

News

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HOUSTON-GALVESTON-BRAZORIA CONSUMER PRICE INDEXES ENERGY, FOOD AT HOME, AND SHELTER: JULY 2009

Energy and Food Prices Decline During the Month and Over the Year

Energy prices fell 5.7 percent in the Houston area during July, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. Regional Commissioner Stanley W. Suchman noted that the July movement marked only the second decline in energy prices during the first seven months of the year. Prices for food at home also fell in July, down 1.0 percent, while shelter costs were essentially unchanged. These data are based on the Consumer Price Index for All Urban Consumers (CPI-U).

July's 5.7-percent energy price decline followed three consecutive monthly gains, including a 7.5-percent increase in June. Although gasoline costs fell in July, down 1.5 percent, the decline did not have the greatest impact on energy costs as it did in the three previous months. In July, electricity prices were the biggest factor in the decrease with a drop of 11.5 percent during the month and 9.8 percent over the year. Charges for utility (piped) gas service also fell in July, down 1.0 percent, to a level 20.3 percent below July 2008. Combined with a yearly drop of 38.1 percent in gasoline prices, these annual movements left the total energy index 28.4 percent below a year ago - the sharpest annual decline since the series inception in 1979.

The cost of food at home fell 1.0 percent in July, following a 0.8-percent increase in June; food prices have fallen in five of the first seven months of the year. In July, declines were noted for a variety of foods, including carbonated beverages, selected fresh fruits, cheese, tomatoes, and eggs. Price increases were registered for some types of fresh vegetables, but particularly lettuce, as well as pork chops, coffee, and fish and seafood. During the previous 12 months the cost of grocery items fell 4.1 percent, the sharpest annual decline since the year ended in March 1956. One year ago, food prices were rising at an 8.4-percent pace. The Consumer Price Index (CPI-U) for food at home stood at 197.205 on the 1982-84=100 reference base, meaning that a typical basket of grocery items priced at \$100.00 in 1982-84 would have cost Houston area consumers \$197.21 in July.

The shelter index was little changed in July, edging up 0.1 percent. Costs for owners' equivalent rent (homeowners' costs) registered no change during the month, while rent of a primary residence (renters' costs) rose 0.3 percent. Over the year, homeowners' costs advanced 6.2 percent and renters' costs increased 3.8 percent. The total shelter index was 5.0 percent higher than a year ago.

The Houston-Galveston-Brazoria, Texas, Consolidated Metropolitan Statistical Area (CMSA) includes Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties. Local area CPI indexes are by-products of the national CPI program. Because each local area index is a small subset of the national index, the sample size is smaller and therefore subject to substantially more sampling and other measurement error than the national index. In addition, local indexes are not adjusted for seasonal influences. As a result, local area indexes show greater volatility than the national index, although their long-term trends are quite similar.

Next Release Date: The Houston-Galveston-Brazoria August CPI for All Items will be released on September 16, 2009.