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U.S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
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CONSUMER PRICE INDEX FOR JANUARY 1966

The Consumer Price Index remained unchanged between December and January, the United States Department of Labor's Bureau of Labor Statistics announced today. Federal excise tax cuts brought lower bills for telephone service and further reductions in retail prices of new cars. Used car and apparel prices also declined. However, these reductions were offset by higher prices for food and most consumer services. At 111.0 percent of the 1957-59 average, the index was 1.9 percent above a year ago.

Price Changes, December 1965-January 1966

Food prices averaged 0.7 percent higher in January, primarily because of sharp increases in prices of meats. Nearly all meat prices were higher, especially pork with a 6-1/2 percent increase, as strong demand outstripped available supplies from last fall's pig crop which was smaller than usual. Poultry prices also averaged higher, reflecting the usual seasonal decrease in production.

A decline in the prices of fresh fruits and tomatoes was offset by higher prices for fresh vegetables, particularly lettuce, cabbage, green peppers, and cucumbers. Adverse weather conditions in winter vegetable-producing areas curtailed production and caused prices of fresh vegetables to advance by an average of 3 percent. A 25 percent rise in lettuce prices resulted from reduced plantings in California's Imperial Valley and excessive rains which hampered harvesting of the winter lettuce crop in the principal production areas of Arizona and Texas. Prices of green peppers and cucumbers also rose sharply, reflecting the reduction in supplies due to heavy October rains in Florida, which necessitated replanting of crops. Cabbage prices increased substantially as new crop supplies proved inadequate to meet demand.

In contrast to higher prices for most items of food in January, price decreases occurred for fresh fruits, tomatoes, and eggs. Prices of bananas and citrus fruits dropped substantially as a result of abundant supplies, and tomatoes were 18 percent cheaper. On the other hand, an advance of 2-1/2 percent in apple prices was brought about by strong demand from both the domestic and export fresh market trade.

Housing costs decreased fractionally in January, primarily because of the reduction in the Federal excise tax on telephone bills. Homeownership costs, rents, laundry, and domestic service charges advanced. Apparel prices declined less than usual in January when end-of-season clearance sales are held. A reduction in transportation costs resulted from significant decreases in new and used car prices. The Federal excise tax cut was a factor in the reduction of new car prices. In addition, dealers offered increased price concessions, somewhat larger than usual for this time of year. Used car prices declined nearly 3 percent, on slackening demand due partly to winter driving conditions and partly to an apparent shift to the new car market by many prospective used car buyers. Automobile insurance premiums and registration fees were increased in many areas.

Price Trends, January 1965-January 1966

The January index was 1.9 percent above a year ago, primarily because of rising costs of food and services. Food averaged 4.5 percent higher over the year, chiefly because of a 13-1/2 percent increase in meat prices. With curtailed supply and increased demand, pork prices were 36 percent higher over the year. Pork

production during December had been 23 percent less than a year earlier, and cold storage holdings were down by 46 percent at the end of last year. Shortages of pork also have affected demand for beef, poultry, and other meats, causing sharply higher prices for these items.

Prices were down over the year for all fresh fruits except apples. Substantial decreases occurred for bananas and citrus fruits, reflecting ample 1965 supplies. Potatoes, onions, and cabbage led the price decline for fresh vegetables as crops harvested in the fall of 1965 were substantially larger than those of a year earlier. However, prices rose sharply for green peppers, lettuce, and tomatoes due to curtailment of supplies by adverse weather and cuts in the winter crop acreage. Egg prices rose almost 15 percent above the depressed levels of January a year ago because of a reduction in layer numbers during the first part of 1965 and a resumption of military purchases of dried eggs. Plentiful coffee supplies brought falling prices, particularly for instant coffee.

Prices for consumer services rose 2.5 percent, on the average, over the year. Transportation services advanced more than 4 percent, reflecting higher rates for automobile insurance, registration fees, and drivers' license fees. Professional medical fees and hospital service charges also continued to rise significantly. In addition, widespread increases occurred for barber and beauty shop services and movie admission charges.

A significant decline occurred over the year in prices for used cars, representing the first January-to-January decrease since 1961. Market reports indicate that buyers were extremely cautious and selective. Also many prospective used car buyers appear to be in the market for new cars. This situation parallels in some respects the 1961 decline in used car prices when buyers switched to the recently introduced compact cars.

#### Cost-of-Living Adjustments

About 975,000 workers will receive increases in their cost-of-living allowances based on the national Consumer Price Index for January. For most of these (about 921,000) employed in the automobile, automotive parts, farm and construction machinery, and aerospace industries, the increase will be 2 cents an hour, based on the change in the index since last October. An additional 55,000 will receive 1 cent, also based on the quarterly change; while for 2,000 workers an increase of 1 cent will result from the index change over the past 6 months. About 17,500 transit workers will receive increases based on city indexes--1/2 cent for 2,400 employees in Pittsburgh, 1 cent for 11,000 in Chicago, and 1 cent for 4,000 in Boston.

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:Beginning with indexes for January 1966, data for six additional areas have been incor-  
 :porated into the national CPI. These are Cincinnati, Houston, Kansas City, Milwaukee, :  
 :Minneapolis-St. Paul, and San Diego. These areas were "linked" into the CPI as of :  
 :December 1965 and, hence, were first used in calculating the December 1965-January 1966 :  
 :price change. Each of the six areas represents only itself in the index. :  
 :  
 :Also, beginning this month seasonally adjusted national indexes are shown for selected :  
 :groups and subgroups where there is a significant seasonal pattern of price change. No :  
 :seasonally adjusted indexes will be shown for any of the individual metropolitan areas :  
 :for which separate indexes are published. Previously, the Bureau of Labor Statistics :  
 :has made available only seasonal factors, rather than seasonally adjusted indexes, :  
 :(e.g., Department of Labor Bulletin No. 1366; Seasonal Factors, Consumer Price Index :  
 :Selected Series). The factors currently being used were derived by the BLS Seasonal :  
 :Factor Method using data for 1956-65. It is contemplated that these factors will be :  
 :updated at the end of each calendar year, but the revised factors will be used only for :  
 :future seasonal adjustments and not for revision of previously published indexes. A :  
 :detailed description of the BLS Seasonal Factor Method is available upon request. :

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Released March 29, 1966

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Bureau of Labor Statistics  
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CONSUMER PRICE INDEX FOR FEBRUARY 1966

The Consumer Price Index rose by 0.5 percent in February, the United States Department of Labor's Bureau of Labor Statistics announced today. Higher food prices, chiefly for fresh vegetables, meats, and poultry, were responsible for three-fourths of the February increase, which was the largest for any month since June 1965 and the largest for any February since 1951. At 111.6 percent of its 1957-59 average, the index was 2.5 percent above a year ago.

Price Changes, January-February 1966

Food prices averaged 1.5 percent higher in February--the third consecutive monthly increase. Fresh vegetable prices rose 10-1/2 percent to a record level for February, as supplies were further reduced by adverse weather in many parts of the country. Prices of cucumbers and green peppers rose sharply in response to curtailed supplies caused by the late January freeze in Florida. Excessive January rains delayed the maturity and harvesting of winter crops in Texas, contributing to the rise in onion and carrot prices. Unusually rainy and cool weather in California and Arizona delayed harvesting of the cabbage and lettuce crops. Fresh fruit prices advanced 4-1/2 percent largely as a result of seasonally higher prices for bananas and apples. Because of the Florida freeze, prices of oranges did not decline as much as usual, and grapefruit prices rose by 10 percent.

Meat prices continued to rise in February, advancing nearly 2 percent. Continuing strong demand in the face of reduced slaughter pushed prices of all cuts of beef and veal and nearly all cuts of pork to record levels. Poultry prices advanced 8 percent, reflecting seasonal reductions in supplies and increased consumer demand resulting from the continuing rise in prices for meats. Egg prices rose by nearly 4 percent in February, as a result of severe weather conditions which delayed shipments in many areas, and increased military procurement.

Many other items of living expense also showed moderate price increases in February. Charges for consumer services continued to rise, led by higher charges for professional medical and hospital services. Higher mortgage interest rates, and increased charges for property taxes and insurance, home maintenance and repairs, and housekeeping services were the principal factors underlying the 0.2 percent increase in the housing index.

Prices of apparel and household textiles went back to regular levels following January special reduced-price sales. Women's and girls' spring coats returned to the market at higher prices than at the end of the season last spring. Footwear prices continued to rise, responding primarily to higher costs of leather. A rise in gasoline prices reflected cessation of price wars in some areas. Heating fuel prices rose seasonally.

New and used cars were the only major items for which prices went down and their decline was less than usual in February. Appliance and furniture prices were steady.

Price Trends, February 1965 to February 1966

The February index was 2.5 percent above a year ago, primarily because of higher food prices, which accounted for more than one-half of the over-the-year increase, and higher charges for nearly all consumer services. Food prices averaged more than 6 percent above a year earlier. Continuing shortages and rising demand for meats raised prices by nearly 19 percent. Pork prices averaged 37 percent higher reflecting the 5 percent cut in production in late 1965. Beef and veal prices were 9 percent above a year ago because of increased demand resulting from short supplies of pork. Meat shortages were also partially responsible for the rise in poultry prices since February 1965.

Prices of fresh vegetables averaged 6 percent higher than in February 1965. Seasonal declines in production and adverse weather conditions have caused a larger than normal increase since September. However, potato prices were down almost 30 percent from their unusually high levels of a year ago, benefiting from a 30 percent increase in the fall crop. Prices of citrus fruits, bananas, and orange juice also were lower over the year, reflecting plentiful supplies. Egg prices were 27 percent above last year's depressed levels, as a result of strong civilian demand and increased military purchases.

Consumer service prices rose by 2.4 percent over the year, compared to a 2.3 percent increase during the previous 12 months. Charges were higher for nearly all consumer services, reflecting widespread and persistent increases for a variety of items, including housekeeping and home maintenance services, professional medical fees, hospital charges, and automobile insurance premiums. Residential property taxes and insurance premiums were also higher.

Prices of nondurable goods other than food averaged 2 percent above a year ago, as a result of higher prices for apparel, footwear, gasoline, and tobacco products. Cigarette taxes were increased by an average of 2-1/2 cents per pack in 22 States during 1965. Prices of durable goods averaged 1-1/2 percent lower than in February 1965 partly as a result of last summer's Federal excise tax cuts and a 6-percent decrease in used car prices.

Cost-of-Living Adjustments

About 156,000 workers will receive increases in their cost-of-living allowances as a result of the February Consumer Price Index.

Based on the change in the national index since November 1965, increases of 2 cents an hour will go to about 137,000, 1 cent to about 1,900, and 3 cents to 7,350 workers. About 1,625 will receive 1 cent an hour and 1,000 will receive 4 cents, based on monthly and semiannual changes in the national index, respectively.

In addition, about 4,300 workers in Battle Creek will receive 3 cents an hour, and 3,000 in Washington, D.C. will receive 4 cents, based on quarterly changes in the Detroit and Washington indexes, respectively.

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CONSUMER PRICE INDEX FOR MARCH 1966

The Consumer Price Index rose 0.4 percent in March, the United States Department of Labor's Bureau of Labor Statistics announced today. Prices of many types of consumer goods and services advanced over the month, bringing the index to 112.0 percent of the 1957-59 average. The March index was 2.8 percent above a year ago, representing the largest year-to-year increase for the month since 1958.

Price Changes, February-March 1966

The increase in living costs during March resulted mostly from higher prices for food, apparel, used cars, and nearly all types of consumer services. Food and apparel prices often go up moderately in March, but this year they increased more than usual. Advances in used car prices also were larger than those which usually take place with the opening of the spring driving season. For services, the increases represented a continuation of their long-term upward trend.

Food prices averaged 0.7 percent higher in March, primarily because of price increases for beef and veal, poultry, and fresh produce. Prices of all cuts of beef and veal rose substantially in response to continuing strong demand and reduced slaughter. Poultry prices advanced 1.7 percent, reflecting seasonally reduced supplies and strong consumer demand. On the other hand, pork prices declined for the first time in four months, because of stiffening consumer resistance to higher prices.

Prices of fresh fruits averaged more than 2 percent higher, chiefly because of a 6.7 percent increase in apple prices, as supplies were reduced by strong demand from both the domestic and export market trade. Below-normal supplies of winter vegetables caused by unfavorable weather conditions brought price increases especially for asparagus, cucumbers, onions, and spinach. Potato prices also advanced, in spite of the large 1965 fall crop, when stocks of old potatoes held in Eastern States were nearly depleted, and marketing of new crop potatoes from south Florida and Texas was delayed by cold weather. On the other hand, substantial decreases occurred over the month in prices of green peppers, lettuce, cabbage, celery, and tomatoes reflecting plentiful supplies.

Sharp price increases for butter and cheese resulted from a decline in production owing to lower milk supplies and high demand during the Lenten season. Prices of salad or cooking oil and margarine also rose substantially in response to price advances in cottonseed and corn oil. Egg prices were down a little, despite a seasonal decrease in production, when supplies were augmented by withdrawals from cold storage.

Homeownership costs rose in March, especially for home maintenance and repairs. Furniture prices also were boosted and charges for housekeeping services advanced due to the short supply of domestic workers which resulted in increased hourly rates.

Apparel prices averaged 0.6 percent higher as several items, including men's tropical suits, women's cotton dresses, and women's and girls' spring coats were marked up. Footwear prices also took another jump. The increase in used car prices was based on brisk demand due to improved weather conditions. Charges for consumer services were led on a continuing uptrend by higher professional medical fees, hospital service charges, and rates for beauty and barber shop services.

Price Trends, March 1965-March 1966

The March index was 2.8 percent above a year ago, primarily because of higher food prices and increased charges for most consumer services. Nearly 1 percent of this increase came during the first quarter of 1966. Food prices averaged 5-1/2 percent higher than during the first quarter of last year, chiefly because of sharply higher meat prices. Fruit and vegetable prices have been only fractionally higher this year. Apple prices have risen as storage stocks have proved insufficient to meet strong demand from both the domestic market and export trade. Grapefruit prices advanced in March when adverse Florida weather delayed harvesting of the 1965-66 crop. Egg prices last month jumped nearly 30 percent above last year's depressed levels as a result of reduced production and heavy military purchases of dried eggs.

Consumer service charges have risen 2.6 percent over the past year, especially for home maintenance and repair services, professional medical fees, and hospital service charges. In addition, widespread increases occurred for barber and beauty shop services and movie admission charges. Transportation services advanced nearly 4 percent, as a result of higher rates for automobile insurance, registration fees, and auto repair charges.

Cost-of-Living Adjustments

About 75,000 workers will receive cost-of-living wage increases as a result of the March Consumer Price Index. Increases based on the national index are as follows:

- a. 2 cents an hour for 34,000 workers (including intercity bus, chemical and aircraft workers) and 3 cents for another 34,000 (mostly aircraft), based on the change in the index since December 1965.
- b. 1 to 3 cents an hour for about 4,000 workers in smaller industries, based on monthly and semiannual changes in the index.

In addition, 2,000 employees of lithographic firms in San Francisco will receive 5.7 cents, based on the quarterly change in the index for San Francisco-Oakland.

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CONSUMER PRICE INDEX FOR APRIL 1966

The Consumer Price Index stood at 112.5 (1957-59=100) in April, four-tenths of one percent above its March level, the United States Department of Labor's Bureau of Labor Statistics reported today. This was a smaller advance than that which occurred in February, and the same as that reported for March.

Price Changes, March-April 1966

Consumer service prices as a whole went up 0.8 percent in April. About a third of this increase was caused by restoration of the excise tax on telephone services. In addition, interest rates rose on F.H.A. and V.A. mortgages, medical care costs were up by 0.4 percent, and charges were raised on several other kinds of services, such as baby sitters, barber and beauty shops, and automobile insurance.

Apparel prices advanced by an average of 0.5 percent, somewhat more than the usual seasonal increase for April. Shoe prices continued to rise, and men's tailored clothing for spring and summer wear came on the market showing higher price tags.

Food prices averaged only slightly higher in April, with an advance of 0.1 percent. Prices of dairy and bakery products rose, and fresh fruits were generally higher. Fresh vegetables also averaged slightly higher; potatoes, onions, tomatoes, cucumbers, and green peppers rose in price as cool, rainy weather retarded crop development in the spring vegetable growing areas. On the other hand, prices of asparagus, lettuce, and celery dropped in price, as supplies increased seasonally.

Meat prices were off a little (about 1-1/2 percent), mostly because of a 5-1/2 percent drop for pork. Beef and veal moved up slightly. Egg prices declined about 2-1/2 percent.

A strong market for used cars brought a larger price increase (1.7 percent) than usual for April, when the spring driving season opens. New car prices also moved up 0.3 percent because of restoration of the excise tax from 6 percent to 7 percent. Tobacco prices advanced nearly 1 percent, reflecting higher cigarette prices announced earlier by manufacturers.

Price Trends, April 1965 to April 1966

Nearly one-half of the rise of 2.9 percent in the Consumer Price Index over the past year was caused by a 6 percent climb in food prices, especially meats which averaged 17-1/2 percent higher. Poultry prices also were up by 11 percent. Another major contributing factor was the rise, averaging more than 3 percent, in charges for many consumer services, notably auto insurance, mortgage interest, real estate taxes, medical services, housekeeping services, and various types of repair services. A 6 percent advance in cigarette prices resulted largely from tobacco taxes being raised in 22 States last year.

On the other hand, prices of new and used cars, appliances, and toilet goods were down from a year ago in April. In part, this was a result of reduction or removal of excise taxes.

Cost-of-Living Adjustments

More than a million workers will receive cost-of-living wage increases as a result of the April Consumer Price Index. About 975,000 in automobile and automotive

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parts, farm and construction equipment, and aerospace industries, will receive 4 cents an hour, based on the change in the national index since January. About 75,000 others will receive increases ranging from 1 to 3 cents an hour also based on the quarterly change, and another 5,000 from 3 to 6 cents based on the annual change in the national index.

Upwards of 17,000 transit workers will receive increases of 3-1/2 to 8 cents an hour based on quarterly changes in indexes for Chicago, Pittsburgh, and Boston.

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CONSUMER PRICE INDEX FOR MAY 1966

The Consumer Price Index rose by 0.1 percent in May, the United States Department of Labor's Bureau of Labor Statistics announced today. The increase was caused mostly by higher costs of homeownership, furniture, women's apparel, medical care, and cigarettes. Average prices of foods in grocery stores dropped 0.6 percent. At 112.6 percent of its 1957-59 average, the index was 2.7 percent above a year ago.

Price Changes, April-May 1966

Charges for consumer services went up by an average of 0.3 percent in May. The most significant increases were for mortgage interest rates, doctors' and dentists' fees, hospital service charges, domestic service, house repairs, and barber and beauty shops. Services of all types account for more than a third of the typical family budget.

Apparel and footwear prices continued to rise more than seasonally, especially for women's apparel, which advanced by 1 percent as summer lines came on the market at prices higher than at the end of the season last year. Cigarette prices continued to rise at retail in response to recent factory price hikes. Used car prices were up only 0.1 percent in May, considerably less than the usual advance over April. Prices of new cars declined 0.4 percent.

The drop in food prices was the first since September 1965. Meat prices declined 1-1/2 percent in May, when increased supplies of pork put downward pressure on prices of both pork and beef cuts. Poultry and egg prices also dropped, as supplies became more plentiful.

Fruit and vegetable prices, which usually rise at this season, fell in May because of sharp price declines for cucumbers and green peppers. However, potato and onion prices increased substantially when unfavorable weather conditions in the South and Southwest reduced available supplies. Prices of apples and oranges rose seasonally.

Price Trends, May 1965-May 1966

Higher food prices and increased charges for consumer services have been responsible for most of the rise in living costs over the past year. In spite of their recent decline, meat prices in May still averaged 15 percent higher than a year ago, and poultry prices were up by nearly 10 percent. Egg prices also stood 13 percent above a year ago in May, and prices of dairy products were 5 percent higher. On the other hand, consumers were paying 5-1/2 percent less for fresh fruits and vegetables this year, primarily because of an 11 percent drop in average prices of fresh vegetables.

Charges have increased by an average of about 3-1/2 percent for all kinds of consumer services since May 1965. The largest increase--nearly 4-1/2 percent--has been for medical care services. Advances for household, transportation, and other kinds of services have ranged from 3-1/2 to 4 percent.

Apparel prices have gone up by 2.3 percent over the past year, to a considerable extent because of a 6 percent rise in footwear. Prices of consumer durables, on the other hand, were lower than a year ago, as the result of last summer's Federal excise tax cuts and a 3 percent decrease in used car prices.

#### Cost-of-Living Adjustments

About 206,000 workers will receive cost of living wage increases based on the May Consumer Price Index. Some 95,000 employees of aerospace firms will receive 3 cents an hour as a result of the rise in the national index since February, and 75,000 meatpacking workers will receive 5 cents an hour based on the change since November 1965. Other workers will receive increases ranging from 1/2 cent to 6 cents an hour.

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CONSUMER PRICE INDEX FOR JUNE 1966

The Consumer Price Index rose by 0.3 percent in June, the United States Department of Labor's Bureau of Labor Statistics announced today. The increase was caused mostly by higher food prices, medical care costs, and mortgage interest rates. At 112.9 (1957-59=100) the index stood 2.5 percent above a year ago.

Price Changes, May-June 1966

Food prices customarily go up in June, so that the 0.4 increase was in line with seasonal expectations. The principal increases were for fresh fruit, pork, dairy products and bread. Apples, oranges, grapefruit, and watermelons all bore higher price tags. Seasonally reduced hog slaughter brought price increases for fresh pork cuts, but beef prices averaged slightly lower. Prices of evaporated milk, butter, and white bread increased by about 1 percent over the month. Margarine prices held steady.

Egg prices dropped almost 10 percent, considerably more than the usual decline in June, with increased production and lower demand for both domestic and export use. Canned fruit and juice prices moved down by more than 1 percent, in contrast with the increases for fresh fruits.

Charges were raised for many types of consumer services. Doctors' and dentists' fees and health insurance charges rose 0.7 percent, while hospital charges increased 0.6 percent. Home repairs, laundry and dry cleaning, and barber and beauty shop services also moved higher.

A 2 percent advance in mortgage interest rates in June reflected a continuing scarcity of funds for new mortgage lending and the upward climb of interest rates generally.

Used car prices went up, as they usually do in June, and new cars showed the usual slight price reduction. Gasoline prices rose seasonally. Taxi fare increases in several cities accounted for a 0.6 percent rise in the index for public transportation.

Price Trends, June 1965-June 1966

One half of the increase in the Consumer Price Index over the past year has been caused by higher charges for consumer services (up 3.7 percent). Charges for hospital services, mortgage interest, automobile insurance, home repairs, housekeeping services, and barber and beauty shop services have advanced 5 percent or more.

Food prices in June were 3.5 percent higher than a year ago, with restaurant meals up 4.8 percent and food in grocery stores up 3.2 percent. Meat prices averaged 8 percent higher over the year, mostly because of a 14 percent increase for pork. Egg prices climbed 6 percent.

Fresh vegetables, on the other hand, were 16 percent cheaper than a year ago.

Apparel prices averaged 2.3 percent higher than in June 1965, with footwear up by 6-1/2 percent. Tobacco products also showed an increase of nearly 6 percent, due in part to higher State and local taxes. Used car prices dropped 3-1/2 percent over the year.

Cost-of-Living Adjustments

About 84,000 workers will receive cost-of-living wage increases based on the national Consumer Price Index for June. Approximately 50,000, mostly aircraft workers, will get 2 cents an hour, about 9,000 will receive 3 cents, and some 21,000 (mostly interstate bus workers) will receive 1 cent, as a result of the rise in the index since March. An additional 3,650 workers will receive 1 cent an hour as a result of the index rise since December 1965.

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CONSUMER PRICE INDEX FOR JULY 1966

The Consumer Price Index rose by 0.4 percent in July, the United States Department of Labor's Bureau of Labor Statistics announced today. The increase was largely the result of higher transportation costs and an advance in food prices that was smaller than usual for July. At 113.3 (1957-59=100) the index was 2.8 percent higher than a year earlier.

Price Changes, June-July 1966

A rise of 1.2 percent in transportation costs resulted from increased transit fares in New York City and higher prices for used cars, gasoline, tires, auto repairs, and insurance. Subway and bus fares were raised by a nickel to 20 cents on all transit lines within New York City. Some suburban lines also increased their fares. Used car prices rose 1.8 percent in response to brisk demand and reduced inventories. New car prices were down by 0.1 percent, much less than the usual July decline.

