 33-year low in 2001, reflecting extremely weak demand conditions. In





addition, high producer inventories contributed to falling aluminum prices in 2001. Prices for aluminum mill shapes fell 2.9 percent in 2001, following a 4.7-percent increase in the previous year. Decreasing aluminum prices may have been partially responsible for the fall in the index for aluminum mill shapes.

In 2001, the index for building paper and board fell 3.0 percent, following a 9.3-percent drop a year earlier. Accounting for the majority of the decline in building paper and board prices, the hardboard, particleboard, and fiberboard product index moved down 3.3 percent. The index for plywood decreased 1.9 percent in 2001, after declining 6.2 percent in the previous year. Falling prices for softwood plywood were primarily responsible for the drop in plywood prices. Manufacturers of softwood plywood benefited from lower prices for softwood lumber, which decreased 2.4 percent in 2001. Although the index for plywood finished down for the year, prices exhibited a high degree of volatility, resulting from uncertainty surrounding the March 31, 2002, termination of the Canada-U.S. Softwood Lumber Agreement.<sup>10</sup> Under the agreement, Canada was entitled to unlimited access to the U.S. market without threat of trade action.

*Materials and Components for Construction.* The PPI for materials and components for construction showed no change in 2001, after edging up 0.1 percent in the prior year. Falling prices for plastic construction products, nonferrous wire and cable, hardwood lumber, softwood lumber, fabricated structural metal products, plywood, and wiring devices offset rising prices for millwork, asphalt felts and coatings, switchgear and switchboard equipment, air conditioning and refrigeration equipment, and metal valves (except fluid power).

From December 2000 to December 2001, prices for plastic construction products fell 2.7 percent. Manufacturers were able to lower output prices as input costs declined. Prices for plastic resins and materials fell substantially in 2001 due to weak demand resulting from a slow economy and plummeting prices for crude petroleum.

Prices for nonferrous wire and cable declined 4 percent in 2001, following a 4.6-percent increase in 2000. Within nonferrous wire and cable, price declines for electric wire and cable, telephone and telegraph wire and cable, control and signal wire and cable, building wire and cable, apparatus wire and cordage, power wire and cable, copper and copper alloy wire and cable, aluminum wire and cable (bare), and fiber optic cable outweighed price increases for magnet wire and for appliance and flexible cord sets. Manufacturers of nonferrous wire and cable may have been able to pass decreasing costs forward through the chain of production as prices for copper base scrap, nonferrous metal ores, and primary nonferrous metals (except precious) all declined in 2001. Over the same time period, prices for fabricated structural metal

products declined 0.4 percent, after increasing 0.3 percent in 2000.

The index for lumber decreased 3.2 percent in 2001, after falling 9.6 percent in the previous year. Prices for hardwood lumber moved down 5 percent, following a 2.4-percent increase in 2000. After rising 10 percent in May and falling 5.9 percent in July, the index for softwood lumber decreased 2.4 percent in 2001. As mentioned in the previous section, uncertainty surrounding the end of the Canadian-U.S. softwood lumber agreement resulted in larger than normal price swings for softwood lumber. Canadian producers, fearing retroactive tariffs on U.S. exports, limited their supplies to U.S. markets, and U.S. buyers held off purchasing in anticipation of a surge in Canadian imports.

## Basic industrial materials

Prices for basic industrial materials dropped 9.9 percent in 2001, following a 5.5-percent decline in the preceding year. Contributing most significantly to this overall deceleration, the index for raw cotton plunged 46.7 percent, after advancing 30.2 percent in 2000. Prices for nonferrous metal ores, copper base scrap, and leaf tobacco turned down in 2001, while prices for wastepaper, aluminum base scrap, and pulpwood fell at a faster rate in 2001 than they did in the prior year. By contrast, the index for iron and steel scrap fell 5.6 percent in 2001, compared with a 28.8-percent drop in 2000. Prices for softwood logs, bolts, and timber also fell at a slower pace in 2001 than they did in the previous year. The index for hardwood logs, bolts, and timber turned up in 2001. (See table 5.)

