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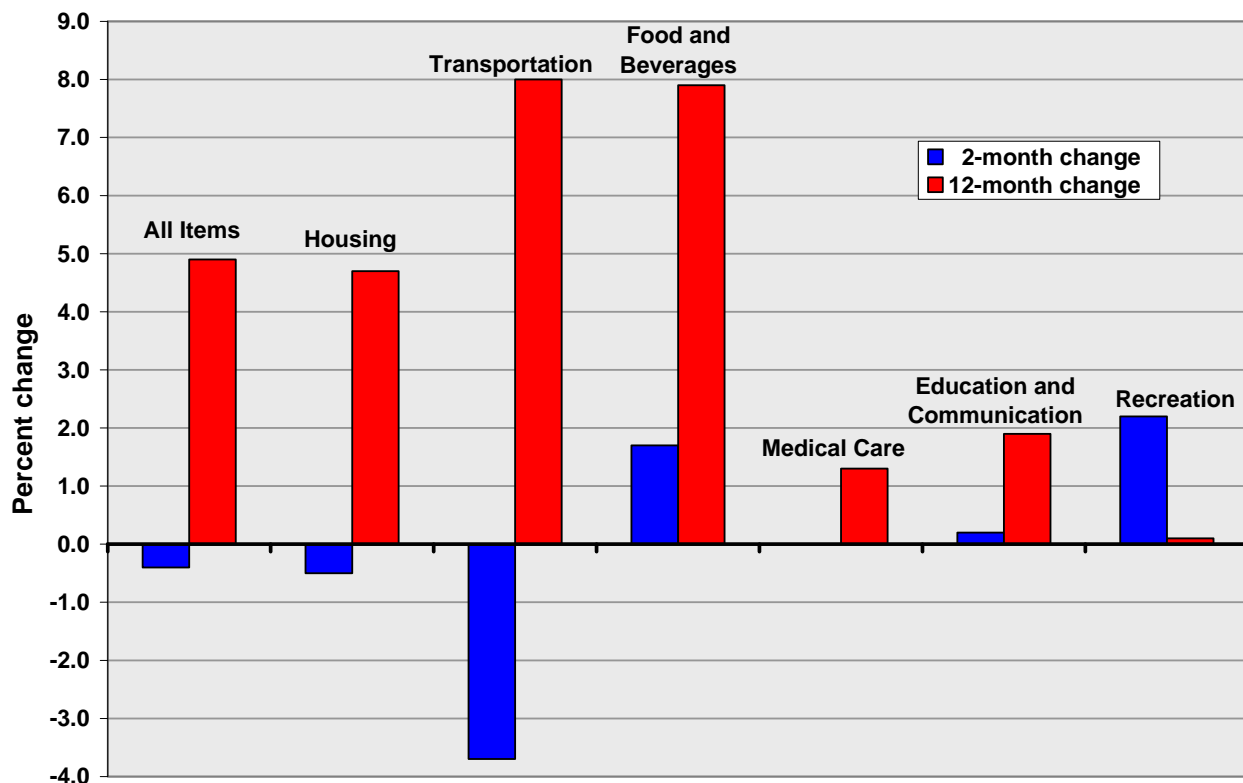
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CONSUMER PRICE INDEX FOR HOUSTON-GALVESTON-BRAZORIA AUGUST 2008

Area Prices Decline During July and August

Prices in Houston-Galveston-Brazoria fell 0.4 percent during July and August, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. Regional Commissioner Stanley W. Suchman noted that declines were registered in several categories, but the strongest contributor to the downward movement was lower transportation costs. During the year ended in August 2008, overall prices increased 4.9 percent, matching the June 12-month advance, but notably higher than the year-ago annual rise of 0.7 percent. These data are based on the Consumer Price Index for All Urban Consumers (CPI-U).

