

News

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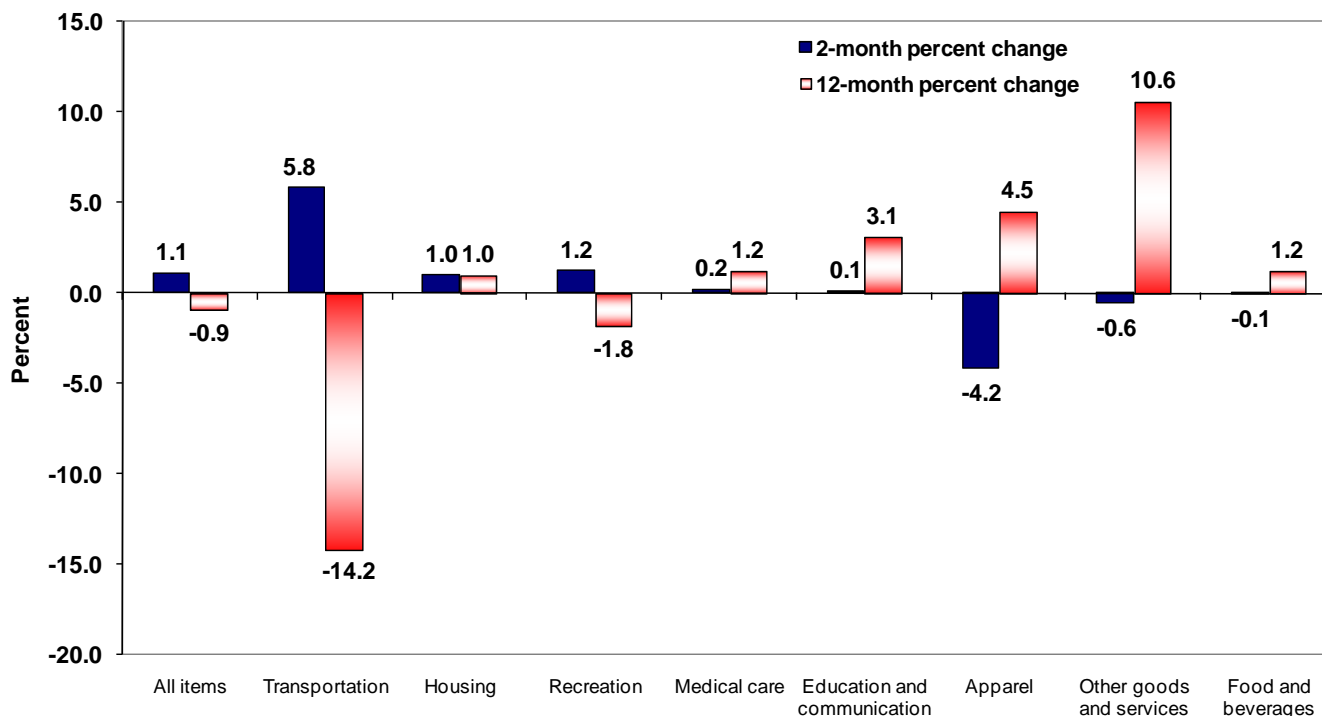
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WASHINGTON-BALTIMORE AREA CONSUMER PRICE INDEX: JULY 2009

Largest Over-the-Year Decline Since Publication Began

Retail prices in the Washington-Baltimore area, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), rose 1.1 percent from May to July, following a 0.5-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 the recent advance was led by increases in the transportation and housing indexes. Prices for recreation, medical care, and education and communication also rose, but these advances were more than offset by declines in the remaining three categories, particularly apparel. (See chart A.) The July level of 140.810 (November 1996 = 100) was 0.9 percent lower than in July 2008—the largest 12-month decrease since publication began in November 1996. Over the same period, the core inflation rate, as measured by the all items less food and energy index, rose 2.0 percent. (See table 1.)

Chart A. 2-month and 12-month percent changes ended July 2009 for the major categories of the CPI-U for the Washington-Baltimore area, not seasonally adjusted



The transportation index advanced 5.8 percent from May to July due largely to higher prices for gasoline, which increased for the third consecutive bimonthly period, up 44.7 percent since January and 15.5 percent since May. Over the year, gasoline prices were 36.9 percent lower due to steep declines in the second half of last year. Higher prices for airline fare also contributed to the two-month increase in the transportation index. Since July 2008, the transportation index fell 14.2 percent.