Raw cotton prices dropped considerably in 2001, registering declining monthly prices from January through October. Supplies of raw cotton increased approximately 17 percent in 2001 from the year before due to larger planting areas and increased yield. Despite the drought in the southwestern States, other areas of the Cotton Belt experienced decreased abandonment levels and increased harvested areas. Cotton exports rose in 2001; however, overall demand declined as a result of decreased U.S. cotton mill consumption. Increases in cotton textile and apparel imports, as well as the general slowdown of the U.S. economy, weakened the demand for cotton from the spinning and from the textile and apparel industries. The gain in supplies and reduction in demand has increased ending stocks to their highest level since 1986.<sup>11</sup>

Prices for nonferrous metal ores fell 11.2 percent in 2001, turning down from a 4.4-percent gain in 2000. The index for nonferrous scrap decreased 14.7 percent, following a 6.4-percent drop a year earlier. Prices for both nonferrous ores and scrap declined as a result of weak demand from the automotive, construction, and aerospace industries. This diminished consumption, which primarily affected the copper and aluminum sectors, had been sliding since 1999. However, with the

downturn of the U.S. economy and the effects of the terrorist attacks on September 11th, demand softened even further than had been expected. The high inventories that remained from 2000 magnified the effects of the waning demand for nonferrous metals in 2001.

After dropping 18.5 percent in 2000, the PPI for wastepaper decreased 30.2 percent over the 12 months ended December 2001. The index registered declining prices for the first 6 months of 2001 due to weakened demand. Decreased overseas shipments and the weakening U.S. economy softened demand for wastepaper, while large stocks leftover from 2000 forced consumers of wastepaper to reduce orders. During the second half of 2001, prices rose minimally as demand began to increase.

Iron and steel scrap prices declined at a slower rate in 2001 than in the prior year. The iron and steel scrap market experienced another year of falling prices due to continued weak demand from the steel industry. This diminished demand was most significant in the automobile and appliances sectors that felt the effects of the weakening U.S. economy. A reduction in scrap exports from Eastern Europe—especially Russia, Ukraine, and Romania—helped to increase foreign demand for U.S. steel scrap, and kept prices from falling further in 2001.

### Selected service industries

A majority of the service industries tracked in the PPI exhibited advancing prices in 2001. Rising prices were registered by the following indexes: property and casualty insurance; grocery stores; offices and clinics of doctors of medicine; general medical and surgical hospitals; new car dealers; skilled and intermediate care facilities; real estate agents and managers; legal services; drug stores and proprietary stores; operators and lessors of non-residential buildings; United States Postal Service; engineering design, analysis, and consulting services; air transportation (scheduled); and home healthcare services. Alternatively, prices declined for security brokers, dealers, and investment bankers; telephone communications (except radiotelephone); travel agencies; truck rental and leasing (without drivers); camera and photographic supply stores; catalog and mail order houses; optical goods stores; and trucking (except local) during 2001. (See table 6.)

The index for property and casualty insurance moved up 3.7 percent over the 12 months ended December 2001 due partially to rising prices for private passenger automobile insurance and homeowner's insurance. Private passenger automobile insurance advanced 5.9 percent in 2001, with significant increases in California and Florida. In Florida, cases of automobile insurance fraud are currently being investigated as causes for rising premiums. Prices for homeowner's insurance rose 5.1 percent in 2001, with large gains in California,

Florida, and Texas. The gain in prices resulted from an increase in claims surrounding mold problems that arise in warm climates after water damage.

