

News

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REPORT ON QUALITY CHANGES FOR 2002 MODEL VEHICLES

Passenger Cars

The value of quality changes for a sample of eighteen 2002 model year domestic passenger cars included in the Producer Price Index (PPI) for October averaged \$62.87, according to estimates by the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor. This change represents 22.2 percent of the average \$283.70 increase in producers' prices for this year's models as compared with last year's models.

The retail equivalent value of these quality changes averaged \$68.30, representing 20.2 percent of the average \$337.94 over-the-year increase in manufacturer's suggested list prices.

The value of changes for passenger cars represent changes in levels of standard or optional equipment, federal safety mandates, and non-mandated quality changes.

Light Trucks

The value of quality changes for a sample of sixteen 2002 model year domestic light trucks included in the PPI for October averaged \$16.02. This change represents 7.9 percent of the average \$202.99 increase in producers' prices for this year's models as compared with last year's models.

The retail equivalent value of quality changes for domestic light trucks averaged \$17.59, representing 7.1 percent of the average \$248.20 over-the-year increase in manufacturer's suggested list prices.

The value of changes for light trucks represent changes in levels of standard or optional equipment, federal safety mandates, and non-mandated quality changes.

Estimates of the value of quality change are based on a review by BLS of data supplied by producers for similarly equipped 2001 and 2002 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. These data also form the basis of the new vehicle quality adjustment 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.