



Cornell University  
ILR School

Cornell University ILR School  
**DigitalCommons@ILR**

---

Federal Publications

Key Workplace Documents

---

5-2012

## Energy Prices Jump While Food Prices Show Modest Increases

Jonathan Church  
*Bureau of Labor Statistics*

Follow this and additional works at: [https://digitalcommons.ilr.cornell.edu/key\\_workplace](https://digitalcommons.ilr.cornell.edu/key_workplace)

Thank you for downloading an article from DigitalCommons@ILR.

**Support this valuable resource today!**

---

This Article is brought to you for free and open access by the Key Workplace Documents at DigitalCommons@ILR. It has been accepted for inclusion in Federal Publications by an authorized administrator of DigitalCommons@ILR. For more information, please contact [catherwood-dig@cornell.edu](mailto:catherwood-dig@cornell.edu).

If you have a disability and are having trouble accessing information on this website or need materials in an alternate format, contact [web-accessibility@cornell.edu](mailto:web-accessibility@cornell.edu) for assistance.

---

## Energy Prices Jump While Food Prices Show Modest Increases

### Abstract

The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Produced monthly by the Bureau of Labor Statistics (BLS), the CPI uses a "market basket," or a sample of goods and services that consumers purchase for day-to-day living, and weighs each item on the basis of the amount of spending reported by a sample of families and individuals. Widely used as a measure of inflation, the CPI provides information about price changes in the nation's economy and can be used by government, business, labor, and private individuals as a guide to making economic decisions.

Over the last 12 months, the index for all items less food and energy has slowly accelerated. In contrast, the all-items index has decelerated since a 12-month increase of 3.9 percent in September 2011. The September 2011 increase capped a run of steady acceleration in the all-items index that began in December 2010. Despite the contrast, the all-items index increased at a higher rate than the index for all items less food and energy in the first quarter of 2012. This summary compares price changes in the CPI for detailed categories of goods and services over the first quarter of 2012 with those in 2011.

### Keywords

Consumer Price Index, CPI, energy prices, food prices

### Comments

#### Suggested Citation

Church, J. (2014). Energy prices jump while food prices show modest increases. *Beyond the Numbers* (Vol. 1, No. 3). Washington, DC: Bureau of Labor Statistics.



## Energy prices jump while food prices show modest increases

*Author:* Jonathan Church, Consumer Price Index program

**T**he Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.<sup>1</sup> Produced monthly by the Bureau of Labor Statistics (BLS), the CPI uses a “market basket,” or a sample of goods and services that consumers purchase for day-to-day living, and weighs each item on the basis of the amount of spending reported by a sample of families and individuals. Widely used as a measure of inflation, the CPI provides information about price changes in the nation’s economy and can be used by government, business, labor, and private individuals as a guide to making economic decisions.

Over the last 12 months, the index for all items less food and energy has slowly accelerated. In contrast, the all-items index has

