

# Recent Price Trends in the Metal Industry



## Q: How did import metal prices compare with other economic data? (See chart 1.)

- After the drop in domestic and import prices beginning in mid-2008, import prices rose at a faster pace than domestic prices because of the steady global demand for metals in other countries, such as China.
- The fall and rise of import metal prices trended closely with the movements in the dollar value of metal imports.

## Q: How have import metal prices trended over the 2009–2011 period?

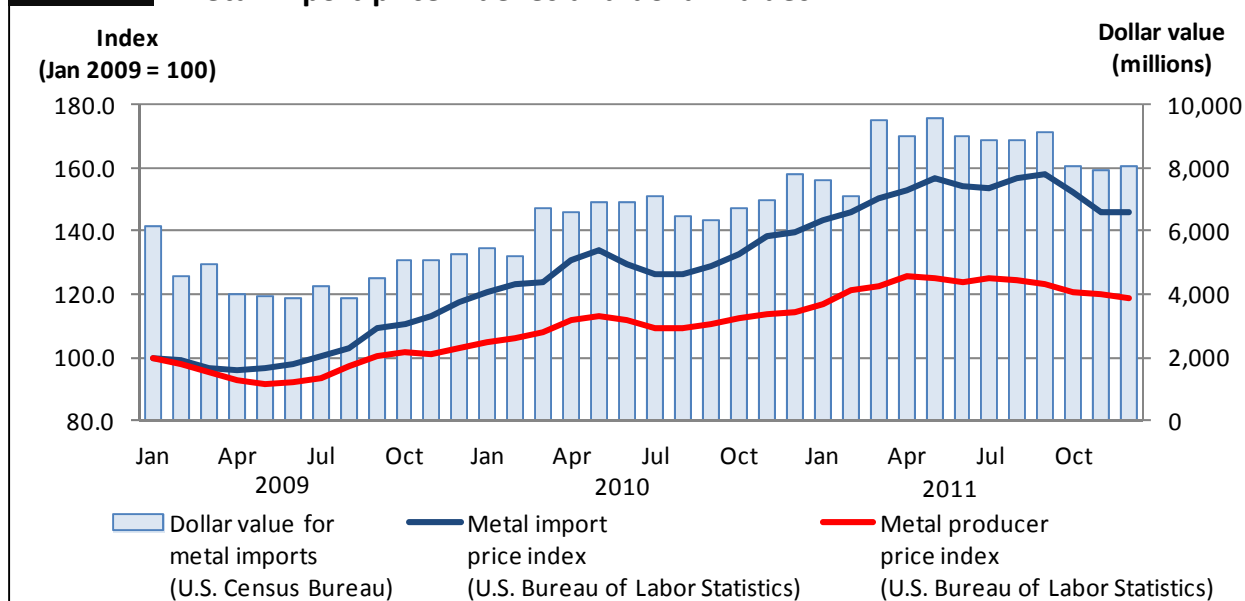
- Through early 2009, domestic demand for metals continued a decline that began in late 2008. During this period, producers worldwide reduced inventories in response, causing prices to fall.
- Global metal prices rose starting in mid-2009 due to increased demand outside the United States. Prices fell again in mid-2010 when an anticipated increase in U.S. demand did not materialize.

- From late 2010 through early 2011, global prices resumed their upward path, owing to stronger demand outside the United States, especially in emerging markets. Prices leveled off in mid-2011 and decreased toward the end of the year due to increased global economic uncertainty.

## Q: How did export metal prices compare with other economic data? (See chart 2.)

- The dollar value of metal exports rose in 2010 through mid-2011 due to the recovery from the economic downturn in 2008. However, the dollar value of exports declined in late 2011 when the recovery lost momentum.
- Similarly, U.S. export prices for metals increased due to increased international demand for metal products and declined when demand declined.
- Export prices trended generally with foreign production of passenger cars and commercial vehicles, which is a steel-intensive industry.

**Chart 1. Metal import price indexes and dollar values**





**Q: How have export metal prices trended over the 2009–2011 period?**

- The global economy started to improve in late 2009. The steel industry’s recovery was gradual and in line with other steel-intensive industries, such as automobiles and residential housing.
- The dollar value of metal exports increased in 2010 through 2011 because of higher demand in North America, relative to the low level of demand immediately following the global economic downturn in 2008. Export prices rose in response to the increased demand in the region.
- End-user demand leveled off during 2011, but producers maintained rising prices because end users held low levels of inventories. Export metal prices began falling after reaching a peak in September 2011 once end-user demand declined during the crisis in the Euro zone and China’s attempt to rein in inflation.

**Q: How are International Price Program data useful to you?**

Import and export price indexes can provide a new perspective for your trade analyses. Although many sources report domestic market prices and trade volume, IPP data are unique in measuring import and export price inflation.

For example, if you are involved in the metal industry and you are considering conducting business overseas, IPP metal indexes can supplement your industry research by providing long-term import and export price trends.

**Q: What are import and export price indexes?**

Import and export price indexes are measures that show how prices of a market basket of goods and services change from one period to the next. The International Price Program (IPP) of the U.S. Bureau of Labor Statistics produces these indexes, which are Principal Federal Economic Indicators. The indexes contain data on changes in the prices of nonmilitary goods and services traded between the United States and the world.

**Q: How are import and export price indexes used?**

Import and export price indexes are used for a variety of purposes:

- In the conversion of U.S. trade figures from current dollars to constant dollars in U.S. trade statistics including the Bureau of Economic Analysis’ Quarterly Balance of Payments Account and the Census Bureau’s monthly U.S. trade statistics.
- To assess the impact of international trade on domestic inflation and the competitive position of the United States.
- As a tool for analyzing fiscal and monetary policy, measuring the impact of exchange rates, and escalating trade contracts.
- To identify industry-specific and global price trends.

**Chart 2. Metal export price indexes and dollar values**

