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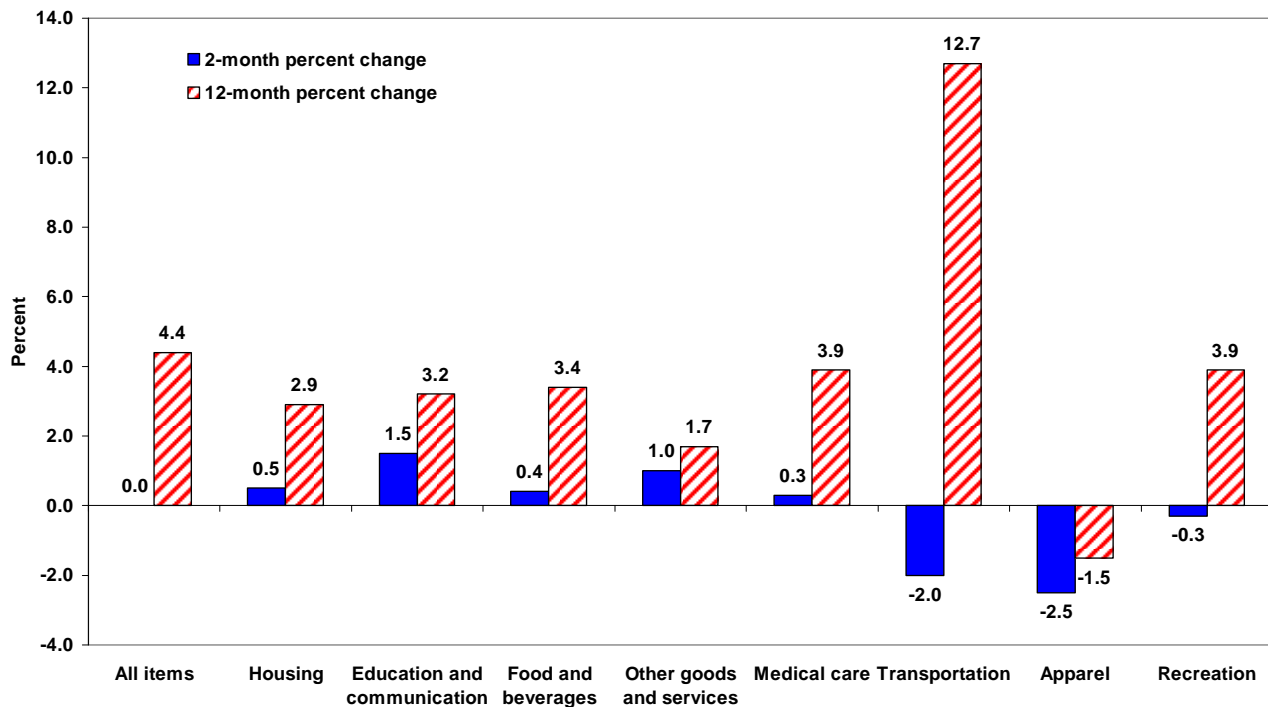
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Philadelphia Area Consumer Price Index: August 2008

Retail prices in the Philadelphia area, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), were unchanged from June to August, following a 2.1-percent increase in the previous two-month period, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. Sheila Watkins, the Bureau's regional commissioner, noted that advances in most major categories that comprise the CPI, led by housing and education and communication, were offset by lower prices for transportation, apparel, and recreation. (See chart A.) The August level of 228.337 (1982-84 = 100) was 4.4 percent higher than in August 2007. Over the same period, the core inflation rate, as measured by the all items less food and energy index, rose 2.1 percent. (See table 1.)

Chart A. 2-month and 12-month percent changes ended August 2008 for the major categories of the CPI-U for the Philadelphia area, not seasonally adjusted



Due mainly to higher shelter prices, the housing index rose 0.5 percent from June to August. The shelter index, which includes rent of primary residence, lodging away from home, owners' equivalent rent of primary residence, and tenants' and household insurance, edged up 0.3 percent since June to a level 1.3 percent higher than a year ago. Fuels and utilities prices increased 1.4 percent over the last two months due almost entirely to higher prices for water and sewerage maintenance and electricity. Electricity prices rose 1.1 percent since June, while utility (piped) gas

service prices were unchanged over the bimonthly period; these two indexes were 3.4 and 13.1 percent higher, respectively, than year-ago levels. The overall fuels and utilities index advanced 11.5 percent since August 2007. Higher prices for major appliances helped push prices for household furnishings and operations, the third component of the housing index, up 0.3 percent from June to August; household furnishings and operations prices rose 3.1 percent over the last 12 months. The overall housing index advanced 2.9 percent since last August.