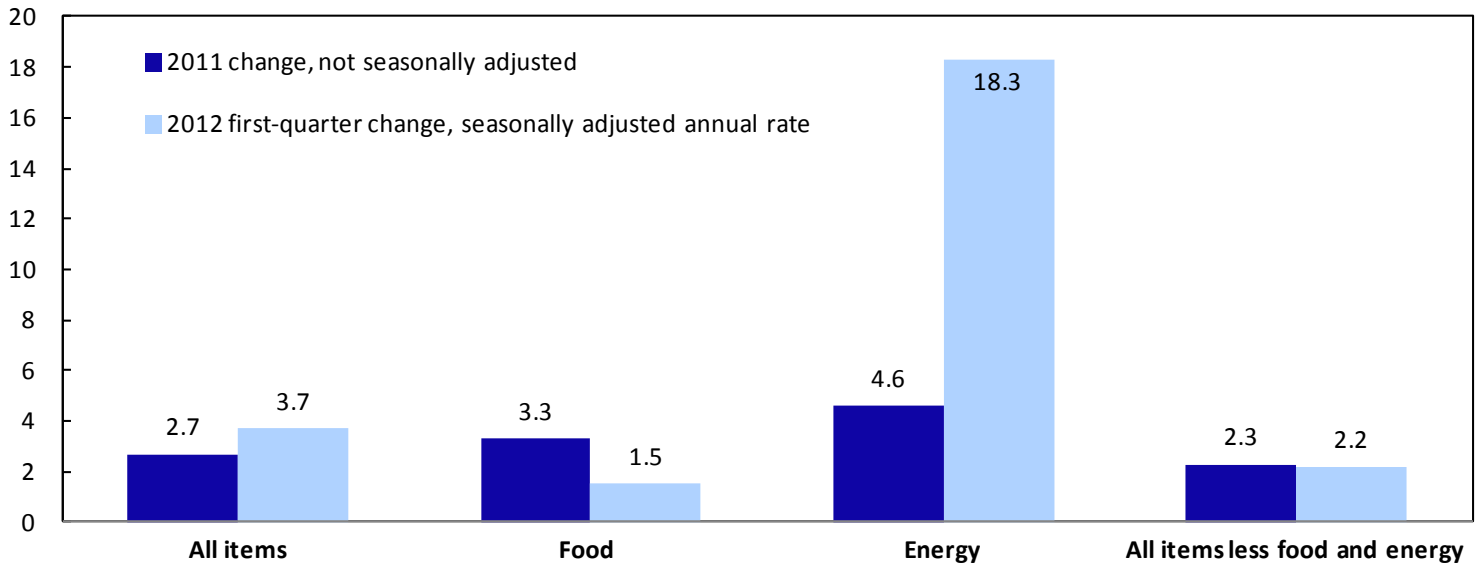
### Related articles

More BLS articles and information related to consumer prices are available online at the following links:

- Impact of commodity price movements on CPI inflation <http://www.bls.gov/opub/mlr/2012/04/art3full.pdf>
- Consumer Price Index: Overview <http://www.bls.gov/cpi/cpiovrvw.htm#item5>

**Chart 1****CPI-U percent changes: all items, food, energy, and all items less food and energy, for 2011 and first quarter, 2012**

Percent change



SOURCE: U.S. Bureau of Labor Statistics.

decelerated since a 12-month increase of 3.9 percent in September 2011. The September 2011 increase capped a run of steady acceleration in the all-items index that began in December 2010. Despite the contrast, the all-items index increased at a higher rate than the index for all items less food and energy in the first quarter of 2012. This summary compares price changes in the CPI for detailed categories of goods and services over the first quarter of 2012 with those in 2011.

**All Items**

The all-items Consumer Price Index for All Urban Consumers (CPI-U) increased at a 3.7-percent seasonally adjusted annual rate during the first quarter of 2012. This rise follows increases of 3.7 percent in the third quarter of 2011 and 0.3 percent in the fourth quarter. The all-items index was up 2.7 percent, year over year, in March 2012, the same as in March 2011.

The food index has seen modest increases over the last 6 months, rising 1.5 percent in the first quarter of 2012 after a 2.0-percent increase in the last quarter of 2011.

These increases contrast with a 5.8-percent rise in the third quarter of 2011. The energy index increased 18.3 percent in the first quarter, after falling 13.8 percent in the fourth quarter of 2011. The index for all items less food and energy rose 2.2 percent in the first quarter and is up 2.1 percent over the last 6 months. This index increased 2.3 percent over the past year. (See chart 1.)

**Energy**

Energy prices rose at a seasonally adjusted annual rate of 18.3 percent in the first quarter of 2012, a sharp pickup after a 13.8-percent decline in the last quarter of 2011. Energy prices increased for the first three quarters of 2011 and, despite the fourth-quarter decline, ended the year 6.6 percent above December 2010.