Food prices usually rise in July by considerably more than the 0.4 percent increase shown last month. Prices of meats, fruits, and vegetables were generally steady, whereas a seasonal advance often takes place for these important food items in July. Milk, butter, and eggs, on the other hand, went up more than usual at this season. Higher milk prices were reported in 26 of the 56 cities surveyed in July, as production declined and demand continued strong. Egg prices took a 5-1/2 percent jump when the unusually hot weather caused a drop in production. Prices of meals in restaurants were boosted again, and cigarettes cost more largely because of State and local tax hikes.

A further advance in mortgage interest rates added to homeownership costs. Prices also were raised moderately for furniture, textile housefurnishings, and house-keeping supplies and services.

Medical care costs continued to go up at their accelerated rate of recent months. Charges for many other types of services also were raised.

Price Trends, July 1965-July 1966

About half of the rise in the Consumer Price Index in the past year has been caused by increased charges for nearly all kinds of consumer services, averaging 4.1 percent. Transportation and medical service charges each climbed 5 percent over the year. Other types of services were up 4 to 4-1/2 percent, except for rents, which, with a 1.3 percent increase, continued their slow rise.

Food prices averaged 3.1 percent higher than a year ago in July. Restaurant meal prices were up 5 percent, dairy products 6-1/2 percent, and meats 4-1/2 percent. Fresh vegetable prices have dropped 11 percent over the year mainly because of a 40-percent decline in potato prices from their record high of last year.

Prices have increased by from 3 to 5 percent over the past year for such items as fuel oil, apparel, newspapers, cigarettes, furniture, and tires. On the other hand, prices averaged slightly lower for new cars and appliances. Used car prices also are down about 2 percent from a year ago.

Cost-of-Living Adjustments

About 1.14 million workers will receive cost-of-living wage increases based on the July Consumer Price Index. Slightly over a million, in auto and automotive parts, farm and construction equipment, aerospace, and metalworking industries, will get 2 cents an hour based on the rise in the index since April. Others will receive increases ranging from 1 to 5 cents an hour based on monthly, quarterly, or semi-annual changes in the national index and some city indexes.

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CONSUMER PRICE INDEX FOR AUGUST 1966

The Consumer Price Index rose by 0.4 percent in August, to 113.8 (1957-59=100), the United States Department of Labor's Bureau of Labor Statistics announced today. Higher prices of foods, used cars, and medical services caused most of the advance. The August index was 3.5 percent higher than a year ago.

Price Changes, July-August 1966

Food prices went up 1.3 percent in August. Egg prices were up by 18 percent and dairy products by 3-1/2 percent. Bread prices also advanced in response to earlier increases in wholesale prices of flour. Higher prices for bacon and round steak were about offset by reductions in several other cuts of beef and pork.

Prices of fruits and vegetables were up by 0.7 percent. Prices of lettuce, cabbage, apples, and oranges rose substantially. Tomato and cucumber prices dropped.

Prices of commodities other than foods were down by 0.1 percent. Apparel prices averaged unchanged, as higher prices for men's and boys' clothing and footwear were offset by end-of-season clearance prices for women's and girls' summer apparel. Used car prices rose by 1.5 percent. Gasoline prices were lower. Prices of furniture and floor coverings moved higher, while appliances and household textiles were reduced.

The housing index rose by 0.2 percent mainly because of higher costs of owning a home--repairs, taxes, insurance, and interest on mortgages. Rents advanced 0.3 percent. Costs of most other services also continued to rise, particularly medical care services, barber and beauty shops, auto insurance, laundry and dry cleaning, and recreational services.

Price Trends, August 1965-August 1966

The rise in the Consumer Price Index over the past year has been caused mostly by increases averaging 4.3 percent for consumer services, and by 5.2 percent higher food prices. Nondurables other than food (such as apparel, fuels, gasoline, etc.) have shown an average 2.3 price increase, and the advance for consumer durables (houses, furniture, appliances, new and used cars, etc.) has amounted to 1.2 percent since August 1965.

Aside from food and services, the largest price increases since August 1965, have been for shoes, newspapers, cigarettes, and furniture.

Prices of appliances have declined slightly during the year.

Mortgage interest rates have risen by more than 8 percent over the past year. Hospital rates are up by 9 percent, and increases of 4 to 6 percent have occurred for taxes, insurance, and upkeep on owned homes, housekeeping services, auto insurance, public transportation, professional medical fees, barber and beauty shop services, and recreational services.

Prices of dairy products are up by 9.3 percent; eggs, 22 percent; fruits and vegetables, 6.7 percent; and cereals and bakery products, 5.6 percent. The rise in meat prices has been caused by reduced supplies, primarily of pork. Fruits and vegetables, eggs, and many other foods have been affected by hot, dry weather over much of the country during the past summer.

Cost-of-Living Adjustments

About 175,000 workers will receive increases in their cost-of-living allowances as a result of the August Consumer Price Index. For about 150,000, mostly in aerospace industries, the increase will be 3 cents an hour, based on the change in the index since May. Other workers will receive increases ranging from 1 to 10 cents an hour, based on price changes for periods of one month to one year.

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CONSUMER PRICE INDEX FOR SEPTEMBER 1966

The Consumer Price Index rose by 0.3 percent in September, to 114.1 percent of its 1957-59 base, despite a 0.2 percent decline in prices of foods, the United States Department of Labor's Bureau of Labor Statistics announced today. Higher apparel prices were primarily responsible for the advance although housing and medical care costs also increased. Prices for transportation were lower. The September index was 3.5 percent above a year ago.

Price Changes, August-September 1966

Apparel prices usually rise in September as fall and winter clothing returns to the market, but the increase of 1.4 percent last month was considerably more than usual because several items, particularly women's coats, dresses, and skirts, carried price tags higher than last season. Prices of men's suits also moved up in response to earlier increases in prices of wool and higher wages in the men's clothing industry.

Much of the 0.3 percent rise in housing costs was the result of further increases in mortgage interest rates and in charges for home repair and maintenance services. Prices of household textiles went up following traditional August white sale reductions, and costs of housekeeping services (laundry, domestic help, baby sitters, etc.) continued to advance.

Medical care costs rose 0.8 percent reflecting continued advances in fees for professional services, hospital services, and the services provided by health insurance.

Prices of food for home use declined by 0.3 percent but restaurant meal prices continued to advance. Abundant supplies of most fresh fruits and vegetables resulted in an average price decline of 7.5 percent. Prices of apples and onions dropped by more than 15 percent, and there were substantial declines in prices of green peppers, tomatoes, celery, cabbage, and carrots.

Dairy products prices averaged 1.0 percent higher, with increases of over 2 percent for cheese and butter. Prices of flour and bakery products--bread, cookies, cakes, and sweet rolls--were also higher.

Most cuts of beef and pork cost a little more but poultry prices were slightly lower. Egg prices were up by 1.2 percent, but coffee prices declined.

Prices of 1966 model cars dropped 1.5 percent as dealers offered higher concessions to clear stocks before introduction of the 1967 models. Used car prices fell 1.6 percent. Prices of gasoline and auto repairs advanced.

Price Trends, September 1965-September 1966

Prices of most consumer goods and services increased during the year ending September 1966, with higher costs of services providing the major impact. Particularly significant advances were recorded for mortgage interest, hospital services, professional medical services, barber and beauty shop services, home repair services, auto insurance, and housekeeping services.

Food prices rose nearly 5-1/2 percent during the year, with increases of 7-1/2 percent for fruits and vegetables, 4 percent for meats and poultry, 10 percent for dairy products, and 6-1/2 percent for cereals and bakery products. Prices were substantially higher for cabbage, lettuce, green peppers, apples, onions, celery, and potatoes, reflecting the effects of spring freezes and dry summer weather in producing areas. Bread and milk prices rose about 10 percent during the year and egg prices were 13-1/2 percent higher.

Prices of commodities other than foods rose 2.0 percent, largely because of higher prices for apparel, gasoline, cigarettes, newspapers, and furniture. New car prices were lower than a year earlier.

Cost-of-Living Adjustments

About 78,000 workers will receive cost-of-living increases based on the September Consumer Price Index. For about 56,000 (mostly aircraft workers) the increase will be 3 cents an hour, based on the change in the index since June. Other workers will receive increases ranging from 1 to 8 cents an hour based on quarterly, semiannual, and annual price increases.

An adjustment of retired/retainer pay for eligible military personnel will become effective December 1, 1966, based on the change in the index since August 1965. Adjustment of pensions for retired civilian Federal government workers will depend upon the October index.

Released November 23, 1966

U.S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
Washington, D. C. 20212

CONSUMER PRICE INDEX FOR OCTOBER 1966

The Consumer Price Index rose by 0.4 percent in October, the U.S. Department of Labor's Bureau of Labor Statistics announced today. The increase was caused largely by higher costs of housing, apparel, and medical care. Price indexes for automobiles were also higher reflecting the fact that trade-ins and dealer concessions are customarily smaller at the beginning of a new model year. Prices of food in grocery stores averaged slightly lower than in September. At 114.5 percent of its 1957-59 base, the October index was up by 3.7 percent over a year ago.

Price Changes, September to October 1966

Housing costs rose by 0.4 percent in October, led by increases in such home-ownership costs as real estate taxes and insurance, mortgage interest rates, and home repairs and maintenance. Rents were up by 0.3 percent, and fuel oil prices rose seasonally. Prices of furniture advanced further, but appliance prices showed a small decline. Prices also rose for such housekeeping supplies as laundry soap and household paper, as well as for services, including laundry, domestic service, baby sitters, and appliance repairs.

Transportation costs were up by 0.9 percent in October, largely because dealers offered smaller concessions on the newly-introduced 1967 models of new cars than they had been granting on 1966 models in September. Basic new car prices also were up slightly after adjustment for quality changes. Prices of used cars and auto repairs also increased, while gasoline prices declined.

Apparel prices continued their seasonal advance, especially women's wear; and shoe prices continued their upward trend. Medical care costs rose again, with hospital service charges sharply higher and professional medical fees being raised.

A decline of 0.2 percent in prices of food in grocery stores was offset by higher prices for restaurant meals, causing the total food index to remain at its September level. Meat prices were down by 0.5 percent, largely because of lower prices for all cuts of pork, particularly bacon and pork chops, as the larger spring pig crop was slaughtered. Prices of beef and other meats were a little higher. Frying chicken prices dropped 5 percent, as poultry production reached record high levels.

Prices of fruits and vegetables fell by 1.1 percent, reflecting substantial reductions for apples, which were at the peak of their harvest. Lettuce, celery, carrots, onions, and green peppers also cost less as supplies increased. Citrus fruit prices advanced as supplies from the old season crop dwindled and the new crop was late in maturing.

Egg prices were 4 percent higher, and milk prices continued to rise, but prices of white bread dropped about 1 percent.

Price Trends, October 1965 to October 1966

The rise of 3.7 percent in the Consumer Price Index over the past year reflected higher charges for consumer services, led by mortgage interest rates, doctors' and dentists' fees, hospital room rates, home repair services, real estate taxes, and property insurance. Higher food prices also accounted for a substantial portion of the rise, with dairy products up 11 percent, fruits and vegetables up 6.3 percent, cereals and bakery products up 6.3 percent, and meats, poultry, and fish up 4.5 percent.

All types of dairy products were selling at higher prices than a year ago, with increases of 19 percent for cheese, 17 percent for butter, and 10 percent for milk in grocery stores. With the exceptions of bananas, orange juice, and spinach, all other fresh fruits and vegetables cost more than a year earlier. Prices of all types of meats, poultry, and fish also were higher than a year ago.

Prices of nondurable goods other than foods rose by 2.7 percent during the year, largely the result of increases for apparel, gasoline, and cigarettes. Durable goods prices rose by 1.4 percent with higher prices for furniture, new cars, and used cars.

Cost-of-Living Adjustments

Almost 1.2 million workers will receive increased cost-of-living allowances based on the October Consumer Price Index. Over 1.1 million, mostly in automobile, automotive parts, farm and construction equipment, and aerospace industries, will receive 3 cents an hour, based on the change in the index since July. Other workers will receive increases ranging from 1 to 6 cents an hour, based on changes for periods of one month to six months.

In addition, about 750,000 retired Federal civilian employees or their survivors will receive an increase of 3.9 percent in their annuities, effective January 1, 1967, based on the change in the Consumer Price Index since July 1965.

Released December 22, 1966

U.S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
Washington, D.C. 20212

CONSUMER PRICE INDEX FOR NOVEMBER 1966

The Consumer Price Index rose by 0.1 percent in November, its smallest advance in six months, the United States Department of Labor's Bureau of Labor Statistics announced today. A decline of 0.7 percent in food prices almost offset higher costs of most other consumer items, particularly housing, apparel, and medical care. The November index, at 114.6 (1957-59=100), stood 3.6 percent above a year ago.

Price Changes, October to November 1966

Housing costs rose by 0.4 percent in November, because of further advances in charges for household services (mortgage interest, domestic service, babysitters, etc.) and in prices of furniture, and household textiles. Costs of home maintenance and repair services also continued to advance, rents were up by 0.2 percent, and fuel oil prices rose seasonally.

A further increase in apparel prices, especially for men's and boys' clothing, continued to reflect higher costs of materials and labor. Laundry and dry cleaning charges also continued to advance.

Charges for hospital and professional medical services rose again, boosting medical care costs by 0.7 percent. Private transportation costs were up 0.3 percent in November when prices of new cars reflected a further transition to the 1967 models. Gasoline prices also advanced, but used car prices dropped.

Food prices in grocery stores were down by 0.9 percent, as prices of meats, eggs, frying chickens, and fresh fruits were marked down significantly. Bacon prices dropped 10 percent as supplies of pork became more plentiful. Prices, however, rose for fresh vegetables, cereals, bakery products, and restaurant meals.

Fresh fruit prices averaged almost 6 1/2 percent lower, as the new Florida citrus crop began to reach the market in quantity. Grapefruit prices were off by about a third, and oranges were down about 3 percent. Prices of bananas and apples also dropped, reflecting larger supplies. Fresh vegetable prices, on the other hand, were up by nearly 5 percent.

Price Trends, November 1965 to November 1966

The Consumer Price Index was up by 3.6 percent in November 1966, compared with a year ago. Higher charges for nearly all consumer services caused about half of the increase, particularly medical care and household services.

Food prices, up 4 1/2 percent over November 1965, were the second most important factor contributing to higher living costs. The increases in food prices compared

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with November 1965 ranged from 3 percent for meats to more than 10 percent for dairy products. Some foods were a little cheaper than a year ago, including bacon, bananas, celery, coffee, and most processed fruits.

#### Cost-of-Living Adjustments

As a result of the November Consumer Price Index, approximately 190,000 workers will receive increases in their cost-of-living allowances. About 100,000, mostly in aerospace industries, will receive 2 cents an hour, based on the change in the index in the past three months. For some 82,000 meatpacking workers the increase will be 5 cents an hour, based on price increases in the past six months.

Released February 20, 1967

U.S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
Washington, D. C. 20212

CONSUMER PRICE INDEX FOR JANUARY 1967

The Consumer Price Index held steady in January at its December level of 114.7 (1957-59=100), the United States Department of Labor's Bureau of Labor Statistics announced today. Declines in prices of food, apparel, and automobiles were offset by further increases in charges for consumer services. In the past 3 months, living costs as measured by the Consumer Price Index have risen by only 0.2 percent.

Price Changes, December 1966 to January 1967

Apparel prices dropped 1 percent, slightly less than usual for January as a result of the traditional clearance sales of winter clothing. The largest reductions were for women's coats, sweaters, and wool dresses. Men's topcoats, suits, and slacks also were marked down. Preliminary data indicate that retail sales of apparel were down nearly 5 percent from a year ago and inventories were somewhat larger. Household textile prices also were reduced in the usual January "white sales."

Lower prices for beef, poultry, and eggs brought average food prices in grocery stores down by 0.3 percent despite a climb in prices of several fresh fruits and vegetables, notably apples, bananas, and cucumbers. However, restaurant meal prices continued to go up, with an increase of 0.6 percent in January. The decline in beef prices resulted from a temporary bulge in beef slaughter. The price drop for frying chickens and eggs also were caused by increased supplies.

A decline of 1.1 percent in prices of used cars in January was about in line with seasonal expectations, but the 1 percent slide for new cars was larger than usual. Inventories of new cars were unusually high in January in relation to the volume of sales. Larger trade-in and other allowances are being made to promote sales.

The climb in charges for consumer services, particularly medical care, continued in January at the accelerated pace of recent months. Medical care services were up by nearly 1 percent, with boosts of 2.8 percent for hospital services, 1.1 percent for health insurance, and 0.5 percent in doctors' and dentists' fees. Residential rents and charges for various household and personal services also were increased last month.

Price Trends, January 1966 to January 1967

The Consumer Price Index for January stood 3.3 percent above a year ago. More than half of the increase has been caused by a 5 percent jump in consumer service charges. Medical care services were up by 8-1/2 percent and household services 6 percent over the year. Many of these services are substantially influenced by labor costs.

Food prices in January 1967, had declined by almost 1 percent from their October 1966 peak on a seasonally adjusted basis. However, they remained 3 percent above a year ago in January, when they accounted for only about one-fifth of

the increase in the total Consumer Price Index over the year. Prices of pork, poultry, orange juice, celery, lettuce, coffee, and several processed fruits and vegetables were actually down significantly from a year ago.

Apparel prices averaged 3.7 percent higher than a year ago in January, with an especially sharp increase of more than 6 percent for footwear. Prices of textile housefurnishings had risen more than 2-1/2 percent over the year and gasoline prices were up by more than 3 percent.

The most stable prices, generally, have been those for durable consumer goods, except furniture, for which prices climbed 4-1/2 percent during the past year. Appliance prices eased down by a half of one percent, new car prices were nearly even with a year ago, and used car prices were off by more than 1-1/2 percent. In January, consumer durable goods as a whole averaged less than 1 percent above a year earlier.

#### Cost-of-Living Adjustments

Wages of more than a million workers in the automobile, automotive parts, farm and construction machinery, and aerospace industries, are covered by contracts calling for review of cost-of-living allowances based on the January Consumer Price Index. However, most of these will not receive any increase, inasmuch as the index has risen only 0.2 percent since October 1966. About 440,000 workers in the trucking industry, under the terms of their agreement, would normally be entitled to receive 11 cents an hour based on the change in the index since December 1965. Some of the increase may go into fringe benefits, depending upon negotiations.

Released March 20, 1967

U.S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
Washington, D. C. 20212

CONSUMER PRICE INDEX FOR FEBRUARY 1967

The Consumer Price Index rose by 0.1 percent in February to 114.8 (1957-59=100), the United States Department of Labor's Bureau of Labor Statistics announced today. Higher costs of consumer services were mainly responsible for the advance. Commodity prices remained at their January level as lower prices of food offset advances in prices of other types of consumer goods. The overall index has increased only 0.3 percent in the last 4 months.

Price Changes, January to February 1967

Housing costs rose by 0.2 percent in February, largely because of higher charges for the services associated with homeownership, particularly real estate taxes and property insurance. Rents and household services, such as laundry and domestic help, also contributed to the rise. Mortgage interest rates fell slightly as restrictions on lending were eased. Medical care costs continued to rise as charges for professional care and hospital services were increased. Barber and beauty shop services and recreational services also cost more.

Apparel prices resumed their upward trend with a larger than seasonal rise in February (0.5 percent). Prices were higher for new spring lines of women's and girls' coats and for women's and children's shoes. Prices of household textiles returned to their normal levels after January white sales.

Private transportation costs increased, reflecting advances in prices of used cars and gasoline. Prices of new cars were down slightly.

Food prices went down by 0.4 percent in February, contrary to their usual seasonal movement. A sharp drop in egg prices led price reductions, which were fairly widespread. Egg prices, which ordinarily show only a slight decline in February, dropped 14 percent because supplies increased. Prices of fruits and vegetables declined by 1 percent instead of rising as they usually do. There were particularly large reductions for tomatoes, bananas, oranges, cabbage, and green peppers; on the other hand, prices of apples, potatoes, onions, and cucumbers were higher.

Prices of most cuts of pork were reduced, while prices of beef and poultry advanced. Significant price reductions were recorded for bread, flour, most dairy products, and frozen orange juice concentrate.

Price Trends, February 1966 to February 1967

The Consumer Price Index was up by 2.9 percent in February 1967 compared to a year earlier. About three-fifths of the advance was due to a rise of 5.2 percent in charges for consumer services. Of particular importance were the 9.0-percent

increase in medical care services and a 6.3-percent advance in costs of household services. Mortgage interest rates were still substantially higher than a year earlier, despite recent declines.

Food prices were 1.0 percent higher than last year, solely because of a 5.5-percent increase in restaurant meal prices. Food purchased for home consumption was down by 0.1 percent as significant declines for eggs, pork, chickens, and several fruits and vegetables were largely offset by substantial advances in prices of dairy products, cereals and bakery products and some fruits and vegetables, including potatoes, onions, and apples.

Nondurable commodities other than foods were 3 percent higher in price than in February 1966, with the largest increases reported for apparel, gasoline, reading material, and tobacco products. Durable goods prices were only 1 percent above year-earlier levels principally because of higher furniture prices.

#### Cost-of-Living Adjustments

As a result of the February Consumer Price Index, about 56,000 workers will receive increases in their cost-of-living allowances. For about 40,000 grocery workers in Southern California, the increase will be 2 cents an hour, based on the change in the Los Angeles-Long Beach area index over the past year. About 9,500 aerospace workers will get 1 cent an hour, based on the change in the national index since November 1966.

Approximately 150,000 other workers, mostly in aerospace industries, whose wages are also subject to a quarterly review at this time, will not receive cost-of-living increases because of contract clauses providing for a different formula for escalation.

Released April 25, 1967

U.S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
Washington, D.C. 20212

CONSUMER PRICE INDEX FOR MARCH 1967

Price Changes, February to March 1967

The Consumer Price Index rose by 0.2 percent in March to 115.0 (1957-59=100). About half the increase was due to higher charges for consumer services and the other half to advances in prices of nondurable commodities. Food prices averaged unchanged as a decline of 0.2 percent in grocery-store foods was offset by higher restaurant meal prices. Prices of durable goods were up only slightly.

The rise in consumer service charges is a continuation of a long-term upward trend. The increase in March was a little less than the average monthly rate during 1966, primarily because of a softening in mortgage interest rates from recent peaks. The types of services relying heavily on human effort and skill showed the largest increases, with medical care services up 0.9 percent, home repairs up 0.7 percent and housekeeping services up 0.7 percent.

Apparel prices increased considerably more than usual for March, accounting for about three-fourths of the rise in prices of nonfood commodities. Prices of men's and women's wear and children's shoes rose by 1 percent as retail sales were stimulated by the early Easter holiday and new spring lines carried higher prices than last year. Prices of household textiles also rose sharply as prices returned to their previous levels following traditional white sales. Other nondurable goods, such as gasoline, toilet articles, newspapers, magazines, and books carried slightly higher price tags in March; but prices of prescriptions and drugs continued to decline, showing a drop of 0.4 percent. Used car prices rose considerably more than usual in March in response to larger sales and a better inventory position, while prices of new cars averaged slightly lower than in February but a little higher than a year ago.

Prices of food for home use dropped by 0.2 percent in March, about half the expected seasonal decline. This marks the seventh consecutive monthly decrease. Most of the decline was caused by reductions in prices of meats (particularly pork), poultry, dairy products, and coffee. Pork prices dropped by 1.3 percent, a little less than the usual seasonal decline, as cold storage holdings were up by 14-1/2 percent. All cuts of pork had lower price tags in March, with reductions ranging from 0.6 percent for sausage to 2.6 percent for picnic hams. Prices of most cuts of beef, lamb, and luncheon meats also were lower. Increased supplies caused a drop of 0.7 percent in poultry prices. Milk prices were down seasonally, 0.3 percent, while ice cream dropped 1.4 percent. Promotional efforts of manufacturers to offset declining consumption of coffee were reflected in decreases of over 2 percent for bag and can coffee.

Prices of fruits and vegetables showed a stronger-than-seasonal rise in March, although they were 1.9 percent lower than a year earlier. Apple prices were up as usual on dwindling supplies, and banana prices also advanced. Continuing large supplies brought lower prices for citrus fruits. Prices of cucumbers and green peppers rose sharply as supplies were curtailed by a late February freeze in Florida. Asparagus returned to grocery stores at substantially higher prices than at the end

of last season. On the other hand, lettuce prices dropped, reflecting large supplies from California and Arizona. Prices of several other fresh vegetables--including potatoes, onions, cabbage, carrots, and celery--also were lower.

