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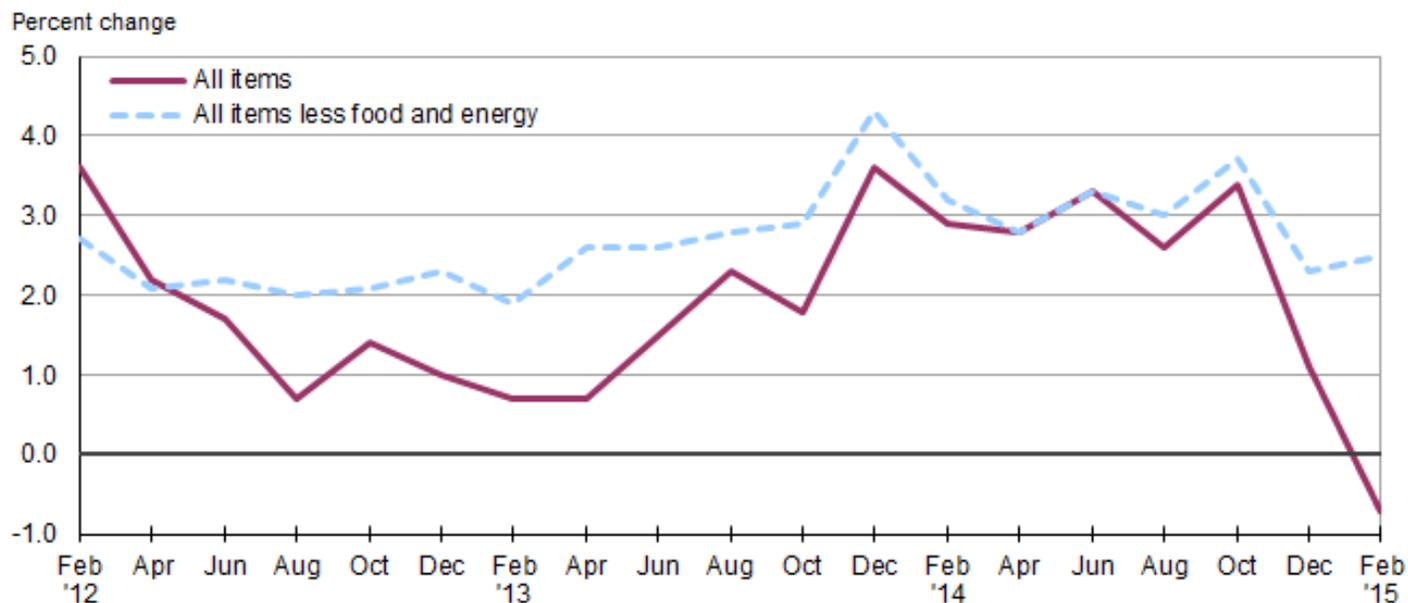
Consumer Price Index, Houston-Galveston-Brazoria – February 2015

Area prices fall 0.9 percent during two-month period and decline 0.7 percent over the year

The Consumer Price Index for All Urban Consumers (CPI-U) in the Houston area fell 0.9 percent in January and February, the U.S. Bureau of Labor Statistics reported today. Regional Commissioner Stanley W. Suchman noted that the decline was the result of a 15.3-percent decrease in the energy index, as prices fell for both household energy and motor fuels. The energy index decline was partially offset by increases in the indexes for all items less food and energy (0.4 percent) and for food (0.5 percent). (Data in this report are not seasonally adjusted. Accordingly, short-term changes may reflect the impact of seasonal influences.)

The all items CPI-U also fell during the 12 months ended in February 2015, down 0.7 percent. This was the first over-the-year decline since August 2009 (-0.5 percent). In contrast, the index for all items less food and energy rose during the latest 12-month period, up 2.5 percent. (See [chart 1.](#))

Chart 1. Over-the-year percent change in CPI-U, Houston, February 2012–February 2015



Source: U.S. Bureau of Labor Statistics.

Food

Local food prices rose 0.5 percent in January and February, after registering no change in November and December. Among the two components of the index, prices for food away from home increased 0.9 percent, while prices for food at home (grocery stores) were little changed, edging up 0.1 percent.

From February 2014 to February 2015, the food index advanced 3.5 percent, reflecting the combined effects of a 2.8-percent price rise at grocery stores and a 4.3-percent price rise for food away from home. This period marked the largest annual increase in food away from home prices since April 2009.

Energy

The energy index fell 15.3 percent in January and February, after falling 10.6 percent in November and December. The current two-month decline reflected decreases in both components of the index, as prices for motor fuel fell 15.7 percent and household energy declined 14.9 percent. Within the household energy component, electricity costs decreased 16.4 percent and natural gas prices fell 7.1 percent.

During the year ended in February 2015, the energy index registered a 30.0-percent decline, its largest decrease since the series inception in 1978. A 35.0-percent drop in motor fuel costs was the biggest factor in the decrease, but lower household energy prices also contributed. Electricity prices fell 24.5 percent during the last 12 months and natural gas costs were down 13.9 percent; a year ago, electricity costs were rising at a 34.0-percent pace.

