

Recent Price Trends in the Chemicals Industry

An overview of Chemical Manufacturing price indexes

2018

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U.S. Import and Export Price Indexes contain data on changes in the prices of nonmilitary goods and services traded between the United States and the world. The U.S. Bureau of Labor Statistics produces these indexes, which are Principal Federal Economic Indicators.

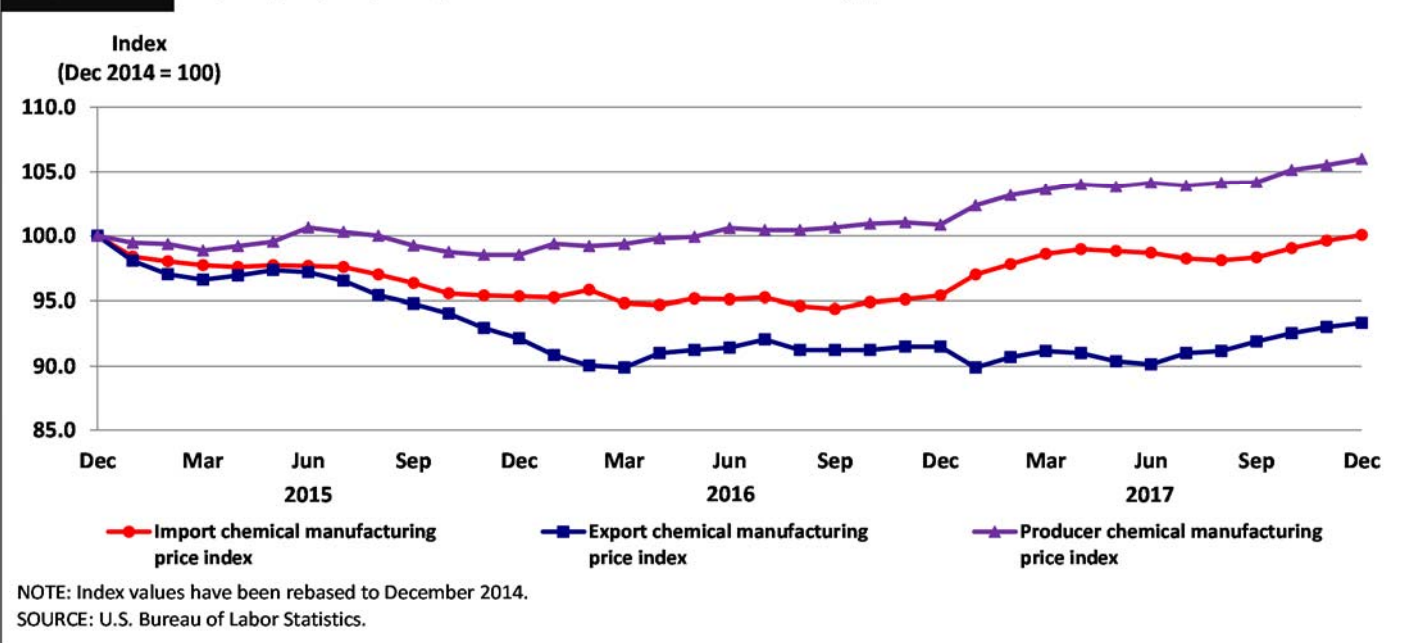
Q: How have import chemical prices trended over the 2015–2017 period? (See chart 1)

- The import price index for chemical manufacturing products ticked up 0.1 percent between December 2014 and December 2017. The price index decreased 4.7 percent in 2015 before increasing 0.1 percent in 2016. Import chemical manufacturing prices continued to rise in 2017, advancing 4.9 percent.
- The 4.9-percent rise recorded for the year ended December 2017 was the largest over-the-year advance in chemical manufacturing import prices since a 5.1-percent increase for the year ended November 2011.
- Petroleum, a primary input for many chemical products, drove import chemical manufacturing prices over the 3-year period. Petroleum prices recorded increases in 2016 and 2017 pushing chemical prices up.

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

- Import prices for chemical manufacturing recorded similar trends but were more stable compared to the export and producer price indexes. Prices for chemical manufacturing products decreased in 2015 for all three price indexes. Chemical manufacturing import and producer prices increased in 2016 while export prices declined. In 2017, import, export, and producer prices all increased.
- The producer price index for chemical manufacturing increased 6.0 percent over the 3-year period between December 2014 and December 2017. The index fell 1.5 percent in 2015 before advancing 2.4 percent in 2016 and 5.1 percent for the 12-month period ended in December 2017.

Chart 1 Import, export, and producer chemical manufacturing price indexes





Q: How have export chemical prices trended over the 2015–2017 period? (See chart 1)

- Export chemical manufacturing prices declined 6.6 percent over the 3-year period ended December 2017. Prices fell 7.9 percent in 2015 and 0.7 percent in 2016 before advancing 2.0 percent in 2017.
- Export prices for chemical manufacturing advanced in 2017 for the first time since a 4.4-percent rise in 2011. Increasing petroleum prices in 2016 and 2017 drove export chemical prices higher in 2017.

Q: What are the top six exporting states and territories for chemical manufacturing? (See chart 2)

- In 2017, the total trade value of exported chemical manufacturing was just under \$193 billion. The top 6 exporting states made up close to 48.9 percent of this value.
- Texas ranked first in the United States in 2017 for export chemical manufacturing with \$40.0 billion in export trade value. That accounted for 20.8 percent of total U.S. chemical manufacturing exports.
- California ranked second with \$13.3 billion in trade dollar value, accounting for 6.9 percent of total U.S. chemical manufacturing exports. Puerto Rico ranked third with \$12.7 billion in trade, which accounted for 6.6 percent of total chemical manufacturing exports.

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 movement.

For example, if you are involved in the chemical industry and are considering conducting business overseas, IPP chemical manufacturing 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.

Chart 2 Top six exporting states and territories for chemical manufacturing in 2017