#### Price Trends, March 1966 to March 1967

The Consumer Price Index in March 1967 was 2.7 percent higher than its March 1966 level. This is the smallest over-the-year rise since June 1966. Almost two-thirds of the year's increase has been caused by higher charges for consumer services, up by over 5 percent. Most of the remainder of the advance was caused by higher prices for nonfood commodities. Prices of food bought in grocery stores averaged 1 percent lower than a year ago; while restaurant meal prices, which are influenced to a great extent by cost of service personnel, were 5-1/2 percent higher.

Charges for certain types of personal services were up sharply from a year ago. Medical care services advanced over 9 percent, housekeeping and home maintenance services almost 7 percent, and personal care services over 5 percent. Other types of services such as public transportation, taxes, and insurance also continued their long upward climb. Mortgage interest rates were still substantially higher than a year earlier despite recent reductions.

Prices of nonfood commodities advanced 2.1 percent during the past year, with almost two-fifths of the rise caused by an increase of 4.1 percent in apparel prices. Among the subgroups, footwear prices showed the largest rise (6.2 percent), while men's, women's, and children's wear increased by about 3-1/2 to 4-1/2 percent. Other significant price increases were recorded for gasoline, commodities used in home repair and maintenance, furniture, household textiles, and tobacco products. Prices of appliances and drugs were slightly below their year-ago levels.

Prices of food bought in grocery stores dropped 1 percent in the year ending March 1967. Particularly notable declines were posted for coffee, most meats, poultry, fresh vegetables, some fruits, and eggs--reflecting better supply situations. Pork prices dropped 15 percent and beef 6-1/2 percent as supplies were substantially higher than a year earlier. Poultry prices averaged 9-1/2 percent lower, led by a drop of 11-1/2 percent in prices of frying chickens, also reflecting plentiful supplies. Fresh vegetable prices were down 4 percent from a year ago largely because of plentiful supplies of lettuce, cucumbers, celery, and cabbage. Prices were higher for fresh fruits, dairy products, and cereals and bakery products.

#### Cost-of-living Adjustments

Cost-of-living allowances of about 60,000 workers, many in aircraft and transportation industries, will be increased 1 cent an hour on the basis of the change in the Consumer Price Index between December and March.

Released May 23, 1967

U.S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
Washington, D. C. 20212

## CONSUMER PRICE INDEX FOR APRIL 1967

Price Changes, March to April 1967

The Consumer Price Index rose by 0.3 percent in April, to 115.3 (1957-59=100), bringing the index gain for the year thus far to 0.5 percent. This contrasts with a rise of 1.4 percent during the first four months of 1966. Higher prices were reported in April for all major classes of consumer goods and services except food for home consumption, but the relatively greater advance than in recent months came as the result of a sharp increase in prices for nonfood commodities. Prices of consumer services continued to rise at their first quarter's pace, but for the first time in several months these increases were not the principal factor in the month-to-month rise in the index. Food prices declined again during April, offsetting the rise in service costs.

Larger-than-seasonal increases for used cars, gasoline, and apparel led to a rise of 0.6 percent in the prices of commodities less food. Used car prices turned sharply upward in April, rising 2-1/2 percent--more than double their usual seasonal advance to a level of 5.1 percent above their seasonal low point of January. The increase in April came in response to stronger consumer demand in the face of reduced supplies, which in turn reflected the sluggishness of new car sales. The 0.4 percent advance in apparel prices was also twice the normal seasonal rise for April, and reflected pressure from continuing strong demand, together with rising unit labor costs and some widening of retail margins. There were significant price increases for men's summer suits and slacks, women's and girls' dresses and footwear, as most new season items were offered at higher prices than at the end of last season. Gasoline and motor oil prices advanced sharply during April, following the end of price wars in several areas, chiefly the West Coast.

Higher prices for used cars, gasoline, and apparel together accounted for about three-fourths of the rise in the index as a whole. However, widespread increases were also reported for a variety of other items, particularly newspapers, furniture, and home purchase costs. During the first four months of this year, nonfood commodity prices have increased 0.6 percent, double the increase for the same period a year ago, with both durable and nondurable goods exceeding their 1966 rates of increase.

Costs of consumer services advanced 0.2 percent during April, bringing the rise to 1.1 percent for the first four months of the year, compared to 1-1/2 percent for the same period a year ago. In contrast to the trend for recent months, household services rather than medical care services were the most important factor accounting for two-fifths of the monthly increase for this group. Higher property taxes and insurance costs led the increase for household services, although maintenance and repair and housekeeping services also registered substantial gains during April. Medical care services continued to rise sharply, reflecting a continuing upward push on hospital charges. Hospital room rates in April were 21 percent above a year ago. Charges for professional medical and dental services also continued to rise, although at a somewhat reduced rate. Rent, utilities, and public transpor-

tation continued their slow, steady rise. A further small decline in mortgage interest rates, in response to the recent increase in the supply of loanable funds, was the only offset to higher prices of other services. As a result, the rise in costs for all services has been held to a somewhat lower rate than was the case a year ago.

Food prices averaged 0.4 percent lower in April as a 0.6 percent drop in prices of food for home consumption was partially offset by a 0.5 percent rise in prices of restaurant meals and snacks. This was the eighth consecutive month in which prices of food purchased for home consumption averaged lower, bringing the total decline from their August 1966 peak to 3.1 percent. Lower prices for meats, fresh vegetables, and eggs were largely responsible for the April drop.

Declines in prices for beef and pork, down 0.8 and 2 percent, respectively, in response to heavy production, were roughly in line with seasonal expectations. Pork production during March rose 16 percent, while beef production was up 5 percent. All cuts of pork were lower for the second month in a row, but the declines were sharper in April than in March.

Prices for fresh vegetables, on the other hand, ran counter to the usual seasonal movement, chiefly as a reflection of a sharp reduction of over 30 percent in prices for asparagus from their high first of season prices in March. There were also declines ranging from 1 to 5 percent for cucumbers, green peppers, onions, carrots, and cabbage as supplies increased seasonally. A 9 percent rise in lettuce prices resulted from short supplies caused by reduced spring acreage and a delay in the California harvest. Large supplies of oranges kept fresh orange and frozen orange juice prices down, but low supplies of apples in the Central and Eastern States caused apple prices to rise by 3-1/2 percent.

The 6.3 percent drop in egg prices was largely due to recent significant production gains. Total U.S. egg production was estimated to have run nearly 7 percent above year-earlier levels in the first four months of 1967.

#### Price Trends, April 1966 to April 1967

The Consumer Price Index was up 2.5 percent over the year, for the smallest 12-month change since June 1966. Nearly two-thirds of the increase has been caused by a 4.5 percent rise in service costs. Nondurables other than food have accounted for most of the balance. Food prices averaged lower than a year ago (by 0.3 percent) for the first time since January 1962. The decrease of 1.7 percent in grocery-store food prices was almost offset by a 5.5 percent increase in charges for restaurant meals.

Advances in service costs ranged from 3.7 percent for transportation services to 9.3 percent for medical care services. The overall service index has risen steadily for many years, but the rate of increase has been more rapid since the spring of 1966 than it was earlier. Increases in mortgage interest rates, hospital and other medical care services have been important causes in this year's rise.

Prices of most nondurable commodities have increased since April 1966. Excluding foods, the nondurables index increased 3.1 percent over the year. Nearly half that increase was due to the 4.0 percent rise in apparel prices, particularly women's and girls' apparel. Gasoline and motor oil increased by 5.0 percent over the year. Some other significant increases were for home repair and maintenance commodities, household textiles, and tobacco products. Durable goods prices increased 1.1 percent during the year.

Grocery-store prices averaged 1.7 percent lower in April than a year ago. More plentiful supplies of poultry, most meats, fresh vegetables, some fruits, and eggs in recent months have caused significant declines. Pork was 12 percent lower, poultry was down 9 percent, and beef 4 percent. The abundance of eggs has forced prices down 18 percent since April 1966. Some of the larger declines in prices of fruits and vegetables were 31 percent for cucumbers, 24 percent for green peppers, 14 percent for cabbage and fresh orange juice, and 11 percent for grapefruit. The largest increase in food prices was a 25 percent rise in prices of onions, which do not yet reflect the marketing of this year's sizeable spring crop.

#### Cost-of-Living Adjustments

Slightly more than a million workers will receive increases in their cost-of-living allowances as a result of the April Consumer Price Index. The majority of those affected are employed in the automobile, automotive parts, and farm and construction equipment industries. Their increase will be 2 cents an hour, based on the change in the index since January. A few workers in other industries will receive smaller increases.

Released June 28, 1967

U.S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
Washington, D. C. 20212

## CONSUMER PRICE INDEX FOR MAY 1967

Price Changes, April to May 1967

The Consumer Price Index went up 0.3 percent in May to 115.6 (1957-59=100), following a similar advance in April. Prices for all major groups of goods and services increased. The index has risen by 0.8 percent during the first five months of this year, only a little more than half of the increase recorded during the same period in 1966. Higher prices of commodities other than food accounted for more than half the May increase in the overall index and higher charges for consumer services for about two-fifths. Prices of food bought for home consumption rose fractionally in May for the first time in 9 months.

Prices of consumer durable goods averaged 0.5 percent higher in May. Higher prices for used cars were again largely responsible for the group's advance. An increase in house prices and further gains in furniture and appliance prices also played major roles in the May increase. Thus far in 1967, prices of consumer durables have risen 0.8 percent while in the same period a year ago they increased barely 0.1 percent. Used cars accounted for a large part of this year's accelerated pace.

In the first five months of 1967, used car prices have risen about 6 percent. In the same 1966 period they declined fractionally. A shrinkage in the number of late model used cars, due apparently to the drop-off in trade-ins as a result of this year's slower pace of new car sales, seems to be the primary cause of the advance. In addition, used car sales have shown a small increase over a year ago. New car prices declined in May, but not as much as usual, although the decline for the 1967 model year as a whole (2-1/2 percent) has been about normal.

Prices of nondurable goods other than foods rose more than seasonally (0.3 percent), largely because of higher apparel prices. Women's and girls' apparel costs increased by 1.1 percent, as prices of this season's bathing suits, street dresses, house dresses and girls' shorts were increased. Prices of some men's and boys' clothing and footwear also advanced. Continuing demand, widening retail margins, and higher unit labor costs are responsible for the relatively steep advance in apparel prices. A contraseasonal decrease in gasoline prices offset, in part, the advances for apparel.

Food prices averaged higher in May for the first time since August 1966, as prices of food purchased for home consumption reversed their eight-month downtrend and averaged 0.1 percent higher. Costs of restaurant meals and snacks rose 0.3 percent. Prices of fresh vegetables rose by 4-1/2 percent as rain and cool weather in California and drought conditions in the South affected the yield and harvesting of lettuce, celery, cabbage, and green peppers. However, cucumbers, asparagus, onions, and potatoes were in plentiful supply and their prices dropped accordingly. Fresh fruit prices were higher in response to reductions in supplies of apples and oranges. Drought conditions in some Northeastern States reduced supplies of fresh milk, causing prices to rise, but prices of ice cream, cheese and butter, were lower. Higher prices for bread reflected a return to more usual pricing from the competitive sale prices prevalent in many cities in recent months.

Supplies of beef, pork and poultry continued plentiful, causing an average decline of 1/2 of one percent. Prices were reduced for most cuts of meat, bringing the total decline from their 1966 peak to about 7 percent. Seasonally high production of eggs resulted in a price decline of 5.2 percent in May.

Charges for consumer services continued to increase in May with a rise of 0.3 percent, bringing the gain for this component thus far in 1967 to 1.4 percent. In the year-earlier period, costs of consumer services rose 1.9 percent. This year's slower rate of advance is accounted for by mortgage interest costs which fell 1.1 percent in the first five months of 1967, but rose 5.2 percent in the same 1966 period. About half of the May increase was due to higher household service costs, mainly real estate taxes and insurance rates in some cities, and home maintenance charges. Costs of medical care services, rent, public transportation, and most other services continued to increase in May as they have for some time. Gas rates declined slightly.

#### Price Trends, May 1966 to May 1967

The Consumer Price Index rose 2.7 percent between May 1966 and May 1967. Higher charges for consumer services (up 4.5 percent) accounted for three-fifths of the total index rise. Commodities other than food, accounting for most of the remainder, increased 2.3 percent, largely as a result of increases in prices of nondurable goods. Food prices increased slightly on the average (0.4 percent), with restaurant meal prices up 5.3 percent, but grocery store food prices down by 1 percent, largely in response to abundant supplies.

Increased charges for medical care services (up 9.3 percent) accounted for 30 percent of the increase in total service costs. Charges for hospital services have been raised over 20 percent in the past year as steadily increasing costs of operation and administration have been passed on to patients. Other services showing significant increases during the year were mortgage interest, real estate taxes, fire insurance, household maintenance and repair, and public transportation.

Nondurable commodities other than food increased 3.1 percent under pressure of higher apparel and gasoline prices. Most other nondurables (including soaps and detergents, newspapers, and cigarettes) also increased in price over the year, but prescriptions and drugs cost somewhat less. Prices of durable goods rose by 1.4 percent mainly because of higher prices for used cars and furniture. New car and appliance prices were lower than a year ago.

Lower prices for eggs, most meats, and many fruits and vegetables caused the cost of groceries to decline over the year. Cold storage holdings of pork were 43 percent above a year ago, and cold storage supplies of beef and veal were 13 percent greater. The largest price declines were 14 percent for bacon, 13 percent for pork sausage, and 12 percent for picnics. Beef and veal prices averaged 3 percent lower. Among fruits and vegetables, the largest declines were 16 percent for grapefruit, 15 percent for fresh orange juice and 13 percent for potatoes. On the other hand, short supplies of lettuce and green peppers caused price advances of 30 and 16 percent, respectively. Abundant supplies of eggs have caused their prices to fall by 17 percent from a year ago, but prices of dairy products have advanced by 6 percent, and cereals and bakery products cost 4 percent more than in May 1966.

Cost-of-Living Adjustments

Approximately 125,000 workers are scheduled to receive hourly pay increases based either on the national Consumer Price Index or individual city indexes for May. About 113,000, mostly in the aircraft industry, will receive a 2-cent increase because of the rise in the national index since February. The other increases will range from 1 cent to 9 cents, representing quarterly, semi-annual, or annual adjustments.

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CONSUMER PRICE INDEX FOR JUNE 1967

The Consumer Price Index rose by 0.3 percent in June, as it did in the preceding 2 months, to 116.0 (1957-59=100). The index has risen in June every year since 1951, at an average rate of 0.3 percent. Higher grocery store food prices accounted for three-fifths of this month's rise, and continued advances in the prices of consumer services accounted for most of the remainder. In the first half of this year, the index increased by 1.1 percent. This was considerably less than the 1.7 percent rise in the first 6 months of last year, but about the same rate as in 1965.

As in 1965, most of the first-half increase this year occurred during the second quarter, while in 1966 the increase was about evenly divided between the two quarters. In 1967, the index rose three times as fast in the second quarter as in the first. Almost half of this acceleration was due to a reversal in the movement of grocery store food prices, which fell by 1 percent in the first quarter. More than a third resulted from a sharp speedup in the rise in durable goods prices (particularly used cars and houses). The rise in prices of nondurable goods other than foods (mainly apparel and gasoline) also picked up in the second quarter, while consumer services' prices continued to advance at their first-quarter rate.

In the past 12 months, the index has advanced 2.7 percent, mainly because of increased prices for services and nondurable goods other than food.

Food

Grocery store food prices rose by 1.3 percent in June, with significant increases in prices of meats, fresh vegetables, fruits, and dairy products. The rise was considerably more than the usual seasonal advance and brought the index for food at home up to its year-ago level for the first time since January. It was still 1.8 percent below its August 1966 peak, however. On the other hand, restaurant meal prices rose throughout the year and in June were 5.1 percent higher than a year ago. As a result, food prices in general were 1.1 percent above their June 1966 levels.

A rise of 9 percent in prices of pork accounted for over half of the advance in grocery store food prices. Higher prices for both pork and beef in June reflected lower slaughter rates and a moderate decline in cold storage holdings. May production of pork was down 9 percent from April. Cold storage holdings of pork and beef dropped 12 and 4 percent respectively in May, but were still considerably higher than a year ago--27 and 36 percent respectively. The greatest price increases in June were for the more popular cuts of meat, such as bacon, pork chops, and steaks. In spite of this month's sharp increase, pork prices are still 4 percent below a year ago; their declines during previous months were major factors in causing lower average meat prices. Poultry prices declined in June, as production in May was up by 18 percent over April. Fish prices also were down, because supplies were seasonally abundant. The current shrimp pack is reported to be the heaviest in recent years and in mid-June was more than double the pack of a year earlier.

Prices of fresh vegetables were 4.8 percent higher in June, as the ill effects of the weather on spring crops continued to be a dominant factor. Higher prices were posted for most items, particularly lettuce, potatoes, and celery, but prices of green peppers and cucumbers were lower. Fresh vegetable prices were 4 percent higher than a year earlier, mainly because of a jump of more than 50 percent in lettuce prices, reflecting extremely short supplies. Prices of potatoes, onions, and carrots were substantially lower than a year ago.

Fresh fruit prices rose by 4.4 percent in June, as supplies of apples dwindled and watermelons returned to market at prices considerably higher than at the end of last season. Grapefruit prices also advanced, as the Florida harvest neared completion. Despite this month's advance, both fresh and processed fruit prices in June were about 7 percent lower than a year ago; supplies of most fruits were more plentiful, resulting in decreases of from 9 to 20 percent for oranges, fresh orange juice, and grapefruit, and 24 percent for frozen orange juice.

Dairy products prices, which usually decline in June, rose by 0.3 percent. Milk production dropped in both May and June, bringing total production for the first half of 1967 down to last year's level. In the past year, prices of all dairy products have advanced; increases ranged from 5 to 8-1/2 percent. These increases reflect a long-term reduction in milk supplies, as dairy farmers go out of business. Egg prices declined for the third month in succession, with high production continuing, and were 12 percent lower than in June 1966. Egg production during the first five months of 1967 was 14 percent above that of the same period last year.

#### Services

Service costs continued to increase in June at about the same monthly rate as they have since the first of the year (0.3 percent). The rate of advance so far in 1967 is somewhat less than that in the first half of 1966, primarily because of decreases in mortgage interest costs. However, it is still considerably above the rates in corresponding periods in the early 1960's. Medical care and household services other than rent each accounted for about one fourth of this month's advance. About half the rise in professional medical fees this month resulted from higher charges by general practitioners for office visits, partly reflecting expansions in office personnel required to administer the various health programs. Hospital service costs continued upward as a result of pay raises for hospital personnel and rising costs of medical supplies. Home maintenance and repair services, real estate taxes, and insurance rates also continued to rise. Mortgage interest rates declined for the sixth consecutive month, as savings, a major source of real estate loans, have recovered substantially. In the first half of 1967, mortgage interest rates have declined 1.7 percent from the levels prevailing during last year's tight money situation. Public transportation charges jumped 1.0 percent in June, as bus fares were increased in several cities.

#### Durable goods

After a 0.5 percent rise in both April and May, the advance in prices of consumer durable goods slowed appreciably in June. Used car prices advanced less than seasonally to a point 3.6 percent above the level of a year earlier. Used car inventories in June were estimated at about 25 selling days supply. This is down some from May but slightly above a year ago. The average monthly increase in used car prices during the first half of 1967 has been about 1.2 percent. This compares with no net change during the same period of 1966.

New car prices averaged 0.1 percent lower in June and were the same as a year ago. The total decrease since the introduction of 1967 models has been 2.5 percent, a larger decline than in most recent years. New car inventories were considerably below a year ago. The early shut down of production lines for 1967 and the current strong demand are expected to result in a low carryover of 1967 models into the 1968 model year.

#### Nondurable goods other than food

Prices of nondurable goods other than food averaged unchanged in June, as slight advances for newspapers, apparel, textile furnishings, and cigarettes were offset by lower prices for fuel oil, gasoline, and drugs. The moderate rise in cigarette prices is a first reflection of advances in manufacturers' prices. All major producers raised prices in a move to restore profit levels and establish more reasonable price differentials between different length cigarettes. Apparel prices were up by 0.1 percent, the same rate of change as in June 1966, but considerably less than the average for the past 5 months. Retail sales of apparel were up 4 percent in June 1967 from a year ago, and second quarter sales were 26 percent higher than in the first quarter of this year. The effects on prices of this pickup in demand and of continuing increases in labor costs were offset to some degree by some early end-of-season clearance sales. The moderate decline in gasoline prices resulted from price wars in Kansas City and Los Angeles.

#### Cost-of-living adjustments

About 75,000 workers are scheduled to receive pay increases based on changes in the national Consumer Price Index through June. The rise in the index since March will bring 2 cents more per hour to about 29,000 workers (including 13,000 employees of the Greyhound Corporation) and 3 cents more to approximately 46,000 (including 36,000 aircraft workers). About 900 truckdrivers in the Chicago area also will receive a 3-cent increase based on the advance in the index since last December.

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Bureau of Labor Statistics  
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## CONSUMER PRICE INDEX FOR JULY 1967

The Consumer Price Index rose by 0.4 percent in July, to 116.5 (1957-59=100), the largest monthly advance since October 1966. As in June, the increase was largely the result of higher prices for food and consumer services. In spite of its recent advance, the index has risen less so far this year than in the first 7 months of 1966--1.6 percent compared with 2.1 percent.

The index stood 2.8 percent above a year earlier in July, showing the same advance as in the July 1965 to July 1966 period. A 4.3 percent rise in charges for services accounted for more than half the increase.

Food

Food prices rose by 0.8 percent in July, less than seasonal, but still enough to raise the food index to a new record level of 116.0 (1957-59=100). (The previous peak was 115.8 in August 1966.) Sharply higher prices for fresh fruits and vegetables (up 6 percent) accounted for nearly three-fifths of the increase.

Fresh fruit prices were up by 7-1/2 percent, mainly because of seasonally low supplies resulting from a delay in the California grape crop and dwindling storage stocks of apples. Apple prices rose seasonally, but grapefruit prices climbed almost 10 percent on a seasonally adjusted basis. Watermelon prices declined less than seasonally even though the harvest reached its peak. Over the year, fresh fruit prices were up only one-half of 1 percent, as lower prices of citrus fruits resulting from last year's bumper crops almost offset higher prices for other fruits, especially grapes which were more than 20 percent higher than in July 1966. The 1967 California grape crop is estimated at 12 percent below 1966 levels.

Fresh vegetable prices rose almost 5 percent in July in response to limited supplies of most vegetables caused by adverse spring weather and reduced summer acreage. Tomato prices advanced 15 percent and lettuce prices 7 percent because shipments of these vegetables were off from the previous month by 60 percent and 15 percent, respectively. Significant price increases also affected celery and potatoes. Compared with July 1966, fresh vegetable prices averaged 8-1/2 percent higher, largely because of increases of 47 percent for lettuce and 15 percent for tomatoes, reflecting sharply lower production.

Despite an 8 percent rise in production, poultry prices advanced by 3.6 percent in July, back to about their February level. The greater than seasonal July advance was attributed to strong demand, partly seasonal and partly in response to higher beef and pork prices. However, poultry prices in July still were more than 7 percent below July 1966 levels.

Beef and pork prices, which are normally major factors in the July food price rise, advanced considerably less than usual. Production and cold storage holdings from the large spring slaughter were reduced in June, but were still ample, while the normally

small summer marketings were larger than usual. These factors coupled with a shift in consumer buying to lower cost meats, chicken, and fish, have tended to ease the upward price pressures. Pork prices were 4-1/2 percent lower than a year ago, with cold storage holdings up by 36 percent. Beef prices have risen by 1 percent during the past year despite larger supplies.

Egg prices, which had declined during the previous three months, advanced less than usual in July following the largest June egg production on record. Heavy demand from commercial processors appears to have strengthened egg prices. Since July 1966 egg prices have declined by 15.7 percent, largely because of a 5 percent increase in the laying flock.

### Services

Charges for consumer services averaged 0.4 percent higher in July. Interest rates on conventional mortgages bounced back almost to their December 1966 levels, in spite of improved availability of mortgage funds. During the past year mortgage interest rates have been an important factor in the increase in service costs. Medical care service charges advanced again in July, with professional medical fees and hospital charges continuing to rise at the rapid rates experienced since early 1966. Hotel and motel rates rose seasonally, and rents continued their steady climb. Water and sewer rates and local transit fares were raised in several cities.

