

REPORT ON QUALITY CHANGES FOR 2017 MODEL VEHICLES

In accordance with usual practice, most new-model-year passenger cars and light motor trucks were introduced into the Producer Price Index (PPI) with the release of data for October 2016.

Passenger Cars

The value of quality changes for a sample of 2017 model year domestically produced passenger cars included in the PPI for October averaged \$7.97, according to estimates by the U.S. Bureau of Labor Statistics (BLS). This change represents 1.9 percent of the average \$421.76 increase in manufacturers' invoice prices for this year's models as compared with last year's models.

The retail equivalent value of these quality changes averaged \$8.39, representing 3.7 percent of the average \$229.17 over-the-year increase in manufacturers' suggested list prices.

Light Trucks

The value of quality changes for a sample of 2017 model year domestically produced light trucks included in the PPI for October averaged \$110.59. This change represents 13.0 percent of the average \$851.30 increase in manufacturers' invoice prices for this year's models as compared with last year's models.

The retail equivalent value of quality changes averaged \$118.11, representing 18.4 percent of the average \$642.03 over-the-year increase in manufacturers' suggested list prices.

The \$118.11 estimated retail value of quality change breaks down as follows:

- \$64.97 for increases in fuel economy by changes to the powertrain and aerodynamic improvements.
- \$53.14 for other improvements, such as cameras, safety equipment, and the levels of standard or optional equipment.

For technical information regarding quality changes for 2017 model year motor vehicles, contact Christopher Anfang at Anfang.Christopher@bls.gov or (202) 691-7696. For general PPI information, contact the PPI Section of Index Analysis and Public Information, at ppi-info@bls.gov or (202) 691-7705.

Estimates of the value of quality change are based on a review by the BLS of data supplied by producers for similarly equipped 2016 and 2017 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.