

**Research of the
U.S. Bureau of Labor Statistics**

(Review of Selected Research)

Compiled and Edited by

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About the Editor

Michael Erbschloe has worked for over 30 years performing analysis of the economics of information technology, public policy relating to technology, and utilizing technology in reengineering organization processes. He has authored several books on social and management issues of information technology that were published by McGraw Hill and other major publishers. He has also taught at several universities and developed technology-related curriculum. His career has focused on several interrelated areas:

- Technology strategy, analysis, and forecasting
- Teaching and curriculum development
- Writing books and articles
- Publishing and editing
- Public policy analysis and program evaluation

Books by Michael Erbschloe

Social Engineering: Hacking Systems, Nations, and Societies

Extremist Propaganda in Social Media: A Threat to Homeland Security (CRC Press)

Threat Level Red: Cybersecurity Research Programs of the U.S. Government (CRC Press)

Social Media Warfare: Equal Weapons for All (CRC Press)

Walling Out the Insiders: Controlling Access to Improve Organizational Security (CRC Press)

Physical Security for IT (Elsevier Science)

Trojans, Worms, and Spyware (Butterworth-Heinemann)

Implementing Homeland Security in Enterprise IT (Digital Press)

Guide to Disaster Recovery (Course Technology)

Socially Responsible IT Management (Digital Press)

Information Warfare: How to Survive Cyber Attacks (McGraw Hill)

The Executive's Guide to Privacy Management (McGraw Hill)

Net Privacy: A Guide to Developing & Implementing an e-business Privacy Plan (McGraw Hill)

Introduction

The Bureau of Labor Statistics (BLS) of the U.S. Department of Labor is the principal federal agency responsible for measuring labor market activity, working conditions, and price changes in the economy. Its mission is to collect, analyze, and disseminate essential economic information to support public and private decision making. As an independent statistical agency, BLS serves its diverse user communities by providing products and services that are accurate, objective, relevant, timely, and accessible.

About half of 2,400 BLS employees are economists and statisticians, and almost 1,000 employees work across the country in regional offices. The Commissioner is nominated by the President, confirmed by the Senate, and serves a 4-year fixed term. The Commissioner is the only political appointee at BLS. In 2019 the Commissioner was William W. Beach.

The Bureau of Labor Statistics (BLS), in cooperation with the American Statistical Association (ASA), under a grant from the National Science Foundation (NSF), offers a Research Fellow Program. The program's objective is to facilitate collaboration between academic scholars and government researchers in survey methodology, statistics, economics, and social sciences. Research Fellows are provided the unique opportunity to address some of the complex methodological problems and analytic issues relevant to BLS programs. Fellows conduct research in residence at BLS, use BLS data and facilities, and interact with BLS staff.

Fellowship applicants should have a recognized research record and considerable expertise in their area of proposed research. Applicants must submit a detailed research proposal, which will be evaluated on the applicability of the research to BLS programs, the value of the proposed research to science, and the quality of the applicant's research record. BLS encourages potential applicants to contact the agency before submitting a proposal to discuss how to best focus their work to meet BLS research needs. Qualified women and members of minority groups are especially encouraged to apply.

Fellowship appointments typically range from 4 to 6 months, but can last up to a year, subject to the availability of program funds. Appointment terms are flexible and can be full-time, part-time or split into multiple terms. Applicants should specify approximate dates for proposed projects.

It is expected that Fellows will conduct much of their work at BLS. Working there provides Fellows and BLS staff better opportunities to collaborate and to learn from each other. Further, some BLS datasets can only be accessed on site. However, there is some limited flexibility regarding work and travel arrangements.

BLS Historic Timeline

1880s

1884 Bureau of Labor created in the Department of Interior.

1886 Published First Annual Report of the Commissioner of Labor: Industrial Depressions.
1888 Began first consumer expenditure survey.

1890s

1891 Investigated the effects of tariff legislation on wages and prices.
1898 Published Hand and Machine Labor, providing information on the effect of machinery costs of production, productivity, wages, and employment in selected industries.