The rise in the energy index in the first quarter of 2012 was led by increases in the price of gasoline and fuel oil. Gasoline prices were up an annualized 39.9 percent in the first quarter, while the fuel oil index increased 31.2 percent. In contrast, electricity prices decreased 3.4 percent, and natural gas prices fell 19.9 percent, in the first quarter of 2012.

Over the past few years, crude oil prices—and, consequently, retail gasoline and fuel oil prices—have been quite volatile. From July 2007 to July 2008, gasoline prices rose sharply, increasing 37.9 percent (not seasonally adjusted); crude oil prices peaked in July 2008 at more than \$140 a barrel. During the last 5 months of 2008, crude oil prices tumbled to around \$30 a barrel, and as a consequence, retail gasoline prices fell by more than 50 percent. In 2009, pump prices turned sharply higher again, increasing more than 50 percent as crude oil prices rebounded to around \$80 a barrel by the end of 2009. Retail gasoline prices rose 13.8 percent in 2010, with crude oil up to around \$90 a barrel by the end of the year. Gas prices rose 9.9 percent in 2011 and continued to increase in the first quarter of 2012. As of mid-April, crude oil prices stood at \$102 a barrel.<sup>2</sup>

## Food

Food prices rose at a 1.5-percent annual rate in the first quarter of 2012, continuing a recent slowing in food price inflation. Grocery store prices were restrained in the first quarter, up at a 0.5-percent rate, compared with a 2.8-percent increase in the prices of food away from home.

The other food at home index saw the largest first-quarter jump among the six major grocery store food groups, increasing at a 4.8-percent rate. The other two grocery store food groups exhibiting increases were dairy and related products, whose prices rose 1.2 percent, and meats, poultry, fish, and eggs, with a price rise of 3.3 percent.

The increase in the other food at home index was caused by large increases in the prices of several products. The most substantial increases were an annualized 50.6-percent rise in peanut butter prices and a 38.3-percent rise in the price of olives, pickles, and relishes. The 3.3-percent increase in the meats, poultry, fish, and eggs index was led by an 11.6-percent increase in poultry prices. Chicken prices were up 11.1 percent, and other poultry including turkey registered a price increase of 13.2 percent. Meat prices also were up 3.3 percent, with all four major food items within the beef and veal index posting price increases. The pork index, however, was down 4

percent, with pork chop prices decreasing 11.7 percent. The index for other meats saw a relatively more modest increase of 2.8 percent. Fish and seafood prices were barely unchanged, falling 0.4 percent for the quarter, but the price of eggs fell 9.5 percent.

The increase in dairy prices of 1.2 percent was led by a 5.0-percent increase in ice cream prices. Milk prices were down 3.9 percent, cheese prices, 3 percent.

The other three grocery store groups saw falling prices, supported by the index for fruits and vegetables, which dropped at an 8.2-percent annual rate. Prices for nonalcoholic beverages and beverage materials fell at a 2.3-percent annual rate, while cereals and bakery products prices decreased 0.6 percent.

The drop in prices of fruits and vegetables was led by a 10.9-percent reduction in the price of fresh fruits and vegetables. Within the category, the price of fresh vegetables declined at a 22.0-percent rate, led by lettuce (down 23.0 percent annually) and tomatoes (20.0 percent). Fresh fruit prices increased at a 0.8-percent rate, despite downward spikes in the prices of apples (5.5 percent), bananas (8.3 percent), and oranges (9.6 percent).

