

News

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REPORT ON QUALITY CHANGES FOR 1999 MODEL VEHICLES

Passenger Cars

The value of quality changes for a sample of 16 domestic passenger cars for the 1999 model year included in the Producer Price Index for October averaged \$13.49, according to estimates by the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor. This change represents 12.3 percent of the average \$109.67 yearly increase in producers' prices.

The retail equivalent of these quality changes averaged \$15.50, representing 10.0 percent of the average \$155.27 yearly increase in manufacturers' suggested list prices.

These quality-change values represent modifications made to meet 1990 Clean Air Act amendments, changes in levels of standard or optional equipment, and upgrades to powertrains and corrosion protection.

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Light Trucks

The value of quality changes for a sample of 15 domestic light trucks for the 1999 model year included in the Producer Price Index for October averaged \$408.52. This change represents 95.0 percent of the average \$430.08 yearly increase in producers' prices.

The retail equivalent of quality changes for domestic light trucks averaged \$484.86, representing 98.6 percent of the average \$491.63 yearly increase in manufacturers' suggested list prices.

The \$484.86 estimated retail level of quality change breaks down as follows:

\$76.61 for changes in accordance with 1990 Clean Air Act Amendments

\$408.25 for other quality changes such as powertrain improvements, corrosion protection upgrades, and changes in levels of standard or optional equipment.

Estimates of the value of quality change are based on a review by the BLS of data supplied by producers for similarly equipped 1998 and 1999 domestic 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.