1900s

1902 First published the wholesale prices collection, later called the Producer Price Indexes.

1910s

1912 Introduced series on industrial accidents.
1913 Began Consumer Price Indexes.
1913 Moved to the Department of Labor.
1915 Began first monthly studies of employment and payrolls (later called the Current Employment Statistics program).
1915 Published first Monthly Review (later called the Monthly Labor Review).
1916 Began first labor market information cooperative agreements with states.

1940s

1940 Began industry productivity studies program.
1942 Established first regional offices.
1945 Began providing training for international economists and statisticians.
1947 Established Business Research Advisory Council and the Labor Research Advisory Council.
1947 Produced first annual measures of output per hour.
1947 Released first report on work stoppages.
1948 Began publishing collective bargaining settlements.
1949 Published first Occupational Outlook Handbook.

1950s

1959 Gained responsibility for financing and analyzing the household survey (later called the Current Population Survey) and publishing the results.
1959 Published first labor productivity indexes for the total private and private nonfarm business sectors.

1960s

1960 Began conducting an annual nationwide survey, (later incorporated into the National Compensation Survey), which became the basis for comparing federal and private-sector pay under legislation passed in 1962 and 1971.
1962 Produced first major international comparative study on unemployment.
1966 Produced first projections of the labor force, industry output and employment, and occupational employment and job openings.

1970s

1971 Began International Prices Program by establishing export price indexes.

1971 Began collecting data (in cooperation with 15 states and the Employment and Training Administration) on occupational employment through the Occupational Employment Statistics program.

1973 Established import price indexes, as part of the International Prices Program.

1973 Began Survey of Occupational Injuries and Illnesses, mandated by the Occupational Safety and Health Act of 1970.

1976 Began the Employment Cost Index.

1978 Began direct online computer access to more than 150,000 time series (LABSTAT).

1979 Introduced the first comprehensive study of the incidence and provisions on employee benefits (later called the Employee Benefits Survey).

1980s

1983 Published first multifactor productivity measures.

1983 Assumed full responsibility from the Employment and Training Administration for federal-state cooperative programs on labor market information, including Current Employment Statistics, Local Area Unemployment Statistics, Occupational Employment Statistics, and in 1984, Employment and Wages (later called the Quarterly Census of Employment and Wages).

1984 Began Mass Layoff Statistics program.

1985 Assumed responsibility from Employment and Training Administration for the National Longitudinal Surveys.

1986 Published first Employer Costs for Employee Compensation data.

1990s

1990 Began using electronic data collection with the computer assisted telephone interview in the Current Employment Statistics survey.

1992 Introduced revisions to the Occupational Safety and Health Statistics program, including the first nationwide Census of Fatal Occupational Injuries and new data on worker characteristics and the circumstances of workplace injuries and illnesses.

1995 Established website at www.bls.gov.

1996 Began collecting occupational wage data, in addition to occupational employment data for every state in the Occupational Employment Statistics program.

2000s

2000 Established the Federal Economic Statistics Advisory Committee along with the Bureau of Economic Analysis and the U.S. Census Bureau.

2002 Released the first national monthly Job Openings and Labor Turnover Survey data providing the number and rate of job openings, hires and separations.

2002 Congress passed and the President signed the Confidential Information Protection and Statistical Efficiency Act.

2003 Introduced Business Employment Dynamic data from the Quarterly Census of Employment and Wages, showing the job gains from opening and expanding establishments and job losses from closing and contracting establishments.

2004 Published the American Time Use Survey annual estimates providing information on the way Americans spend their time.

2007 Established the Data Users Advisory Committee to replace the Business and Labor Research Advisory Councils.

2008 Stopped printing and mailing news releases to subscribers, relying on email and the web for distribution instead.

2009 Published, for the first time, labor force estimates for people with disabilities in the Current Population Survey.

2010s

2010 Expanded hours and earnings data from the Current Employment Statistics program to include “all employees” in addition to “production and nonsupervisory employees.”