Prices for health services climbed upward in 2001, rising 3.1 percent over the 12 months. Contributing most significantly to this price increase was the index for offices and clinics of doctors of medicine, which rose 2.8 percent in 2001. Medicare increased payments to physicians by approximately 4.5 percent in 2001, allowing doctors to increase prices.<sup>12</sup> The Medicare increase affected not only direct Medicare payments to physicians, but also the payments by private payers and State Medicaid agencies that adjust contracts according to Medicare rates. This increase in the payment rate, along with a change in the Medicare payment system, caused prices for physician's offices to advance in 2001. The index for general medical and surgical hospitals rose 2.7 percent in 2001 due to increased labor, pharmaceutical and supply expenses, and increased liability insurance costs. The weakening economy also decreased investment returns used to subsidize hospital operating losses. Similarly to physician offices, prices for skilled and intermediate care facilities and home healthcare services rose partly as a result of increased Medicare payments in 2001.

The grocery store index rose 5.6 percent in 2001. Margin increases were influenced by rising produce, bakery, dairy, and health and beauty care margins. On the other hand, the index for convenience food stores dropped due to falling margins for convenience food/gasoline stores.

From December 2000 to December 2001, prices for real estate agents and managers rose 1.6 percent. Leading this price increase, prices for real estate brokerage (residential sales) advanced 4.1 percent in 2001, due partly to an increase in the median price of existing homes—to \$147,500 in 2001, up from \$139,000 in 2000.<sup>13</sup> This index also registered a decline in prices between the third and fourth quarters of 2001, mirroring the trend of median housing prices in those quarters. The index for operators and lessors of nonresidential buildings also moved up in 2001, posting a 1.3-percent gain.

Prices for the United States Postal Service advanced 7.5 percent from December 2000 to December 2001. The indexes for first class mail, periodicals (second class mail), standard class A mail (third class mail), and standard class B mail (fourth class mail) moved up in 2001 as the United States Postal Service implemented rate increases in January and July. Postal rates were raised to offset large projected losses for 2001. Even after the January rate increase, the Postal Service projected losses of up to \$2.4 billion for the year 2001, leading to the July rate hike.<sup>14</sup>

The index for security brokers, dealers, and investment bankers dropped 13.2 percent in 2001. Falling share prices in the stock market translated into lower fees for security brokers and dealers in 2001 as the S&P 500 index declined 14.4

