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SOUTHWEST INFORMATION OFFICE: Dallas, Texas

Technical information: (972) 850-4800 BLSInfoDallas@bls.gov www.bls.gov/regions/southwest

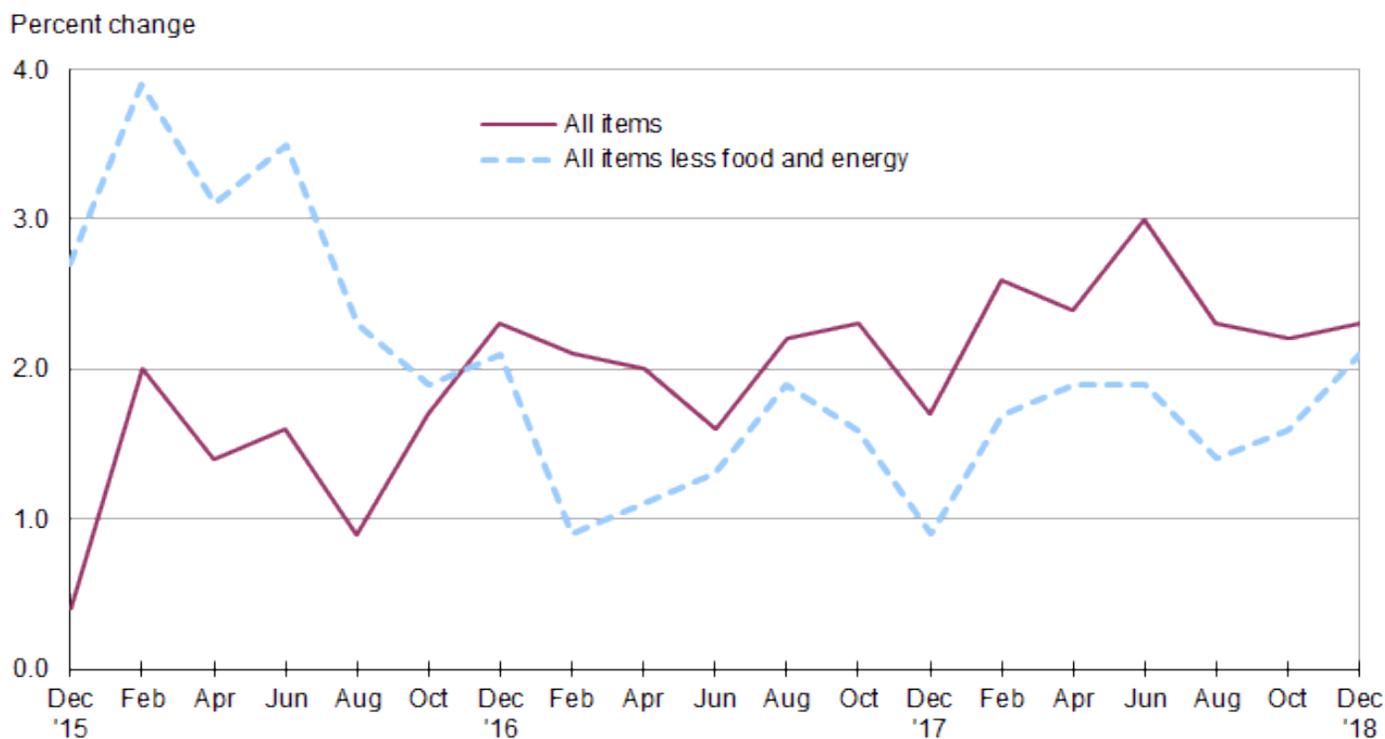
Media contact: (972) 850-4800

Consumer Price Index, Houston-The Woodlands-Sugar Land – December 2018 **Area prices fall 0.7 percent in November and December; up 2.3 percent over the year**

The Consumer Price Index for All Urban Consumers (CPI-U) in the Houston area declined 0.7 percent in November and December, the U.S. Bureau of Labor Statistics reported today. Stanley W. Suchman, Assistant Commissioner for Regional Operations, noted that local declines are typical in November and December, having occurred in 32 of the last 35 years. In the current period, decreases in the indexes for energy (-4.6 percent) and for all items less food and energy (-0.5 percent) more than offset an increase in food prices (0.9 percent). (Data in this report are not seasonally adjusted. Accordingly, short-term changes may reflect the impact of seasonal influences.)

During the year ended in December 2018, the all items CPI-U advanced 2.3 percent, while the index for all items less food and energy increased 2.1 percent. Both rates have accelerated from the 2017 calendar year increases. (See [chart 1](#) and [table 1](#).)

