Q: How have import apparel prices trended over the 2009-2011 period? (See chart 1.)

- With the exception of a few sporadic and short-lived decreases, the import price index increased steadily, rising 9.2 percent from October 2010 through October 2011.

- The increase in apparel import prices was largely due to two factors; the first was an increase in labor costs from overseas producers, while the second was an increase in cotton prices.

Q: How did import apparel prices compare with other economic data?

- The import price index experienced more movement when compared to the fairly flat producer price index. The import apparel index began increasing in October 2010, while the producer price index did not begin to climb until one month later. From the beginning of 2009 until the end of 2011, import apparel prices increased 8.8 percent versus a 3.0 percent rise in domestic apparel prices.

- From 2009 to 2011 the total annual dollar value of apparel imports increased nearly 23.0 percent. This advance outpaced the rise in apparel prices and pointed towards a recovery in the apparel industry through this period.

Q: How have export apparel prices trended over the 2009-2011 period? (See chart 2.)

- After remaining flat since January 2009, the U.S. dollar price index for exports of apparel began to increase in May 2010.

- The index continued to trend up through December 2011. Overall, export apparel prices in U.S. dollar terms rose 13.3 percent in 2011 after increasing only 3.1 percent over the preceding two years. The 2011 advance was due primarily to an increase in the global price of cotton.

- The first half of 2011 saw large increases in cotton prices; however, the apparel export price increases were not as dramatic.
Q: How did export apparel prices compare with other economic data?

- Export apparel prices in U.S. dollar terms and foreign currency terms had diverging trends throughout the three year period.
- In June 2011, foreign currency export prices began to move in conjunction with export prices in U.S. dollar terms.
- The dollar value of exports showed seasonal variation throughout the three year period, unlike export prices in dollar terms which only started to increase the second half of 2010.

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

Import and export price indexes can provide a new perspective for your trade analysis. 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 apparel industry and you are considering conducting business overseas, IPP apparel 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.