Following normal seasonal patterns, the education and communication index advanced 1.5 percent over the last two months; higher prices for college tuition and fees were primarily responsible for the recent increase. Over the year, education and communication prices rose 3.2 percent.

The food and beverages index increased 0.4 percent from June to August, as a 1.6-percent increase in prices for food at home was partially offset by a 1.2-percent decline in prices for food away from home. Over the last 12 months, prices rose for both food at home (5.3 percent) and food away from home (1.4 percent). The alcoholic beverages index was up 0.7 percent since June and 2.0 percent since August 2007. The overall food and beverages index advanced 3.4 percent over the year.

The other goods and services index, which includes tobacco and smoking products, personal care products, personal care services, and miscellaneous personal services such as legal, funeral, and laundry and dry cleaning services, rose 1.0 percent from June to August to a level 1.7 percent higher than a year ago.

The medical care index rose for the fourth consecutive bimonthly period, up 0.3 percent since June and 2.9 percent since December 2007. The medical care index was 3.9 percent higher than its year-ago level—the largest 12-month advance since December 2006.

The remaining categories had lower prices from June to August. Following two consecutive bimonthly increases totaling 10.8 percent, the transportation index fell 2.0 percent since June. The recent decline in transportation prices was dominated by a 6.5-percent drop in gasoline prices. Despite this decline, gasoline prices were 36.3 percent higher than in August 2007. Helping to moderate the two-month decrease in the transportation index were higher prices for airline fare. Over the last 12 months, the transportation index rose 12.7 percent.

The apparel index fell 2.5 percent from June to August, reflecting lower prices for a number of items, including boys' apparel. Since August 2007, apparel prices declined 1.5 percent.

The recreation index edged down 0.3 percent over the last two months, due in part to lower prices for televisions and toys. Due to increases in four of the last six bimonthly periods, recreation prices advanced 3.9 percent over the year.

The energy index, which reflects prices for gasoline and household fuels, declined 3.0 percent since June, due almost entirely to lower gasoline prices, which were down 6.5 percent over the last two months. A 1.1-percent increase in electricity prices moderated the recent decrease in the energy index. Since last August, energy prices rose 22.7 percent.

The services index rose 0.7 percent, while the commodities index fell 1.3 percent over the last two months. Both indexes were higher over the year, up 2.8 and 7.0 percent, respectively.

The CPI-U for the Philadelphia area stood at 228.337 on the 1982-84=100 reference base, which means that a market basket of goods and services which averaged \$100.00 in 1982-84 would have cost \$228.34 last month.

The Philadelphia-Wilmington-Atlantic City, Pa.-N.J.-Del.-Md., Consolidated Metropolitan Statistical Area (CMSA), includes Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties in Pennsylvania; Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, and Salem Counties in New Jersey; New Castle County in Delaware; and Cecil County in Maryland.

The relative importance of a component of the CPI is its expenditure or value weight expressed as a percentage of all items within an area. Relative importance ratios show approximately how the index population distributes expenditures when the value weights are collected and represent an estimate of how consumers would distribute their expenditures as prices change over time. Relative importance ratios cannot be used as estimates of current spending patterns or as indicators of changing consumer expenditures in the intervals between weight revisions because consumption patterns are influenced by factors—including income, variations in climate, family size, and availability of new and different kinds of goods and services—other than price change. (See table A.)

Table A (2005-2006 weights). Relative Importance of components in the Consumer Price Index: Philadelphia area, December 2007

Item and group	CPI-U
Expenditure category	
All items	100.000
Food and beverages	13.580
Food	12.650
Food at home	6.994
Food away from home	5.655
Alcoholic beverages	0.930
Housing	46.849
Shelter	36.425
Rent of primary residence	5.817
Owners' equivalent rent of primary residence	28.291
Fuels and utilities	6.692
Household energy	5.757
Gas (piped) and electricity	4.928
Electricity	3.369
Utility (piped) gas service	1.560
Household furnishings and operations	3.731
Apparel	3.719
Transportation	16.101
Private transportation	14.978
Motor fuel	4.893
Gasoline	4.664
Medical care	5.119
Recreation	4.889
Education and communication	6.654
Other goods and services	3.089
Commodity and service group	
Commodities	37.045
Commodities less food and beverages	23.465
Non durables less food and beverages	14.629
Durables	8.836
Services	62.955
Special aggregate indexes	
All items less medical care	94.881
All items less shelter	63.575
Commodities less food	24.396
Nondurables	28.209
Nondurables less food	15.559
Services less rent of shelter	26.833
Services less medical care services	59.246
Energy	10.650
All items less energy	89.350
All items less food and energy	76.700

