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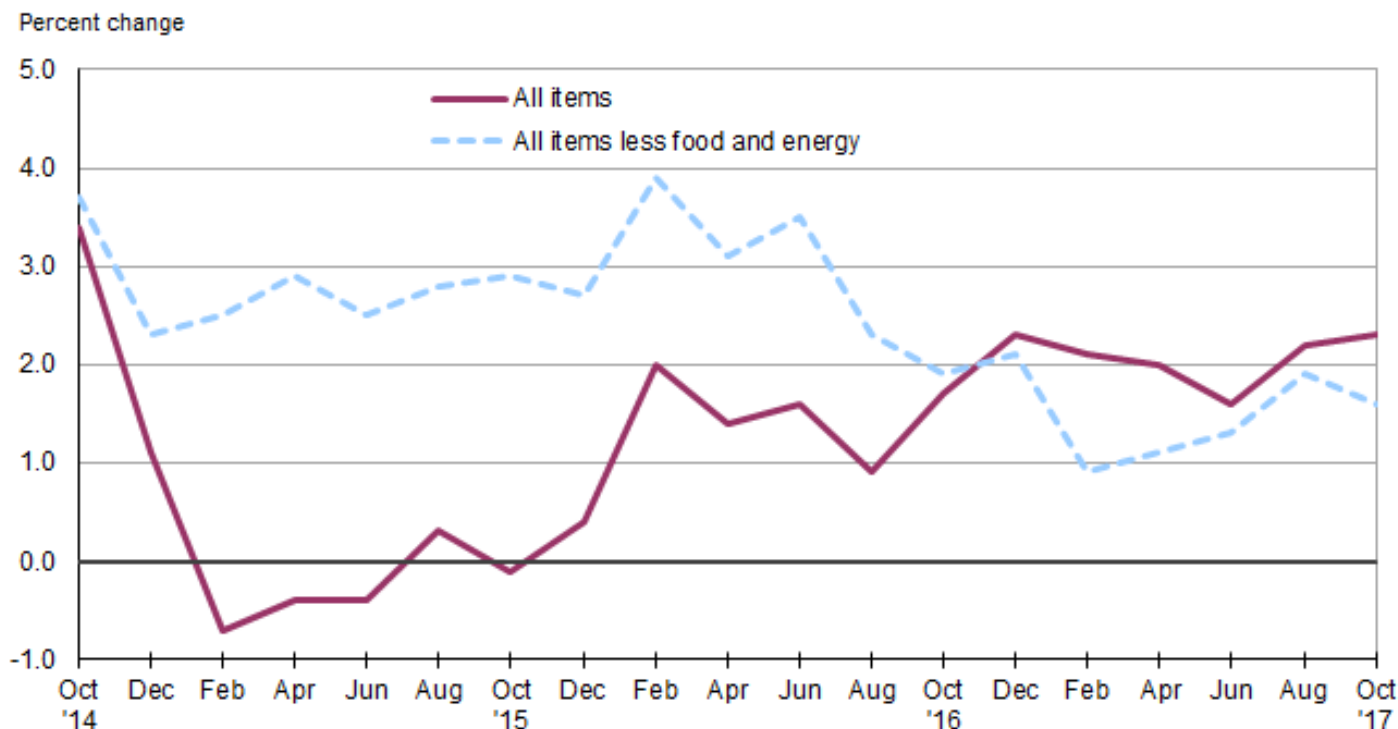
Consumer Price Index, Houston-Galveston-Brazoria – October 2017

Area prices rise 0.9 percent in September and October; up 2.3 percent over the year

The Consumer Price Index for All Urban Consumers (CPI-U) in the Houston area rose 0.9 percent in September and October, the U.S. Bureau of Labor Statistics reported today. Assistant Commissioner for Regional Operations Stanley W. Suchman noted this was the largest two-month increase since March and April 2015 when prices rose 1.0 percent. More than three-fourths of the current gain was the result of a 10.2-percent advance in the energy index. Higher prices within the all items less food and energy category, up 0.3 percent, accounted for the remainder of the increase, as food prices were unchanged during the two-month period. (Data in this report are not seasonally adjusted. Accordingly, short-term changes may reflect the impact of seasonal influences.)

During the year ended in October 2017, the all items CPI-U advanced 2.3 percent, while the index for all items less food and energy increased 1.6 percent. (See [chart 1](#) and [table 1](#).)

Chart 1. Over-the-year percent change in CPI-U, Houston, October 2014–October 2017



Source: U.S. Bureau of Labor Statistics.

Food

Food prices were unchanged in September and October, after increasing 1.2 percent in July and August. Between the two components of the index, prices for food at home (grocery prices) rose 1.6 percent in the latest period, but were countered by a 1.9-percent decline in prices for food away from home. This was the fastest rate of increase in local grocery store prices since April and May 2011. In contrast, the 1.9-percent price decline for food away from home was the sharpest rate of decrease since the series inception in 1953; the decrease primarily reflected a drop in food prices at employee sites and schools.

From October 2016 to October 2017, the food index rose 1.6 percent, reflecting a 2.2-percent rise in prices for food at home and a 0.9-percent rise in prices for food away from home.

Energy

The energy index surged 10.2 percent in September and October, primarily as a result of a 16.2-percent increase in electricity prices, the largest two-month electricity price increase since January and February 2014. A 7.2-percent rise in motor fuel prices was another important factor. Natural gas costs were essentially unchanged (+0.1 percent).