### Durable Goods

Much of the rise of 0.3 percent in prices of durable goods resulted from an advance of 2 percent in used car prices. This increase is considerably greater than is usual for July but is lower than the sharp price jumps in April and May. The diminishing supply of late-model used cars in relation to the continued strong demand is apparently the primary factor in these increases. New car prices, which usually show a decline in July, increased slightly, apparently buoyed up by the small number of 1967 models remaining, relative to the anticipated heavy end-of-year demand. Prices of household durables firmed noticeably in July. Furniture prices rose by 0.2 percent to a level 3-1/2 percent above a year ago. Prices of floor coverings and appliances rose slightly in July, but were at the same levels as a year earlier.

### Nondurable goods other than food

Summer sales sent apparel prices down but not as much as is normal for July. Women's and girls' apparel prices declined more than seasonally as bathing suits, cotton slacks, skirts, and blouses were reduced for clearance. Men's sportswear and tropical and year-round suits were also marked down for special sales, but there were increases for boys' clothing and other year-round apparel. Prices of household textiles were reduced for traditional "white sales." Tobacco prices rose by 1.2 percent as the recent manufacturers' price increases were passed on to the consumer. Gasoline prices, which usually increase in July as summer travel reaches its peak, fell again because some major cities experienced gasoline price wars.

Cost-of-Living Adjustments

Approximately 335,000 workers are scheduled to receive increases in their cost-of-living allowances, based on changes in the national Consumer Price Index or individual city indexes through July. About 265,000, mostly in automobile, automotive parts, farm and construction equipment, and aerospace industries will receive a 3-cent increase because of the rise in the national index since April. Other increases will range from 1 cent to 5 cents, also based on changes since April in city or national indexes.

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Bureau of Labor Statistics  
Washington, D. C. 20212

## CONSUMER PRICE INDEX FOR AUGUST 1967

The Consumer Price Index advanced by 0.3 percent in August to 116.9 (1957-59=100), for a cumulative rise of 1.9 percent so far this year. In the same period last year the index rose 2.5 percent. Only once before in the past 10 years did the index advance in August over July. Higher food prices and service charges each accounted for a third of the August rise while most nonfood commodity prices also showed small advances.

The index in August stood 2.7 percent above a year earlier, but about two-thirds of this advance has occurred in the past 6 months. More than half of the 12-month change was caused by increasing service charges. Grocery store food prices were lower than a year ago in August despite their recent advances.

Food

Grocery store food prices, which have declined in August during 7 out of the last 10 years, increased this August for the second year in succession. A 16.5-percent jump in egg prices coupled with seasonal price advances for meats and higher prices for many fruits more than offset the less than seasonal declines in fresh vegetable prices.

Egg prices, which for several months have been depressed on the retail market by abundant supplies, rebounded to more normal levels in August. They are still 16-1/2 percent below August 1966 levels, as production in the first half of 1967 was 6 percent above the same 1966 period. Meat prices advanced seasonally in August, reflecting the lower rates of production during the summer months, but were still 0.7 percent lower than a year ago. Both production and cold storage holdings of pork were substantially higher than a year earlier, causing pork prices to average 4-1/2 percent lower. Beef prices, however, were 1-1/2 percent higher than a year ago.

Most fresh fruit prices advanced, especially apples, oranges, and grapefruit, as supplies continued to be depleted. Increased harvesting brought a 12-percent drop in prices of grapes. Prices for most fresh vegetables fell, with the greatest declines for lettuce, cucumbers, and green peppers. Tomato and celery prices declined less than seasonally, as adverse weather damaged crops and delayed harvests. Prices of potatoes and carrots increased as shipments dropped substantially from their levels of a month earlier.

Services

Consumer service charges advanced again in August, as services associated with housing and medical care led most other service costs in the upward trend. Mortgage interest costs advanced in response to the continuing high rates offered by competing long-term securities. Real estate tax increases and higher insurance rates coupled with rising costs of house maintenance also contributed to the advances in household service costs. Doctors' and dentists' fees were raised again, but appear to be advancing at slower rates than in late 1966 and early 1967. Hospital room rates

continued their sharp rise, to a level 21 percent above a year ago, while hotels and motels posted seasonally higher rates. Service charges over the past 12 months have advanced 4.6 percent, compared with a 4.3-percent rise between August 1965 and August 1966. Household services and medical services were also the most important factor in the over-the-year change.

#### Nondurables less food

Higher cigarette taxes and the continuing adjustment of retail prices to higher manufacturers' prices were major factors in the August increase of non-durables other than food. Apparel prices edged up by 0.1 percent, with higher prices for shoes and men's and boys' year-round clothing more than offsetting a greater than seasonal decline in women's and girls' summer apparel, particularly bathing suits and cotton skirts and shorts. A rise in prices of toilet goods reflected the introduction of new fall lines of beauty products at higher prices, higher wholesale costs, and the end of special promotional sales. Higher prices for newsprint and rising production costs resulted in an increase in prices of newspapers.

#### Durables

New car prices declined in August somewhat less than seasonally as the model year ended with an unusually strong demand for the apparently limited supply of 1967 models. Used car prices rose again, contrary to the normal pattern for August, as late model used cars continue to be in short supply. Tire prices rose as the inventory of tires made before the introduction of Federal standards has been largely depleted and the new higher wholesale prices were passed on to the consumer. Household durables also advanced slightly despite the fact that August is traditionally a slow sales month, apparently reflecting recent factory price increases for appliances.

#### Cost-of-Living Adjustments

Nearly 170,000 workers will receive pay increases as a result of the rise in the national Consumer Price Index from May to August. For 90,000, mostly in aerospace industries, the increase will be 4 cents an hour. An additional 67,000 workers, also mostly in aerospace industries will receive a 3-cent increase. A 2-cent increase will go to about 11,000 employees largely in chemical industries.

Advances in city indexes over varying periods will bring pay increases ranging from 2 to 7 cents an hour to almost 7,000 workers.

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## CONSUMER PRICE INDEX FOR SEPTEMBER 1967

The Consumer Price Index rose 0.2 percent in September to 117.1 (1957-59=100), the smallest monthly advance since March of this year. A more-than-seasonal rise in apparel prices and further advances in costs of consumer services were largely responsible for the increase. The relatively small magnitude of the increase was due to a larger-than-seasonal decline in food prices and a smaller rate of advance in durable commodity prices than in recent months. Costs of consumer services rose at the same accelerated rate that occurred in August. Prices of nondurable commodities, other than food, again increased sharply. The September advance brought the all items index to 2.6 percent above its year-earlier level and 2.1 percent above December 1966.

The stepped-up rate of price increase which began in the second quarter this year continued through the third quarter. On a seasonally adjusted basis, the advances in prices of foods and durable goods declined from 0.9 and 1.1 percent respectively, in the second quarter, to 0.3 and 1.0 percent in the third. However, price rises for nondurable commodities other than food increased from 0.7 to 1.1 percent. Costs of consumer services rose at about the same rate in both quarters and have been responsible for about half of the total increase in the Consumer Price Index since last September.

Nondurables less food

Apparel prices advanced nearly twice as much as usual for September, reflecting principally the higher prices of new fall and winter lines of women's apparel. Women's and girls' apparel prices rose by 2.1 percent, about double the usual seasonal advance. Prices of skirts, slacks, coats, and wool dresses rose significantly, bringing the total gain in women's and girls' apparel prices since September of last year to 4.5 percent--the sharpest September-to-September rise since 1951. Men's and boys' clothing prices increased somewhat more than seasonally in September to 3.9 percent above their year-earlier levels. Prices were higher for shirts, underwear, topcoats, suits, slacks and work clothing. Footwear prices also rose a little during the month.

Since the beginning of the year, apparel prices, seasonally adjusted, have risen 2.9 percent, slightly more than the first nine months of 1966. Continuing strong consumer demand and the higher costs of materials and wages associated with manufacturing, distribution, and retailing apparel are apparently responsible for the substantial price increases. The high level of consumer demand is evidenced by the volume of retail sales through September, which in current dollars totaled 6 percent above sales in the corresponding 1966 period.

Cigarette prices rose significantly again in September, continuing to reflect the passing on of higher manufacturers' prices, as well as substantial increases in cigarette taxes in some areas. Tobacco product prices increased about 4 percent in the quarter ending in September, for the largest quarterly jump in ten years. Gasoline prices advanced considerably more than usual for September, primarily as a result of the cessation of "price wars" in some areas. Coal prices jumped almost 4 percent in response to increases in wholesale prices.

Household textile prices rose by 1.3 percent, as they returned to "normal" following the traditional August white sales. Higher manufacturers' prices of sheets also contributed to the increase.

### Services

For the second consecutive month costs of consumer services rose 0.4 percent. So far this year, consumer service costs have risen 2.8 percent; higher prices for household services and medical services accounted for about 75 percent of the gain. Household service costs, which have been increasing at an accelerated rate for the past three months, were the most important factor in the September advance, as home maintenance and repair service costs showed their largest monthly gain for 1967. Higher wages paid to skilled workers under new contracts which have recently become effective are at least in part responsible for the present strength in maintenance and repair service costs.

Medical care services registered their largest monthly gain since last March as both professional fees and hospital rates advanced. On the average they were 8.7 percent above their levels of September 1966. Strong demand for medical care services and higher costs of employing professional and technical, as well as custodial personnel, continue to be prime factors in the rise in medical care costs.

Increases also were recorded in September for recreational service fees (including movie admissions, golf and bowling fees, and film developing and printing costs). Rents and property taxes and insurance rates continued to advance, and the increase in mortgage interest costs continued, but at a decreased rate.

### Food

After seasonal adjustment, retail food prices declined 0.2 percent in September. Prices of food at home dropped 0.9 percent, principally because of sharply lower prices for fresh fruits and vegetables, but the persistent rise in prices of restaurant meals and snacks continued. Lower fresh produce prices in September were the result of a return to a more normal marketing situation following delays in harvests due to bad weather. Prices of all fresh vegetables except cucumbers registered price declines. Tomato prices dropped 35 percent (their usual decline for this time of year is 8.5 percent) and decreases among other fresh fruit and vegetable prices ranged from 4 percent for spinach to 17 percent for green peppers. Grape prices fell 34 percent and apple prices declined more than 11 percent as the first marketings of this year's crops took place.

Prices of both eggs and pork, which usually rise in September, averaged lower because of good supplies. Through most of this year, egg production has been running about 6 percent above year earlier levels, reflecting an increase in laying flocks prompted by last year's higher egg prices. Pork production in August was substantially larger than seasonal and was up 22 percent from production in July. The price decline for pork was offset by a rise of 1.2 percent for beef and veal, a reflection of reductions in cold storage holdings.

The September decline brought the total food index to a level only 0.3 percent above last September and the food at home index to a level 1.0 percent below last year. So far this year food prices have advanced 1 percent compared to 4-1/2 percent during the first 9 months of 1966.

### Durables

Retail prices of consumer durable goods rose 0.1 percent in September, the smallest monthly advance since March of this year, as used car prices registered an unusual jump for September, apparently as a result of a shortage of late models.

Prices of 1967 model new cars declined more than seasonally as dealers offered larger concessions to make room for the 1968 models. Furniture prices made an unusually large gain in September as higher priced, new-line items began to reach the retail market. Pressure on furniture prices appears to be coming principally from cost factors. Trade sources cite the higher minimum wage, scarcity of skilled workers, increased costs of distribution and retailing, and higher prices for some raw materials, as major factors in the advance.

Appliance prices also showed strength in September as higher manufacturers prices, announced in early summer, apparently are filtering through to the retail level; most of the large inventories have now been worked off and demand continued strong. Automobile tire prices rose significantly as higher wholesale prices, associated with the recent wage settlement in the tire industry, began to boost retail prices.

Since September 1966 durable goods prices have increased 2.0 percent; used cars were up more than 5 percent, furniture up about 4 percent, tires nearly 3 percent, and new cars up about 2 percent.

#### Cost-of-Living Adjustments

About 85,000 workers will receive pay increases as a result of the rise in the national Consumer Price Index between June and September. For 67,000, including 36,000 aerospace workers and 13,000 employees of the Greyhound Corporation, the increase will be 2 cents an hour. About 2800 chemical workers will receive 1 cent an hour and 14,500 in various industries will receive 3 cents.

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## CONSUMER PRICE INDEX FOR OCTOBER 1967

The Consumer Price Index increased by 0.3 percent in October, to 117.5 (1957-59=100), 2.6 percent higher than last October. The rise over the month resulted from higher prices for all major groups of goods and services except food for home consumption. Higher prices for durable commodities accounted for about one-half of the increase. Consumer services and nondurable goods other than food also advanced.

The overall index gain for the first 10 months this year is 2.4 percent, compared with the 3.2 percent advance registered in the first 10 months of 1966. Food is largely responsible for the smaller rise this year. All items less food increased 2.9 percent, about the same as last year, while food was up only 0.8 percent compared with 4.5 percent last year. The rise in charges for consumer services also has been slower in 1967, with an advance of 3.1 percent against 4.0 percent last year.

Medical care services have advanced at about the same rate (6.7 percent) during the first 10 months of 1967 as during the same period last year; but increases for household, transportation, and other services have been smaller.

On the other hand, the increase of 2.7 percent for commodities other than food is much larger than the 1.8 percent increase in 1966. Nondurables are up somewhat more than last year because of larger advances for apparel and tobacco. Durables have increased 2.5 percent, against last year's advance of 1.1 percent. Used car prices have jumped 10.3 percent, compared with only 2.2 percent last year. New cars are up 2.5 percent, whereas they went down 0.3 percent last year. Household durables (furniture and appliances) have increased less than last year.

Durable goods

Durable goods prices rose 0.9 percent in October, nearly double any previous monthly increase in this group this year. Nearly all durable commodities showed higher prices, but new cars went up sharply, with introduction of the 1968 models accounting for about three-fourths of the group increase. Compared with September, when 1967 models were being sold at the usual large discounts at the end of the model year, October retail prices, representing a predominance of 1968 models, were up by 5.2 percent. The proportion of 1968 models among all new cars sold in October was reduced by the Ford strike, creating market conditions favorable to the sale of all makes of new cars with smaller than usual discounts and trade-in allowances. Retail prices of new cars in October averaged 2.7 percent higher than a year ago. Manufacturers' prices averaged just 2 percent above a year ago, after allowance for net quality improvements in 1968 models. The balance of the retail price advance was accounted for by smaller dealer discounts and trade-in allowances than were offered when 1967 models were introduced, and by higher sales taxes in certain states as well as higher freight charges.

Appliance prices increased in October (as the effects of previously announced wholesale price increases continued to be felt across the board) led by higher prices for washers, dryers, refrigerators, vacuum cleaners, electric heaters, and food waste disposers. Furniture prices were also strong again this month as pressure, primarily from higher production costs, forced prices to a level 3.4 percent above last October. Automobile tire prices were up 1.3 percent in October and 3.8 percent over a year ago, reflecting recent industry wage hikes which are being passed on at the retail level.

### Services

The cost of consumer services continued to advance, increasing 0.3 percent over the September level. The rate of advance has remained relatively constant since the beginning of this year but is somewhat higher than for similar periods in the early 1960's. Medical care and household services accounted for about one-half of the increase in this group. Costs of medical care services again rose in response to higher hospital service costs, particularly nurses' salaries. Home maintenance and repair services, real estate taxes and mortgage interest costs were all higher, as were rent, personal care services and other services.

### Nondurable goods other than food

Nondurables other than food advanced for the fourth consecutive month as apparel prices moved up considerably more than the normal seasonal rise for this period. All apparel categories including footwear were higher, notably women's street and cocktail dresses composed chiefly of man-made fibers, and men's topcoats, suits, and all-purpose coats. Higher wholesale apparel prices, because of increased wages and higher fabric costs especially for finer cotton types, and increased retail operating costs appear to be the major reasons for the price hikes. Another factor is strong consumer demand with personal consumption expenditures in the third quarter of 1967 nearly five percent over the year-ago period, and sales of apparel in the first ten months of this year almost six percent above the average for the like period last year. Cigarette prices were up again as manufacturers' price increases were passed on to the consumer and cigarette taxes were higher in several areas. The index for gasoline and motor oil was down 1 percent as price wars were resumed in some areas and price reductions were noted in a few others; however, these items still averaged 2.5 percent higher than in October 1966.

### Food

Food prices in grocery stores dropped 0.3 percent in October, but the decrease was partially offset by higher prices for food away from home which continued their long steady rise. The overall decline of 0.2 percent in total food prices was slightly less than normal for the month. Decreases were reported in all important food groups except dairy products. A less-than-seasonal decline in meat prices was led by pork, which dropped 1.8 percent in response to seasonally heavier supplies. Beef and veal prices were steady with lower prices for steak and liver offsetting increases for roasts, hamburger, and veal cutlets. Poultry prices, despite reduced rates of production, were 3.7 percent lower than last month as supplies continued heavy and cold storage holdings increased fractionally over September. Fish prices declined 0.2 percent on the average; canned tuna and sardines increased as a result of smaller than normal packs, but these increases were more than offset by lower prices for fresh fish and frozen shrimp.

The decline in fruit and vegetable prices was less than usual for October and was largely attributable to rising supplies of apples and grapefruit as the fall harvest reached the market. Prices were higher for both fresh vegetables and processed fruits and vegetables. Prices climbed sharply for fresh cucumbers, green peppers, and lettuce, reflecting low production; low supplies contributed to price boosts for canned pears, fruit cocktail and canned tomatoes.

Prices of eggs and cereal and bakery products continued the overall downward trend that has been evident for the past year, in response to higher production levels for both eggs and grain, and strong retail competition. Dairy products went counter to the general food price trend and increased 0.5 percent, mainly reflecting

higher prices for fresh milk, as production dropped 1.3 percent below the year-earlier level and about five percent below the average for October. Prices for American cheese and butter also edged up as demand remained strong.

#### Cost-of-Living Adjustments

About 575,000 workers will receive cost-of-living increases as a result of the rise in the October Consumer Price Index. For 380,000 electrical workers, the increase will be 1 percent, based on the change in the index from a year ago. For 100,000 automobile and automotive parts workers, aerospace workers, and metalworkers, the rise will be 2 cents an hour and for 75,000 other aerospace workers, 3 cents an hour, all based on the change in the index since July. Other workers will receive increases ranging from 1 to 7 cents an hour, based on changes in the index for periods varying from a month to a year.

Released December 22, 1967

U.S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
Washington, D. C. 20212

CONSUMER PRICE INDEX FOR NOVEMBER 1967

The Consumer Price Index continued to climb in November, rising 0.3 percent to 117.8 (1957-59=100), for an increase of 2.8 percent since November 1966. Leading the upswing were higher prices for consumer services and nondurable goods other than food, each accounting for nearly half of the rise. The cost of durable goods advanced modestly. These advances were minimized by a less-than-seasonal decline in grocery store food prices.

The 2.7 percent advance in consumer prices that has been registered so far this year is less than the 3.2 percent increase that occurred in the first 11 months of 1966. The slightly lower rate of advance must be attributed largely to food prices which have increased only 0.7 percent this year compared with 3.8 percent in the same 1966 period. Charges for consumer services also rose at a slower rate in 1967, but prices of commodities other than foods increased more rapidly. Since March of this year, prices of durable goods and nondurables less food have each increased an average of 0.4 percent per month in comparison with a 0.3 percent rate for consumer services, about the same rate as the all items index.

Nondurable goods other than food

Nondurables less food moved up 0.6 percent in November, largely on the strength of sharply higher prices for apparel (particularly women's and girls' wear) and gasoline, which accounted for about three-quarters of the increase for this category. So far this year, prices of nondurable goods other than foods have increased 3.4 percent, compared with a 2.7 percent rise in the first 11 months of 1966. With the exception of only two months in each year, the price rise was persistent in both years, more than half the increases occurring in the last 3 months.

Apparel prices were 0.5 percent higher than last month and more than four percent ahead of the year-ago level. Higher wholesale apparel prices, the consequence of increased industrial wages and fabric costs, coupled with strong consumer demand and the largest increase in personal income in two years, seem to be the leading factors contributing to the price rise. Because of consumer demand, retailers are experiencing little difficulty in passing on higher wholesale prices and in many instances are widening profit margins to compensate for increased store operating costs. Women's and girls' apparel prices jumped by 0.7 percent, their largest November increase since the monthly index was begun in 1947, and were 5.3 percent higher than in November 1966. Particularly significant price advances were recorded in November for street dresses, coats, and nylon hose. Men's and boys' clothing advanced by 0.4 percent to a level 3.7 percent above a year ago. Prices were higher for men's topcoats, suits, slacks, sport shirts, jackets, and work clothing. Footwear prices advanced 0.4 percent during the month and were 3.9 percent above year-ago levels.

Cigarette prices continued to advance, reflecting the effects of earlier manufacturers' increases and state and local sales tax boosts. Gasoline and motor oil prices were up 1.0 percent almost entirely because of the end of "price wars" in the Los Angeles area, with relatively minor changes in most other cities. Average prices for gasoline and motor oil are now 2.8 percent higher than a year ago.

## Food

Price fluctuations in foods are dominated to a much greater extent by changes in supply than by changes in demand. This was generally the situation in November as grocery store food prices declined 0.3 percent, mainly in response to large supplies of pork and eggs. On a seasonally adjusted basis, however, prices rose 0.2 percent, largely as a result of higher prices for fresh vegetables, a reflection of weather damage to crops earlier in the year. Prices of tomatoes, lettuce, carrots, green peppers, and celery were substantially higher. An early maturing Florida crop caused cucumber prices to drop. Strong demand for replacement of inventories brought a rise of 1.5 percent for processed fruits and vegetables. Fresh fruit prices dropped 2-1/2 percent with particularly significant decreases for grapefruit, bananas, and grapes. Meat, poultry, and fish prices fell almost 1 percent, as pork and chicken decreased seasonally, reflecting higher rates of production, seasonal marketings, and large cold storage holdings.

Beef and veal prices failed to display their usual seasonal decline, and consumer demand kept retail prices firm despite heavy supplies and lower wholesale prices. Retail fish prices were generally steady although at a relatively high level as supplies remained low. Egg prices were sharply lower as production remained high. Cold storage holdings of eggs were about 5 times greater than year-ago levels and about 50 percent above average for this month.

Over the year, retail prices of food and beverages at home decreased 0.1 percent as a 0.4 percent drop for food was partially counterbalanced by a 2.7 percent increase for alcoholic beverages at home. Prices of pork, poultry and eggs were significantly lower than a year earlier, a reflection of large supplies, while beef and veal and processed fruits and vegetables were markedly higher than a year ago.

## Services

The cost of consumer services rose 0.4 percent in November, a slightly higher rate than the 0.3 percent average since the beginning of the year. In the first 11 months of 1966, services advanced 4.5 percent. The increases in November were particularly large for medical care services, public transportation and recreational services. Rents were up 0.2 percent, mortgage interest charges continued the slow but steady upturn that has been evident since August following a two percent decline between December 1966 and July 1967, and property taxes moved slightly higher.

Medical care services were up 0.5 percent, led by a 1.6 percent rise in hospital services, the result of constantly rising costs for new equipment and more and higher paid personnel, and a 0.4 percent increase in the cost of professional services as doctors' and dentists' fees maintained their steady rise.

An increase in local transit fares in Chicago was the most important factor in the 1.2 percent rise in public transportation costs. Recreational service charges crept upward reflecting higher movie admission fees and seasonally higher bowling rates, as well as persistent increases in the costs of film developing.

Among utilities, a decline of about 0.5 percent in overall telephone charges mirrored the effect of nationwide decreases in long distance telephone rates which took place in November and served to moderate a sharp increase in water and sewer charges and a small advance in average prices for gas and electricity.

## Durable goods

So far this year durable goods prices have advanced by 2.8 percent, compared with a rise of 1.1 percent in the same period of 1966. Although almost one-third of the 1967 rise came in October, there were increases in every month except January, while in 1966

prices either declined or were unchanged in 4 of the first 11 months. New car prices rose less than is customary for November (0.3 percent) and were 2.1 percent higher than a year ago, the effect of higher prices for 1968 models and slightly lower concessions. Used car prices were down slightly due primarily to reductions for late models. Appliance prices averaged 0.9 percent higher than last November but were unchanged this month as higher prices for 1968 models were offset by close-out sales of old model merchandise. Furniture and floor covering prices rose again as manufacturers' price increases were largely passed on to consumers.