All items less food and energy

The index for all items less food and energy rose 0.4 percent in January and February, after falling 0.3 percent in November and December. The main factor in the current advance was a 1.3-percent increase in the shelter index as prices rose for all three shelter sub-components: renters' costs, owners' equivalent rent, and lodging away from home. Another important contributor to the two-month movement was higher medical care costs, which rose 1.9 percent. These increases were partially offset by declines in the indexes for recreation (-3.8 percent) and apparel (-3.1 percent).

During the year ended in February 2015, the index for all items less food and energy rose 2.5 percent. The biggest factor in the annual advance was a 4.4-percent rise in shelter costs. Within the shelter component, higher rates of increase for renters' costs (5.9 percent) and owners' equivalent rent (4.7 percent) were slowed by a decline in the cost of lodging away from home. Other large contributors to the annual increase included higher prices for medical care (3.4 percent) and for education and communication (3.0 percent). Countering a portion of these advances, prices fell over the year for recreation (-2.7 percent) and for apparel (-1.9 percent).

The April 2015 Consumer Price Index for All Items for Houston-Galveston-Brazoria will be released on May 22, 2015.

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 89 percent of the total population and (2) a CPI for Urban Wage Earners and Clerical Workers (CPI-W) which covers 28 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 -		
	Dec. 2014	Jan. 2015	Feb. 2015	Feb. 2014	Dec. 2014	Jan. 2015
All items	212.169		210.283	-0.7	-0.9	
All items (1967 = 100)	680.503		674.452			
Food and beverages	221.976		222.920	3.3	0.4	
Food	221.813		222.838	3.5	0.5	
Food at home	223.216	223.619	223.468	2.8	0.1	-0.1
Food away from home	215.838		217.763	4.3	0.9	
Alcoholic beverages	214.319		213.993	0.6	-0.2	
Housing	199.332		198.278	1.0	-0.5	
Shelter	232.496	235.027	235.565	4.4	1.3	0.2
Rent of primary residence ⁽¹⁾	224.652	226.876	227.375	5.9	1.2	0.2
Owners' equivalent rent of residences ⁽¹⁾ ⁽²⁾	216.194	218.529	218.562	4.7	1.1	0.0
Owners' equivalent rent of primary residence ⁽¹⁾ ⁽²⁾	216.194	218.529	218.562	4.7	1.1	0.0
Fuels and utilities	179.612		160.288	-17.0	-10.8	
Household energy	166.783	148.635	141.961	-22.9	-14.9	-4.5
Energy services ⁽¹⁾ ⁽³⁾	163.863	145.931	139.423	-22.9	-14.9	-4.5
Electricity ⁽¹⁾	165.525	144.033	138.415	-24.5	-16.4	-3.9
Utility (piped) gas service ⁽¹⁾	142.955	142.930	132.832	-13.9	-7.1	-7.1
Household furnishings and operations	121.513		119.958	0.5	-1.3	
Apparel	184.005		178.320	-1.9	-3.1	
Transportation	176.934		171.510	-9.1	-3.1	
Private transportation	175.435		169.571	-9.2	-3.3	
Motor fuel	216.116	175.501	182.264	-35.0	-15.7	3.9
Gasoline (all types)	213.788	172.734	180.591	-35.5	-15.5	4.5
Gasoline, unleaded regular ⁽⁴⁾	218.370	175.093	183.770	-36.4	-15.8	5.0
Gasoline, unleaded midgrade ⁽⁴⁾ ⁽⁵⁾	224.406	186.289	191.198	-33.0	-14.8	2.6
Gasoline, unleaded premium ⁽⁴⁾	222.083	186.453	191.828	-30.3	-13.6	2.9
Medical care	436.002		444.381	3.4	1.9	
Recreation ⁽⁶⁾	105.970		101.990	-2.7	-3.8	
Education and communication ⁽⁶⁾	124.057		124.540	3.0	0.4	
Other goods and services	385.829		388.287	2.8	0.6	
COMMODITY AND SERVICE GROUP						
Commodities	174.919		171.866	-3.7	-1.7	
Commodities less food and beverages	151.251		146.680	-7.5	-3.0	
Nondurables less food and beverages	200.642		189.404	-13.1	-5.6	
Durables	105.180		105.425	0.1	0.2	
Services	250.966		250.246	1.5	-0.3	
SPECIAL AGGREGATE INDEXES						
All items less shelter	204.423		200.723	-2.7	-1.8	
All items less medical care	200.984		198.812	-1.0	-1.1	
Commodities less food	153.540		149.051	-7.3	-2.9	
Nondurables	211.823		206.507	-5.2	-2.5	
Nondurables less food	201.283		190.661	-12.4	-5.3	
Services less rent of shelter ⁽²⁾	269.631		264.677	-1.1	-1.8	
Services less medical care services	232.096		230.985	1.4	-0.5	
Energy	189.281	160.474	160.300	-30.0	-15.3	-0.1
All items less energy	217.089		218.015	2.6	0.4	
All items less food and energy	216.102		217.010	2.5	0.4	

Note: See footnotes at end of table.

(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.