During the 12-month period ended in October 2017, the energy index advanced 12.6 percent. All three energy sub-components contributed to the annual increase as motor fuel prices rose 13.9 percent over the year, electricity prices increased 11.7 percent, and natural gas costs rose 9.6 percent.

All items less food and energy

The index for all items less food and energy moved up 0.3 percent in September and October, after increasing 0.2 percent in July and August. Apparel prices, which were little changed in the previous period (-0.1 percent), rose 6.2 percent in September and October and had the greatest impact on the increase for all items less food and energy. Higher prices were also registered for both components of the education and communication index, which rose 1.1 percent during the bimonthly period. In contrast, medical care prices fell 0.6 percent, due in part to lower prices for physicians' services. Also helping to offset some of the increase in all items less food and energy, the index for recreation declined for the second consecutive period, down 0.8 percent in September and October.

From October 2016 to October 2017, the index for all items less food and energy advanced 1.6 percent. A 1.5-percent increase in shelter costs was the most important factor in the annual rise. Other large contributors included higher prices for apparel and medical care, up 11.1 and 4.5 percent, respectively. Helping to offset these increases, prices fell over the year for education and communication (-3.7 percent), as well as household furnishings and operations (-2.4 percent).

The December 2017 Consumer Price Index for All Items for Houston-Galveston-Brazoria is scheduled to be released Friday, January 12, 2018.

Consumer Price Index Geographic Revision for 2018

In January 2018, BLS will introduce a new geographic area sample for the Consumer Price Index (CPI). As part of the new sample, the index for this area will be renamed. The first indexes using the new structure will be published in February 2018. Additional information on the geographic revision is available at www.bls.gov/cpi/additional-resources/geographic-revision-2018.htm.

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 -		
	Aug. 2017	Sep. 2017	Oct. 2017	Oct. 2016	Aug. 2017	Sep. 2017
All items	221.255	-	223.213	2.3	0.9	-
All items (1967 = 100)	709.646	-	715.925			
Food and beverages	227.524	-	227.487	1.5	0.0	-
Food	227.549	-	227.444	1.6	0.0	-
Food at home	222.575	222.808	226.056	2.2	1.6	1.5
Food away from home	229.063	-	224.684	0.9	-1.9	-
Alcoholic beverages	216.789	-	217.764	-0.8	0.4	-
Housing	214.150	-	216.657	1.9	1.2	-
Shelter	257.414	257.261	257.476	1.5	0.0	0.1
Rent of primary residence(1)	253.249	253.042	254.157	2.2	0.4	0.4
Owners' equivalent rent of residences(1) (2)	237.164	236.669	237.365	1.2	0.1	0.3
Owners' equivalent rent of primary residence(1)(2)	237.164	236.669	237.365	1.2	0.1	0.3
Fuels and utilities	160.297	-	177.051	9.1	10.5	-
Household energy	140.105	144.706	158.711	11.4	13.3	9.7
Energy services(1)(3)	137.694	142.262	156.203	11.4	13.4	9.8
Electricity(1)	134.443	139.808	156.212	11.7	16.2	11.7
Utility (piped) gas service(1)	142.397	142.476	142.556	9.6	0.1	0.1
Household furnishings and operations	128.587	-	129.359	-2.4	0.6	-
Apparel	188.454	-	200.151	11.1	6.2	-
Transportation	181.969	-	184.118	4.8	1.2	-
Private transportation	181.494	-	183.293	5.9	1.0	-
Motor fuel	192.786	221.256	206.607	13.9	7.2	-6.6
Gasoline (all types)	193.138	221.830	206.842	13.8	7.1	-6.8
Gasoline, unleaded regular(4)	194.874	225.840	209.121	13.9	7.3	-7.4
Gasoline, unleaded midgrade(4)(5)	210.314	235.907	224.235	13.8	6.6	-4.9
Gasoline, unleaded premium(4)	214.413	234.033	226.886	13.6	5.8	-3.1
Medical care	484.876	-	482.123	4.5	-0.6	-
Recreation(6)	104.377	-	103.575	1.6	-0.8	-
Education and communication(6)	118.754	-	120.005	-3.7	1.1	-
Other goods and services	407.378	-	406.866	1.8	-0.1	-
Commodity and service group						
Commodities	173.034	-	174.570	2.5	0.9	-
Commodities less food and beverages	146.488	-	148.645	3.2	1.5	-
Nondurables less food and beverages	195.072	-	202.621	6.9	3.9	-
Durables	101.493	-	99.953	-1.4	-1.5	-
Services	270.820	-	273.211	2.2	0.9	-
Special aggregate indexes						
All items less shelter	207.657	-	210.382	2.7	1.3	-
All items less medical care	208.562	-	210.656	2.1	1.0	-
Commodities less food	148.923	-	151.059	3.0	1.4	-
Nondurables	211.494	-	215.256	4.0	1.8	-
Nondurables less food	196.106	-	203.255	6.4	3.6	-
Services less rent of shelter(2)	283.907	-	288.924	2.9	1.8	-
Services less medical care services	249.621	-	252.355	1.9	1.1	-
Energy	163.425	178.361	180.037	12.6	10.2	0.9
All items less energy	229.994	-	230.505	1.6	0.2	-
All items less food and energy	230.224	-	230.838	1.6	0.3	-

Footnotes

(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.

Note: See footnotes at end of table.

(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.