

Plans for New PPI Service Sector Aggregation Indexes

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During the fall 2005 FESAC presentation on the Future of the PPI, it was noted that current systems limited the PPI program's abilities to incorporate services data into broad economic aggregation structures. Since that meeting, and in response to concerns expressed that the timing of systems development will mean that such aggregation measures will not be published until at least 2010, the PPI staff conducted a study to analyze current data and systems capabilities to determine if there are any meaningful service aggregate indexes that could be calculated using the current system.

The PPI currently calculates and publishes index values net output indexes for many NAICS sub-sectors, industry groups and 5-digit NAICS industries in addition to the publication of 6-digit national industries. In a net output aggregate index, the component industry indexes are assigned weights that exclude all shipments to other industries within that aggregation. This weighting methodology eliminates the problem of multiple counting of price changes within that aggregation. Aggregate indexes are calculated and published for the mining and manufacturing sectors; however, the PPI does not currently calculate or publish aggregate net output indexes for any other sectors. The PPI program does calculate and publish sub-sector and industry group indexes for any of aggregates for which there is adequate coverage.

Planning is underway to begin calculating and publishing sector indexes in each sector where we have adequate coverage. In addition, the PPI does not currently calculate any aggregate indexes that cross sectors. The PPI does publish a table that displays some service industry net output index in special groupings; however, an aggregate net output index is not calculated for the group as a whole. In order to expand data availability, we plan to begin calculating and publishing indexes for these aggregations in January 2007. We have also identified a few additional aggregations that we feel might help to meet user needs. Most of the new indexes are in the services; however, this analysis also identified an additional mining and manufacturing related index that could be calculated. The new net output aggregate indexes that the PPI program is proposing to calculate and publish are listed below followed by a draft of the table that will include these indexes. As we work out the details over the next few months, this proposal may be altered slightly.

Total Mining, Utilities and Manufacturing – This index is a cross sector aggregate index that represents the net output of the Mining, Utilities and Manufacturing sectors.

Wholesale Trade and Retail Trade – These are two new aggregate net output indexes that represent the net output for the wholesale trade sector and the retail trade sector.

Total Trades -- In addition, this is another new cross sector aggregate index that represents the net output of the combined wholesale and retail trade sectors.

Transportation – This index is a sub-sector, net output aggregate index that represents the output of all the transportation industries. These industries are found in NAICS 48.

Delivery and Warehouse industries – This index is a sub-sector, net output aggregate index that represents the combination of delivery service industries and the warehousing and storage industries. The delivery service industries include the US postal service, courier services and local messengers services.

Transportation and Warehousing -- This index is a sector, net output aggregate index that represents all the NAICS 48 and 49 industries. This sector also includes Postal Service and Courier Services.

Selected Health Care – This index is a net output aggregate index for all the health care services that are currently priced in the PPI. This index represents the net output of the NAICS 621, 622 and 623 sub-sectors.

Information – This is a sector, net output aggregate index that represents the net output of the information sector. This index includes industry data from NAICS sub-sectors 511, 515, 517 and 518.

Other Selected Traditional Services– This is a cross sector, net output aggregate index that represents the various service industries that are priced in the PPI but not included in other sector aggregations. The sectors and industries which are included in this index are:

- Finance
- Insurance
- Administrative and support
- Professional services
- Real estate and rental and leasing
- Amusement and recreation
- Accommodation

Total Tradition Services – This is a cross sector, net output aggregate index that represents the net output of all the services currently priced in the PPI. These services included in this aggregate index include the industry data aggregated into the Selected Health Care index, the Information sector index and the Other Selected Services indexes.