**Table 6. Percent change in Producer Price Indexes for the net output of selected service industries, 1996–2001**

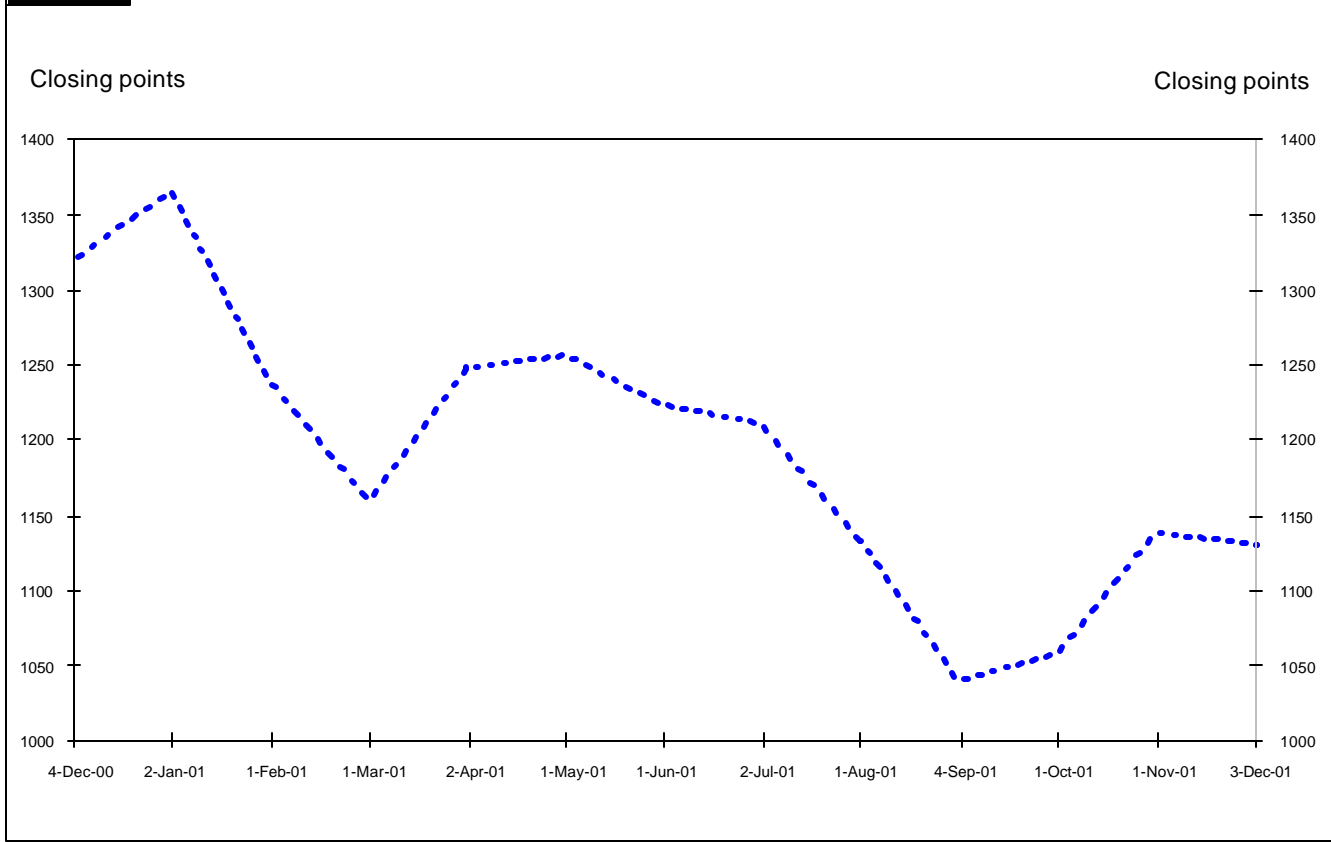
SIC code	Industry	1996–97	1997–98	1998–99	1999–2000	2000–01
Distribution:						
4011	Railroads, line-haul operating .....	1.0	0.5	0.1	1.8	2.3
4212	Local trucking without storage .....	.2	1.7	1.1	4.2	2.8
4213	Trucking, except local .....	2.6	3.4	3.4	6.3	–4
4214	Local trucking with storage .....	.6	.5	.5	1.4	1.0
4215	Courier services, except by air .....	3.8	4.2	3.4	4.4	2.6
4221	Farm product warehousing and storage .....	2.0	.6	5.3	1.6	3.3
4222	Refrigerated warehousing and storage .....	.1	.5	1.2	1.7	1.2
4225	General warehousing and storage .....	.7	2.9	2.6	3.0	3.0
4311	United States Postal Service .....	0	0	2.2	0	7.5
4412	Deep sea foreign transportation of freight .....	–3.7	4.7	22.9	12.8	7.4
4424	Deep sea domestic transportation of freight .....	–6	.2	1.2	4.8	2.1
4432	Freight transportation on the Great Lakes-St. Lawrence Seaway .....	1.4	.8	–1	–1	.1
4449	Water transportation of freight, n.e.c. ....	–4	–2.2	8.1	9.8	–5
4491	Marine cargo handling .....	1.2	1.8	1.5	2.6	1.1
4492	Tugging and towing services .....	2.2	2.8	2.9	4.1	.9
4513	Air courier services .....	–3.9	3.1	5.1	8.3	3.3
4581	Airports, flying fields, and airport services .....	3.0	3.0	3.9	5.8	0
4612	Crude petroleum pipelines .....	–3.7	1.4	–1.7	6.1	11.1
4613	Refined petroleum pipelines .....	1.2	–1.1	.3	1.0	5.0
4731	Freight transportation arrangement .....	–1.4	–.6	–2.8	4.5	–2.7
5411	Grocery stores .....	–	–	–	4.7	5.6
5421	Meat and fish (seafood) markets .....	–	–	–	6.9	2.1
5431	Fruit and vegetable market .....	–	–	–	5.2	1.3
5441	Candy, nut, and confectionery stores .....	–	–	–	5.0	3.4
5461	Retail bakeries .....	–	–	–	1.0	3.3
5499	Miscellaneous food stores .....	–	–	–	10.0	15.6
5511	New car dealers .....	–	–	–	1.0	3.0
5912	Drug stores and proprietary stores .....	–	–	–	–	6.3
5921	Liquor stores .....	–	–	–	–	1.9
5941	Sporting goods stores .....	–	–	–	–	8.8