Table 1. Consumer Price Index for All Urban Consumers (CPI-U): Indexes and percent changes for selected periods, Philadelphia-Wilmington-Atlantic City, Pa.-N.J.-Del.-Md. (1982-84=100 unless otherwise noted)

Expenditure category	Indexes			Percent change from-		
	June 2008	July 2008	Aug. 2008	Aug. 2007	June 2008	July 2008
All items	228.408	-	228.337	4.4	0.0	-
Food and beverages	202.475	-	203.201	3.4	0.4	-
Food	202.398	-	203.080	3.5	0.3	-
Food at home	213.771	218.483	217.116	5.3	1.6	-0.6
Food away from home	182.530	-	180.370	1.4	-1.2	-
Alcoholic beverages	200.829	-	202.158	2.0	0.7	-
Housing	234.992	-	236.167	2.9	0.5	-
Shelter	275.900	277.355	276.859	1.3	0.3	-0.2
Rent of primary residence (1)	253.974	255.566	256.267	2.9	0.9	0.3
Owners' equivalent rent of primary residence (1) (2)	280.723	280.644	280.050	1.4	-0.2	-0.2
Fuels and utilities	231.108	-	234.266	11.5	1.4	-
Household energy	216.432	218.712	217.511	11.8	0.5	-0.5
Gas (piped) and electricity (1)	223.100	223.649	224.802	6.3	0.8	0.5
Electricity (1)	208.624	209.379	210.970	3.4	1.1	0.8
Utility (piped) gas service (1)	254.713	254.720	254.720	13.1	0.0	0.0
Household furnishings and operations	125.377	-	125.706	3.1	0.3	-
Apparel	101.322	-	98.789	-1.5	-2.5	-
Transportation	213.763	-	209.522	12.7	-2.0	-
Private transportation	211.690	-	205.959	12.5	-2.7	-
Motor fuel	361.735	364.608	338.371	36.9	-6.5	-7.2
Gasoline (all types)	355.086	357.988	331.966	36.3	-6.5	-7.3
Gasoline, unleaded regular (3)	359.662	362.087	334.106	36.3	-7.1	-7.7
Gasoline, unleaded midgrade (3) (4)	342.761	346.605	324.533	37.0	-5.3	-6.4
Gasoline, unleaded premium (3)	324.940	328.584	308.249	35.6	-5.1	-6.2
Medical care	417.316	-	418.465	3.9	0.3	-
Recreation (5)	122.995	-	122.572	3.9	-0.3	-
Education and communication (5)	123.576	-	125.390	3.2	1.5	-
Other goods and services	385.145	-	389.079	1.7	1.0	-
Commodity and service group						
Commodities	178.434	-	176.140	7.0	-1.3	-
Commodities less food and beverages	161.736	-	158.227	9.2	-2.2	-
Nondurables less food and beverages	205.954	-	199.962	14.3	-2.9	-
Durables	113.196	-	112.332	0.8	-0.8	-
Services	280.477	-	282.554	2.8	0.7	-
Special aggregate indexes						
All items less medical care	220.188	-	220.084	4.4	0.0	-
All items less shelter	214.421	-	213.908	6.2	-0.2	-
Commodities less food	163.451	-	160.068	8.9	-2.1	-
Nondurables	207.000	-	204.027	9.0	-1.4	-
Nondurables less food	205.774	-	200.173	13.5	-2.7	-
Services less rent of shelter (2)	291.999	-	295.672	5.0	1.3	-
Services less medical care services	269.157	-	271.224	2.8	0.8	-
Energy	268.707	271.192	260.773	22.7	-3.0	-3.8
All items less energy	225.002	-	225.880	2.3	0.4	-
All items less food and energy	231.181	-	232.104	2.1	0.4	-

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 Special index based on a substantially smaller sample.

4 Indexes on a December 1993=100 base.

5 Indexes on a December 1997=100 base.

- Data not available.

NOTE: Index applies to a month as a whole, not to any specific date.