

News

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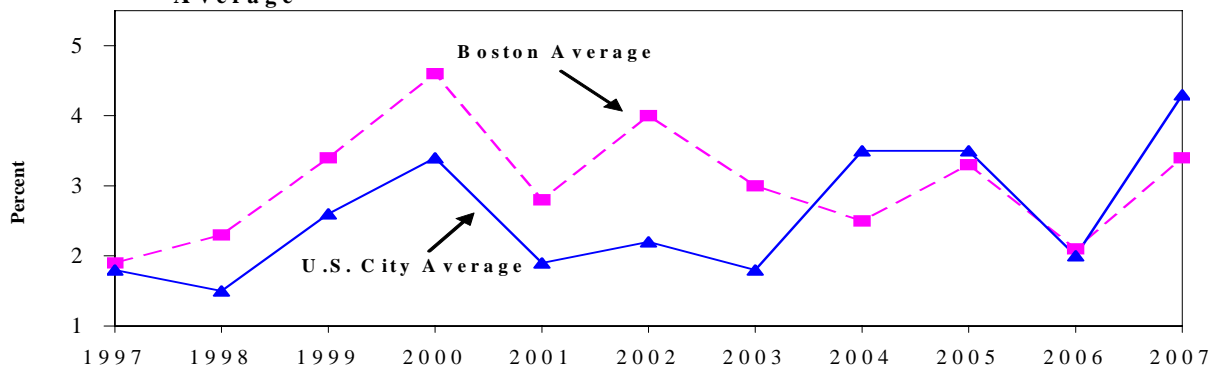
BOSTON AREA CONSUMER PRICE INDEX ROSE 3.4 PERCENT OVER TWELVE MONTHS, NOVEMBER 2007

The Consumer Price Index for All Urban Consumers (CPI-U) in the Boston metropolitan area increased 3.4 percent in 2007 compared with a 2.1 percent gain in 2006¹, according to the U.S. Department of Labor's Bureau of Labor Statistics. Nationally, the CPI-U for the U.S. City Average rose 4.3 percent in 2007 compared to the 2.0 percent gain in 2006. Regional Commissioner Denis M. McSweeney noted that the Boston area and the nation had similar percentage movements over the previous two years but diverged in 2007 when the U.S. City Average CPI-U recorded its largest annual November increase since 1990. Overall, the impact of the 3.4-percent increase in the CPI-U all items for Boston raised the index level to 230.689, meaning that the CPI market basket of consumer goods and services that cost \$100.00 in 1982-84 would cost \$230.69 in November 2007.

The Boston area's increase was primarily due to a 16.8-percent increase in the cost of energy which was substantially higher than the 0.3-percent gain recorded in 2006. (See table 1.) Specifically, Boston household energy prices rose 3.0 percent in 2007, with the rising price of fuel oil more than offsetting the 6.8 percent decline in gas (piped) and electricity prices. The decrease posted in the gas (piped) and electricity index followed four consecutive years of increases that totaled 66.8 percent. With energy costs removed, the Boston all items index would have risen 2.2 percent, the same rate posted a year earlier.

(Chart 1.)

Twelve-month percent change in the Consumer Price Index for All Urban Consumers (CPI-U) in November, Boston and U. S. City Average



¹ Annual percent changes are calculated from November to November.

This information will be made available to sensory impaired individuals upon request. Voice phone: (617) 565-2072, TDD (Telecommunications Device for the Deaf) Message Referral Phone: 1-800-877-8339.

Locally, all eight major expenditure categories posted increases in 2007.

One of the largest increases was transportation, up 7.9 percent compared with a 2.3-percent decrease the previous year. The jump in transportation was due to a sharp 39.7-percent rise in gasoline prices in 2007 after declining 5.8 percent a year earlier. Next, education and communication rose 7.8 percent, compared with a 0.9-percent increase in 2006. Medical care rose 5.9 percent, above the 3.4 percent gain a year ago.

Housing costs, one of the largest components of the CPI, rose at a 1.3-percent pace in Boston, slower than the 2.3-percent advance recorded in 2006 and the smallest November annual increase posted since 1991. However, nationally, housing costs advanced more rapidly in 2007 at 3.1 percent, similar to the 3.0 percent increase a year earlier.

Among the remaining major expenditure categories for the Boston area, food and beverages posted a 4.1-percent gain in 2007 compared to a 3.5-percent increase the year before. Within the food and beverage category, prices for food away from home and food at home rose 4.3 and 3.8 percent, respectively. Local apparel prices rose 3.4 percent compared to 4.6 percent the year before. Other goods and services (including tobacco and smoking products, personal care products and services, and miscellaneous goods) and recreation gained 1.1 and 1.0 percent, respectively.

Technical Note

The Consumer Price Index (CPI) is a measure of the average change in prices over time in a 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 87 percent of the total population and (2) a CPI for Urban Wage Earners and Clerical Workers (CPI-W) which covers 32 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 other goods and services that people buy for day-to-day living. Prices are collected in 87 urban areas across the country from about 50,000 housing units and approximately 23,000 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. Prices of fuels and a few other items are obtained every month in all 87 locations. Prices of most other commodities and services are collected every month in the three largest geographic areas and every other month in other areas. Prices of most goods and services are obtained by personal visits or telephone calls of the Bureau's trained representatives.