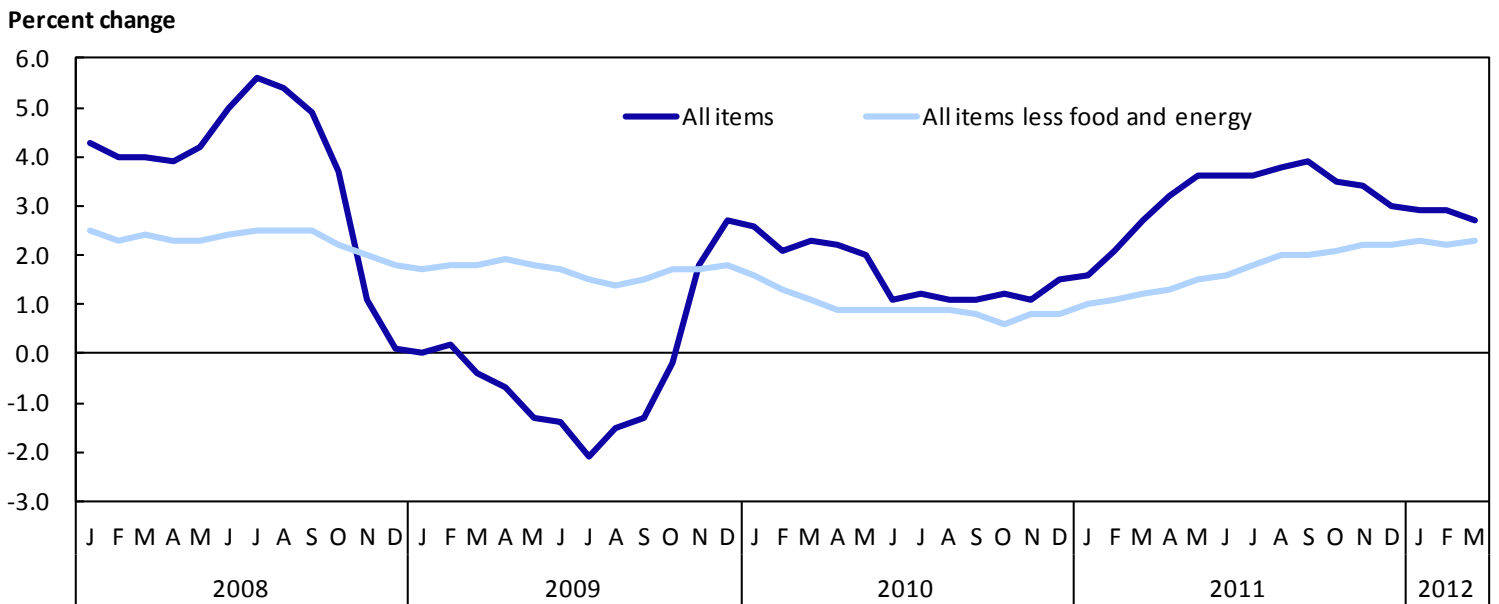
The most notable decrease in the nonalcoholic beverages and beverage materials index was an 8.2-percent drop in the price of coffee. A modest 0.6-percent decrease in cereals and bakery products prices reflected a reduction of 3.0 percent in cereals and cereal products prices and a rise of 1.4 percent in the price of bakery products.

A 2.8-percent increase in the price of food away from home was led by a 3.8-percent rise in the index for food at employee sites and schools.

Grocery store prices have decelerated of late, with year-over-year price increases of 5.3 percent in January, 4.5 percent in February, and 3.6 percent in March. The recent deceleration follows a sharp uptick in grocery store prices that began in the last half of 2010 and continued throughout 2011. Grocery store inflation was modest in the first half of 2010, after dropping 2.9 percent, year over year, in November 2009, the sharpest annual drop

## Chart 2

## Twelve-month percent change, indexes for all items and all items less food and energy, January 2008–March 2011



SOURCE: U.S. Bureau of Labor Statistics.

in the index since June 1959. Grocery store inflation was relatively high during most of 2008.