2010 Established the Technical Advisory Committee to advise BLS on statistical methodology and other technical matters related to the collection and analysis of BLS data.

2011 Revised data provided to meet the requirements of the Federal Employees Pay Comparability Act to include information from both the National Compensation Survey and the Occupational Employment Statistics program.

2012 Released first-ever green jobs information.

2012 Tweeted for the first time from @BLS_gov.

2014 Introduced the Final Demand – Intermediate Demand system for the Producer Price Indexes program, measuring change in prices received by producers of goods, services, and construction products for final use (to consume or invest) or intermediate use (by businesses as inputs to further production).

2014 Began using Artificial Intelligence and Machine Learning techniques to automate coding in the Survey of Occupational Injuries and Illnesses.

2014 Released Quarterly Census of Employment and Wages generated hurricane zone maps showing the potential risks to businesses and jobs from hurricanes on the Gulf and Atlantic Coasts.

2016 Joined the Federal Statistical Research Data Center network to expand the availability of BLS microdata.

2016 Published, for the first time, data from the Occupational Requirements Survey about the physical demands, mental requirements, education and training, and environmental conditions of jobs.

2018 Introduced locality of destination export price indexes and the U.S. terms of trade indexes in the International Prices Program.

2018 Published Current Population Survey findings on electronically mediated employment, or work that was obtained through a website or app.

The Occupational Outlook Handbook

One of the major activities of the BLS is to maintain and update the [Occupational Outlook Handbook](#) (*OOH*) which provides information on what workers do; the work environment; education, training, and other qualifications; pay; the job outlook; information on state and area data; similar occupations; and sources of additional information, for 325 occupational profiles, covering about 4 out of 5 jobs in the economy.

The *OOH* is broken up into clusters of similar occupations. In order to find an occupation, browse the occupation groups of interest on the left-hand side of the homepage, or use the [A-Z Index](#) if you know the specific occupation. You may search for occupations by using the selector drop-down menus on the *OOH* homepage. Select by pay range, entry-level education, on-the-job training, projected number of new jobs, or projected growth rate. If you know the specific occupation you are interested in, you may enter a job title into the “Search Handbook” box on the top right-hand side of the homepage. In addition, you may browse by clicking any of the three links titled “[highest paying](#),” “[fastest growing](#) (projected),” and “[most new jobs](#) (projected).”

Although hundreds of occupations are covered in detail in the *OOH*, BLS publishes information on [additional occupations](#) for which the required education, training, median wages, and employment projections are prepared but detailed occupational information is not developed.

The *OOH* includes occupations that are defined in the [Standard Occupational Classification System](#) (SOC), which is used by federal statistical agencies to classify workers into occupational categories for the purpose of collecting, calculating, or disseminating data.

In addition, [Career Outlook](#), published by the Bureau of Labor Statistics, features employment projections in articles about occupations. *Career Outlook* articles also highlight projections data, unusual occupations, and interviews with workers.

The Bureau of Labor Statistics does not provide specific career guidance or advice. Nevertheless, the [Occupational Outlook Handbook](#) (*OOH*) profiles do provide general information on the education and training typically needed to enter occupations. To learn about employment growth and job prospects, you are encouraged to read the “Job Outlook” section of occupations that interest you.

You also may use the [Occupation Finder](#) navigation tool featuring drop-down menus to search for occupations by pay range, entry-level education, on-the-job training, projected number of new jobs, or projected growth rate.

Career information also is available through online sources from the U.S. Department of Labor (DOL). For example, DOL's [CareerOneStop](#) site includes the following links:

- [State job banks](#), which allow you to search job openings listed with state employment agencies

- [Explore Careers](#), which allows you to compare occupations, research industries, and find a career that matches your interests
- [Video Library](#), which provides videos on careers, industries, skills and abilities, or work options and education levels
- [Find Training](#), which explains the different types of training, how to pay for training, and training choices
- [Find Local Help](#), which allows you to search for workforce services in your neighborhood or across the country

If you are not a U.S. citizen, you should check immigration rules with the [U.S. Citizenship and Immigration Services](#) before attempting to get a job in the United States.

