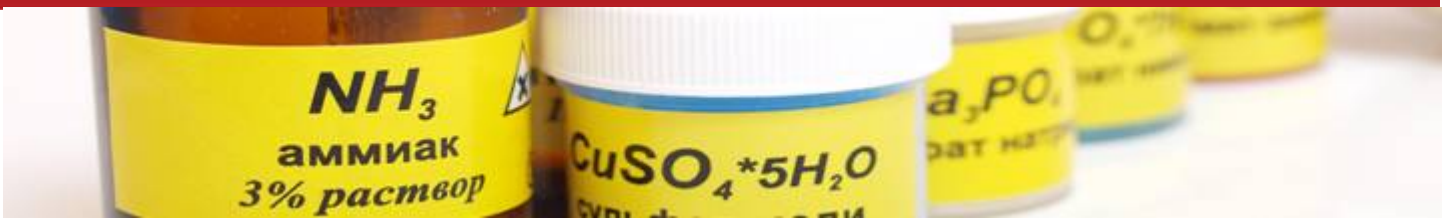


# Recent Price Trends in the Chemical Industry



## Q: How have import chemical prices trended over the 2009–2011 period? (See chart 1.)

- Import chemical prices trended down during the first quarter of 2009 due to poor demand as a result of the global financial crisis and recession. Despite the quarterly decrease, the index increased 2.7 percent for the year ending in January 2010.
- Prices began to increase in mid-2009 and trended upward through the third quarter of 2011.
  - Prices were pressured by feedstock and energy costs.
  - Demand increases from both established and emerging markets like China and India also impacted prices.

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

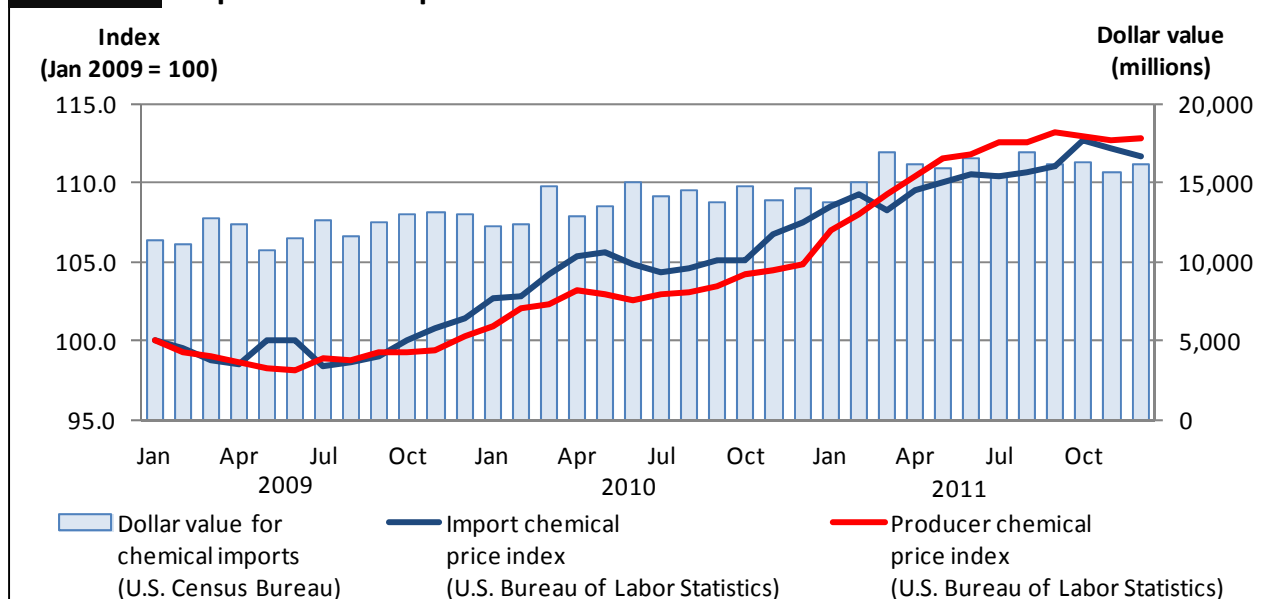
- Import chemical prices and producer chemical prices generally trended together following an upward path. Import prices fluctuated more due to changes in exchange rates.

- As the dollar value for chemical imports increased, both import and domestic prices advanced following a similar pattern.
- Due to the strong correlation between chemical production costs and energy input prices, chemical prices rose steadily as crude oil and other energy products advanced.

## Q: How have export chemical prices trended over the 2009–2011 period? (See chart 2.)

- During the second quarter of 2009, export chemical prices in dollar terms advanced due to historically large increases in energy and raw material prices.
- Although there were several brief periods of declines, export prices in dollar terms continued a mostly upward trend until the third quarter of 2011.
- In general, export prices were pressured by inventory restocking and improvements in demand.

**Chart 1. Import chemical price indexes and dollar values**





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

- The dollar value for U.S. chemical exports advanced overall from 2009 through 2011 as production costs increased.
- Similar to imports, higher production costs resulted from rising prices for crude oil and other energy products such as natural gas.
- Export chemical prices in foreign currency terms fell sharply for the first three quarters of 2009, and then reversed trend, rising from October 2009 through May 2010. Foreign currency export chemical prices then remained relatively stable through the end of 2011.

**Q: How are International Price Program (IPP) 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 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: 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. Export chemical price indexes and dollar values**

