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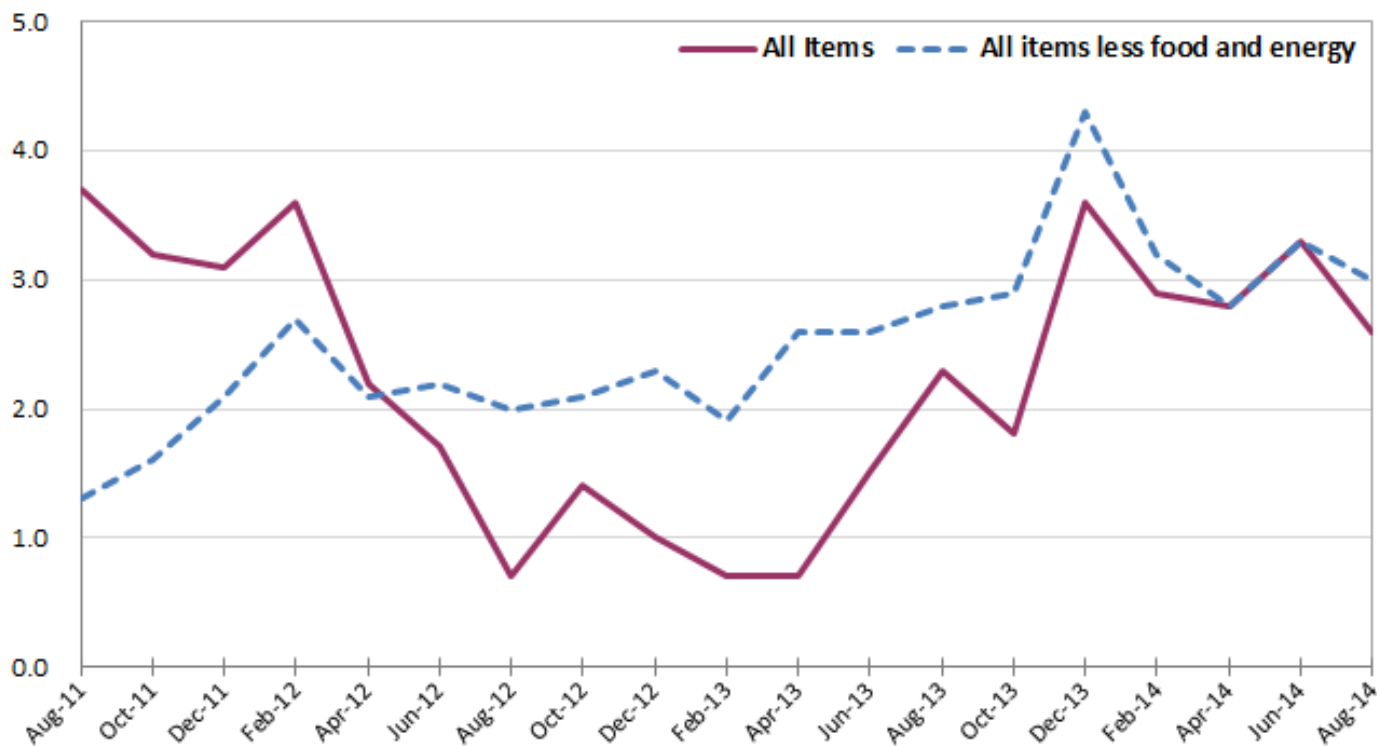
Consumer Price Index, Houston-Galveston-Brazoria – August 2014
Area prices fall 0.3 percent during two-month period, up 2.6 percent over the year

The Consumer Price Index for All Urban Consumers (CPI-U) in the Houston area fell 0.3 percent in July and August, the U.S. Bureau of Labor Statistics reported today. Regional Commissioner Stanley W. Suchman noted that this followed an increase of 0.6 percent in May and June. The decline during the latest period was the result of a 5.6-percent decrease in energy costs which was partially offset by increases in the indexes for food (0.4 percent) and for all items less food and energy (0.3 percent). (Data in this report are not seasonally adjusted. Accordingly, short-term changes may reflect the impact of seasonal influences.)