#### Cost-of-living adjustments

More than 215,000 workers will receive cost-of-living escalator increases as a result of the November Consumer Price Index. Over half of these (110,000), mostly in aerospace industries, will receive 2 cents an hour based on the change in the index since August. About 85,000 meatpacking workers will receive a 6-cent increase based on the change in the index in the past 6 months. For workers in other industries, increases will range from 1 to 5 cents an hour based on quarterly or semi-annual changes in the index.

Released February 29, 1968

U.S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
Washington, D. C. 20212

CONSUMER PRICE INDEX FOR JANUARY 1968

The Consumer Price Index rose 0.3 percent in January for the fourth month in succession. The increase was the largest for January since 1958. The index, at 118.6 (1957-59=100), was 3.4 percent higher than in January 1967.

Higher prices were reported for all major classes of consumer goods and services except apparel, which declined considerably less than usual for January. The advancing cost of most consumer services accounted for about half of the January rise and most of the remainder was attributed to higher food prices. Among the important contributors to higher prices for services were postage, automobile registration and licensing fees, mortgage interest, and professional medical care. More than two-fifths of the index rise in the past 12 months resulted from increasing charges for services. Prices of nondurable commodities less food have been responsible for about one-fourth of the rise. The remainder of the advance has been ascribed to higher prices for food and durable goods.

Food

Food prices in grocery stores climbed 0.8 percent in January. This advance reflected chiefly lower supplies of fresh fruits and vegetables (which accounted for over four-fifths of the increase), frying chickens, and dairy products. Significantly higher prices were recorded for tomatoes, cucumbers, carrots, and lettuce; increases ranged between 15-1/2 and 36 percent, largely due to poor weather and reduced acreage. Ample supplies of green peppers from Florida and Mexico caused an 11.4 percent decline for this item, and potato prices were also slightly lower. Fresh fruit prices increased slightly. Smaller cold storage holdings drove apple prices up 5.8 percent; oranges, responding to freeze damage in California and the prospect of a reduced crop, advanced 4.1 percent; bananas decreased nearly 10 percent. Continuing tight stock positions for canned fruit cocktail and pears were largely responsible for pushing the prices of processed fruits and vegetables higher.

Beef and veal prices moved moderately higher as production declined, but were offset, on a seasonally adjusted basis, by lower pork prices. Cold storage holdings remained high despite a drop in production.

Poultry prices averaged one percent higher, as increased prices for frying chickens outweighed lower prices for chicken breasts and turkey. Over the year, poultry prices have advanced one percent, due wholly to price increases in the past two months as the rate of chicken production has fallen. Dairy products were up 0.3 percent almost entirely because of higher fresh milk and butter prices as production expanded less than usual. Egg prices declined seasonally.

Services

The cost of consumer services continued its upward trend in January, increasing 0.5 percent over December. The rate of advance, which had been relatively constant during the first two quarters of 1967, has quickened in the past several months. Expenses incident to operating an automobile jumped sharply in a number of cities as liability insurance premiums were increased and some states boosted automobile registration and drivers' permits fees. Housekeeping services were up 2.4 percent from December, primarily because of the increase in first and third class postal rates. Charges for medical care services

continued upward, advancing 0.7 percent mainly on the strength of higher doctors' and dentists' fees and hospital service charges. Home maintenance and repair services, mortgage interest and real estate taxes were all higher, as were rent, hotel and motel charges, and personal care services.

#### Durable goods

Durable goods prices rose 0.2 percent in January as nearly all durable commodities posted increases. Used car prices were up 0.8 percent (3.7 percent, seasonally adjusted) reflecting heavy demand, particularly for older models. New car prices dropped 0.3 percent although on a seasonally adjusted basis they were up 0.4 percent which reflected an advance in manufacturers' suggested retail prices and dealer concessions which were smaller than usual for this time of year. After adjustment for installation of front shoulder belts and other safety changes required on autos sold on and after January 1, 1968, suggested retail prices rose an average of \$11.51.

Most major appliances, especially automatic washing machines, refrigerator-freezers and gas stoves had higher price tags, reflecting the second round of wholesale price increases in the past six months. Television sets, particularly black and white portables, also were higher. Furniture and floor covering prices continued their upward movement as demand remained strong and the effects of higher material, labor, and freight charges were passed on to the consumers.

#### Nondurable goods other than food

Ending of a price war in Los Angeles was the primary factor behind a 1.2 percent rise in gasoline and motor oil in January; the only other noteworthy increase occurred in Wichita. Fuel oil prices were also high as severe weather and accompanying strong demand, coupled with some tightness in supply, resulted in increased prices in practically all cities in which oil is an important heating fuel.

Apparel prices declined 0.8 percent in response to clearance sales, particularly for women's winter clothing. Despite this reduction, apparel prices on a seasonally adjusted basis, were 0.3 percent above the December level which indicated that sale price reductions were not as steep or widespread as in the past. Footwear prices were up 0.2 percent (0.6 percent seasonally adjusted).

#### Cost-of-Living Adjustments

The January Consumer Price Index rise brought pay boosts to more than 615,000 workers. About 450,000 employees in the trucking industry, including general freight, automobile hauling and some tank trucking and cement hauling drivers, received 3-cent increases based on the change in the index since July 1967. Three-cent quarterly increases went to about 100,000 workers in aerospace, automotive parts, and some metal-working firms. Workers in some other industries received increases ranging from one to four cents, based on quarterly or semi-annual changes in the index.

Released March 27, 1968

U.S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
Washington, D. C. 20212

CONSUMER PRICE INDEX FOR FEBRUARY 1968

The Consumer Price Index increased in February for the thirteenth consecutive month rising 0.3 percent to 119.0 (1957-59=100). Higher consumer service costs accounted for nearly half of the rise again this month, and higher prices for food and other nondurable goods were responsible for much of the remaining change. Most durable goods, except new and used cars, advanced modestly.

Principal contributors to higher service costs were medical care, mortgage interest, housekeeping and home maintenance services and auto repairs. Rising prices for fresh fruits, eggs and pork were responsible for most of the increase in food costs. Since February of 1967 the total index has advanced 3.7 percent, the largest over-the-year increase for any February since 1951, when pressures of the Korean conflict drove prices up 9.5 percent. Over the last quarter, prices have risen at an annual rate of nearly four percent.

Services

The cost of consumer services advanced 0.4 percent in February, maintaining about the same pace as the past three quarters. Medical care charges were up 0.6 percent as doctors' and dentists' fees and hospital service charges moved higher. Higher wages and additional personnel are largely responsible for the higher hospital bills. They are also contributing factors to the increase in professional fees as many physicians and dentists find it necessary to increase the salaries of their office staffs. Real estate taxes and insurance were higher and mortgage interest costs, which eased somewhat in the first half of 1967, were raised again in February as they have been in every month since August of 1967. Housekeeping services cost more, partly reflecting the indirect effects of the new minimum wage provisions on domestic workers, and charges for home decorating and repairs also edged higher. Rent increases averaged 0.2 percent in February and 2.0 percent over the past year, since rents started climbing at a rate in excess of that witnessed in the early 1960's. Auto repair and maintenance costs, hotel and motel rentals, and personal care expenses moved up.

Food

Food prices averaged a seasonally adjusted 0.2 percent higher in February. This was the fifth consecutive monthly increase. Grocery store prices were up 0.3 percent, pork, fresh fruits and vegetables, and eggs accounted for much of the increase. Beef and veal prices were unchanged; pork prices, which usually show a seasonal decline in February, rose 1.0 percent (unadjusted) despite increased production. One factor in higher pork prices may have been the threat of the livestock marketing boycott announced by the National Farmers Organization which caused a surge in demand for meat supplies as packers attempted to build up stocks.

Poultry prices declined 0.3 percent (unadjusted) because of special sales on frying chickens and heavy supplies of turkey. Over the year, beef prices have advanced 4.0 percent as a result of strong demand; pork and poultry prices remain below their year-ago levels.

Fresh fruit and vegetable prices declined a seasonally adjusted 1.9 percent, but they were 0.8 percent higher on an unadjusted basis. Lettuce prices fell nearly 36 percent as substantial quantities from California were marketed. Potato, celery, and green pepper prices were also lower over the month; however, carrot prices attained a record high, 76 percent above their level last year as delayed harvests and reduced winter acreage kept supplies very tight.

Higher fresh fruit prices were primarily the result of a 10 percent increase in banana prices as demand remained strong in the face of a reduction in imports. Apple prices were up slightly and oranges were raised 3.1 percent to a point more than 30 percent above last February, in response to the reduction in the 1967-68 crop.

Egg prices staged a contraseasonal advance rising 6.1 percent (4.7 percent unadjusted) as retailers widened profit margins, despite heavy production and large cold storage supplies. Egg prices were still 2.4 percent lower than in February 1967.

Restaurant meal prices, which include a substantial labor component, continued their persistent climb (uninterrupted for more than four years) rising 0.3 percent to a level 4.6 percent above last year.

#### Nondurables less food

Nondurable goods other than food advanced 0.4 percent in February. Prices for all apparel segments rose, but increases for women's clothing had the strongest influence, particularly seasonal apparel items such as spring coats and slacks which were introduced at higher price levels. Shoe prices also were higher, despite declines in leather prices, as production costs climbed in response to wage increases and the rising price of non-leather components.

Textile housefurnishings were up sharply as January white sales ended and retailers attempted to adjust to higher wholesale prices.

Cigarette prices generally were unchanged over the month. Recreational non-durables were higher largely as a result of substantially higher roll film prices. Gasoline and motor oil prices rose when gas wars subsided in California and the Kansas City area.

#### Durables

Both furniture and floor coverings continued upward in February, because demand remained at a high level. Much of the advance reflects wholesale price increases imposed last fall to offset higher material, labor, freight and other production costs. Appliance prices also moved up slightly, although radio and television prices decreased slightly because of the February sales and promotions.

New car prices were seasonally lower in February as a result of minor concession increases but remained 3.6 percent above a year ago. Used cars dropped 1-1/2 percent following sharp increases in January; older models were the primary source of weakness. Prices of used cars were nearly 8-1/2 percent higher than a year ago.

#### Cost-of-Living Adjustments

About 112,000 workers will receive cost-of-living increases based on the February Consumer Price Index. For 102,000, mostly aerospace workers, the increase will be 3 cents based on the rise in the national index over the past quarter. Other workers will receive increases of from 1 to 3 cents based on quarterly or monthly changes in the national index. About 3,400 employees in Battle Creek, Michigan will receive a 3-cent increase because of the quarterly rise in the Detroit index.

Released April 26, 1968

U.S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
Washington, D. C. 20212

CONSUMER PRICE INDEX FOR MARCH 1968

The Consumer Price Index rose 0.4 percent in March, the fourteenth consecutive monthly increase in the index and the largest increase since July 1967. The index, at 119.5 (1957-59=100), was 3.9 percent higher than in March 1967.

Prices of most consumer goods and services were higher. Consumer service prices, which were up 0.6 percent, accounted for nearly half of the total increase for the month. Over the year, rapidly advancing costs of consumer services have been responsible for slightly more than half of the rise in the index. Among the important sectors contributing to the rise in service costs during March were medical care, higher education, and home maintenance and housekeeping services. Apparel prices were also strong with the advent of spring fashions and food prices continued to climb.

Food

Grocery store food prices rose 0.4 percent in March primarily because of higher prices for pork, poultry and fresh fruits. Pork prices rose 1.2 percent reflecting decreased production. Poultry prices also rose in response to lower production, led by frying chicken prices which increased 9.2 percent. Beef and veal prices were unchanged on the average, but fish prices dropped 1.2 percent.

Fresh fruit and vegetable prices moved higher, although most of the advance was confined to fresh fruit. Reduced supplies of apples, bananas, and citrus fruits forced prices up on these items, but the marketing of fresh crops of most vegetables at lower prices had an offsetting effect. Despite the decline in prices of some fresh vegetables this month, most fresh vegetables were substantially higher than a year ago; only potato and asparagus prices were below last year's level. Processed fruit and vegetable prices declined 0.2 percent in March reversing, at least temporarily, the upward trend that began last June. A primary cause of the decline was a 1.8-percent drop in the price of canned green peas, the consequence of a sharply higher stock position. Egg prices, despite heavy supplies, declined only 3.5 percent in March, somewhat less than usual for this time of year, as demand remained at a high level. Dairy products were up 0.2 percent; most of the increase was attributable to higher fresh delivered milk and ice cream prices. The 1-percent rise in ice cream prices reflected a return to "normal" from promotional sale prices in February.

Services

The cost of consumer services continued to rise in March, increasing 0.6 percent to a point 4.6 percent above March 1967. The rate of advance, which had quickened in the last two quarters of 1967, continued to accelerate in the first quarter of 1968. Recent increases in college tuition charges were an important factor in the March increase and medical care costs contributed substantially. A 1.7-percent advance for hospital services was attributable largely to higher personnel and equipment expenses; doctors' and dentists' fees rose 0.6 percent. Personal care services advanced 1 percent, due chiefly to higher rates for beauty shop services, although there also were increases for men's haircuts.

In the homeownership area, property taxes moved up as communities responded to demands for more and better municipal services. Property insurance costs also were higher in March, as carriers attempted to offset losses resulting from poor underwriting experience. Mortgage interest costs were unchanged. Home maintenance services, up 1.0 percent, posted their largest monthly increase since 1964, largely the effect of rising labor costs, although higher material prices reportedly also are becoming an increasingly important factor. Charges for domestic help and other housekeeping services climbed substantially, partially reflecting the effect of the new minimum wage provisions.

#### Nondurable goods other than food

Women's spring and summer apparel, which came on the market at increased price levels, paced the 0.9-percent advance in apparel prices, but prices averaged higher for all kinds of apparel. Wholesale price increases and firm demand were important factors in the retail price advance. Expectations that manufacturers will grant major wage increases in 1968 exerted upward pressure on current price levels; retailers attempted to anticipate wholesale price changes in order to maintain or increase profit margins. Footwear prices too, were higher, reflecting higher wholesale prices, increased retail markups, and strong consumer demand. Textile housefurnishings also were higher (0.6 percent), primarily because of substantial increases in the prices of sheets and bedspreads.

Gasoline and motor oil prices advanced 0.3 percent, as price wars ended in the Los Angeles area and refinery prices exhibited more than seasonal strength. Fuel oil prices rose slightly in response to good demand and a tight supply situation in the Northeast. Tobacco products were moderately higher primarily because of higher State taxes.

#### Durable goods

Durable goods prices were up 0.2 percent in March, largely as a result of strong advances in the furniture and floor covering components. All furniture prices were higher, but outdoor furniture contributed most to the increase as new lawn furniture was placed on sale at high introductory prices. Bedroom and dining room suite prices also moved ahead briskly. In both cases good demand combined with higher shipping, wage, and materials costs were responsible for the higher prices. Wool and nylon carpeting were higher because of the return to presale prices and higher wholesale prices, particularly for nylon broadloom.

New car prices declined 0.2 percent in March, following their usual seasonal pattern, as many dealers increased concessions on new models. Appliance prices continued to climb, advancing 0.3 percent in March. All major appliance prices, with the exception of ranges, were higher despite numerous sales featuring old model merchandise. Partially offsetting these increases, however, were the price declines for home electronics, primarily television and radio sets.

#### Cost-of-living adjustment

Approximately 80,000 workers will receive cost-of-living increases based on the March Consumer Price Index. About 65,000 employees in the aerospace and public transportation industries will receive 3-cent-an-hour increases, based on the change in the index since December. Other workers will receive increases from 1 to 5 cents based on monthly, quarterly, and semiannual changes in the national indexes.

Released May 28, 1968

U.S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
Washington, D. C. 20212

## CONSUMER PRICE INDEX FOR APRIL 1968

The Consumer Price Index continued to climb in April, rising 0.3 percent to 119.9 (1957-59=100), an increase of 4.0 percent since April 1967. Prices were higher for nearly all important items except meats, gasoline, and new cars. Nondurable goods and consumer services led the upswing and together were responsible for more than four-fifths of the increase. Apparel prices continued to advance and food prices rose instead of declining as they usually do in April.

The April increase in consumer prices was at approximately the same rate as that which has prevailed over the past year. During the first quarter of 1968, however, prices had risen more than three times the year-earlier rate. Rising food prices this year, in addition to continuing advances for services, apparel, and some other items, have caused the more rapid climb in the index. At the same time, prices for durable goods also began to move up, after several years of relative stability.

Food

Retail prices of food and beverages at home rose 0.3 percent in April and food away from home was 0.5 percent higher. The advance in grocery store prices was principally the result of higher fruit and vegetable prices. Fresh fruit and vegetable prices were up 2.6 percent to a record high for the month. Fresh vegetable prices were mixed; onions rose 22 percent to their highest index level since April 1948, and lettuce was up nearly 37 percent. Higher prices for these items stemmed from adverse fall and spring growing weather which caused a gap in California lettuce production and a delay in the spring onion crop in Texas. Limited harvests in Florida and declining Mexican imports were responsible for a 14 percent jump in cucumber prices and an 8 percent rise for green peppers. Carrot prices dropped more than 26 percent as supplies from Arizona, California, and Texas came to market, and asparagus prices fell 24 percent, as the California asparagus harvest reached its peak. Most fresh fruits were moderately higher. Oranges were the only exception, declining 3-1/2 percent, as greater supplies of Valencia oranges became available. Overall, fresh fruit and vegetable prices in April averaged about 16 percent higher than those of a year ago. Reduced crop yields, resulting at least in part from adverse weather, were the main cause.

Meat prices declined in April, but the reduction was less than is usual for this time of year. The decline was primarily the result of increased production; strong demand for both beef and pork prevented a larger drop in prices. Seafood prices were slightly higher in April; poultry prices dipped about 2 percent in a reaction to the 11 percent jump in poultry meat production in March. Over the year, beef and veal prices were up 5 percent, pork and poultry nearly 3-1/2 percent. Dairy products rose contraseasonally as the U.S. Department of Agriculture announced an increase in support prices for fluid milk effective April 1.

Services

Charges for consumer services continued their upward trend, but the increase was one of the smallest in recent months. Medical care services posted an advance of 0.5 percent mainly because of a one percent rise in hospital service costs. Increased dental fees, attributed to higher supply, equipment, and office salary costs, contributed most of the 0.4 percent rise in professional services.

Increases in barber and beauty shop charges were responsible for higher personal care costs; higher wages for domestic help and laundry service helped to push housekeeping services to higher levels. Household moving expenses edged up, coincident with the upswing in moving that usually takes place in late spring, to offset higher wage rates for employees. Home maintenance and repair services, mortgage interest, and real estate taxes were higher, as were rent, hotel and motel charges, most utilities, and local transit fares.

#### Nondurable goods other than food

The renewal of gasoline price wars in Los Angeles was the principal cause of a contraseasonal decline of 0.9 percent for this item. Gasoline prices usually go up when the heavy travel season opens. Following their April decline, gasoline and motor oil prices averaged the same as they did a year ago.

Apparel prices continued upward in April to a level nearly five percent higher than a year ago. All apparel categories increased; men's and women's clothing had about equal influence. Men's tropical suits, which were introduced at higher price levels than a year ago, accounted for a major portion of the increase in men's wear. Women's and girls' apparel prices were up, primarily because new spring and summer cotton dresses and blouses were offered at higher price levels. Special sales accounted for minor price reductions for some women's items, such as light weight coats and hose.

Footwear prices also continued their steady rise. Basic reasons for advancing retail apparel prices include higher retail markups, higher wholesale prices, and a booming apparel market reflected in the nearly 19 percent rise in apparel store sales over a year ago. Increases in the price of cotton fabrics are attributable to sharp rises in raw cotton costs in the latter part of 1967 reinforced by strong demand and wage increases at the mills.

#### Durable goods

Durable goods, up 0.3 percent, showed a slightly greater than seasonal advance, principally because of higher used car prices, resulting from solid demand and the decrease in new car production in early April that accrued from labor difficulties and civil disturbances. Since April of last year used car prices have climbed 6.3 percent. New car prices fell 0.3 percent in April, chiefly due to increased concessions offered by dealers.

Appliance prices were slightly higher as increases appeared across the board for all major appliances and home electronics, except tape recorders. Appliance sales have been good in 1968; most items registered gains over the comparable period in 1967.

Furniture prices increased again. Bedroom suits showed the largest increase, but most other types of wood furniture, as well as upholstered furniture, were also higher. Contributing to higher furniture prices were strong demand and higher material, labor, and transportation costs.

#### Cost-of-living adjustment

Approximately 115,000 workers will receive increases in their cost-of-living allowances as a result of the national and city Consumer Price Indexes for April. About 65,000 aerospace employees will receive 3 cents an hour increases based on the change in the national index since January. Most of the remaining increases will range from 1 cent to 6 cents, and will represent monthly, quarterly, and semi-annual adjustments. About 4,200 employees in the home appliance industry will receive an annual increase of 1.75 percent.

Released June 28, 1968

U.S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
Washington, D. C. 20212

CONSUMER PRICE INDEX FOR MAY 1968

The Consumer Price Index rose for the sixteenth consecutive month in May, advancing 0.3 percent to 120.3 (1957-59=100), 4.1 percent above its May 1967 level.

Prices of most consumer goods and services were higher. Costs of apparel led the increase, and with food, accounted for more than half of the total increase for the month. Charges for consumer services also continued to advance at a rapid pace. Over the year, nondurable commodities and services have contributed about 47 percent and 40 percent respectively to the overall increase. Durable good prices, although rising slowly, have maintained a greater degree of price stability than other major components of the index.

Food

Grocery store food prices were 0.4 percent higher in May, mainly because of higher prices for milk and fresh fruits and vegetables. Meats, poultry, and fish prices also averaged higher, but egg prices fell nearly 9 percent. Restaurant meal prices, which have moved up steadily for more than four years, rose 0.5 percent to a level 5 percent over a year ago.

The rise in dairy products was partly a reaction to the April 1 increase in the support price for manufacturing grade fluid milk. Fresh whole milk purchased both in grocery stores and for home delivery gained substantially. Prices for skim milk, a relatively low volume item, were even stronger as retailers apparently widened their margins to take advantage of its increasing popularity. Only ice cream prices declined, reflecting widespread sales promotion programs.

Fruits and vegetables were up 1.9 percent, almost entirely because of higher prices for fresh produce. Tight supplies due to shrinking storage holdings, reduced imports of bananas, and a small 1967-68 citrus crop resulted in a marked increase for fresh fruits. Only strawberries, off 11.4 percent as a result of rapidly rising production, declined. Fresh vegetables posted a net advance, but movements were mixed. Prices for lettuce and cucumbers declined sharply as the California, New Mexico and Florida crops came in, but these reductions were more than offset by the higher prices for potatoes, resulting from the small late spring potato crop, and higher prices of tomatoes and green peppers, due to weather damage to the California and Florida crops.

Meats, poultry and fish prices averaged 0.3 percent higher over the month. Better cuts of beef showed strength as demand continued at a high level. Prices of most pork cuts were lower, but sharp gains for bacon and sausage resulted in a net advance for pork of 0.4 percent. Poultry prices declined because of a planned reduction in the production of broilers and fryers. Egg prices were down 8.7 percent due to unusually heavy spring production. They are now 0.5 percent below the May 1967 level and at their lowest index level for this month since 1959.

Services

Consumer services rose 0.4 percent in May, about the same rate maintained during 1967 but slightly below the rate registered in the first quarter of 1968. Nearly

all services were higher; personal care, medical care, property taxes and mortgage interest charges showed significant gains.

The cost of medical care services rose 0.5 percent in continuation of their persistent climb. Higher salaries of office staff, increased overhead costs, and higher medical supply costs contributed to a rise for professional fees. Hospital service costs rose substantially higher than a year ago.

Personal care charges rose 0.7 percent mostly because of higher charges for men's haircuts, but beauty shop charges also averaged higher. Hotel and motel room rates increased, partly to cover the upward drift of operating expenses and partly because of the increasing demand for accommodations as the vacation season approaches. Recreational services, particularly golf greens fees, were higher too.

Real estate taxes moved sharply higher in several cities and mortgage interest charges rose in response to continued strong competition from the bond market and to increases in mortgage rate ceilings in a number of states.

Gas and electricity bills generally were unchanged, as were water and sewerage service charges, but telephone service registered a small gain. Residential rents continued to climb slowly and home maintenance services advanced moderately, primarily because of increased wage rates in union building trades.

#### Nondurables other than food

Prices of nondurable goods except food advanced 0.5 percent in May. Higher price tags for women's and girls' summer wear such as cotton dresses, shorts and bathing suits, led the 0.9 percent advance in the apparel sector, but nearly all clothing items and footwear were higher. Over the year, rising prices of apparel commodities have been an important factor in advancing nondurables prices; they accounted for over half of the total change. Very high levels of consumer demand have enabled some retailers to increase profit margins.