**2-Month and 12-Month Percent Change Ended August 2008
CPI-U by Selected Major Category for Houston-Galveston-Brazoria**



Houston-Galveston-Brazoria Consumer Price Index – August 2008 (Continued)

The transportation index decreased 3.7 percent in July and August as gasoline prices fell 6.6 percent during the period. The average price for a gallon of gasoline in the Houston area stood at \$3.703 in August. New vehicle prices also fell during the period, while higher prices were noted for motor vehicle parts, maintenance, repair, and insurance. Despite the latest bimonthly decline in gasoline costs, prices climbed 33.8 percent over the year and the total transportation index was 8.0 percent above the August 2007 level.

Housing provided the next largest contribution to the area's overall change, falling 0.5 percent in July and August after climbing 3.5 percent in May and June. The shelter index fell 0.6 percent in the latest bimonthly period, primarily reflecting a decline in charges for hotels and motels, although homeowners' costs (owners' equivalent rent) also slipped 0.1 percent. In contrast, the index for shelter at school registered an increase and renters' costs (rent of a primary residence) advanced 0.4 percent. Prices for household furnishings and operations provided additional downward momentum to overall housing costs, falling 0.5 percent, while the index for fuels and utilities was unchanged in July and August. On an annual basis, movements within the housing category were varied as natural gas costs climbed 50.7 percent, electricity prices increased 9.4 percent, household furnishings and operations increased 7.0 percent, and shelter costs rose at a much slower 2.4-percent rate. Combined, these movements left total housing costs 4.7 percent above a year ago.

Higher prices for food and beverages had the largest upward influence on the overall CPI during July and August. Costs for food and beverages increased 1.7 percent in the latest two-month period after advancing 2.4 percent in the previous period. Prices rose 1.9 percent for food at home (groceries) and 1.4 percent for food away from home (restaurant meals). Costs for alcoholic beverages also contributed with a 1.6-percent gain. Over the year, grocery costs increased 5.2 percent, prices for restaurant meals advanced 4.4 percent, and costs for alcoholic beverages rose 0.6 percent. Over the year, the food and beverages index rose 7.9 percent, the largest annual increase since the year ended in August 1981.

Among the major categories, the largest two-month rate of gain was registered for apparel costs which rose 5.2 percent during the period after falling 9.2 percent in May and June. Higher prices for women's apparel - particularly women's suits and separates, were the biggest factor in the gain. Despite the latest gain in overall apparel prices, over the year, costs were little changed, down 0.2 percent.

The recreation index registered a 2.2-percent increase in July and August, the first advance since November and December 2007. An increase in charges for cable and satellite television and radio service was the primary cause of the gain. As a result of the previous bimonthly declines, recreation costs were virtually unchanged from a year ago, up 0.1 percent.

Houston-Galveston-Brazoria Consumer Price Index – August 2008 (Continued)

Price movements in the three remaining major categories were varied during July and August, but had minimal impact on the overall CPI change. The other goods and services index fell 0.8 percent during the bimonthly period but rose 4.6 percent over the year. The education and communication index edged up 0.2 percent in July and August as higher prices for delivery services were only partially offset by lower prices for personal computers and peripherals. During the last 12 months, the index for education and communication rose 1.9 percent. Within the medical care category, increases for non-prescription drugs and supplies were countered by lower charges for eye glasses and eye care, leaving overall medical care costs unchanged in July and August. Over the year, medical care costs were up 1.3 percent.

The CPI-U for the Houston-Galveston-Brazoria area stood at 192.723 on the 1982-84=100 reference base, meaning that a market basket of goods and services that averaged \$100.00 in 1982-84 would have cost \$192.723 in August 2008.

The Houston-Galveston-Brazoria Consolidated Metropolitan Statistical Area (CMSA) includes Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties. Local area CPI indexes are by-products of the national CPI program. Because each local area index is a small subset of the national index, the sample size is smaller and therefore subject to substantially more sampling and other measurement error than the national index. In addition, local indexes are not adjusted for seasonal influences. As a result, local area indexes show greater volatility than the national index, although their long-term trends are quite similar.

Next Release Date: September 2008 Consumer Price Indexes for Energy, Food At Home, and Shelter for Houston-Galveston-Brazoria will be released on October 16, 2008.