Employment data for states and local areas are available from several BLS programs. Employment data by occupation for states and local areas are available from the [Occupational Employment Statistics](#) (OES) program. Each profile in the [Occupational Outlook Handbook \(OOH\)](#) has a “State and Area Data” section with links to OES data and resources for states and areas.

Current employment data by industry for states and metropolitan areas are available from the [Current Employment Statistics State and Area](#) (CES-SA) program. Local area unemployment statistics are available from the [Local Area Unemployment Statistics](#) (LAUS) program.

The [BLS Geographic Guide for Employment and Unemployment](#) contains a comprehensive list of available information by geography.

While the [Occupational Outlook Handbook \(OOH\)](#) provides projected employment growth at the national level, each state’s Employment Security Agency develops and provides state occupation projections. These projections—as well as the links to [each of the states’ Labor Market Information websites](#), which contain information on that state’s employment, unemployment, and wages—are available from [Projections Central](#). The “State and Area Data” section within each [OOH](#) profile contains links to resources for state and area data.

The [Employment Projections](#) (EP) program has detailed downloadable data on projected employment by [occupation](#). In addition, [tables 1.8 and 1.9](#) show National Employment Matrix base-year and projected employment for each occupation by industry and for each industry by detailed occupation. The EP homepage also has links to more detailed data on the [aggregate economy](#), [labor force](#), and [industry output and employment](#). Methodology on [occupational separations](#) is available and [tables 1.2, 1.7, and 1.10](#) include these data in addition to projections of new jobs.

The [Current Population Survey](#) (CPS), a monthly survey of households, has [data](#) on employment by detailed occupation, gender, race, and Hispanic origin. The CPS uses an occupational classification different from that of the [Occupational Employment Statistics](#) (OES) survey, and the OES is the primary source of employment data for the [Occupational Outlook Handbook](#). Therefore, the coverage of some occupations may not match between the two sources.

Data on unemployment, prices, and other labor statistics—related topics are available from other BLS programs. BLS programs by subject area are available on the [Subject Areas homepage](#).

Although the Bureau of Labor Statistics does not have information regarding your legal employment rights, you can visit the [Department of Labor’s compliance assistance website](#).

Other data includes:

The [table of fastest growing occupations](#) shows the occupations that are projected to have the highest percent increase in employment over the projections decade.

The [table of occupations with the largest job growth](#) shows the occupations that are projected to add the most new jobs over the projections decade.

Projected employment can be viewed in two ways: as percent change and as numeric change. BLS has two tables that illustrate these different approaches.

The [table of fastest growing occupations](#) shows the occupations that are projected to have the highest percent increase in employment over the projections decade. The [table of occupations with the largest job growth](#) shows the occupations that are projected to add the most new jobs over the projections decade.

The occupations in these tables are different because a fast rate of employment growth does not always translate into many new jobs. For example, employment of occupation “A” is 2,000 and is projected to grow 20 percent. Because of the occupation’s relatively small size, this percent growth accounts for only 400 new jobs over the projections decade. In contrast, employment of occupation “B” is one million and projected to grow 5 percent. The large size of occupation “B” will still result in 50,000 new jobs over the decade despite the lower growth rate.

The [table of the fastest growing industries](#) shows the industries that are projected to have the largest percent growth in employment over the projections decade.

The BLS provides data on projected employment growth at the national level. State projections are developed and provided by each state’s Employment Security Agency and are available from [Projections Central](#).

The [Occupational Employment Statistics](#) (OES) program produces employment and wage estimates annually for more than 800 occupations. These estimates are available for the nation as a whole, for individual states, and for metropolitan and nonmetropolitan areas. Each profile in the [Occupational Outlook Handbook](#) has a “State and Area Data” section that contains links to OES data for states and areas.