During the 12 months ended in August 2014, the all items CPI-U advanced 2.6 percent as prices for all items less food and energy rose at a 3.0-percent pace. (See [chart 1](#).)

Chart 1. Over-the-year percent change in CPI-U, Houston-Galveston-Brazoria, August 2011–August 2014

Percent



Source: U.S. Bureau of Labor Statistics.

Food

Food prices rose 0.4 percent in July and August, following a 1.2-percent increase in May and June. Among the two components of the index, prices for food at home (grocery stores) advanced 0.2 percent while prices for food away from home were up 0.5 percent.

From August 2013 to August 2014, the food index advanced 3.4 percent, the largest annual increase since the year ended in February 2012 (4.0 percent). The latest over-the-year rise reflected the combined effects of a 3.9-percent price rise at grocery stores and a 2.7-percent price rise for food away from home.

Energy

The energy index fell 5.6 percent in July and August, after registering no change in May and June. The largest contributors to the current decline were an 8.6-percent drop in electricity costs and a 4.0-percent decrease in motor fuel prices. Lower natural gas costs also contributed, down 7.3 percent during the period.

During the year ended in August 2014, the energy index decreased 1.4 percent. Lower prices were registered for motor fuel and natural gas, down 3.0 and 2.9 percent, respectively. Partially offsetting these decreases, electricity prices rose 2.0 percent from August 2013.

All items less food and energy

The index for all items less food and energy rose 0.3 percent in July and August, after rising 0.6 percent in May and June. The biggest factor in the current advance was a 0.8-percent increase in owners' equivalent rent of a primary residence. Also contributing to the current rise were higher prices for apparel (3.2 percent), household furnishings and operations (2.3 percent), and education and communication (0.6 percent). Despite the overall two-month gain, lower prices were still recorded for a wide range of items, including recreation, new motor vehicles, and lodging away from home.

Over the year, the index for all items less food and energy rose 3.0 percent. The leading factor in the annual increase was higher shelter costs which moved up 4.5 percent. Also a major contributor to the annual change was an 11.0-percent price advance in the apparel index.

The October 2014 Consumer Price Index for All Items for Houston-Galveston-Brazoria will be released on November 20, 2014.

Technical Note

The Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services. The Bureau of Labor Statistics publishes CPIs for two population groups: (1) a CPI for All Urban Consumers (CPI-U) which covers approximately 88 percent of the total population and (2) a CPI for Urban Wage Earners and Clerical Workers (CPI-W) which covers 29 percent of the total population. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force.

The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. Each month, prices are collected in 87 urban areas across the country from about 4,000 housing units and approximately

26,000 retail establishments--department stores, supermarkets, hospitals, filling stations, and other types of stores and service establishments. All taxes directly associated with the purchase and use of items are included in the index.

The index measures price changes from a designated reference date (1982-84) that equals 100.0. An increase of 16.5 percent, for example, is shown as 116.5. This change can also be expressed in dollars as follows: the price of a base period "market basket" of goods and services in the CPI has risen from \$10 in 1982-84 to \$11.65. For further details, see the CPI home page on the Internet at www.bls.gov/cpi and the BLS Handbook of Methods, Chapter 17, *The Consumer Price Index*, available on the Internet at www.bls.gov/opub/hom/homch17_a.htm.

In calculating the index, price changes for the various items in each location are averaged together with weights that represent their importance in the spending of the appropriate population group. Local data are then combined to obtain a U.S. city average. Because the sample size of a local area is smaller, the local area index is subject to substantially more sampling and other measurement error than the national index. In addition, local indexes are not adjusted for seasonal influences. As a result, local area indexes show greater volatility than the national index, although their long-term trends are quite similar. **NOTE: Area indexes do not measure differences in the level of prices between cities; they only measure the average change in prices for each area since the base period.**

The **Houston-Galveston-Brazoria, Texas, Consolidated Metropolitan Statistical Area (CMSA)** includes Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties.

