Q: How have import computer & peripheral prices trended over the 2010–2012 period? (See chart 1.)

- The price index for computer and peripheral imports, which include keyboards, monitors, and other computer storage devices, trended down from 2010 through 2012, falling 8.4 percent over the three-year period.

- The overall downward trend was largely due to intense competition and rapid innovation within the industry. Occasional increases were the result of short-term component supply shortages.

Q: How did import computer & peripheral prices compare with other economic data?

- Both import and producer price indexes for computer and peripherals recorded a similar downward trend during the 2010-2012 period. Producer prices, however, fell more than import prices during the 12-month period ended in December 2012, declining 5.4 percent, compared to a 0.1 percent decrease in import prices. The difference in the market basket between the two indexes might have resulted in dissimilar price trends.

- The trade dollar value of computer and peripheral rose more overall in 2011, increasing 9.0 percent, compared to a 2.5 percent advance for the year ended in 2012.
Q: How have export computer & peripheral prices trended over the 2010–2012 period? (See chart 2.)

- Export prices for computer and peripherals in dollar terms trended down as well during the 2010-2012 period, decreasing 7.9 percent from January 2010 to December 2012. Decreased demand for computers and peripherals following the economic downturn at the end of 2008, along with the highly competitive nature of the industry, led to lower prices.

Q: How did export computer & peripheral prices compare with other economic data?

- Export price indexes in foreign currency terms can be approximated by multiplying the dollar price index by an index of the movement of the U.S. dollar compared to a weighted average of the currencies of major trading partners produced by the Federal Reserve.

- After rising the first six months of 2010, export computer and peripheral prices in foreign currency terms fell from June 2010 to August 2011, in part due to the falling value of the U.S. dollar compared to the currencies of major U.S trading partners. In August 2011, the downward trend in prices reversed and then little price movement was recorded in 2012.

Q: How are import and export price indexes 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 computer & peripheral industry and you are considering conducting business overseas, IPP computer & peripheral indexes can supplement your industry research by providing long-term import and export price trends.

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 Gross Domestic Product 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.

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**Chart 2.** Export computer and peripheral price indexes and dollar values

- **Index, (Jan 2010 = 100)**
- **Dollar value (millions)**

- **Dollar value for U.S. computer and peripheral exports (U.S. Census Bureau)**
- **Export price index in dollar terms (U.S. Bureau of Labor Statistics)**
- **Export price index in foreign currency terms (U.S. Bureau of Labor Statistics)**

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