5942	Book stores .....	–	–	–	–	–1.5
5943	Stationery stores .....	–	–	–	–	2.1
5944	Jewelry stores .....	–	–	–	–	–1.6
5945	Hobby, toy, and game shops .....	–	–	–	–	1.0
5946	Camera and photographic supply stores .....	–	–	–	–	–13.9
5947	Gift, novelty, and souvenir shops .....	–	–	–	–	–1.0
5948	Luggage and leather goods stores .....	–	–	–	–	1.3
5949	Sewing, needlework, and piece goods stores .....	–	–	–	–	–9.2
5961	Catalog and mail-order houses .....	–	–	–	–	–1.5
5962	Automatic merchandising machine operators .....	–	–	–	–	.8
598	Fuel dealers .....	–	–	–	–	5.7
5992	Florists .....	–	–	–	–	5.2
5995	Optical goods stores .....	–	–	–	–	–8.9
5999	Miscellaneous retail stores, n.e.c. ....	–	–	–	–	–6
Communications:						
4812	Wireless telecommunications .....	–	–	–	–6.1	–1.2
4813	Telephone communications, except radiotelephone .....	–4	–1.7	–3.0	–1.7	–4.0
4832	Radio broadcasting .....	3.1	.8	7.7	4.9	–2.3
4841	Cable and other pay television services .....	4.7	3.7	3.3	5.7	.8
Real estate:						
6512	Operators and lessors of nonresidential buildings .....	2.2	1.2	5.7	1.3	1.3
6531	Real estate agents and managers .....	1.4	2.6	1.5	4.6	1.6
Professional, scientific, and technical:						
7311	Advertising agencies .....	2.5	1.3	2.8	4.0	2.5
8111	Legal services .....	4.1	2.5	2.9	3.9	4.2
8711	Engineering design, analysis, and consulting services .....	3.1	2.9	3.1	3.1	5.9
8712	Architectural design, analysis, and consulting services .....	3.0	5.3	4.9	2.5	1.2
8721	Accounting, auditing, and bookkeeping services .....	2.1	3.0	3.5	3.3	.6
Healthcare:						
8011	Offices and clinics of doctors of medicine .....	1.2	2.6	2.1	1.6	2.8
8053	Skilled and intermediate care facilities .....	4.2	4.4	4.0	6.3	5.4
8062	General medical and surgical hospitals .....	.5	1.3	1.8	3.7	2.7
8063	Psychiatric hospitals .....	–6.7	.5	.9	–6	2.2
8069	Specialty hospitals, except psychiatric .....	.6	2.3	2.7	2.6	3.1
8071	Medical laboratories .....	.9	.2	–8	4.6	2.3
8082	Home healthcare services .....	6.2	.5	4.0	1.0	3.2