The housing index rose 1.0 percent since May led by higher prices for fuels and utilities, which rose 6.6 percent following five consecutive bimonthly periods of decline totaling 13.3 percent. The recent advance in fuels and utilities prices reflected a 9.1-percent seasonal increase in electricity prices, which typically rise in June as summer rate schedules are introduced, then decline in October. The recent rise in electricity prices was the smallest May-July increase since the inception of this index in December 1997. Over the year, electricity prices advanced 4.8 percent. Utility (piped) gas service prices edged up 0.2 percent since May but dropped 41.4 percent over the year—the largest 12-month decrease since publication began in December 1997. Overall, fuels and utilities prices were 7.6 percent below year-ago levels. Shelter prices rose 0.5 percent since May as prices for both published components, owners' equivalent rent of primary residence (0.5 percent) and rent of primary residence (0.7 percent), increased over the last two months; each component also rose over the year—up 3.6 and 5.1 percent, respectively. Since July 2008, the shelter index advanced 2.1 percent. Prices for household furnishings and operations, the third component of the housing index, fell 1.4 percent since May but were 2.3 percent higher than last year. Over the last 12 months, the housing index increased 1.0 percent.

The recreation index advanced for the first time since January, up 1.2 percent from May to July. The recent two-month increase was the largest in three years. Since July 2008, the recreation index declined 1.8 percent.

The medical care index edged up 0.2 percent over the last two months, due almost entirely to higher prices for dental services. Medical care prices rose 1.2 percent over the year.

Education and communication prices were nearly unchanged, up 0.1 percent since May. Over the last 12 months, the education and communication index rose 3.1 percent. This index has experienced uninterrupted over-the-year increases stretching back to September 2004.

The remaining indexes had lower prices from May to July. Following normal seasonal patterns, apparel prices fell 4.2 percent. The recent decline was dominated by lower prices for women's suits and separates. Over the year, apparel prices rose 4.5 percent.

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) fell 0.6 percent over the last two months. The recent decline followed five straight bimonthly increases totaling 11.3 percent, which pushed the other goods and services index to a level 10.6 percent higher than a year ago.

The food and beverages index was little changed, down 0.1 percent from May to July. Food at home prices fell 0.3 percent over the last two months but inched up 0.1 percent over the year. Prices for food away from home edged down 0.2 percent since May—the first two-month decline since September 2003. Over the year, prices for food away from home advanced 2.2 percent. Nearly offsetting those two-month decreases, prices for alcoholic beverages rose 2.2 percent from May to July. Alcoholic beverages prices were also 2.2 percent higher than a year ago. The overall food and beverages index rose 1.2 percent over the year.

The energy index, which reflects prices for gasoline and household fuels, advanced 10.7 percent as prices rose for both gasoline (15.5 percent) and electricity (9.1 percent) over the last two months. Since July 2008, energy prices dropped 23.7 percent—their largest decrease since publication began in November 1996.

Nearly three-quarters of the two-month increase in the overall local index came from rising services prices, up 1.2 percent since May and 1.4 percent since last July. The commodities index increased 0.9 percent over the last two months but fell 5.1 percent over the year.

The CPI-U for the Washington-Baltimore area stood at 140.810 on the November 1996=100 reference base, which means that a market basket of goods and services that averaged \$100.00 in November 1996 would have cost \$140.81 in July.

The Washington-Baltimore, D.C.-Md.-Va.-W.Va., Consolidated Metropolitan Statistical Area (CMSA) includes the District of Columbia; Baltimore City and the counties of Anne Arundel, Baltimore, Calvert, Carroll, Charles, Frederick, Harford, Howard, Montgomery, Prince George's, Queen Anne's, and Washington in Maryland; the cities of Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, and Manassas Park and the counties of Arlington, Clarke, Fairfax, Fauquier, King George, Loudoun, Prince

William, Rappahannock, Spotsylvania, Stafford, and Warren in Virginia; and the counties of Berkeley and Jefferson in West Virginia.

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: Washington-Baltimore area, December 2008

Item and group	CPI-U
Expenditure category	
All items	100.000
Food and beverages	14.284
Food	13.166
Food at home	6.807
Food away from home	6.359
Alcoholic beverages	1.118
Housing	48.599
Shelter	39.000
Rent of primary residence	6.474
Owners' equivalent rent of primary residence	29.560
Fuels and utilities	5.514
Household energy	4.836
Gas (piped) and electricity	4.649
Electricity	3.668
Utility (piped) gas service	0.981
Household furnishings and operations	4.085
Apparel	3.878
Transportation	12.569
Private transportation	11.317
Motor fuel	3.206
Gasoline	3.184
Medical care	5.015
Recreation	5.194
Education and communication	7.465
Other goods and services	2.996
Commodity and service group	
Commodities	34.255
Commodities less food and beverages	19.971
Non durables less food and beverages	12.157
Durables	7.815
Services	65.745
Special aggregate indexes	
All items less medical care	94.985
All items less shelter	61.000
Commodities less food	21.090
Nondurables	26.440
Nondurables less food	13.275
Services less rent of shelter	27.133
Services less medical care services	61.938
Energy	8.042
All items less energy	91.958
All items less food and energy	78.793