Gasoline price changes were largely offsetting, but motor oil prices were higher in several areas, as the long term uptrend for this item continued. Fuel oil staged a contraseasonal increase, as normal seasonal discounts either were not being granted or were less than those of previous years. Textile housefurnishings declined moderately following traditional May white sales for sheets, pillows and bedspreads, but higher prices for slipcovers, curtains and drapery fabrics partially offset the decline.

#### Durables

New car prices were unchanged as sales were at a record level in May. Used cars rose 0.3 percent reflecting strong demand for good, late model cars.

Furniture prices were 0.4 percent higher than in April. Almost all furniture items were more expensive, but bedroom suites and dining room furniture led the list. Increased costs of production, coupled with strong demand, have exerted a continuous upward pressure on prices. Floor coverings were up as increases for nylon carpeting offset small reductions for wool broadloom carpeting.

Higher prices for sporting goods, especially seasonal items, were behind most of the increase in recreational durables although small declines occurred in prices of

color television sets and table model radios, probably in anticipation of introduction of new models in June. Appliance prices held steady in general. Decreases for refrigerators, ranges, dryers, and vacuum cleaners were balanced by higher prices for washing machines and air conditioners. Increased material costs, particularly copper, were cited as the determining factor in these rises.

#### Cost-of-Living Adjustment

More than 210,000 workers will receive hourly pay increases based either on the national Consumer Price Index or individual city indexes for May. About 110,000, mostly aerospace workers, will receive 3-cent increases because of the rise in the national index since February. Some 75,000 employees of the meatpacking industry will receive 6-cent adjustments based on the national increase over the past 6 months. Other increases, representing quarterly, semi-annual or annual changes at national or city levels, will range from 1 cent to 6 cents.

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U.S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
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CONSUMER PRICE INDEX FOR JUNE 1968

The Consumer Price Index rose 0.5 percent in June, the largest monthly increase since February 1966. This is considerably larger than the average 0.3 percent rise from May to June since 1951. Higher service costs, primarily mortgage interest charges, accounted for about half of this month's rise, but most commodities also increased.

Grocery store food prices rose, but at a slower pace than in recent months, as fresh fruit and vegetable prices dropped contraseasonally in June. Nondurables less food continued their steady climb, with some easing in the rate of advance of apparel prices. Over the year, the all items index has risen 4.2 percent, advancing services prices being responsible for about 40 percent of the rise and higher food prices accounting for about 20 percent.

The index climbed 2.3 percent in the first half of this year, more than twice as much as in the first half of 1967, and considerably more than the 1.7 percent increase during the first 6 months of 1966. Unlike 1967, however, when most of the first half increase took place in the second quarter, this year's first half increase has been about evenly divided between the two quarters.

Food

Retail prices of food at home rose 0.2 percent in June, somewhat less than usual, and food away from home was 0.4 percent higher. The smaller-than-usual advance in grocery store prices was principally the result of a 0.7 percent contraseasonal decline in fresh fruits and vegetables. Nearly all fresh vegetables were lower, especially tomatoes, cucumbers, green peppers and cabbage, as heavy supplies reached market after earlier delays caused by unfavorable spring weather. Potato prices were sharply higher, however, as supplies dwindled; celery and spinach also gained. Fresh fruit price changes were mixed; bananas and oranges were lower as supplies expanded, but watermelons were introduced at prices substantially higher than last year as production ran below the year-ago level. Most other fresh fruits were moderately higher; apples rose almost 9 percent, a reflection of last year's low production and dwindling cold storage holdings. Since last June, fruit and vegetable prices as a whole have gone up an average of 8.4 percent and accounted for close to half of the increase for food at home.

A contraseasonal decline in pork prices due to a heavy accumulation of supplies in May, held down the increase (0.2 percent) in meat, poultry and fish. Most cuts of beef and veal averaged higher, and poultry prices, responding to production cutbacks during the first quarter, rose 0.5 percent. Over the year, poultry prices were up 5.2 percent and beef and veal prices 4.1 percent, more than offsetting the 4.2 percent decline for pork. Dairy products, in a further reaction to the April 1 increase in milk support prices, climbed 0.6 percent. Strong demand pushed eggs up 2.4 percent, to a level 7.0 percent above last year's unusually low prices.

### Services

Service costs, which had slowed perceptibly in April and May, resumed their accelerated upward trend, advancing 0.7 percent in June. The recent increase in the interest rate ceiling on VA-guaranteed home loans and substantial rate increases for conventional mortgages were instrumental in raising mortgage interest charges nearly 4 percent. Property taxes continued their long-term upswing and home insurance rates moved ahead as rates were increased in a number of areas, due chiefly to the continuing threat of losses arising from civil disorders. Higher wage rates were largely responsible for a 1.0 percent rise in home decoration and repair charges. Rents continued very firm, advancing 0.3 percent in June. Higher operating costs appear to be the primary cause of rent hikes, but at least a part of the uptrend is attributable to a growing housing shortage due to underbuilding in past months.

Medical care services posted a 0.3 percent rise, principally because of higher physicians' fees, but the March-to-June increase of 1.2 percent was the smallest quarterly gain for this group since the fourth quarter of 1965.

Increases in barber and beauty shop services were partly responsible for higher personal care costs, and charges for domestic help and other housekeeping services climbed substantially. Auto repair and maintenance and hotel and motel charges were higher, as were most recreational fees, and taxi, bus and air fares.

### Nondurable goods less food

Prices of nondurable goods other than food were up 0.4 percent, apparel, cigarettes, gasoline and motor oil accounting for nearly four-fifths of the increase. Women's clothing had the most significant effect on the apparel category with prices for almost every item rising. Higher prices were recorded also for men's suits, slacks and business shirts, and for footwear and accessories. The causes of the increases center primarily on rising operational, labor, and wholesale costs, coupled with strong demand. The substantial June increase in gasoline and motor oil prices was largely the result of the return to "normal" price levels in Los Angeles and Kansas City following price wars. Cigarette prices increased significantly due to higher State taxes in New York and New Jersey.

### Durables

Durable goods rose 0.5 percent even though new car prices dipped 0.2 percent (less than usual for June) as dealers offered larger concessions. Apprehension that new model cars will be introduced at higher prices in the fall may be at least partially behind the very brisk sales performance exhibited by new cars in the second quarter of this year.

Furniture and floor covering prices increased again. Most furniture items moved higher, as recent wholesale increases trickled through to the retail level; increased fiber and wage costs contributed to firm carpeting prices.

Household appliances, including radio and TV, were unchanged in June. Black-and-white television sets continued to show surprising strength while smaller gains were posted by color television sets and portable radios.

Cost-of-Living Adjustments

Approximately 45,000 workers will receive cost-of-living increases based on either the National Consumer Price Index or city indexes for June. As a result of the rise in the National index since March, about 34,000 employees in manufacturing and transportation industries are scheduled to receive raises of 2 to 4 cents an hour. An additional 5,000 will receive 2-cent increases based on the index advance since last December. Adjustments to be made on the basis of city indexes apply mostly to local transit and printing workers and will vary in size.

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CONSUMER PRICE INDEX FOR JULY 1968

The Consumer Price Index went up 0.5 percent in July, the same as in June, to 121.5 (1957-59=100), for an increase of 4.3 percent since July 1967. Leading the upswing were higher prices for consumer services and food, consumer services accounting for more than half of the rise and food contributing about one-third. The cost of durable goods advanced modestly, as did nondurables other than food. Apparel prices declined less than usual for July and provided only a partial offset to increases in other sectors.

Prices advanced half again as much in the first seven months of 1968 as they did in the same period of 1967. This more rapid rate of increase must be attributed largely to the cost of consumer services which advanced 3.7 percent compared with 2.0 percent in the first seven months of 1967. Similar comparisons for commodities show food up 3.3 percent vs. 1.0 percent; other nondurables 2.1 percent vs. 1.3 percent, and durables 1.4 percent, only slightly more than during the same period of last year.

Food

Grocery store food prices rose 0.8 percent in July, less than usual for the month, and restaurant meals were up 0.5 percent. Fruits, vegetables, meats, poultry and dairy products showed less-than-seasonal increases. Seasonally adjusted, fruits and vegetables averaged 1.7 percent lower largely because of price reductions for watermelons, green peppers, cucumbers and onions as peak harvest periods were reached in many areas. Supplies of potatoes, lettuce, carrots and celery were in temporarily tight supply due to unfavorable harvesting weather and some gaps in production which resulted in larger than usual price rises for these items.

Pork prices failed to show their usual seasonal strength because of heavy cold storage holdings. Beef and veal were relatively stable on the average, but frankfurters were off 1.7 percent as a result of sales promotions. Poultry prices rose fractionally despite large storage holdings; but over the year reduced production has resulted in a 1.7 percent increase.

Dairy products posted a relatively small increase of 0.1 percent in July and on a seasonally adjusted basis fell 0.3 percent. The easing in dairy products prices is partially a reflection of a flattening-out of seasonal swings in milk production. Poor monetary return on dairying in recent years has forced out many marginal producers and the April 1 support price increase has encouraged other producers to increase production. Over the year, dairy products have increased 4.0 percent, primarily because of higher fresh milk prices.

Services

Charges for consumer services rose 0.7 percent in July, significantly more than the average for earlier months this year. The increases in July were particularly large for mortgage interest and medical care services. Rents were raised 0.2 percent, and motel and hotel rates were up 0.9 percent as the peak vacation season approached.

After a 4½ percent climb in July, mortgage interest charges were nearly 14 percent above a year ago, just before the recent sharp uptrend began. The recent increase in the interest rate ceiling on FHA insured loans as well as advancing interest rates on conventionally financed mortgages were reflected in the July index. Most other services

associated with homeownership were also higher, particularly property taxes and insurance and charges for home decoration and repair.

Medical care service costs, which had shown some signs of easing in the last quarter, resumed their rapid climb with a 0.7 percent advance. Charges for hospital services led the increase, mainly because of higher salaries for hospital personnel; there were also some increases in hospital supply costs. Dentists' fees moved ahead firmly to cover advancing overhead and dental supply costs, and physicians' fees also edged higher.

Charges for most housekeeping services have been advancing steadily for some time, largely because of difficulty in hiring domestic workers. Charges for barber and beauty shop services, most recreational facilities, laundry, dry cleaning, and automobile repairs also were raised in July.

#### Nondurable goods less food

Although apparel prices declined slightly in July, higher prices for tobacco products, alcoholic beverages, and many other nondurable commodities caused an advance of 0.1 percent in the index for nondurables less food.

Apparel and upkeep showed a smaller than usual 0.2 percent decline in July, primarily the result of clearance sales for women's apparel. Men's and boys' wear held firm. Footwear prices responded to very strong demand and advanced contraseasonally; price increases for children's shoes lead the list.

Gasoline and motor oil prices were unchanged on the average as lower prices in some cities were offset by gains in others. Fuel oil and coal rose 0.3 percent, due chiefly to higher fuel oil prices. Suppliers still have not offered their usual summer discounts on fuel oil, and prices are now close to 4.0 percent above those of a year ago.

Alcoholic beverages, primarily beer, advanced significantly in July, and both cigarettes and cigars were more expensive because of higher state tobacco taxes.

#### Durables

Durables were up 0.2 percent in July as most items continued their rather moderate advance. New car prices declined 0.3 percent, as dealers offered larger price concessions to clear out end-of-year inventories and make room for 1969 models. On the other hand, most other durable goods were higher. With the exception of end-of-season close-out sales on lawn chairs, higher prices were reported for all furniture items, reflecting rising lumber, fabric, freight, and labor costs. Prices went up for all major appliances, mainly because of increases at the wholesale level. Higher prices for black and white television sets and table radios balanced lower prices for color television sets and portable radios.

#### Cost-of-Living Adjustments

About a million workers will receive pay increases based on the national and city indexes for July. The majority of those affected, about 800,000, are employed in the automobile, automotive parts, and farm and construction equipment industries. These workers will receive an added 8 cents per hour, the maximum permitted, in the first annual adjustment under their 3-year contracts negotiated in 1967 and 1968. Another 100,000 workers employed in the aerospace industry will receive a 4-cent increase based on the rise in the national index since April. Increases for the balance of about 100,000 will range from 1 cent to 6 cents.

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Bureau of Labor Statistics  
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## CONSUMER PRICE INDEX FOR AUGUST 1968

The Consumer Price Index rose 0.3 percent in August, to 121.9 (1957-59=100). This rise was less than the 0.5 percent increases for each of the preceding 2 months, and about equal to the average for earlier months this year. The August increase resulted mainly from continuing advances in service charges and contraseasonally higher prices for nondurable commodities. The slowdown in the rise from the previous 2 months is attributable primarily to the decreased rate of advance for household services, medical care services, and durable goods. The index has risen 4.3 percent over the past year.

Since August 1967, service charges have accounted for nearly half of the increase in consumer prices, particularly those associated with housing. Food prices have been responsible for less than one-fifth of the index advance. The all-items index has gone up 3.1 percent since the beginning of the year, compared with a rise of 1.9 percent during the first 8 months of 1967.

Services

Service charges went up 0.4 percent in August, a much slower increase than the 0.7 percent recorded in both June and July. Most service charge increases dropped off substantially from the previous 2 months, particularly mortgage interest rates. Nevertheless, services average more than 5½ percent higher than a year ago.

Although mortgage interest charges continued to rise, mainly as the result of a higher legal limit on interest rates in New York, the rate of advance was significantly slower than in June or July. Other service charges connected with the ownership and maintenance of a home also increased at slower rates. Residential property taxes and insurance rose 0.6 percent in August compared with 0.8 percent in both of the preceding 2 months. Increased union wage rates in the building trades during the second quarter of this year were reflected in the upward movement in the costs of home maintenance and repairs, particularly for painting, plumbing, and heating services; the sharpest increase, 1 percent, was recorded in June, nearly twice that for August. Meanwhile, house and apartment rents continued to advance at the highest rate in nearly 14 years.

Medical care services rose 0.3 percent, and resumed their relatively slower rate of increase after a sharp spurt in July. Increases for hospital services and related charges were a third of their July rate. Professional medical and dental fees continued their steady uptrend.

Both recreational and transportation service charges were higher in August, but the rate of increase over July was more rapid for the former, and was cut in half for the latter. Higher admission charges at drive-in movies were one of the major factors in the 0.6 percent advance in recreational service costs, and piano lessons cost more as teachers' salaries were increased. Rising costs of parts and labor resulted in increased auto repair service charges.

Nondurables less food

Nondurables other than food rose contraseasonally in August largely because of higher prices for apparel and gasoline. The increase accounted for nearly 30 percent of the total advance in the August price level. Apparel prices advanced 0.5 percent; men's and boys' clothing were up sharply to a level nearly 6 percent higher than in August 1967. Advancing wholesale prices for wool fabrics and higher costs at all levels were reflected

in the higher prices for men's tailored clothing, especially suits. Footwear prices jumped 0.8 percent on the basis of continued strong demand and retailers' anticipation of further wholesale price increases.

In contrast, women's and girls' apparel prices rose only fractionally as across-the-board increases in most year-round items such as dresses, and lingerie and foundation garments just barely offset sharp reductions in warm weather seasonal items such as bathing suits, women's cotton dresses and shorts. Brisk demand for girls' back-to-school apparel enabled retailers to charge substantially higher prices than last season.

Widespread price increases were reported for gasoline despite a drop in refinery prices. Prices of soaps and detergents, primarily solid detergents, rose sharply. Toilet goods prices also advanced, and cigarettes cost more because of higher state and local sales taxes. On the other hand, textile housefurnishings dropped seasonally because of traditional August "white sales."

### Food

Although they have declined in August in 7 of the last 11 years, food prices went up this year for the third year in a row. The increase averaged 0.4 percent and accounted for one quarter of this month's rise in the overall index, twice the rate for June, but less than the July rate. Strong demand and short supplies forced many prices up contraseasonally and held others at higher levels than usual. August marked the ninth consecutive monthly rise in food prices; food prices were nearly  $3\frac{1}{2}$  percent higher than August 1967 levels. Despite increases in production, prices of meat and poultry moved up more than expected, due to lower cold storage holdings and some widening of retail margins. Frying chicken and hamburger prices rose contraseasonally; pork products, although advancing less than expected, nevertheless contributed significantly to the over-the-month rise. Egg prices, up 11.5 percent, nearly twice the July increase, advanced more than usual when hot weather affected the quantity and quality of available supplies. Most cereals and bakery products (except flour) cost more, due to increased labor and packaging materials costs; ice cream prices rose sharply because sales promotions ended in many cities and fresh milk averaged higher in response to the seasonal contraction in supplies.

On the average, fresh fruit and vegetable prices declined 5.1 percent, almost 3 percent less than their usual seasonal drop. Fresh vegetables showed more-than-seasonal declines, but apple prices rose contraseasonally, as supplies diminished due to the small summer crop in Eastern and Midwestern areas. Oranges advanced sharply, as a result of a nearly 50 percent drop in marketable supplies compared with last year, and short supplies brought less than seasonal price reductions for tomatoes and watermelon.

### Durables

Lower prices for new cars (down 0.7 percent) held the August rise in durable goods to a modest 0.1 percent as the rate of price increases tapered off for most other durables.

Appliances prices edged up again in August, at half of the July rate, in the wake of widespread factory price increases. Particularly strong demand was reported for air conditioners during the hot weather, but prices were firm for most other large appliances (except refrigerator-freezers) despite a slowdown in sales.

Continuing shortages of skilled labor in the industry helped push furniture prices slightly higher to equal the July rise, despite scattered August sales. Furniture prices were  $5\frac{1}{2}$  percent higher than August 1967 levels, as production costs continue their upturn.

### Cost-of-Living Adjustments

About 100,000 workers will receive pay increases based on the August Consumer Price Index. For approximately 80,000 employees in aerospace industries the advances will range from 1 to 4 cents an hour as a result of changes in the national index over varying periods of time. Other increases based on the national or various city indexes will range up to 8 cents an hour.

### Preliminary Report on Prices of New Passenger Cars

Suggested retail prices of 1969 models of U.S.-made passenger cars averaged approximately \$40, or 1.2 percent, higher than prices of comparable 1968 models after allowance for net quality improvements. The Bureau of Labor Statistics, in consultation with other agencies, arrived at this figure after a detailed evaluation of all significant changes made in the 1969 models, including reductions in warranties. Final results of the evaluation will be reflected in the official price indexes for October, to be reported late in November.

For new cars, as for all other products, the Bureau of Labor Statistic allows for changes in quality (both improvement and deterioration) before determining the amount of actual change in prices. Quality in an automobile is measured for safety, reliability, performance, durability, economy of operation, carrying capacity, maneuverability, comfort, and convenience. The Bureau of Labor Statistics makes no allowance for style or changes in appearance designed solely to make the car look new or different, although these attributes may appeal to many customers. If improvements in the quality of a product are equal to the increase in quoted prices, the official price indexes would show no change.

Suggested retail prices of 1969 models of new passenger cars, including popular optional equipment, actually were raised an average of \$41 over comparable 1968 models. This average does not reflect the somewhat larger increases on stationwagons or the higher-priced "top-of-the-line" and special cars. It is confined to medium-and lower-priced cars representing about two-thirds of total automobile sales. The average also includes changes in prices of popular optional equipment. Some prices of optional items were actually reduced and most others were raised less than on basic cars.

The Bureau has found that \$24 of the \$41 increase can be accounted for by net quality improvements in the new models. However, nearly all of this allowance is balanced off by a reduction in general warranties valued by the Bureau at \$23. After adjustment for these offsetting changes, the adjusted price increase works out to \$40.

A breakdown of the quality changes shows \$4 for changes made in response to new or modified Federal Safety Standards. This amount includes several changes required on all cars produced and sold after January 1, 1969, such as improved defrosters, windshield wipers, and side marker lights. It does not include head restraints, which are optional at extra cost on most models until January 1.

A second class of improvements on 1969 models involves other safety changes made in anticipation of future requirements, or deemed by manufacturers to be desirable for safety purposes, even though not required by any present or contemplated standard. The average value of such changes is \$10. Included are items such as improved theft protection, structural changes designed to protect passengers from injury in a collision, and more reliable brakes.

Finally, 1969 models contain other significant changes aside from safety features. A balancing of both improvements and deterioration in non-safety quality features this year results in a net improvement. The value of net improvements, outside of those related to safety, is found to be \$10. It includes changes such as engine improvements for greater reliability and durability, better ventilation systems, and more durable interior trim.

A significant loss in value to consumers is the reduction in general warranties on 1969 models. On 1968 models, general warranties extended to 24 months or 24,000 miles, but they have been reduced to 12 months or 12,000 miles on 1969 models. This change is valued at \$23, and offsets quality improvements, in the Bureau's evaluation.

This evaluation is based on information for 15 models of new passenger cars selected to represent all passenger cars, except luxury cars and station wagons, produced in this country by U.S. manufacturers. Imported cars are excluded from this preliminary evaluation, although they are represented in the official price indexes.

Detailed data supplied by automobile manufacturers and other sources on all significant changes in 1969 models from comparable 1968 models, including their effects on production costs, have been taken into account. Although the Bureau of Labor Statistics has consulted with the National Highway Safety Bureau of the U.S. Department of Transportation, and other agencies, the Bureau is solely responsible for the results of its evaluation.

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CONSUMER PRICE INDEX FOR SEPTEMBER 1968

The Consumer Price Index rose 0.2 percent in September to 122.2 (1957-59=100). The increase was the smallest recorded since September 1967 and follows the slowdown noted in August which was attributed mainly to decreased growth rates in mortgage interest charges and durable goods prices. The principal causes of the increase for September were higher apparel prices and service charges. Food prices dropped for the first time since November 1967 and prices of 1968 model cars were off slightly. Over the past year the index has risen 4.4 percent, propelled almost equally by advancing service charges and nondurable commodities prices. Food has contributed a fifth of the annual rise and durables about one-tenth.

Nondurables less food

Prices of nondurables other than food continued to advance in September. After a contraseasonal upswing in August, the index rose more than normally expected in September. Greater than seasonal increases were posted in prices of apparel commodities; they accounted for about 60 percent of the advance for all items. The advances for apparel occurred in a strong retail market as increased wholesale costs of woolen, worsted, and synthetic fabrics for clothing and of leather for footwear were passed on to the consumer. Higher wage costs at all levels were another underlying factor in the advance.

The women's and girls' apparel index jumped 2.3 percent in September, the largest August to September increase since 1962; it brought the index to 6.7 percent higher than a year earlier. Prices for fall and winter coats, skirts, and dresses were substantially higher than those prevailing on comparable clothes before last year's clearance sales. For example, women's street dresses were over 9 percent higher than last September. Men's and boys' clothing prices also advanced, primarily because of increases for tailored clothing. Footwear prices increased another 0.8 percent, equal to last month's rise.

Increased state sales taxes were responsible again this month for a rise in tobacco products prices. Increases for textile housefurnishings reflected returns to normal levels after traditional August "white sales," as well as strong demand for bedspreads, pillows, curtains, and drapery fabric. Increases also were recorded for over-the-counter drug items.

The only significant decline in September was for gasoline and motor oil prices which dropped 0.7 percent, seasonally adjusted. Generally widespread increases for gasoline were outweighed by sharply competitive price decreases in the Los Angeles and Kansas City areas.

Services

Service prices rose 0.4 percent in September, the same as in August, to a level nearly 6 percent higher than last year. Higher physicians' fees and increased hospital service charges were responsible for the acceleration of the medical care services index to a level 0.7 percent higher than August and nearly 7 percent higher than a year ago.

Rents, up 0.3 percent, continued their persistent rise. Increases were spread throughout the country; the scarcity of multifamily rental units and the slow rate of home building, together with higher maintenance costs, taxes, and insurance, were responsible for the increases. Higher costs of operation have resulted in higher hotel and motel room

rates. Because of a significant moderation in the rate of advance for mortgage interest, homeownership costs were up only 0.2 percent in September compared with 0.8 percent in August and 1.3 percent in July. Residential property taxes rose as reassessments and rate increases were reported in several cities; homeowners' insurance rates also increased. Home maintenance services advanced at nearly twice the August rate, in response to earlier wage increases and wholesale price rises for materials.

Other services have continued to advance steadily. Auto repairs rose in September, as persistently increasing parts and labor costs have pushed prices to a record level. Auto insurance rates and parking fees continued to advance. Barbers have raised the prices of haircuts because of higher union rates and supply costs. Bowling fees and movie admissions also advanced.