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Table 1. Consumer Price Index for All Urban Consumers (CPI-U): Indexes and percent changes for selected periods, Houston-Galveston-Brazoria, TX (1982-84=100 unless otherwise noted)

Item and Group	Indexes				Percent change from -		
	Historical data	Jun. 2014	Jul. 2014	Aug. 2014	Aug. 2013	Jun. 2014	Jul. 2014
All items.....		214.668		214.102	2.6	-0.3	
All items (1967 = 100).....		688.518		686.703			
Food and beverages.....		219.762		220.331	3.2	0.3	
Food.....		219.444		220.262	3.4	0.4	
Food at home.....		221.548	219.339	222.065	3.9	0.2	1.2
Food away from home.....		212.683		213.843	2.7	0.5	
Alcoholic beverages.....		214.546		211.323	0.1	-1.5	
Housing.....		197.491		197.241	3.8	-0.1	
Shelter.....		229.545	229.966	230.897	4.5	0.6	0.4
Rent of primary residence (1).....		219.009	219.465	219.813	4.3	0.4	0.2
Owners' equivalent rent of residences (1) (2).....		211.667	212.226	213.391	3.6	0.8	0.5
Owners' equivalent rent of primary residence (1) (2).....		211.667	212.226	213.391	3.6	0.8	0.5
Fuels and utilities.....		184.213		172.536	1.4	-6.3	
Household energy.....		172.731	169.439	158.456	1.2	-8.3	-6.5
Energy services (1) (3).....		169.663	166.389	155.467	1.2	-8.4	-6.6
Electricity (1).....		170.049	166.119	155.472	2.0	-8.6	-6.4
Utility (piped) gas service (1).....		154.192	154.212	142.895	-2.9	-7.3	-7.3
Household furnishings and operations.....		118.522		121.213	1.5	2.3	
Apparel.....		181.429		187.218	11.0	3.2	
Transportation.....		195.106		191.459	0.0	-1.9	
Private transportation.....		192.524		190.113	0.0	-1.3	
Motor fuel.....		306.916	307.744	294.657	-3.0	-4.0	-4.3
Gasoline (all types).....		308.136	309.040	295.315	-3.0	-4.2	-4.4
Gasoline, unleaded regular (4).....		318.294	319.328	304.706	-3.1	-4.3	-4.6
Gasoline, unleaded midgrade (4) (5).....		313.195	313.551	301.424	-2.8	-3.8	-3.9
Gasoline, unleaded premium (4).....		300.863	301.415	289.938	-2.1	-3.6	-3.8
Medical care.....		432.532		433.026	1.1	0.1	
Recreation (6).....		106.211		105.270	-0.9	-0.9	
Education and communication (6).....		121.854		122.633	0.7	0.6	
Other goods and services.....		381.307		381.850	3.9	0.1	
COMMODITY AND SERVICE GROUP							
Commodities.....		182.218		181.871	1.8	-0.2	
Commodities less food and beverages.....		162.158		161.454	1.0	-0.4	
Nondurables less food and beverages.....		227.465		224.861	1.8	-1.1	
Durables.....		104.593		105.208	-0.5	0.6	
Services.....		248.634		247.844	3.3	-0.3	
SPECIAL AGGREGATE INDEXES							
All items less shelter.....		208.915		207.647	1.9	-0.6	
All items less medical care.....		203.622		203.034	2.8	-0.3	
Commodities less food.....		164.241		163.471	1.0	-0.5	
Nondurables.....		224.529		223.469	2.5	-0.5	
Nondurables less food.....		226.602		223.965	1.7	-1.2	
Services less rent of shelter (2).....		267.685		264.640	2.3	-1.1	
Services less medical care services.....		229.871		229.124	3.4	-0.3	
Energy.....		235.931	234.641	222.727	-1.4	-5.6	-5.1
All items less energy.....		214.996		215.746	3.1	0.3	
All items less food and energy.....		214.060		214.798	3.0	0.3	

(1) This index series was calculated using a Laspeyres estimator. All other item stratum index series were calculated using a geometric means estimator.

(2) Indexes on a December 1982=100 base.

(3) Prior to January 2011 this series was titled Gas (piped) and electricity.

(4) Special index based on a substantially smaller sample.

(5) Indexes on a December 1993=100 base.

(6) Indexes on a December 1997=100 base.

Note: Index applies to a month as a whole, not to any specific date.