The [Employment Projections](#) (EP) program has detailed downloadable data on projected employment by [occupation](#). In addition, [tables 1.8 and 1.9](#) show National Employment Matrix

base-year and projected employment for each occupation by industry and for each industry by detailed occupation. The EP homepage also has links to more detailed data on the [aggregate economy](#), [labor force](#), and [industry output and employment](#). Methodology on [occupational separations](#) is available and [tables 1.2, 1.7, and 1.10](#) include these data in addition to projections of new jobs.

Employment for a particular occupation in the *OOH* represents total employment for all classes of workers—wage and salary, self-employed, and unpaid family workers—from the BLS National Employment Matrix, which combines employment data from several different sources. Data in the matrix come primarily from the establishment-based OES survey, which reports employment of wage and salary workers only, for each occupation in every industry except agriculture and private households. Matrix data also come from the household-based CPS, which provides information on the number of self-employed and unpaid family workers in each occupation. In addition, the matrix incorporates CPS employment data for all classes of workers in the agriculture and private household industries.

Overview of BLS Statistics on Inflation and Prices

Inflation can be defined as the overall general upward price movement of goods and services in an economy. The Price and Index Number Research (PINR) division conducts research to strengthen and improve existing price and expenditure measurement concepts and techniques and enhance the analytical usefulness of BLS programs. BLS has various indexes that measure different aspects of inflation. BLS statistics related to inflation are:

The **Consumer Price Index (CPI)** program produces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services. There are separate indexes for two groups or populations of consumers:

- The CPI for All Urban Consumers (CPI-U) is the index most often reported by the national media.
- The CPI for Urban Wage Earners and Clerical Workers (CPI-W) is the index most often used for wage escalation agreements.

The CPI Inflation Calculator allows users to calculate the value of current dollars in an earlier period, or to calculate the current value of dollar amounts from years ago.

Consumer price indexes often are used to escalate or adjust payments for rents, wages, alimony, child support and other obligations that may be affected by changes in the cost of living. There is a fact sheet explaining how to use the CPI for escalating contracts.

An additional price index called the Chained Consumer Price Index (C-CPI-U) is also available. This measure is designed to be a closer approximation to a "cost-of-living" index than the CPI-U or CPI-W.

The Producer Price Indexes measure changes in the selling prices received by domestic producers of goods, services, and construction. When we release PPI data, the news media most often reports the percent change in the index for Final Demand.

Producer Price Indexes are also used for contract price adjustments. See our fact sheet that explains these adjustments.

Import and Export Prices The International Price Program measured change in the prices of imports and exports of nonmilitary goods between the United States and the rest of the world.

Employment Cost Trends This program publishes quarterly statistics that measure change in labor costs (also called employment costs or compensation costs) over time; quarterly data measuring the level of costs per hour worked are also published. Indexes are available for total labor costs, and separately for wages and salaries and for benefit costs. Some information is available by region, major industry group, major occupational group, and bargaining status.

Contract Escalation

Consumer Price Index (CPI)

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. Indexes are available for the U.S. and various geographic areas. Average price data for select utility, automotive fuel and food items are also available.

The CPI, published by BLS, has generated controversy throughout its history. Beginning with an advisory committee appointed by the American Statistical Association in 1933, and continuing through the recent National Research Council panel chaired by Charles Schultze, panels and commissions have identified and discussed what is now a well-known set of issues affecting the measurement of consumer prices: consumer substitution behavior, change in the quality of products, the introduction of new types of goods and services, and the appearance of new categories of stores and new channels of product distribution. Given the large number of private and public uses of the CPI, and especially its important role in determining Federal Government revenues and payments, it is natural that each of those issues has been the subject of intense public attention.