### Food

In spite of the continuing rise in restaurant prices, food prices on the average were slightly lower this month, on the strength of a 7 percent decline in prices of fresh fruits and vegetables. Despite sharply reduced prices on seasonally abundant apples, potatoes, grapes, tomatoes, and cucumbers, the average prices of fruits and vegetables fell less than usual for September. Meat prices rose less than usual in September, pork prices fell as supplies were increased, and beef and veal prices increased only slightly. Shoppers paid over 10 percent more for eggs as production and cold storage holdings declined. Prepared and partially prepared foods averaged higher, because of rising labor and packaging costs.

### Durables

Prices for the last of the 1968-model new cars dropped 0.7 percent, only about half the usual September decrease. Prices for household durables increased much more rapidly than they had in August. Furniture prices rose markedly as prices for the fall selling season advanced in response to last spring's factory increases. Strong replacement demand and increased wholesale prices, combined with the usual seasonal demand, pushed up appliance prices. A small increase was noted for floor coverings as wool broadloom prices firmed.

### Cost-of-Living Adjustments

About 19,000 workers will receive pay adjustments as the result of increases in the national and city indexes for September. About 10,000 will receive a 3-cent-an-hour pay raise based on the advance in the national index since June. Other increases will range from 2 to 7 cents:

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CONSUMER PRICE INDEX FOR OCTOBER 1968

The Consumer Price Index rose 0.6 percent to 122.9 (1957-59=100) in October for the largest monthly increase in any month since September 1962 and the largest October rise since 1950. The increase was broadly based; most commodities moved up at greater than seasonal rates. Food prices moved up contraseasonally, and service charges continued to rise at their usual pace. Significant declines occurred among prices for apples, frying chickens, potatoes, some housekeeping supplies, and gas bills.

Since October 1967, prices have risen an average of 4.6 percent. Services have risen at a greater than average rate and have been responsible for about 45 percent of the 12-month increase. Spurred by sharply higher fall seasonal apparel prices, nondurable commodities contributed about as much to the overall advance, but moved at just under the average rate of increase; durables, contributing about one-tenth of the movement, rose only half as much.

Services

Service charges rose another 0.4 percent in October to equal the increases in each of the preceding 2 months. Rents continued to rise at an accelerated rate, brought on by the widespread decline in housing vacancy levels. Charges for other household services advanced at double the September rate. Mortgage interest, homeowners' taxes and insurance, housekeeping, and home maintenance service charges all advanced. Medical care services continued to rise; dental fees and hospital service charges increased. Other service charges contributing to the persistent rise were laundry and drycleaning, men's haircuts, recreational admission fees, and legal fees.

Nondurables less food

Prices of nondurable commodities other than food have continued to increase at an accelerated pace. Apparel commodities prices dominated the advance with a 1 percent jump; this increase reflected higher production, materials, and distribution costs. Clothing prices were up on two fronts: ready-to-wear year-round items, such as women's blouses, cocktail and daytime dresses and children's dresses, and cold-weather clothing, particularly woolen winter coats, men's suits, slacks, and skirts introduced this season. Footwear prices advanced steadily at the rate of recent months, primarily because of increased materials costs and brisk retail sales.

The rise in textile housefurnishings, particularly for pillows and slipcovers, was moderated by fractional declines for sheets and bedspreads. Prices of home delivered newspapers rose, as well as those for cosmetics and other toilet goods. Fuel oil prices edged downward contraseasonally as the country experienced slightly warmer weather than normal through October.

Durables

New car prices rose 4.5 percent in October, when 1969 models were introduced. Prices for new cars have increased 1.7 percent over the October 1967 level. After adjustment for quality change between 1968 and 1969 models, the retail increase reflected a reduction in overallowances on trade-ins and other discounts on new models, as well as an increase of about 1 percent in list prices. The increase for new cars was the primary

factor in the 0.8 percent rise in durable goods prices. Other durables advanced, but most, like furniture and appliances, moved up at rates somewhat lower than September's. The rises generally reflect previous wholesale price increases.

### Food

Food prices moved up 0.4 percent in October. This was the first October increase in food prices since 1960. The unusual advance was brought about by the combination of strong demand and reduced marketings for some foods and the persistent advance in prices of meals eaten away from home. Planted acreage for some fresh vegetables was lower, harvests were delayed for some fruits, and production was lower for some meat animals.

Lettuce, tomato, and cabbage prices increased more than usual; price reductions were less than usual for the fall harvest of potatoes and onions. Fresh milk prices rose more than seasonal partly as the result of the recent increase in support levels for fluid milk prices in some areas; egg prices were driven higher by strong demand on seasonally reduced supplies. Meat, poultry, and fish prices showed the first decline in 6 months, but not as much as expected in October, (-0.1 percent), largely on the strength of sharply lower prices for frying chickens which were abundant. Beef and veal prices rose fractionally; reductions for steaks were outweighed by greater than usual increases for roasts. Pork, other meats, and fish prices all averaged higher.

### Cost-of-Living Adjustments

About 460,000 workers will receive cost-of-living increases as a result of the rise in the October Consumer Price Index. For 385,000 electrical workers the increase will be the maximum allowed by the escalator clauses, 1.75 percent, based on the change in the national index from a year ago. Other workers will receive increases ranging from 1 to 8 cents an hour, based on changes in national or city indexes for periods varying from a month to a year.

Released December 27, 1968

U.S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
Washington, D. C. 20212

CONSUMER PRICE INDEX FOR NOVEMBER 1968

The Consumer Price Index continued to climb in November. It rose 0.4 percent to 123.4 (1957-59=100), for an increase of 4.8 percent since November 1967. Leading the up-swing were higher housing costs, particularly home ownership costs, which accounted for about three-fifths of the November increase. Higher prices also were recorded for apparel, new cars, and all types of consumer services, but retail food prices declined.

The 4.4 percent advance in consumer prices that has been registered thus far this year is considerably higher than the 2.7 percent increase that occurred in the first 11 months of 1967. The more rapid rate of advance is attributable largely to food prices which have climbed 3.7 percent this year compared with only 0.7 percent during the same 1967 period. Charges for consumer services also have gained at an accelerated pace, as have non-durables other than food, chiefly apparel. Durable goods have advanced at a rate only fractionally higher than in 11 months in 1967; the increase largely reflects higher prices for houses and new cars.

Food

Retail food prices posted only their second monthly decline of the year in November, and the 0.3 percent drop was slightly less than usual for the month. Grocery store food prices fell seasonally, 0.5 percent; prices of restaurant meals continued to advance, but at a somewhat slower pace than in recent months.

Egg prices were down sharply as a result of increased production and an unusual upturn in cold storage holdings, but they still remained nearly 23 higher than their year ago level. Meats, poultry, and fish prices did not decline as much as expected for this season despite a substantial decline in pork prices. Strong consumer demand forced beef and veal prices contraseasonally higher in spite of expanded production and larger cold storage holdings. "Other" meats averaged fractionally lower, chiefly on the strength of lower prices for lamb chops and liver sausage. Poultry prices dropped 1.4 percent on the average; frying chickens accounted for most of the drop, a reflection of ample supplies.

Fresh vegetable price changes were mixed but generally higher, largely as a result of marketing delays caused by unfavorable weather in Florida in mid-October. Limited supplies resulted in price increases of 35 percent for cucumbers, 24 percent for tomatoes, 15 percent for green peppers, and 6 percent for celery. Firm demand and tight supplies caused a 3-1/2 percent rise in potato prices, but good stocks of lettuce, spinach, and onions resulted in price decreases for these items. Until the recent freezing weather in Florida, citrus fruit production was running well ahead of last season's level and the potentially large crop, along with heavy supplies of bananas, was instrumental in the overall decline in fresh fruit prices in November. Dairy product prices continued to advance primarily due to the year's short milk supplies.

Services

The cost of consumer services rose 0.6 percent in November, a slightly faster rate of increase than the 0.5 percent average since the beginning of the year. The increases in November were widespread, and nearly all services were affected. Total costs of owning and maintaining a home climbed 0.8 percent, and the service elements of home ownership costs accounted for nearly two-thirds of the increase in service costs. Mortgage interest charges were sharply higher but were mainly a reflection of higher house prices as

interest rates showed little change. Water and sewerage service bills were substantially higher in a number of cities, especially New York. The introduction of winter rate schedules in several cities resulted in significantly higher bills for gas. Insurance rates edged higher; home decoration and repair services continued their long-term uptrend.

Rents averaged 0.3 percent more, as extensive, and in some cases, unusually large increases were posted. Other household and housekeeping services also moved ahead briskly, as acute shortages led to increases for domestic service, and parcel post rates were increased.

Medical care services, led by a 1 percent rise in hospital services, were up 0.5 percent, the result of constantly rising wages and costs of new equipment. The cost of professional services rose 0.5 percent as doctors' and dentists' fees maintained their steady increase.

Charges for recreational services advanced, as movie admissions and bowling fees were higher. Increased local transit charges in several cities almost entirely accounted for the 0.5 percent rise in public transportation.

#### Durable Goods

So far this year durable goods prices have advanced 3.0 percent. More than half of the increase came in October and November, chiefly because of higher house and new car prices. Selling prices of new cars rose 1.0 percent, slightly less than is customary for November, but they were 2.4 percent higher than a year ago, the effect of higher prices and slightly lower concessions for 1969 models.

Household durables prices, which have been relatively stable for several years, also registered a fairly substantial gain, and continued the accelerated rate of advance that became evident this year. Furniture prices jumped 0.7 percent in November; particularly large increases were reported for upholstered furniture which was in strong demand. Appliance prices also crept higher, although television sets averaged unchanged when lower color television prices offset slightly higher prices for monochrome sets.

#### Nondurable Goods Other than Food

Nondurables less food registered a greater-than-seasonal gain in November, but the rate of advance was somewhat slower than the pace of the preceding two months. Apparel commodities led the increase in nondurables and continued their strong upward trend with a rise of 0.6 percent. Men's and boys' fall and winter wear recorded the largest increases, but women's apparel and footwear were also higher. Household textiles, including sheets, drapery fabrics, and bedspreads, were appreciably higher in response to increased manufacturing and retailing costs and very strong consumer demand.

Changes in the retail prices of gasoline and motor oil were mostly minor; most of the 0.3 percent average rise for this item was accounted for by the end of price wars in several cities and subsequent return to "normal" prices.

#### Cost-of-Living Adjustments

About 142,000 workers will receive pay increases as a result of changes reflected in the November Consumer Price Index. Over half of the workers (75,000), in the meat packing industry, will receive 8 cents an hour based on the change in the national index over the past six months. For workers in other industries, increases will range from 1 to 8 cents an hour based on quarterly, semi-annual, or annual changes in the national and city indexes.

NOTE:

Change in Publication Policy Concerning Item Indexes

Beginning with January 1969 data, the detailed item indexes, now published quarterly in the report, "Consumer Price Indexes for Selected Items and Groups," will be published monthly in this report on the Consumer Price Index. The monthly figures for March, June, September, and December will be consistent both with the other months' indexes and with the information published previously in our quarterly reports. The last quarterly report to be published by BLS will show quarterly indexes for December 1968 and the 1968 annual average.

Released January 29, 1969

U.S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
Washington, D. C. 20212

CONSUMER PRICE INDEX FOR DECEMBER 1968

The Consumer Price Index closed the year with the smallest advance in three months when the December index moved up 0.2 percent to 123.7 (1957-59=100). This slowdown from the pace of recent months reflected lower prices of both new and used cars, which offset mounting price levels of services, housing, and food.

Over the year since December 1967, the index has risen 4.7 percent, the sharpest December-to-December advance since 1951. The 1968 rise was dominated by increased charges for consumer services, and was buoyed by the surge in food prices, which had advanced only fractionally in 1967.

Price Changes November to December 1968

Services

Service charges went up 0.5 percent in December; they accounted for over three-quarters of the total price rise for all items. Services have risen at an almost constant rate over the year. Increases in the first and last quarters were 1.5 percent each and rises in the second and third quarters were 1.4 and 1.6 percent, respectively.

Charges to homeowners for housekeeping and home repair services increased, and expanded coverage and reassessments brought higher insurance premiums and real estate taxes. Rents, accelerating from the relatively moderate rate of the past 2-1/2 years, increased 0.3 percent for the fifth month in a row.

The public transportation index jumped 2.8 percent in December when local transit fares were raised in several cities, notably in Chicago, where fares went up from 30 to 40 cents a ride. Also, fare schedules were increased for taxicabs and intercity buses in several cities.

Medical care service charges continued to move higher; they rose another 0.7 percent; doctors and dentists raised their fees, and hospitals increased their daily service charges.

Food

In a reversal of their November decline, retail food prices moved up 0.6 percent in December. Short supplies of fresh vegetables and eggs were the principal factors in the unseasonable advance. Meals eaten away from home continued their steady uptrend with another increase of 0.4 percent and ended the year 5.7 percent higher than they were at the end of 1967.

Reduced acreage for tomatoes and cabbage, poor growing weather for cucumbers and green peppers, and a gap between fall and winter crops of lettuce were the chief contributing elements in the 3-1/2 percent rise for fruits and vegetables. The advance was relieved to some extent by significant reductions for seasonally ample supplies of citrus fruits.

The nearly 10 percent increase in egg prices resulted from reduced supplies, as production of eggs was down sharply from October. An unusually slight decline for meats, poultry, and fish (-0.2 percent) reflected the nearly counterbalancing effects of lower beef, veal, and turkey prices; pork and fish prices rose.

Cereals, bakery products, and dairy products showed no net change between November and December.

#### Nondurable Commodities Less Food

Nondurable goods other than food advanced in December, but at the slower rate first noted in November. Prices of apparel commodities again dominated the group movement, but instead of clothing, footwear prices were the most significant factor in the advance. Men's tailored clothing continued to move ahead strongly. Women's and girls' apparel prices also advanced on the average, but the advance was tempered by numerous reductions on winter seasonal items, such as coats, sweaters, and slacks.

Previous manufacturers' increases for cigarettes were carried through to retail, but advances have moderated since mid-year. Other increases were recorded for newspapers, some toilet goods, textile housefurnishings, housekeeping and home maintenance supplies, and fuel oil. Of the nondurable commodities, only gasoline registered a significant decrease in December, largely the result of competitive price declines in the Los Angeles area.

#### Durables

Prices of durable commodities declined 0.5 percent in December, as the result of reductions for new and used automobiles. Higher concessions and special promotional sales resulted in the 1.1 percent drop in new car prices, and large inventories of late model used cars helped to depress their prices. Tire prices, on the other hand, advanced for the seventh consecutive month.

Household durables averaged higher as prices were raised for most major types of furniture, wool and nylon carpeting, and black-and-white television sets. Prices were cut on color television sets for December sales and also were reduced on radios and vacuum cleaners.

#### Prices in the year 1968

Prices rose for all major classes of goods and services during 1968; services accounted for almost one-half of the year's increase. The 4.7 percent rise in the index between December 1967 and December 1968, half again as large as the 1967 advance of 3.1 percent, was the largest recorded for any year since 1951. Nondurable commodities prices rose 4.4 percent--nearly twice as much as in 1967. The advance was split almost equally between food and other nondurables. Food prices climbed 4.3 percent, doubling their impact on the rise in the all items index. The durables group rose least, 3.1 percent.

#### Services

Consumer services rose more than 6 percent during 1968; costs of owning and maintaining a home led the advance. Mortgage costs were significantly higher, property taxes were raised as most localities either conducted reassessments or increased the tax rates, and homeowner's and property insurance rates were raised to cover the added perils of civil disorder. In addition, the costs of home maintenance and repair services increased and domestic service workers and babysitters charged more for their services.

Steadily declining vacancy rates and the accompanying strong demand for the available rental units were the major factors in the increase in rents, but owners also cited higher taxes and maintenance costs.

Medical care service charges gained 7.3 percent over December 1967--a slightly lower rate of advance than in the preceding two years. Monthly advances for professional charges slowed somewhat during the summer months, but hospital services and health insurance continued to rise at a substantial rate throughout the year.

Automobile owners paid nearly 4-1/2 percent more for repairs as both parts and labor costs advanced. Sizeable increases recorded for local transit fares, taxicab, and intercity bus fares, and less substantial rises for train and air fares brought a 6.2 percent increase in total public transportation prices.

The pervasive rise in service charges also extended to movie admissions, personal care services, funerals, and legal services.

#### Nondurables Less Food

Nondurable commodities other than food increased about 4-1/2 percent in 1968 as apparel prices moved up at a sharply accelerated rate, especially during the second half of the year. The advance was attributable largely to men's and boys' tailored clothing which climbed more than 7 percent compared with 3.7 percent in 1967. Women's and girls' apparel and footwear prices also moved higher, each about 6-1/2 percent.

#### Food

The rise of 4.3 percent in food prices in 1968 was more than 3 times the rise of 1967. Food eaten away from home rose 5.7 percent compared with 4.8 in the twelve months ending in December 1967, but prices of food bought for home consumption increased 4 percent compared with a fractional 0.3 percent in 1967. Fruit and vegetable prices took the lead, rising 5.7 percent, mainly because of higher prices for fresh vegetables which were in short supply during most of the year. Strong demand and lower production brought higher egg prices. Increased per capita consumption underlay the 2.2 percent advance in the meat, poultry, and fish segment. Fish prices advanced in each of the last 9 months in 1968. The most important advance in dairy products prices was for fresh milk; cereal and bakery products prices showed a slight gain of 0.4 percent.

#### Durables

Durable commodity prices went up 2.5 percent in 1968, and accounted for considerably less of the movement in the overall index than they did in 1967, despite the fact that prices of most items averaged higher. Houses cost more, and furniture, floor coverings, appliances, and other housefurnishings all moved higher in 1968. The rise in new car prices (2.8 percent) was almost the same as in 1967. Used car prices were down nearly 5 percent over the year whereas they ended 1967 over 9 percent higher than the previous year.

#### Cost-of-Living Adjustment

Approximately 88,000 workers will receive cost-of-living increases based on the December Consumer Price Index. About 54,000 employees in the glass container industry will receive a 1-percent increase based on the change in the national index over the past year; 3-cent quarterly increases will go to about 12,000 workers in several industries. Increases of two dollars per week, reflecting the advance in the San Francisco index since September 1967, will be paid to 2,000 employees in the printing industry in northern California. Other increases, ranging from 1 to 8 cents, are based on monthly, quarterly, semi-annual, and annual reviews of the national and Atlanta indexes.

Released February 25, 1969

U. S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
Washington, D. C. 20212

CONSUMER PRICE INDEX FOR FEBRUARY 1969

The Consumer Price Index rose 0.3 percent in January to 124.1 (1957-59=100). This increase matched the January 1968 increase, largest for that month since 1958, although it was smaller than the average monthly increase during 1968. The January index was 4.6 percent higher than a year ago.

Prices were higher for nearly all important items except apparel and new and used cars, but decreases for apparel were less than usual for January. The advancing costs of most consumer services, particularly those associated with automobile operation, homeownership, and medical care, led the upswing and were responsible for more than two-thirds of the increase. A larger than usual rise in food prices accounted for much of the remainder of the increase.

Nearly half of the index rise in the past 12 months has resulted from increasing charges for services. Nondurable commodities less food, principally apparel, accounted for nearly one-fourth of the over-the-year increase; food and durable goods were responsible for the remainder.

Services

Consumer services continued upward in January; they increased 0.7 percent over December. The increase was somewhat more than the average monthly advance in 1968, 0.5 percent. Automobile services jumped sharply in a number of cities, especially New York, as insurance premiums were raised, and some States boosted automobile registration and drivers' permit fees. Most automobile repair and maintenance services also were higher.

Charges for medical care services moved higher. They advanced 0.9 percent because of increased dentists' and doctors' fees and hospital service charges. Fees for housekeeping services rose moderately in January as domestic workers continued to command higher wages and charges for laundry continued to rise. Over the year housekeeping services climbed 6.6 percent. Home maintenance and repair services, conventional mortgage interest charges, real estate taxes, and property insurance were all higher, but rent, up 0.2 percent, eased slightly from the rate of advance exhibited during the preceding 5 months. Hotel and motel rates posted one of their sharpest advances in recent years and household gas and electricity rates and personal care services edged higher.

Food

Food prices in grocery stores rose significantly more than usual in January by jumping 0.8 percent, primarily a result of higher meat and egg prices. Restaurant meals continued their long-term uptrend, but the 0.3 percent rise was the smallest in several months.

Nearly all cuts of beef were higher as production dropped substantially. Pork prices rose despite small production gains. Poultry prices were unchanged on the average; lower prices for frying chickens offset an increase in the cost of turkeys. Egg prices registered an unusual and exceptionally large gain for the month as the effects of curtailed production and reduced cold storage supplies continued. Over the year, retail egg prices increased nearly 41 percent.

Prices of fruits and vegetables increased in January, but the advance was smaller than usual for this time of year. Among fresh fruits, bananas and apples were sharply higher and outweighed decreases for most other fruits, particularly citrus fruits which were

in more abundant supply. Fresh vegetables advanced slightly as rain and freezing weather curtailed yields in many winter producing areas. However, ample tomato supplies from Florida and Mexico dropped tomato prices sharply. Canned fruits and vegetables were generally lower because of large 1968 packs, but orange concentrate prices rose due to tight supplies and an expected drop in the 1968-69 pack after the freezing weather in mid-December.

Dairy products rose 0.1 percent as higher cheese and butter prices were offset only partially by lower prices for fresh whole and skim milk.

#### Durable goods

Durable goods prices fell 0.1 percent in January, chiefly because of lower new and used car prices. The drop in used car prices was due largely to an influx of late model cars from rental and leasing companies. Severe winter weather and seasonally lower demand also contributed to lower prices. New car prices fell, as dealers offered higher concessions and inventories reached record levels, but the drop was less than usual for January. (On January 1, manufacturers' suggested retail prices were increased to reflect the addition of head restraints as standard equipment, but adjustments in the index were made for the value of these.)

Most other durable goods prices were higher in January although the gains were small. Furniture price changes were mixed. The influence of generally higher wholesale prices was offset partially by widespread January furniture sales. Floor coverings were again higher because of increased mill prices, and appliance prices edged up despite year-end sales on ranges, dryers, and color and black-and-white television receivers. A continued strong market for automobile replacement tires permitted retailers to pass on higher wholesale prices.

#### Nondurable goods other than food

Apparel prices declined 0.7 percent as a result of widespread clearance sales, especially for women's coats, wool dresses, and skirts. Despite these reductions, apparel prices advanced on a seasonally adjusted basis, indicating that sale price reductions were not as steep or widespread as in the past. Footwear prices were unchanged on the average; reduced prices for men's and women's shoes were balanced by higher price tags on children's shoes.

The usual January sales were also responsible for a decline in textile house-furnishings, particularly pillows, bedspreads, and non-permanent press cotton sheets. Curtains and drapery fabrics rose slightly although some scattered sale prices were reported.

Gasoline and motor oil prices advanced sharply in January, due largely to increases for gasoline in the Los Angeles area, where frequent "price wars" have occurred. Significant increases in gasoline prices also were reported in several other cities in January. Fuel oil prices rose moderately; the most notable increase occurred in New York.

#### Cost-of-Living Adjustments

More than 630,000 workers will receive cost-of-living wage increases based on the January Consumer Price Index. About 500,000 employees in the trucking industry will receive a 4-cent-an-hour increase, the maximum permitted for this second annual review under their 3-year contract. Other advances, based on quarterly, semiannual, or annual changes in the national or city indexes, will range from 1 to 8 cents an hour.

#### NOTE: Changes in Publication Policy

Beginning with this report, detailed Consumer Price Index data for selected items and groups, formerly issued quarterly in a separate report, will be published monthly and included in the report as table 9. The former quarterly release was discontinued with the publication of data for December 1968.

In addition, data for selected seasonally adjusted series, formerly shown on table 1 are now shown separately on table 4 of this report.

Released March 25, 1969

U.S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
Washington, D. C. 20212

CONSUMER PRICE INDEX FOR FEBRUARY 1969

The Consumer Price Index rose 0.4 percent in February to 124.6 (1957-59=100). The advance was equal to the average monthly rate of increase recorded in 1968, after slowdowns in December and January. Used car prices jumped over 6 percent but remained slightly below year-ago levels, and apparel prices continued to advance strongly. Although increases were widespread, service charges accounted for a significantly smaller percentage of the increase in February compared with the previous two months, but they were still responsible for over two-fifths of the month's increase.