Table 4. Producer price indexes for the net output of selected industries and industry groups, not seasonally adjusted

Industry code	Industry 1/	Index base
	Total mining, utilities, and manufacturing industries	12/06
	Total mining industries.....	12/84
211	Oil and gas extraction.....	12/85
212	Mining (except oil & gas).....	12/03
213	Mining support activities.....	12/03
	Utilities	12/06
221	Utilities.....	12/03
	Total manufacturing industries.....	12/84
311	Food mfg.....	12/84
312	Beverage & tobacco mfg.....	12/03
313	Textile mills.....	12/03
314	Textile product mills.....	12/03
315	Apparel manufacturing.....	12/03
316	Leather & allied product mfg.....	12/84
321	Wood products manufacturing.....	12/03
322	Paper manufacturing.....	12/03
323	Printing and related support activities....	12/03
324	Petroleum and coal products mfg.....	12/84
325	Chemical mfg.....	12/84
326	Plastics and rubber products mfg.....	12/84
327	Nonmetallic mineral product mfg.....	12/84
331	Primary metal mfg.....	12/84
332	Fabricated metal product mfg.....	12/84
333	Machinery mfg.....	12/03
334	Computer & electronic product mfg.....	12/03
335	Electrical equip, appliance & component mfg.	12/03
336	Transportation equipment mfg.....	12/03
337	Furniture & related product mfg.....	12/84
339	Miscellaneous mfg.....	12/03
	Total trade industries	12/06
	Wholesale trade industries	12/06
423	Merchant wholesalers, durable goods.....	06/04
424	Merchant wholesalers, nondurable goods.....	06/05
425	Wholesale trade agents and brokers.....	06/05
	Retail trade industries	12/06
441	Motor vehicle and parts dealers.....	12/03
442	Furniture and home furnishings stores.....	12/03
443	Electronics and appliance stores.....	12/03
444	Bldg material and garden equip and supp dealers.....	12/03
445	Food and beverage stores.....	12/99
446	Health and personal care stores.....	12/03
447	Gasoline stations.....	06/01
448	Clothing and clothing accessories stores....	12/03
451	Sporting goods, hobby, book and music stores	12/03
452	General merchandise stores.....	12/03
454	Nonstore retailers.....	12/03

Industry code	Industry 1/	Index base
	Transportation and warehousing industries....	12/06
	Transportation industries.....	12/06
481	Air transportation.....	12/92
482	Rail transportation.....	12/96
483	Water transportation.....	12/03
484	Truck transportation.....	12/03
486110	Pipeline transportation of crude oil.....	06/86
486910	Pipeline transportation of refined petroleum products.....	06/86
488	Transportation support activities.....	12/03
	Delivery and warehouse industries	12/06
491	Postal service.....	06/89
492	Couriers and messengers.....	12/03
493	Warehousing and storage.....	12/06
	Total traditional service industries	12/06
	Selected health care industries.....	12/06
6211	Offices of physicians.....	12/96
6215	Medical and diagnostic laboratories.....	12/03
6216	Home health care services.....	12/96
622	Hospitals.....	12/92
6231	Nursing care facilities.....	12/03
62321	Residential mental retardation facilities...	12/03
	Information	12/06
511	Publishing industries, except Internet.....	12/03
515	Broadcasting, except Internet.....	12/03
517	Telecommunications.....	12/03
5181	Internet service providers and web search portals	06/04
5182	Data processing and related services.....	12/03
	Other selected traditional service industries	12/06
5221	Depository credit intermediation.....	12/03
523	Security, commodity contracts and like activity.....	12/03
524	Insurance carriers and related activities...	12/03
53112	Lessors of nonres bldg (exc miniwarehouse)	12/03
53113	Lessors of miniwarehouse and self storage units	12/03
5312	Offices of real estate agents and brokers...	12/03
5321	Automotive equipment rental and leasing....	06/01
532412	Const/mining/forestry equip rental and leasing	12/03
5411	Legal services.....	12/96
5412	Accounting, tax preparation, bookkeeping and payroll services.....	12/06
5413	Architectural, engineering and related services.....	12/96
5416	Management, scientific and technical consulting services	12/06
54181	Advertising agencies.....	12/03
5613	Employment services.....	12/96
56151	Travel agencies.....	12/03
56172	Janitorial services.....	12/03
5621	Waste collection.....	12/03
71311	Amusement and theme parks	12/05
71391	Golf courses and country clubs	12/05
71394	Fitness and recreational sports centers....	12/04
721	Accommodation.....	12/96