**Table 6. Continued—Percent change in Producer Price Indexes for the net output of selected service industries, 1996–2001**

SIC code	Industry	1996–97	1997–98	1998–99	1999–2000	2000–01
Other:						
4512	Air transportation, scheduled .....	.9	2.5	6.7	18.6	2.0
4522	Air transportation, nonscheduled .....	-1.6	2.6	2.0	8.1	1.1
4724	Travel agencies .....	1.5	-2.3	.3	14.6	-7.8
6211	Security brokers, dealers, and investment bank companies .....	-	-	-	-	-13.2
6311	Life insurance carriers .....	-	-	-3	-6	1.4
6331	Property and casualty insurance .....	-	-	1.1	1.1	3.7
7011	Hotels and motels .....	4.1	4.2	2.8	5.7	.8
7349	Building cleaning and maintenance services, n.e.c. ....	1.4	1.1	2.6	3.9	3.7
7361	Employment agencies .....	1.0	2.9	2.2	2.4	1.8
7363	Help supply services .....	1.8	2.2	1.8	1.2	0
7372	Prepackaged software .....	-	.9	-2.4	2.4	-2.6
7513	Truck rental and leasing, without drivers .....	.5	-9	.3	4.5	-4.2
7514	Passenger car rental, without drivers .....	13.7	-4.0	3.8	2.8	-1.0

NOTE: Calculations are based on a 12-month change from December to December of indicated years. Dashes indicate index was not used in estimation. n.e.c. = not elsewhere classified.

**Chart 2. S&P 500**



percent during the same period. (See chart 2.) Security broker fees are often based on a percentage of stock prices; thus, decreasing share prices lead to lower commissions for security brokers. □

**Notes**

<sup>1</sup> On the Internet at <http://www.eia.doe.gov/emeu/aer/txt/tab0607.htm>

<sup>2</sup> On the Internet at <http://abcnews.go.com/sections/business/DailyNews/ope000328.html>

<sup>3</sup> “U.S. Corn & Wheat Acreage Decline, While Soybean & Cotton Rise,” *Agricultural Outlook*, (USDA Economic Research Service, August 2001).

<sup>4</sup> “Abundant Field Crop Supplies Expected in 2001/02,” *Agricultural Outlook*, (USDA Economic Research Service, June–July 2001).

<sup>5</sup> *Ibid.*

<sup>6</sup> *Feed Situation and Outlook Yearbook*, (USDA Economic Research Service, April 2001).

<sup>7</sup> “2001 Year-End Review and Forecast,” *Aerospace Industries Association*.

<sup>8</sup> “2001 auto sales were second highest ever,” *Milwaukee Journal Sentinel*, January 4, 2002.

<sup>9</sup> On the Internet at <http://www.money.cnn.com/2001/04/25/news/philipmorris/index.htm>

<sup>10</sup> On the Internet at <http://www.dfait-maeci.gc.ca/~eicb/softwood/Archive/background-e.pdf>

<sup>11</sup> *Cotton and Wool Situation and Outlook Yearbook 2001*, (USDA Economic Research Service).

<sup>12</sup> *Federal Register*, November 2000.

<sup>13</sup> National Association of Realtors, “2001 A New Record, December Existing Home Sales Strong – NAR Reports,” January 25, 2002.

<sup>14</sup> “Postal Mess,” May 15, 2001, on the Internet at <http://www.cbsnews.com/stories/2001/05/15/national/main291449.shtml>

---

## Where are you publishing your research?

The *Monthly Labor Review* will consider for publication studies of the labor force, labor-management relations, business conditions, industry productivity, compensation, occupational safety and health, demographic trends, and other economic developments. Papers should be factual and analytical, not polemical in tone.

We prefer (but do not require) submission in the form of an electronic file in Microsoft Word, either on a diskette or as an attachment to e-mail. Please use separate files for the text of the article; the tables; and charts. We also accept hard copies of manuscripts.

Potential articles should be mailed to: Editor-in-Chief, *Monthly Labor Review*, Bureau of Labor Statistics, Washington, DC 20212, or by e-mail to [mlr@bls.gov](mailto:mlr@bls.gov)

---