### All items less food and energy

The index for all items less food and energy grew at a 2.2-percent annual rate in the first quarter of 2012, after having risen 2.0 percent in the previous quarter. Despite the recent acceleration, the increase in core prices was lower than the 3.7-percent increase in the all-items index. (See chart 2 for a historical comparison.) Shelter, the largest component of this category, increased at a rate of 2.2 percent in the first quarter. Rent also was up 2.2 percent in the quarter, while owners' equivalent rent was up 2.1 percent. The index for lodging away from home increased 9.9 percent, led by an 11.0-percent increase in the index for other lodging away from home including hotels and motels. Also within housing, the index for household furnishings and operations was up a mere 0.4 percent, with modest increases and a few declines spread across the various categories of household goods. The appliances index, however, saw a notable jump of 11.4 percent, with laundry equipment prices up 26.7 percent.

Within the transportation category, parking fees and tolls exhibited a notable price increase of 23.4 percent in the first quarter, while the index for airline fares declined 2.5 percent. Prices for new vehicles increased 3.2 percent in the first quarter of 2012, after declining 2.2 percent in the fourth quarter of 2011. The used cars and trucks index increased 0.3 percent, after having declined 5.3 percent in the fourth quarter of 2011.

In other areas, medical care prices rose 3.3 percent in the first quarter of 2012, following similar increases in each of the four quarters of 2011. Within medical care, prices for prescription drugs rose 4.7 percent. The recreation index was up 2.9 percent in the quarter, with the prices of many items increasing, although there was a 19.8-percent decline in the price of televisions. The index for education and communication increased 2.6 percent. Postage and delivery services posted an 11.3-percent price rise, driven by increases of 11.1 percent in postage and 15.3 percent in delivery services. Finally, the index for other goods and services registered a 1.1-percent increase in the first quarter.

The apparel index increased at a modest 2.1-percent annual rate in the first quarter of 2012. Men's and boys' apparel



prices rose by 0.3 percent, with the price of men's apparel down 1.2 percent, but that of boys' apparel up 20.9 percent, in the quarter. Within men's apparel, prices for men's suits, sports coats, and outerwear increased 11.3 percent, men's furnishings prices dropped 9.7 percent, and the price of men's shirts and sweaters fell 9.9 percent. The men's pants and shorts index rose 8.2 percent in the quarter. The index for women's and girl's apparel posted a 3.3-percent increase, with a notable spike of 80.3 percent in the prices of women's dresses. The price of footwear was up 1.8 percent in the quarter, while infants' and toddlers' apparel prices rose 3.6 percent. Prices for watches were up 12.7 percent.

*Price movements described in this text reflect data released on April 13, 2012. All 12-month–and–longer percent changes reflect data that are not seasonally adjusted. Percent changes covering less than a year are based on seasonally adjusted annual rates, unless otherwise noted. CPI seasonally adjusted indexes and percent changes are subject to annual revision.*

This **BEYOND THE NUMBERS** summary was prepared by Jonathan Church, an economist in the Office of Prices and Living Conditions, U.S. Bureau of Labor Statistics. Email: [church.jonathan@bls.gov](mailto:church.jonathan@bls.gov); telephone: (202) 691-5379.

Information in this article will be made available to sensory-impaired individuals upon request. Voice phone: (202) 691- 5200. Federal Relay Service: 1-800-877-8339. This article is in the public domain and may be reproduced without permission.

#### Suggested citation:

Jonathan Church, "Energy prices jump while food prices show modest increases," *Beyond the Numbers: Prices and Spending*, vol. 1, no. 3 (Bureau of Labor Statistics, May 2012), <http://www.bls.gov/opub/btn/volume-1/energy-prices-jump-while-food-prices-show-modest-increases.htm>.

### Upcoming articles

- Employment, college enrollment, and training of young male veterans and civilians: January 2008 to June 2009
- Defined benefit versus defined contribution plans per participant costs

Visit our online archives to access past publications at <http://www.bls.gov/opub/btn/archive.htm>.

### Notes

1. For more information about the CPI, see "Overview of BLS Statistics on Inflation and Prices" (U.S. Bureau of Labor Statistics, Mar. 1, 2012), <http://www.bls.gov/bls/inflation.htm>.
2. See U.S. Energy Information Administration website, <http://www.eia.gov/>, various topics.