

Report on Quality Changes for 2011 Model Vehicles

In accordance with usual practice, most new-model-year passenger cars and light motor trucks were introduced into the Producer Price Index (PPI) with the release of data for October 2010.

Passenger Cars

The value of quality changes for a sample of 2011 model year domestically produced passenger cars included in the PPI for October averaged \$100.80, according to estimates by the U. S. Bureau of Labor Statistics (BLS). There was an average \$7.57 increase in manufacturers' invoice prices for this year's models as compared with last year's models.

The retail equivalent value of these quality changes averaged \$110.79. The average manufacturers' suggested list prices increased \$5.97.

The \$110.79 estimated retail value of quality change breaks down as follows:

- \$4.83 for safety improvements such as airbags and stability control.
- \$105.96 for other quality changes such as changes in audio systems, powertrains, and changes in levels of standard or optional equipment.

Light Trucks

The value of quality changes for a sample of 2011 model year domestically produced light trucks included in the PPI for October averaged \$391.85. There was an average \$531.33 increase in manufacturers' invoice prices for this year's models as compared with last year's models.

The retail equivalent value of quality changes averaged \$423.20. The average manufacturers' suggested list prices increased \$460.98.

The \$423.20 estimated retail value of quality change breaks down as follows:

- \$101.24 for safety improvements such as changes to stability control and brakes.
- \$321.96 for other quality changes such as changes in audio systems, seating, and changes in levels of standard or optional equipment.

For technical information regarding quality changes for 2011 model year motor vehicles, contact Thaddious Foster at Foster.Thaddious@bls.gov or (202) 691-6443. For general PPI information, contact the PPI Section of Index Analysis and Public Information, at ppi-info@bls.gov or (202) 691-7705.

Estimates of the value of quality change are based on a review by the BLS of data supplied by producers for similarly equipped 2010 and 2011 domestically produced models priced for the PPI. Most of the estimates of quality changes in this release are derived from information supplied for the PPI for October. These data also form the basis of the new vehicle quality adjustment for the Consumer Price Index (CPI). However, it should be noted that, effective with the release of data for January 1999, changes made solely for the purpose of meeting air pollution standards are no longer considered quality improvements for CPI calculation purposes.