Table 1. Consumer Price Index for All Urban Consumers (CPI-U): Indexes and percent changes for selected periods, Washington-Baltimore, D.C.-Md.-Va.-W.Va. (December 1997=100 unless otherwise noted)

Expenditure category	Indexes			Percent change from-		
	May 2009	June 2009	July 2009	July 2008	May 2009	June 2009
All items (1)	139.311	-	140.810	-0.9	1.1	-
Food and beverages (1)	139.133	-	139.053	1.2	-0.1	-
Food (1)	140.720	-	140.368	1.1	-0.3	-
Food at home	136.050	134.559	135.620	0.1	-0.3	0.8
Food away from home (2)	143.937	-	143.677	2.2	-0.2	-
Alcoholic beverages (2)	117.660	-	120.290	2.2	2.2	-
Housing (1)	152.349	-	153.811	1.0	1.0	-
Shelter	156.979	157.976	157.717	2.1	0.5	-0.2
Rent of primary residence (1) (3)	168.638	169.543	169.847	5.1	0.7	0.2
Owners' equivalent rent of primary residence (3)	156.272	157.144	157.018	3.6	0.5	-0.1
Fuels and utilities	180.493	-	192.467	-7.6	6.6	-
Household energy	184.157	198.244	197.643	-8.9	7.3	-0.3
Gas (piped) and electricity (3)	179.359	193.401	192.888	-7.3	7.5	-0.3
Electricity (3)	187.022	205.019	204.075	4.8	9.1	-0.5
Utility (piped) gas service (3)	133.977	133.272	134.252	-41.4	0.2	0.7
Household furnishings and operations	103.760	-	102.268	2.3	-1.4	-
Apparel (1)	96.228	-	92.141	4.5	-4.2	-
Transportation (1)	120.989	-	127.954	-14.2	5.8	-
Private transportation	121.086	-	127.289	-14.5	5.1	-
Motor fuel	182.489	209.135	210.631	-37.0	15.4	0.7
Gasoline (all types)	182.478	209.172	210.678	-36.9	15.5	0.7
Gasoline, unleaded regular (4)	184.339	212.232	212.963	-37.6	15.5	0.3
Gasoline, unleaded midgrade (4)	182.607	207.769	210.082	-36.0	15.0	1.1
Gasoline, unleaded premium (4)	183.179	207.496	211.101	-34.9	15.2	1.7
Medical care (1)	142.187	-	142.419	1.2	0.2	-
Recreation	115.334	-	116.684	-1.8	1.2	-
Education and communication	131.296	-	131.453	3.1	0.1	-
Other goods and services (1)	163.730	-	162.703	10.6	-0.6	-
Commodity and service group						
Commodities	119.989	-	121.043	-5.1	0.9	-
Commodities less food and beverages	109.136	-	110.824	-9.1	1.5	-
Nondurables less food and beverages	130.454	-	134.424	-13.3	3.0	-
Durables	85.718	-	85.077	-1.5	-0.7	-
Services	152.048	-	153.839	1.4	1.2	-
Special aggregate indexes						
All items less medical care (1)	139.104	-	140.667	-1.0	1.1	-
All items less shelter	130.257	-	132.176	-2.7	1.5	-
Commodities less food	109.612	-	111.347	-8.6	1.6	-
Nondurables	134.362	-	136.196	-6.1	1.4	-
Nondurables less food	129.477	-	133.330	-12.2	3.0	-
Services less rent of shelter	146.708	-	149.949	0.4	2.2	-
Services less medical care services	152.873	-	154.752	1.5	1.2	-
Energy (1)	181.064	200.143	200.414	-23.7	10.7	0.1
All items less energy	135.754	-	136.125	1.9	0.3	-
All items less food and energy (1)	135.831	-	136.320	2.0	0.4	-

1 For Washington-Baltimore, indexes on a November 1996=100 base.

2 For Washington-Baltimore, indexes on a November 1997=100 base.

3 This index series was calculated using a Laspeyres estimator. All other item stratum index series were calculated using a geometric means estimator.

4 Special index based on a substantially smaller sample.

- Data not available.

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