In calculating the index, price changes for the various items in each location are averaged together with weights, which represent their importance in the spending of the appropriate population group. Local data are then combined to obtain a U.S. city average. Separate indexes are also published by size of city, by region of the country, for cross-classifications of regions and population-size classes, and for 27 local areas. Area indexes do not measure differences in the level of prices among cities; they measure only the average change in prices for each area since the base period.

The index measures price change from a designed reference date-1982-84 which 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 visit the CPI home page on the Internet at <http://www.bls.gov/cpi/> or contact the Boston Information Office at (617) 565-2327.

Table 1. Annual percent change in the Consumer Price Index for All Urban Consumers (CPI-U) for Boston Metropolitan Area and U.S. City Average

Expenditure category	Percent change for 12 months ended November			
	2006	2006	2007	2007
	Boston	U.S.	Boston	U.S.
All items	2.1	2.0	3.4	4.3
Food and beverages	3.5	2.3	4.1	4.7
Housing	2.3	3.0	1.3	3.1
Apparel	4.6	0.2	3.4	-0.4
Transportation	-2.3	-1.0	7.9	9.6
Medical care	3.4	3.7	5.9	5.0
Recreation	3.3	1.3	1.0	0.6
Education and communication	0.9	2.4	7.8	2.8
Other goods and services	4.8	2.6	1.1	3.7
Special indexes:				
Food	3.4	2.3	4.0	4.8
Energy	0.3	-3.8	16.8	21.4
All items less energy	2.2	2.5	2.2	2.7
All items less food and energy	2.0	2.6	1.8	2.3
Commodities	1.0	0.2	5.8	5.7
Services	2.7	3.2	1.9	3.4

NOTE: Local area indexes are byproducts of the national CPI program. Each local index has a smaller sample size than that for the national index and is, therefore, subject to substantially more sampling and other measurement error. As a result, local area indexes show greater volatility than the national index, although their long-term trends are similar. Therefore, the Bureau of Labor Statistics strongly urges users to consider adopting the national average CPI for use in their escalation clauses.

Table 2. Annual percent change in the Consumer Price Index for All Urban Consumers (CPI-U) for the Boston Metropolitan Area, by expenditure category (1982-1984=100, unless otherwise noted)

Expenditure category	Percent change for 12 months ended November					Nov. 2007
	2003	2004	2005	2006	2007	Index
All items	3.0	2.5	3.3	2.1	3.4	230.689
Food and beverages	2.9	3.7	1.0	3.5	4.1	215.940
Food	3.2	3.8	1.1	3.4	4.0	216.030
Food at home	4.6	4.2	1.3	3.0	3.8	209.144
Food away from home	1.9	3.0	0.7	3.9	4.3	228.366
Alcoholic beverages	-0.6	3.4	-0.7	5.2	5.0	216.962
Housing	3.8	1.7	4.3	2.3	1.3	234.374
Shelter	3.4	0.3	2.1	2.3	1.2	272.049
Rent of primary residence ¹	2.6	2.1	2.1	2.4	1.6	268.938
Owners' equivalent rent of primary residence ^{1 2}	4.4	1.4	1.4	2.5	1.2	287.493
Fuel and utilities	12.8	15.8	23.7	4.7	3.4	241.888
Household energy	13.1	17.1	25.9	4.5	3.0	212.449
Gas (piped) and electricity ¹	12.3	9.1	27.5	6.8	-6.8	214.373
Electricity ¹	9.2	7.0	21.1	16.1	-5.4	198.235
Utility (piped) gas service ¹	17.4	12.4	36.6	-6.8	-9.2	236.100
Household furnishings and operations	-0.2	0.5	3.9	-0.1	-1.6	124.590
Apparel	3.2	-9.2	-3.8	4.6	3.4	139.087
Transportation	1.6	7.0	4.0	-2.3	7.9	180.352
Private transportation	1.6	7.2	4.1	-2.5	8.4	180.380
Motor fuel	10.4	24.3	12.7	-5.7	39.6	257.076
Gasoline, all types	10.4	24.4	12.7	-5.8	39.7	253.577
Gasoline, unleaded regular ³	10.4	24.7	12.6	-6.2	41.0	252.596
Gasoline, unleaded midgrade ^{3 4}	9.9	23.2	12.9	-5.0	37.5	253.640
Gasoline, unleaded premium ³	10.0	23.9	12.6	-4.0	33.9	246.934
Medical care	3.7	4.5	5.5	3.4	5.9	489.806
Recreation ⁵	2.5	-1.6	3.1	3.3	1.0	117.052
Education and communication ⁵	0.7	5.2	1.6	0.9	7.8	129.307
Other goods and services	1.5	3.7	1.4	4.8	1.1	349.451

¹This index series was calculated using a Laspeyres estimator. All other item stratum index series converted to a geometric means estimator in January 1999.

² Index is on a November 1982=100 base.

³ Special index based on a substantially smaller sample.

⁴ Indexes on a December 1993=100 base.

⁵ Indexes on a December 1997=100 base.

N/A - Data not available.