

Recent Price Trends in the Chemical Industry

2016

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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.

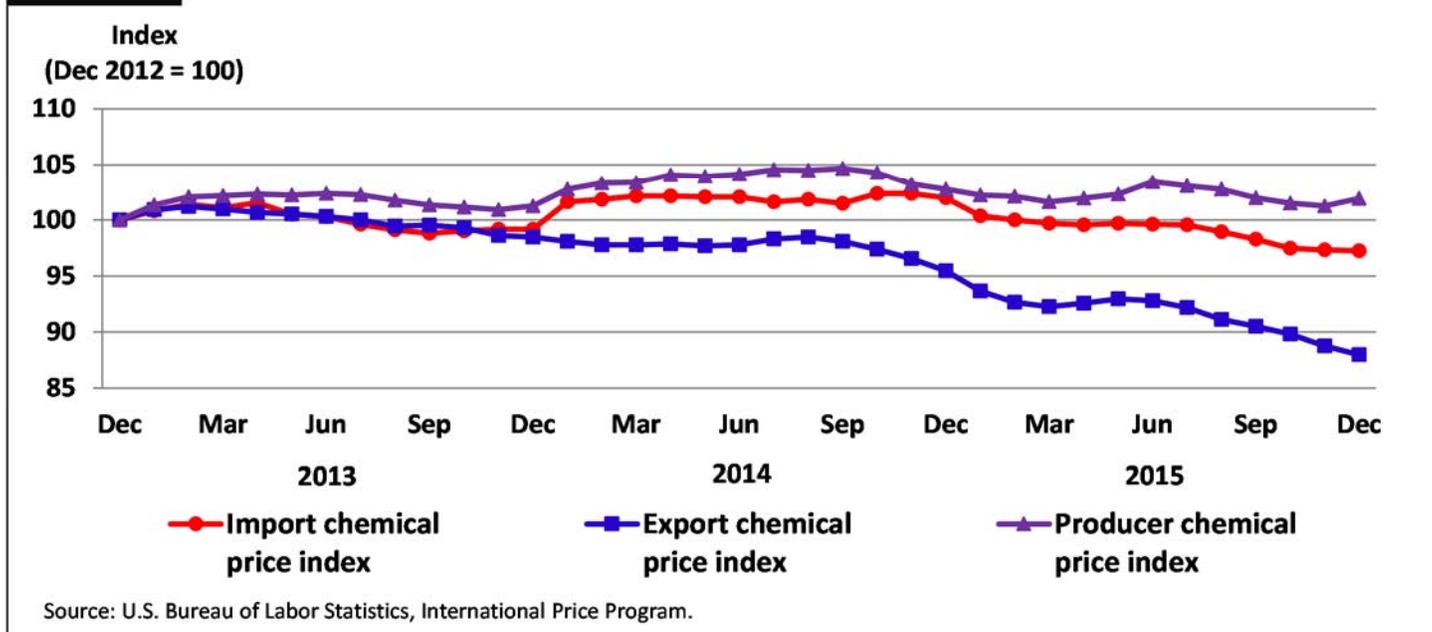
Q: How have import chemical prices trended over the 2013–2015 period? (See chart 1.)

- The price index for chemical imports showed a net decline from December 2012 to December 2015, decreasing 2.7 percent. For the year ended in December 2013, the index decreased 0.8 percent then increased 2.8 percent in 2014. Import chemical prices dropped 4.7 percent overall in 2015.
- The 2014 rise in import chemical prices can be attributed to higher pharmaceutical and medicine import prices and prices for import pesticide, fertilizer, and other agricultural chemicals.
- Lower import prices for petroleum, a feedstock for many items in this industry, led the decline in prices for import chemicals in 2015.

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

- Import and export chemical prices diverged in 2014 as new energy access improved U.S. competitiveness globally. Weak foreign markets limited both the demand for exports and supply of imports. Between December 2013 and September 2014, export prices fell 0.4 percent while import prices rose 2.3 percent.
- The producer price index for chemicals primarily trended up during the 3 year period. The index increased 1.3 percent for the year ended in December 2013 and advanced further in 2014, rising 1.5 percent, after which the index declined, dropping 0.8 percent overall in 2015.

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





Q: How have export chemical prices trended over the 2013–2015 period? (See chart 1.)

- Over the 3-year period, export chemical prices declined 12.0 percent overall with most of the decrease happening between December 2014 and December 2015, when the index fell 7.9 percent
- Similar to imported chemicals, the decline in export chemical prices in 2015 resulted from lower petroleum prices.

Q: What are the top six exporting states and territories for Chemical Manufacturing? (See chart 2.)

- In 2015, the total trade value of exported chemicals was over \$194 billion. The top six exporting states made up almost half of this value.
- Texas ranked first in the United States in 2015 for exported chemicals with over \$39.9 billion in export trade. That accounted for 20.6 percent of total U.S. chemical exports.
- Puerto Rico ranked second with \$16.7 billion in trade, accounting for 8.6 percent of total U.S. chemical exports.
- The third largest exporting state, California, accounted for 6.9 percent of total U.S. chemical exports, followed by Indiana with 4.9 percent.

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.

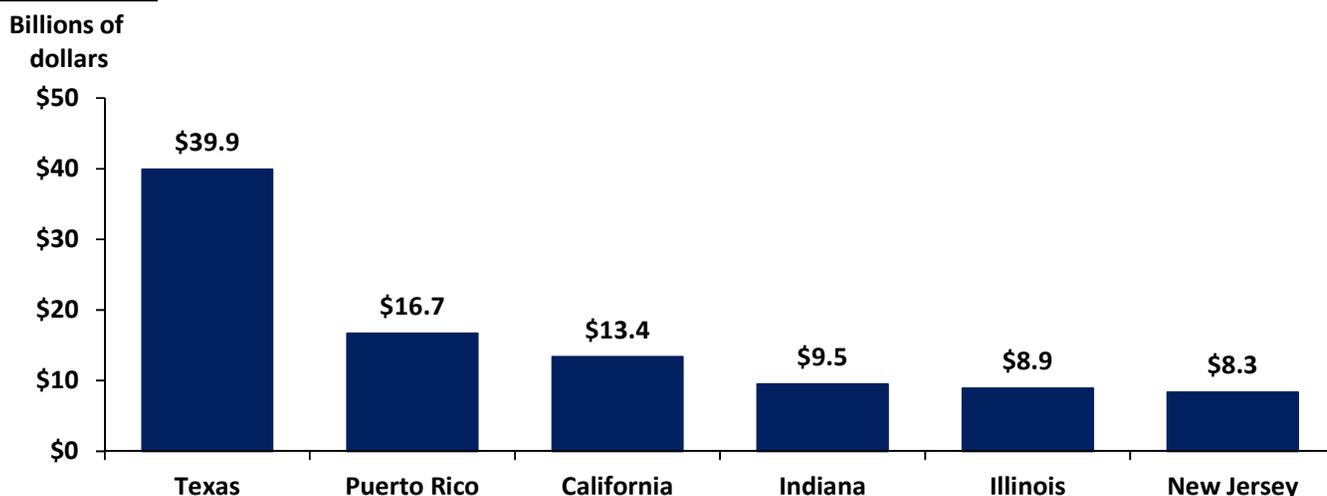
For example, if you are involved in the chemical industry and you are considering conducting business overseas, IPP chemical indexes can supplement your industry research by providing long-term import and export price trends.

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 2015



Source: U.S. Census Bureau, Foreign Trade Statistics.