The CPI is used in numerous applications including:

- As an economic indicator. As the most widely used measure of inflation, the CPI is an indicator of the effectiveness of government policy. In addition, business executives, labor leaders and other private citizens use the index as a guide in making economic decisions.
- As a deflator of other economic series. The CPI and its components are used to adjust other economic series for price change and to translate these series into inflation-free dollars.
- As a means for adjusting income payments. Over 2 million workers are covered by collective bargaining agreements which tie wages to the CPI. The index affects the income of almost 80 million people as a result of statutory action: 47.8 million Social Security beneficiaries, about 4.1 million military and Federal Civil Service retirees and survivors, and about 22.4 million food stamp recipients. Changes in the CPI also affect the cost of lunches for the 26.7 million children who eat lunch at school. Some private firms and individuals use the CPI to keep rents, royalties, alimony payments and child support payments in line with changing prices. Since 1985, the CPI has been used to adjust the Federal income tax structure to prevent inflation-induced increases in taxes.

The CPI is a measure of the average change in prices paid by urban consumers for a market basket of goods and services. Because the CPI is a statistical average, it may not reflect your experience or that of specific families or individuals, particularly those whose expenditure patterns differ substantially from the "average" urban consumer.

Because it is not practical to obtain prices for all consumer transactions in the United States, the CPI uses a carefully designed set of samples to estimate prices. These samples are the product of accepted statistical procedures to make the CPI representative of the prices paid for all goods and services purchased by urban consumers. Some of these samples include selected:

Urban areas from all U.S. urban areas,
Households within urban areas,
Retail establishments from which these households (consumers) purchased goods and services,
Specified and unique items—goods and services purchased by these consumers, and
Housing units from the urban areas for the shelter component of the CPI.

Therefore, the CPI is an average based on many diverse households and not a reflection of any particular household.

While several factors can result in the national CPI being different from your price experience, one major factor is how you actually spend your money. Estimates of expenditures reported in the Consumer Expenditure Survey for each consumer good or service are used to produce "expenditure weights" for the CPI. These weights give each good or service in the CPI an importance relative to all the other goods and services in the market basket. For example, an increase of 5 percent in housing costs is more important than the same increase for telephone charges, because most consumers spend more for housing than for telephone service. Similarly, if you spend more than the average person on medical care and recreation, and prices rise sharply for these goods and services, the increase in your personal expenditures and personal price index would be larger than the increase for the average consumer. Because the CPI is a comprehensive measure, it contains items that are included in some individuals' buying patterns and excluded from others. For example, if you are a homeowner, you are more likely to buy major appliances such as refrigerators and laundry equipment than a renter would be.

The CPI divides the consumer market basket into eight major groups of goods and services. You can estimate the approximate difference in your expenditure pattern by estimating your relative expenditures for major groups of consumer goods and services. You could then compare them to the CPI groups' relative importance data, which are approximately the weights used in CPI estimation. For example, the approximate weights for the eight major groups in the CPI for All Urban Consumers (CPI-U) are listed below under the CPI-U average column. If your expenditure pattern is sharply different from the CPI average, the same price changes for the same expenditure categories would result in different price change measures for the total market basket.

Information on Measuring Price Change in the CPI can be found in the following sections:

- [Airline Fares](#)
- [Average Prices](#)
- [Computers, Peripherals, and Smart home assistant devices](#)
- [Household Energy](#)
- [Leased Cars and Trucks](#)
- [Medical Care](#)
- [Motor Fuel](#)
- [Motor Vehicle Insurance](#)

- [New Vehicles](#)
- [Telecommunications Services](#) (includes internet, telephone, and television services)
- [Telephone Hardware](#)
- [Tuition and Fees: College](#)
- [Tuition and Fees: Elementary and High School](#)
- [Used Cars and Trucks](#)

Producer Price Index (PPI)

The Producer Price Index (PPI) is a family of indexes that measures the average change over time in selling prices received by domestic producers of goods and services. PPIs measure price change from the perspective of the seller. This contrasts with other measures, such as the Consumer Price Index (CPI), that measure price change from the purchaser's perspective. Sellers' and purchasers' prices may differ due to government subsidies, sales and excise taxes, and distribution costs. There are three main PPI classification structures which draw from the same pool of price information provided to the BLS by cooperating company reporters:

- **Industry classification.** A Producer Price Index for an industry is a measure of changes in prices received for the industry's output sold outside the industry (that is, its net output). The PPI publishes approximately 535 industry price indexes in combination with over 4,000 specific product line and product category sub-indexes, as well as, roughly 500 indexes for groupings of industries. North American Industry Classification System (NAICS) index codes provide comparability with a wide assortment of industry-based data for other economic programs, including productivity, production, employment, wages, and earnings.
- **Commodity classification.** The commodity classification structure of the PPI organizes products and services by similarity or material composition, regardless of the industry classification of the producing establishment. This system is unique to the PPI and does not match any other standard coding structure. In all, PPI publishes more than 3,700 commodity price indexes for goods and about 800 for services (seasonally adjusted and not seasonally adjusted), organized by product, service, and end use.
- **Commodity-based Final Demand-Intermediate Demand (FD-ID) System.** Commodity-based FD-ID price indexes regroup commodity indexes for goods, services, and construction at the subproduct class (six-digit) level, according to the type of buyer and the amount of physical processing or assembling the products have undergone. The PPI publishes over 600 FD-ID indexes (seasonally adjusted and not seasonally adjusted) measuring price change for goods, services, and construction sold to final demand and to intermediate demand. The FD-ID system replaced the PPI stage-of-processing (SOP) system as PPI's primary aggregation model with the release of data for January 2014. The FD-ID system expands coverage in its aggregate measures beyond that of the SOP system by incorporating indexes for services, construction, exports, and government purchases.

Other publication structures include:

- Producer price indexes by durability of product.
- Special commodity groupings indexes (e.g. fabricated metal products and textile mill products).
- Net inputs to industry indexes.

About 10,000 PPIs for individual products and groups of products are released each month. PPIs are available for the output of nearly all industries in the goods-producing sectors of the U.S. economy— mining, manufacturing, agriculture, fishing, and forestry— as well as natural gas, electricity, construction, and goods competitive with those made in the producing sectors, such

as waste and scrap materials. The PPI program covers approximately 72 percent of the service sector's output, as measured by revenue reported in the 2007 Economic Census. Data includes industries in the following sectors: wholesale and retail trade; transportation and warehousing; information; finance and insurance; real estate brokering, rental, and leasing; professional, scientific, and technical services; administrative, support, and waste management services; health care and social assistance; and accommodation.

Data source

- The PPI sample includes over 25,000 establishments providing approximately 100,000 price quotations per month for products specified through a process called disaggregation.
- Establishments are selected for the PPI survey via systematic sampling of a list of all firms in the industry.
- Participation by firms is completely voluntary.
- Participating establishments report price data online through a secure website.
- Goods and services included in the PPI are weighted by value-of-shipsments data contained in the 2007 economic censuses.
- Industries and products undergo systematic resampling as needed, to account for changing market conditions.

The PPI is used in numerous applications including:

- Contract adjustment. PPI data are commonly used in adjusting purchase and sales contracts. These contracts typically specify dollar amounts to be paid at some point in the future. It is often desirable to include an adjustment clause that accounts for changes in input prices. For example, a long-term contract for bread may be adjusted for changes in wheat prices by applying the percent change in the PPI for wheat to the contracted price for bread. (See Price Adjustment Guide for Contracting Parties.)
- Indicator of overall price movement at the producer level. PPIs capture price movement prior to the retail level. Therefore, they may foreshadow subsequent price changes for business and consumers. The President, Congress, and the Federal Reserve employ these data in formulating fiscal and monetary policies.
- Deflator of other economic series. PPIs are used to adjust other time series for price changes and to translate those series into inflation-free dollars. For example, constant-dollar gross domestic product data are estimated using deflators based on the PPI.
- Measure of price movement for particular industries and products.
- Comparison of input and output costs.
- Comparison of industry-based price data to other industry-oriented economic time series.
- Forecasting.
- LIFO (i.e., last-in, first-out) inventory valuation.

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