Chart 1. Over-the-year percent change in CPI-U, Houston, TX, December 2015–December 2018



Source: U.S. Bureau of Labor Statistics.

Food

Local food prices rose 0.9 percent in November and December, after increasing 0.3 percent in September and October. Between the two components of the index, prices for food at home (grocery stores) rose 1.0 percent, while prices for food away from home increased 0.7 percent.

From December 2017 to December 2018, the food index advanced 1.2 percent. The annual change reflected differing movements in the sub-components of the food index as prices for food away from home increased 2.4 percent, while prices for food at home were essentially unchanged (-0.1 percent).

Energy

The energy index fell 4.6 percent in November and December, after rising 4.3 percent in September and October. The current decrease was the result of a 20.7-percent drop in the motor fuel index, its largest bimonthly decrease since January 2015. In contrast, during the latest period, household energy costs climbed 13.9 percent, with higher electricity and natural gas prices contributing.

Over the year, the energy index advanced 5.0 percent due primarily to a 17.8-percent increase in electricity costs. Offsetting much of the annual increase in the electricity index, prices for motor fuel and natural gas fell 5.4 and 2.9 percent, respectively.

All items less food and energy

The index for all items less food and energy decreased 0.5 percent in November and December, after advancing by the same amount in September and October. A 4.5-percent decline in apparel prices had the greatest impact, but lower prices for residential rent (-1.0 percent), education and communication (-1.3 percent), and recreation (-1.2 percent) were also large contributors. In contrast, the indexes for new and used motor vehicles and medical care rose during the two-month period, up 0.8 and 0.5 percent, respectively.

From December 2017 to December 2018, the index for all items less food and energy rose 2.1 percent, its fastest rate of increase since December 2016. The biggest factor in the annual increase was a 2.2-percent rise in shelter costs, as the indexes rose for both owners' equivalent rent (3.2 percent) and renters' costs (1.7 percent). Other large contributors to the annual increase included higher prices for medical care (3.3 percent) and household furnishings and operations (5.5 percent). The only major category to register a decline over the year was apparel, down 2.4 percent.

The February 2019 Consumer Price Index for All Items for Houston-The Woodlands-Sugar Land is scheduled to be released Tuesday, March 12, 2019.

Technical Note

The Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services. The Bureau of Labor Statistics publishes CPIs for two population groups: (1) a CPI for All Urban Consumers (CPI-U) which covers approximately 93 percent of the total population and (2) a CPI for Urban Wage Earners and Clerical Workers (CPI-W) which covers 29 percent of the total population. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force.

The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. Each month, prices are collected in 75 urban areas across the country from about 5,000 housing units and approximately 22,000 retail establishments--department stores, supermarkets, hospitals, filling stations, and other types of stores and service establishments. All taxes directly associated with the purchase and use of items are included in the index.

The index measures price changes from a designated reference date (1982-84) that equals 100.0. An increase of 16.5 percent, for example, is shown as 116.5. This change can also be expressed in dollars as follows: the price of a base period "market basket" of goods and services in the CPI has risen from \$10 in 1982-84 to \$11.65. For further details, see the CPI home page on the Internet at www.bls.gov/cpi and the BLS Handbook of Methods, Chapter 17, *The Consumer Price Index*, available on the Internet at www.bls.gov/opub/hom/pdf/homch17.pdf.

In calculating the index, price changes for the various items in each location are averaged together with weights that represent their importance in the spending of the appropriate population group. Local data are then combined to obtain a U.S. city average. Because the sample size of a local area is smaller, the local area index is 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. **NOTE: Area indexes do not measure differences in the level of prices between cities; they only measure the average change in prices for each area since the base period.**

The **Houston-The Woodlands-Sugar Land, Texas, Core Based Statistical Area** includes Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties.

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Table 1. Consumer Price Index for All Urban Consumers (CPI-U): Indexes and percent changes for selected periods, Houston-The Woodlands-Sugar Land, TX (1982-84=100 unless otherwise noted)

