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Consumer Price Index, Houston-Galveston-Brazoria – December 2016

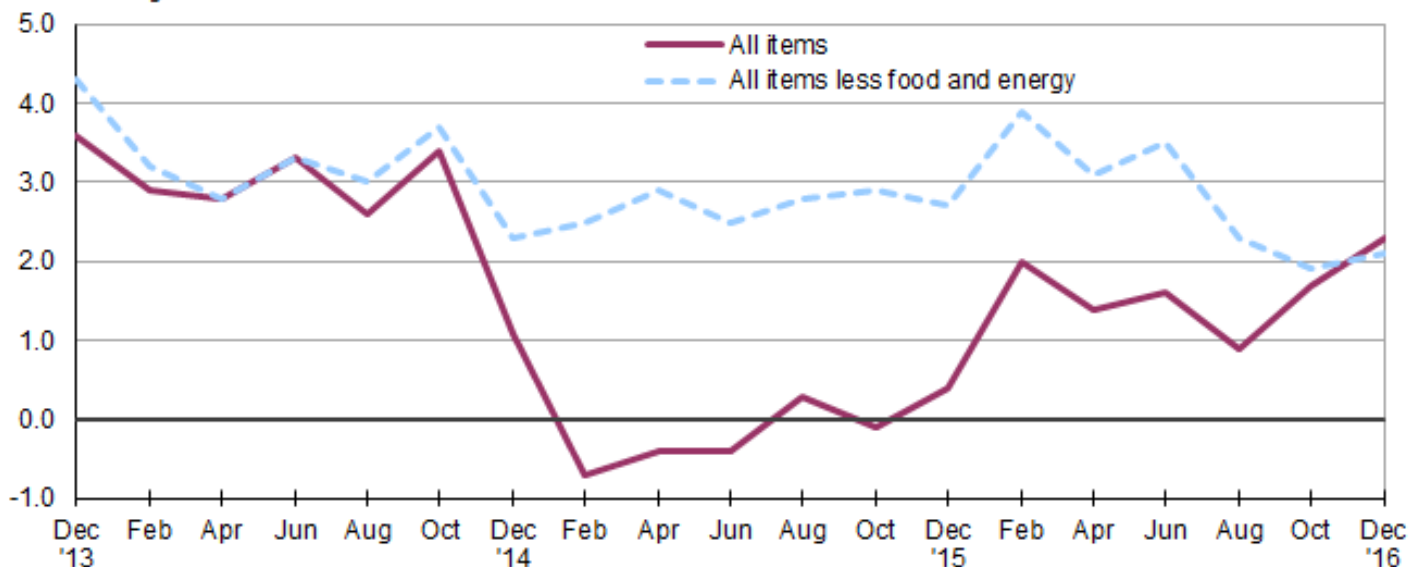
Area prices decline 0.2 percent in November and December; up 2.3 percent over the year

The Consumer Price Index for All Urban Consumers (CPI-U) in the Houston area declined 0.2 percent in November and December, the U.S. Bureau of Labor Statistics reported today. Assistant Commissioner for Regional Operations Stanley W. Suchman noted that declines are quite typical in this period, having occurred in 30 of the last 34 years. In the current November and December period, a decline in the index for all items less food and energy (-0.3 percent) more than offset an increase in energy costs (0.6 percent); food prices were essentially unchanged (0.1 percent). (Data in this report are not seasonally adjusted. Accordingly, short-term changes may reflect the impact of seasonal influences.)

During the year ended in December 2016, the all items CPI-U advanced 2.3 percent, marking the highest rate of increase since October 2014. The index for all items less food and energy increased 2.1 percent during the year ended in December 2016. (See [chart 1](#) and [table 1](#).)

Chart 1. Over-the-year percent change in CPI-U, Houston-Galveston-Brazoria, December 2013–December 2016

Percent change



Source: U.S. Bureau of Labor Statistics.

Food

Food prices were essentially unchanged (0.1 percent) in November and December, matching the September and October report. Among the two components of the index, prices for food at home (grocery stores) declined 0.2 percent, but this was offset by a 0.5-percent increase in prices for food away from home.

From December 2015 to December 2016, the food index fell 0.5 percent, reflecting the combined effects of a 2.2-percent decline in grocery store prices and a 1.5-percent rise in prices for food away from home.

Energy

The energy index rose 0.6 percent in November and December, its fifth consecutive bimonthly increase, following four consecutive declines. The latest increase was primarily the result of higher prices for household energy as electricity costs rose 2.1 percent; natural gas costs were unchanged. Partially countering the household energy price increase, costs for motor fuel fell 0.6 percent.

During the year ended in December 2016, the energy index climbed 11.0 percent, the fastest annual rate of increase since November 2011 (13.1 percent). All three energy sub-components contributed to the annual price increase: motor fuel (11.5 percent), electricity (12.1 percent), and natural gas (3.2 percent). The 11.5-percent increase in motor fuel costs was the fastest annual rate of gain since February 2012 (14.6 percent).

