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

- Import prices remained virtually unchanged between January 2009 and December 2011; in comparison, producer prices rose steadily over the same period. Approximately 80 percent of pharmaceutical imports are made up of intracompany trade which tends to exhibit less volatile price trends. Also, import prices are most affected by exchange rate changes than are producer prices.

- The trade dollar value of pharmaceutical imports was volatile from month to month over the 2009–2011 period, but rose 5.0 percent overall in 2010 compared with the previous year and rose a further 7.4 percent in 2011.

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

- Import pharmaceutical prices rose 4.2 percent from January 2009 to September 2010, largely due to a weaker U.S. dollar throughout 2009 and early 2010.

A sharp upturn in the value of the U.S. dollar in mid-2010 drove a 5.4-percent drop in import pharmaceutical prices in the 6-month period between September 2010 and March 2011, before prices leveled off for the remainder of the year.

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

- Export pharmaceutical prices in foreign currency terms paralleled the movement of the U.S. dollar between 2009 and 2011. This movement was a reflection of the fact that most of the exchange rate change passed through to the foreign currency price rather than the U.S. dollar price.

- Like imports, export trade dollar values fluctuated on a monthly basis during the 2009–2011 period. Overall though, pharmaceutical exports fell 1.2 percent from 2009 to 2011.
Q: How have export pharmaceutical prices trended over the 2009–2011 period?

- Export prices reflected in U.S. dollar terms increased at a steady rate from January 2009 through December 2011, advancing 10.7 percent overall for the 3-year period.

- In foreign currency terms, export prices fell in 2009, driven by the falling value of the U.S. dollar. In 2010, as the value of the U.S. dollar rallied against the currencies of major U.S. trading partners, export pharmaceutical prices in foreign currency terms reversed direction. The index then leveled off the remainder of 2010 and throughout 2011.

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 pharmaceutical industry and you are considering conducting business overseas, IPP pharmaceutical 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. Pharmaceuticals export price indexes and dollar values