Item and Group	Indexes			Percent change from -		
	Oct. 2018	Nov. 2018	Dec. 2018	Dec. 2017	Oct. 2018	Nov. 2018
All items	228.070	-	226.557	2.3	-0.7	-
All items (1967 = 100)	731.501	-	726.650			
Food and beverages	230.054	-	231.520	1.1	0.6	-
Food	230.106	-	232.089	1.2	0.9	-
Food at home	222.480	224.460	224.813	-0.1	1.0	0.2
Cereals and bakery products	261.363	-	262.705	0.9	0.5	-
Meats, poultry, fish, and eggs	246.418	-	245.345	-1.2	-0.4	-
Dairy and related products	176.902	-	181.743	-4.3	2.7	-
Fruits and vegetables	276.779	-	282.114	1.3	1.9	-
Nonalcoholic beverages and beverage materials(1)	272.728	-	280.779	4.7	3.0	-
Other food at home	194.388	-	195.534	-2.0	0.6	-
Food away from home	233.996	-	235.608	2.4	0.7	-
Alcoholic beverages	219.019	-	212.316	-0.8	-3.1	-
Housing	222.966	-	225.579	4.2	1.2	-
Shelter	263.406	263.483	262.350	2.2	-0.4	-0.4
Rent of primary residence	261.540	261.528	259.017	1.7	-1.0	-1.0
Owners' equivalent rent of residences(2)	244.996	245.451	244.979	3.2	0.0	-0.2
Owners' equivalent rent of primary residence(2)	244.996	245.451	244.979	3.2	0.0	-0.2
Fuels and utilities	186.372	-	206.773	14.6	10.9	-
Household energy	164.558	167.076	187.457	15.2	13.9	12.2
Energy services	161.789	164.328	184.731	15.3	14.2	12.4
Electricity	165.857	166.278	189.588	17.8	14.3	14.0
Utility (piped) gas service	122.421	138.408	138.408	-2.9	13.1	0.0
Household furnishings and operations	135.617	-	136.260	5.5	0.5	-
Apparel	184.808	-	176.473	-2.4	-4.5	-
Transportation	188.409	-	179.144	0.2	-4.9	-
Private transportation	188.489	-	179.337	0.5	-4.9	-
New and used motor vehicles(3)	87.378	-	88.070	1.4	0.8	-
New vehicles(1)	163.976	-	164.192	2.9	0.1	-
Used cars and trucks(1)	222.077	-	225.532	1.4	1.6	-
Motor fuel	236.536	217.703	187.569	-5.4	-20.7	-13.8
Gasoline (all types)	236.419	217.173	186.580	-5.8	-21.1	-14.1
Gasoline, unleaded regular(4)	239.505	219.104	187.479	-6.1	-21.7	-14.4
Gasoline, unleaded midgrade(4)(5)	252.712	236.942	208.983	-3.6	-17.3	-11.8
Gasoline, unleaded premium(4)	255.647	242.228	214.269	-3.5	-16.2	-11.5
Motor vehicle insurance(1)	726.267	-	726.267	0.4	0.0	-
Medical care	497.867	-	500.584	3.3	0.5	-
Recreation(3)	106.784	-	105.516	2.6	-1.2	-
Education and communication(3)	120.957	-	119.412	0.1	-1.3	-
Tuition, other school fees, and childcare(1)	1,231.207	-	1,223.237	2.2	-0.6	-
Other goods and services	417.717	-	418.303	1.1	0.1	-
Commodity and service group						
Commodities	177.002	-	172.274	0.3	-2.7	-
Commodities less food and beverages	150.632	-	143.868	-0.2	-4.5	-
Nondurables less food and beverages	209.116	-	190.780	-1.7	-8.8	-
Durables	99.493	-	99.875	1.5	0.4	-
Services	280.328	-	282.115	3.5	0.6	-
Special aggregate indexes						
All items less shelter	214.808	-	213.124	2.3	-0.8	-
All items less medical care	215.053	-	213.419	2.2	-0.8	-
Commodities less food	153.055	-	146.249	-0.2	-4.4	-

Note: See footnotes at end of table.

Table 1. Consumer Price Index for All Urban Consumers (CPI-U): Indexes and percent changes for selected periods, Houston-The Woodlands-Sugar Land, TX (1982-84=100 unless otherwise noted) - Continued

Item and Group	Indexes			Percent change from -		
	Oct. 2018	Nov. 2018	Dec. 2018	Dec. 2017	Oct. 2018	Nov. 2018
Nondurables	220.032	-	211.252	-0.3	-4.0	-
Nondurables less food.....	209.499	-	191.796	-1.7	-8.5	-
Services less rent of shelter(2).....	296.678	-	301.810	4.9	1.7	-
Services less medical care services.....	258.695	-	260.307	3.5	0.6	-
Energy	196.804	189.808	187.694	5.0	-4.6	-1.1
All items less energy	233.986	-	233.366	2.0	-0.3	-
All items less food and energy	234.478	-	233.409	2.1	-0.5	-

Footnotes

- (1) Indexes on an April 1978=100 base.
- (2) Indexes on a December 1982=100 base.
- (3) Indexes on a December 1997=100 base.
- (4) Special index based on a substantially smaller sample.
- (5) Index on a December 1993=100.
- Data not available.