All items less food and energy

The index for all items less food and energy decreased 0.3 percent in November and December, after advancing 0.6 percent in September and October. A 4.6-percent decline in apparel prices had the greatest impact, though lower prices for education and communication (-1.0 percent) and shelter (-0.1 percent) also contributed. Partially offsetting these declines, price increases were registered for medical care (0.9 percent) and household furnishings and operations (1.0 percent) during the two-month period.

From December 2015 to December 2016, the index for all items less food and energy advanced 2.1 percent. A 2.8-percent annual increase in shelter costs was the most important factor in the rise, as prices were up for both renters' costs (4.9 percent) and owners' equivalent rent (2.3 percent). In contrast, prices fell over the year for education and communication (-1.3 percent).

The February 2017 Consumer Price Index for All Items for Houston-Galveston-Brazoria is scheduled to be released Wednesday, March 15, 2017.

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 6,000 housing units and approximately 24,000 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/pdf/homch17.pdf.

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 -		
	Oct. 2016	Nov. 2016	Dec. 2016	Dec. 2015	Oct. 2016	Nov. 2016
All items	218.200	-	217.758	2.3	-0.2	-
All items (1967 = 100)	699.846	-	698.428			
Food and beverages	224.204	-	224.455	-0.4	0.1	-
Food	223.828	-	224.049	-0.5	0.1	-
Food at home	221.207	222.175	220.735	-2.2	-0.2	-0.6
Food away from home	222.609	-	223.653	1.5	0.5	-
Alcoholic beverages	219.576	-	220.261	2.2	0.3	-
Housing	212.721	-	213.166	3.5	0.2	-
Shelter	253.672	253.969	253.506	2.8	-0.1	-0.2
Rent of primary residence(1)	248.634	250.536	251.085	4.9	1.0	0.2
Owners' equivalent rent of residences(1) (2)	234.554	234.784	234.288	2.3	-0.1	-0.2
Owners' equivalent rent of primary residence(1)(2)	234.554	234.784	234.288	2.3	-0.1	-0.2
Fuels and utilities	162.321	-	164.519	8.3	1.4	-
Household energy	142.531	139.770	145.109	10.5	1.8	3.8
Energy services(1)(3)	140.243	137.484	142.759	10.7	1.8	3.8
Electricity(1)	139.849	136.612	142.824	12.1	2.1	4.5
Utility (piped) gas service(1)	130.056	129.991	129.995	3.2	0.0	0.0
Household furnishings and operations	132.592	-	133.941	3.7	1.0	-
Apparel	180.224	-	171.886	1.6	-4.6	-
Transportation	175.737	-	174.048	2.9	-1.0	-
Private transportation	173.067	-	172.403	2.9	-0.4	-
Motor fuel	181.427	178.083	180.318	11.5	-0.6	1.3
Gasoline (all types)	181.697	178.209	180.433	11.8	-0.7	1.2
Gasoline, unleaded regular(4)	183.650	180.013	182.381	12.1	-0.7	1.3
Gasoline, unleaded midgrade(4)(5)	197.024	193.558	196.099	11.2	-0.5	1.3
Gasoline, unleaded premium(4)	199.668	196.528	197.875	9.8	-0.9	0.7
Medical care	461.346	-	465.504	4.2	0.9	-
Recreation(6)	101.904	-	102.140	1.0	0.2	-
Education and communication(6)	124.664	-	123.370	-1.3	-1.0	-
Other goods and services	399.801	-	400.124	2.8	0.1	-
Commodity and service group						
Commodities	170.294	-	169.850	0.5	-0.3	-
Commodities less food and beverages	144.051	-	143.327	1.0	-0.5	-
Nondurables less food and beverages	189.466	-	187.664	4.4	-1.0	-
Durables	101.337	-	101.379	-2.8	0.0	-
Services	267.385	-	266.931	3.3	-0.2	-
Special aggregate indexes						
All items less shelter	204.864	-	204.310	2.0	-0.3	-
All items less medical care	206.276	-	205.678	2.1	-0.3	-
Commodities less food	146.610	-	145.919	1.1	-0.5	-
Nondurables	207.026	-	206.250	1.8	-0.4	-
Nondurables less food	191.005	-	189.353	4.3	-0.9	-
Services less rent of shelter(2)	280.811	-	280.041	3.8	-0.3	-
Services less medical care services	247.676	-	247.003	3.3	-0.3	-
Energy	159.904	156.879	160.898	11.0	0.6	2.6
All items less energy	226.945	-	226.352	1.7	-0.3	-
All items less food and energy	227.290	-	226.562	2.1	-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.

Note: See footnotes at end of table.

- (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.