Since February 1968, prices have risen 4.7 percent, led by higher service charges, especially for household services except rent. Costs of food and apparel also were significant factors in the increase over the year.

Durables

Reversing the declines of the past two months, durable commodity prices rose 1 percent for the largest monthly increase since November 1958. Altogether, they accounted for over two-fifths of February's total rise--the same percentage as that for services. A large part of the advance was caused by the sharp upturn in used car prices. New car prices remained unchanged from January, instead of the usual decline.

Household durables were responsible for most of the remainder of the advance in durable goods. February's rise for furniture and bedding, 0.6 percent, was three times the January increase. Prices of floor coverings went up 0.3 percent for the third consecutive month; most other housefurnishings rose slightly, especially large appliances.

Services

Consumer service charges advanced 0.5 percent in February, slightly less than the January rise of 0.7 percent.

The strong advance in mortgage interest rates to homebuyers resumed in February after a slow-down in the last quarter of 1968. Property tax increases were recorded in many cities as reassessments and rate boosts continued across the nation. In addition, homeowners' insurance costs increased 0.6 percent over the month. Homeowners also paid more for maintenance and repair services such as reshingling roofs and interior painting, both up 0.6 percent, and housekeeping services rose 0.8 percent. Residential rents continued to rise and hotel and motel room rates also increased, particularly in the Southern Region.

Hospital room rates advanced 1.3 percent and the average for professional medical and dental fees was 0.7 percent higher, led by an increase of 3.2 percent for pediatric care. Widespread increases also were reported for automobile insurance, up 0.6 percent, as underwriting experience continued to be unfavorable. Automobile repair costs also increased sharply. Local transit fares, mainly in the Philadelphia areas, were the primary factors in the 0.5 percent rise in the public transportation component. The pervasive character of increases in service charges extended to dry cleaning and laundry, barber and beauty shops, funerals, and piano lessons.

### Nondurables less food

Prices of nondurable commodities except food rebounded from their January decline with an increase of 0.3 percent. Apparel commodities prices rose as they returned to normal levels after January clearances. Women's and girls' apparel prices moved up somewhat more than seasonally when retailers introduced spring coats at higher prices; year-round items and lingerie also cost more. Men's and boys' clothing prices advanced contraseasonally, as tailored suits and coats continued to move up and prices increased for men's slacks, jackets, work trousers, business shirts, T-shirts, socks, handkerchiefs, and boys' dungarees, undershirts and sport coats. Strong demand buoyed footwear prices, which advanced 0.4 percent.

House paint increased nearly 2 percent, and prices of housekeeping supplies also moved higher over the month. Textile housefurnishings were up nearly 1 percent as prices returned to their "pre-white sale" levels; toilet goods prices rose five times as much as they had in January.

### Food

Grocery store food prices fell 0.2 percent in February mainly because of lower prices for fresh vegetables and eggs. Meals eaten away from home continued to move higher but at the slower rate noted in January. Prices have risen steadily for this component for over five years.

Fresh vegetable prices dropped 6.3 percent when more ample supplies became available from winter vegetable production. Largest reductions were 28 percent for cucumbers, 20 percent for lettuce, 12 percent for cabbage, and 5 percent for celery. Egg prices dropped 3 percent as purchases slowed after January's increase; as a result, supplies began to accumulate in stores. Prices also were reduced for citrus fruits, many canned fruits and vegetables, milk sold in grocery stores, coffee, tea, sirloin and porterhouse steaks, rib roasts, and hams.

Averages for meat, poultry, and fish prices were higher despite a few reductions for beef; pork and poultry were up and fish prices rose in response to reduced imports and declining inventories. Reduced supplies caused by cut-backs in imports, bad weather, or lower storage holdings resulted in higher banana, green pepper, potato, and apple prices, which have been rising for five consecutive months. Discontinuance of some sales promotions in January resulted in higher prices for bread and other baked goods; dairy products prices rose contraseasonally as price increases were recorded for home delivered milk, skim milk, and American cheese. Retail prices of fats and oils were fractionally higher and diminishing supplies of cocoa beans brought higher prices for chocolate products.

### Cost-of-Living Adjustments

About 69,000 workers will receive cost-of-living pay increases based on the February Consumer Price Index. About 39,500 workers, mostly in the aerospace and chemical industries, will receive 2 or 3-cent hourly increases, based on the advance in the national index over the past 3 months. Another 23,700 workers, chiefly in the communications and automotive equipment industries, will get increases ranging from 1 to 8 cents, or 2-1/2 percent, the maximum permitted on annual or semiannual reviews. In addition, 6,200 workers will receive increases ranging from 3 to 5 cents an hour based on changes in indexes for individual metropolitan areas.

Released April 24, 1969

U.S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
Washington, D. C. 20212

CONSUMER PRICE INDEX FOR MARCH 1969

In March, the Consumer Price Index registered its largest monthly advance since February 1951; it increased 0.8 percent to 125.6 (1957-59=100). With this rise, the index increased 1.5 percent during the first quarter, the largest 3 month advance since 1956. The March index was 5.1 percent higher than it was a year ago.

Significant and widespread price increases for both commodities and services were responsible for the greatly accelerated March advance. Costs of consumer services rose at nearly twice their 1968 average monthly pace. Prices of household and transportation services moved up appreciably more than usual and medical care services extended their steep upturn for the third consecutive month. Services as a whole accounted for about 40 percent of the March increase in the all items index.

Food prices rose significantly, following February's slight decline, and other nondurable goods moved up substantially because of increases for apparel and gasoline. Price increases for durable commodities were particularly large and pervasive and, on the average, accounted for about one-fourth of the total index advance. Furniture, houses, and durable home maintenance and repair commodities all showed larger price increases than in recent months, while used cars slightly exceeded their unusually large February rise.

The sharp climb in retail prices during the first quarter was due largely to strong advances for services and consumer durables. Prices of food and other nondurable goods also rose significantly but at rates more in line with those of the preceding quarter.

Much of the 2.2 percent quarterly increase for durable goods resulted from the run-up in used car prices in February and March. The steeper uptrend in service costs was due to larger increases for household, transportation, and medical care services.

Nearly half of the index rise over the past twelve months stemmed from the 6.7 percent advance in consumer service costs. Higher prices for nondurable commodities other than food accounted for about one-fifth of the over-the-year increase; food and durable goods were about equally responsible for the remainder.

#### Services

Almost two-thirds of the unusually large increase for consumer services in March came about because of a 1.4 percent rise in prices of household services, other than rent. Reflecting recent interest rate boosts on VA and conventional loans, mortgage interest charges posted their largest gain since mid-1968. Substantial increases were also recorded for real estate taxes and insurance. Prices of home maintenance and repair services jumped 1.5 percent in March, the largest monthly increase on record, to a point nearly 8 percent above their year-earlier levels.

Medical care services, led by increases for doctors' and dentists' fees, climbed 0.9 percent. This increase brought the total rise in these costs during the first quarter to 2.7 percent--the largest advance for any three-month period since late in 1966.

Higher charges for intercity travel, especially air fares, and hikes in automobile insurance and registration fees were behind the significant March advance in transportation services. During the first quarter, prices for this group of services climbed 3 percent, the largest quarterly advance in recent years.

In contrast to the strong increases for most services during the first quarter, prices of "other" services--recreational, educational, apparel, etc.--rose slowly in comparison with their 5.7 percent annual rate in 1968.

### Food

Retail food prices were up contraseasonally in March, despite a sizeable decline for eggs, chiefly on the strength of a larger-than-usual increase for fresh vegetables. Prices of meats and dairy products failed to decline as they usually do at this season and restaurant meals and snacks continued their long-term uptrend.

Fresh vegetables jumped 6.6 percent because of particularly large price increases for tomatoes, lettuce, and asparagus, which stemmed primarily from tightening supplies. Meats, poultry, and fish averaged 0.3 percent higher in response to reduced supplies of beef and poultry. Milk prices climbed contraseasonally because of the continued contraction in output. Egg prices dropped more than is normal for March, apparently due to an appreciable slowing in consumer demand.

After adjustment for seasonal influences, retail food prices showed a 1.2 percent rise in the first quarter. Meats, poultry, and fish were up appreciably owing to strong demand and generally lower production. Egg prices increased about 6 percent on a seasonally adjusted basis because of unusually low output. Fruits and vegetables, on the other hand, rose less than seasonally through the first quarter despite the jump in March. Large supplies of some fresh vegetables and citrus fruits resulted in lower prices for these items and held down the advance for the group.

Compared with March of 1968, prices of food in grocery stores averaged 3.3 percent higher. About two-thirds of this increase was the result of higher prices for meats, particularly beef, fish, eggs, and dairy products. Prices of restaurant meals and other food consumed away from home climbed nearly 6 percent; the rise reflected not only higher food costs but also the growing expense of providing services.

### Durables

About 60 percent of the March run up in durable goods prices resulted from a 6.4 percent jump in used car prices. The recent strength in used car prices, up nearly 10 percent in the first quarter, apparently is connected with an increase in the demand for older models to be used as "second" cars. New car prices rose fractionally in March and declined substantially less in the first three months of 1969 than they did in the similar period of recent years. The moderate first-quarter decline was unusual because inventories of new cars were at record levels and sales were not commensurately high.

Prices for household durables, principally furniture and durable commodities used in home maintenance and repairs, increased significantly in March. The rise in furniture prices was due largely to the re-introduction of some seasonal items at prices substantially above the clearance levels last reported for the index. However, sizeable price increases also were recorded for most other furniture items. The 3.6 percent rise in prices of durable home maintenance and repair commodities in March was led by continuing increases for pine shelving.

About three-fourths of the 4.2 percent increase for durable goods since March of last year came about because of higher prices for houses and household durables. Used and new car prices were also higher this year and accounted for about one-fifth of the rise for durables.

#### Nondurable goods other than food

Retail prices of nondurable goods other than food, in March, posted their largest monthly rise in a year and a half. Four-fifths of this increase was caused by larger-than-seasonal price increases for apparel and a substantial hike for gasoline. The 0.9 percent rise in nondurable prices during the first quarter represented a somewhat slower rate of advance than in the previous nine months, but was in line with the pace of the first quarter of last year.

Prices for all types of apparel rose much more than usual for March; women's and men's clothing exerted the greatest upward influence. Spring and summer apparel lines, introduced with higher price tags than those of a year ago, played a large role in the overall increase, but prices for year-round items also rose significantly. Footwear was more expensive in March as sales promotions on these items ended and higher wholesale prices were passed along to the consumer. The sustained uptrend in clothing prices, up 6.6 percent over the year, is the result of mounting cost pressures at the manufacturing and retailing levels coupled with brisk consumer demand.

Nearly all areas reported appreciably higher prices for gasoline in March in the wake of widespread increases in wholesale prices and the cessation of "price wars" in some cities.

Higher prices for apparel accounted for about half of the 4.6 percent rise for nondurables other than food over the past twelve months. The remainder of the advance was due largely to increases for gasoline, alcoholic beverages, cigarettes and newspapers.

#### Cost-of-living adjustments

Approximately 35,000 workers will receive cost-of-living pay increases based on the March Consumer Price Index. About 28,200 workers, mostly in the public transportation and electrical machinery industries, will receive hourly increases ranging from 2 to 7 cents based on the advance in the national index during the past 3 months. An additional 4,000 workers, chiefly in aircraft and transportation, will receive increases of from 2 to 7 cents an hour, based upon semiannual or annual reviews, and 2,600 local transit workers in Atlanta and Baltimore will receive 3 or 5 cent increases, based on quarterly reviews of the indexes for those areas. An estimated 8,500 workers in various industries will not receive cost-of-living increases this month because they already have received the maximums stipulated in their contracts.

## CONSUMER PRICE INDEX FOR APRIL 1969

The Consumer Price Index rose to 126.4 (1957-59=100) in April as prices increased 0.6 percent. Although increases were generally widespread, most significant advances during the month were for consumer services other than rent, particularly home mortgaging costs, and food, which continued its sharp climb from February.

The rise since January (1.9 percent) was the largest for a 3 month period since 1956. Higher service charges, particularly for household repairs and other household service costs, and higher durable goods prices were the primary factors in this year's first quarter advance.

Since April a year ago, the index has risen 5.4 percent for the largest 12 month increase since 1951. Service charges accounted for nearly half the advance, but non-durable commodities also accounted for a substantial portion.

Services

Service charges increased 0.8 percent in April; they caused almost half of the total price rise. Household services other than rent continued their sharply accelerated rate of advance, which became noticeable in March. Costs of mortgaging homes continued to rise as FHA insured rates increased sharply and conventional mortgage rates rose. Substantial increases also were reported for all types of home repair services. The overall rise of 0.7 percent for maintenance and repair services, though substantial, was only half the increase recorded in March. Electric bills averaged 0.9 percent higher, nearly twice the March rise; residential gas and telephone rate increases also contributed to the higher cost of utilities. Personnel shortages brought higher charges for domestic help. Residential property taxes rose, but property insurance rates decreased slightly.

Medical care services advanced a significant 0.8 percent, one of the sharpest rises recorded in recent years. Dentists' fees led the advance; average increases were about 2 percent. Hospital room rates advanced but at a slightly slower pace than the increases recorded from January through March.

Hotel and motel room rates increased mainly because of increases in the Western States, but smaller increases were reported in all other regions. Rents of houses and apartments advanced 0.3 percent for the third consecutive month.

Other consumer services also averaged higher. Recreational services jumped as movie fees were increased substantially; higher fees for beauty shop services were the principal factor in the rise in personal care services. Widespread increases brought an advance for automobile insurance rates; drycleaning charges were raised again, and legal fees also were up.

Food

Higher prices for meats, poultry, fish, eggs, fruits, and some vegetables helped push food prices up 0.7 percent in April; food eaten away from home advanced another 0.6 percent.

Meat prices rose 1.8 percent and were responsible for over 70 percent of the increase in prices of food bought in grocery stores. Prices of beef and veal were up an average of 3 percent in response to strong consumer demand, and pork products, ham, also moved higher, even though production rose.

Despite an increase in production, egg prices rose 1.5 percent in April, as a result of strong Easter demand. Most prepared and partially prepared foods also

registered gains, particularly potato products, which reflected diminished stocks available to processors. Strong demand for low supplies was a significant factor in higher prices for chocolate products; previous wholesale increases were reflected in higher prices for sugar and instant coffee. Higher prices for fresh fruits outweighed price reductions for fresh vegetables.

Fresh vegetable prices averaged lower in April in response to increased supplies. The sharpest reductions were 15 percent for green peppers, 18 percent for tomatoes, and 11 percent for asparagus. Consumers also paid less for dairy products, although the decline was smaller than usual. Ice cream was a bargain because of widespread sales promotions, and milk prices also were lower. Fats and oils, corn flakes, white bread, tea bags, regular coffee, and baby foods were some of the other items whose prices were down in April.

#### Nondurable Commodities Other Than Food

Nondurables less food rose 0.4 percent in April, and slowed perceptibly from their March pace.

Apparel commodities prices rose 0.5 percent, half the rate recorded for March. Prices for men's and women's clothing continued to go up but at reduced rates. Increases were reported for men's tailored clothing, still in strong demand, and women's seasonal cotton clothing, introduced at higher prices than at the end of last year. These, coupled with higher prices on staple year-round items, were the prime factors in the advance during April. Spring coat clearances helped to moderate the rise. Boys' clothing prices increased, but girls' apparel prices dropped as stores made sharp cuts on light-weight coats to liquidate stocks.

Seemingly insatiable demand for more stylish clothing has been an important factor enabling retailers to pass on price increases for apparel and footwear. Footwear prices rose 0.6 percent for the second month; children's shoe prices moved up strongly but the largest increases were recorded for women's shoes.

A March increase in wholesale prices of gasoline and motor oil was passed along at retail in a substantial number of cities, but competitive price reductions in the Los Angeles area were a moderating influence. The rise of 0.5 percent was significantly less than the 2.2 percent rise in March.

Toilet goods prices rose for the third consecutive month, mainly because of higher prices for face powder and facial tissue. The end of traditional white sales as some stores raised prices above their pre-sale levels, brought a 0.9 percent hike in the textile housefurnishings index. Prices were increased significantly for home delivered newspapers and king size cigarettes and fractional increases were recorded for drugs and prescriptions.

#### Durables

The steep rise in prices for durable commodities, recorded in the previous 2 months due chiefly to used cars, slowed to a 0.3 percent increase in April.

Increases for all types of household durables accounted for most of the rise. Higher prices were recorded for furniture, appliances, floor coverings, and other housefurnishings.

After posting increases of over 6 percent in both February and March, used car prices gained only 0.5 percent in April. This modest increase was counterbalanced by an equal decline in new car prices when dealers raised their concessions to purchasers. New

tires posted gains of 0.8 percent in April and retreads also were up.

#### Cost-of-Living Adjustments

Approximately 117,000 workers will receive cost-of-living pay increases based on the April Consumer Price Index. About 62,100 workers, mostly in the aerospace, motor-vehicles and parts, farm machinery, and office machinery industries will receive hourly increases ranging from 3 to 7 cents an hour, based on the rise in the national index between January and April. An additional 35,500 workers will receive wage increases based on annual or semiannual reviews of the national Consumer Price Index, the largest group of these being classified employees of the State of Wisconsin. In addition, 17,700 local transit workers in Chicago, Boston, and Pittsburgh will receive 5 or 6-cent hourly increases, based on the 3-month advance in the indexes for the respective areas. An estimated 43,000 workers in various industries who would otherwise receive cost-of-living increases, will not receive them this month because they already have received the maximums stipulated in their contracts.

## CONSUMER PRICE INDEX FOR MAY 1969

Retail prices rose 0.3 percent in May, considerably less than in the two preceding months. The rise brought the Consumer Price Index to 126.8 (1957-59=100). The May increase, smallest since January, brought the rise in retail prices since the beginning of the year to 2.5 percent; the index has risen 5.4 percent since May 1968. In contrast, during the first five months of last year, retail prices rose less (1.8 percent) to a point 4.1 percent higher than year-earlier levels.

Charges for consumer services, particularly medical care and services associated with homeownership, moved up significantly and accounted for about half of the index advance in May. The remainder of the rise resulted about equally from a contraseasonal increase for food, up 0.4 percent despite a sharp decline for eggs, and higher prices for other nondurable commodities, particularly apparel. Prices of consumer durable goods declined fractionally as a significant decrease for used cars offset the continued uptrend in prices of houses and durable household goods.

Almost half of the 5.4 percent year-to-year increase in the Consumer Price Index was due to the rise of more than 7 percent in costs of services, particularly household services. Higher prices for nondurable commodities, principally food and apparel, were responsible for nearly two-fifths of the index's advance; the 4.1 percent increase for durable goods accounted for the remainder.

Services

The rate of increase in prices of consumer services slowed appreciably in May from the annual rate of about 10 percent in the previous 2 months. Smaller increases were recorded for all major groups of services; household services, other than rent, registered the most significant slowdown. The May rise left service costs 7.3 percent higher than they were a year ago and 3.3 percent above their December 1968 level.

Mortgage interest charges rose appreciably, but by substantially smaller percentages than in March and April when rate increases on V.A. and F.H.A. loans were reflected in the index. Costs to homeowners for maintenance and repair services increased 1 percent in May and accounted for about one-third of the rise in non-rent household services. Charges for these services, up 4 percent so far this year have played an important role in the continued advance in household services. They have risen nearly 9 percent since May 1968. Higher prices for baby sitting, domestic, and licensed day care services and washing machine repairs were behind the sizeable rise in housekeeping services in May.

Prices of medical care services in May posted their smallest monthly rise so far this year. Their annual rate of increase dropped from more than 10 percent to about 7 percent. The May advance, led by higher prices for professional services, was more in line with the average rate of increase during 1968. Hospital daily service charges increased 0.4 percent in May, their smallest monthly rise in nearly a year.

The increase in transportation services was comparatively moderate and in large part was due to higher automobile insurance premiums and private parking fees. About two-thirds of the 6.7 percent over-the-year increase in transportation services resulted from higher costs for public transportation and automobile liability and physical damage insurance.

Costs of "other" services continued to drift up in May, due largely to higher prices for men's haircuts, legal fees, movie admissions and golfing fees.

Since May last year, the increase in costs of consumer services has stemmed primarily from advances for household and medical care services. Taken together, higher prices for transportation and "other" services accounted for about one-fourth of the 12 month increase.

### Food

Retail food prices rose 0.5 percent on a seasonally adjusted basis in May, primarily on the strength of increases for meats and several fresh vegetables. Since the beginning of the year retail prices of food have advanced 2.3 percent, slightly less than in the similar period of last year. Consumers paid about 4 percent more for food in May this year than they did in May 1968. Prices of food purchased in grocery stores were up 3.6 percent over the 12 months while prices of restaurant meals and other food consumed away from home climbed 5.7 percent.

Prices of meats, poultry, and fish averaged contraseasonally higher in May, primarily because of higher prices for beef, veal, and pork. More than half of the rise in prices of food purchased for home consumption since May of last year was the result of a 6.7 percent increase in meat prices. The strength in meat prices, up 5.4 percent this year, apparently stems from the high level of consumer demand. Poultry prices were lower in May, because of promotional efforts aimed at increasing summer demand, while fish prices rose fractionally, reflecting somewhat smaller supplies of shrimp and several important types of fin fish.

Prices of fresh vegetables contributed significantly to the May rise in food prices. Tomatoes, celery and green peppers rose sharply because of tighter supplies that resulted from declining production and, for tomatoes, smaller imports from Mexico. Higher prices for fresh and evaporated milk and for cheese were largely responsible for the greater-than-seasonal rise in retail prices of dairy products. Declining milk output apparently is the major factor behind the sustained uptrend in dairy product prices, up nearly 3 percent over last year.

Egg prices posted the only significant decline in May; they dropped nearly twice as much as usual for the month in response to reduced consumer demand.

### Nondurable goods other than food

Higher prices for apparel continued to be the key factor behind the rise for nondurable commodities other than food in May. Prices for these commodities accounted for more than four-fifths of the 0.4 percent increase. Prices for nondurables other than food have climbed 1.7 percent this year, virtually the same rate as in the similar period last year.

Apparel prices maintained their strong uptrend as prices for women's clothing, especially skirts, street dresses, and swimming suits, jumped sharply. Men's suits and shirts, and all types of footwear, particularly women's, bore higher price tags. So far this year, apparel prices have advanced about two percent, or approximately two-thirds as much as in the similar 1968 period. The slowdown this year may represent a lessening of cost pressures at the manufacturing or retailing levels since consumer demand apparently is still quite strong.

Gasoline prices at retail averaged fractionally lower in May after several months of increases which reflected boosts in wholesale prices. Strong competitive conditions in several metropolitan areas reportedly were the cause of the slight drop. Prices of magazines and books were up rather sharply and costs of alcoholic beverages continued their trend upward.

Higher prices for apparel accounted for about half of the 4.6 percent rise in prices of nondurable commodities other than food over the past year. The remainder of the advance was due to increases for gasoline, alcoholic beverages, cigarettes, reading materials, and toilet goods.

### Durables

Retail prices of consumer durables averaged slightly lower in May, but stood 4.1 percent higher than their level of a year ago. Since the first of the year, prices for durable commodities have advanced 2.4 percent. The increase in the similar 1968 period was only one-third as large.

Used car prices moved down, after very sharp increases earlier in the year, despite indications of sustained strength in demand. New car prices were off fractionally, but by less than usual for the month. Prices of furniture continued to climb strongly in May; the continued increase reflected higher wholesale prices and retailing costs. Since the beginning of the last quarter of 1968, wholesale prices of household furniture have advanced 3½ percent. At the retail level, over the same period, furniture prices have increased nearly 5 percent.

Purchase prices of houses were up significantly in May as were prices for durable commodities used in home maintenance and repairs. A surge in prices of pine shelving, the reflection of unusually large increases for lumber prices in general, has led the nearly 6 percent advance in maintenance and repair commodities since the first of the year.

Approximately nine-tenths of the over-the-year increase for durable goods in May was due to higher prices for houses and household durables, particularly furniture and durable housefurnishings. Prices of new cars were 1½ percent higher than last year, while used cars, despite their strength earlier this year, were at the same level as last May.

### Cost-of-Living Adjustments

Approximately 173,000 workers will receive cost-of-living pay increases based on the May Consumer Price Index. About 73,000 workers in the meatpacking industry will receive an 8-cent hourly increase based on the change in the national index between November 1968 and May 1969. Approximately 27,000 aerospace workers will receive increases amounting to 5 cents an hour and 20,000 tobacco workers will get a 2-cent hourly increase based on a quarterly review of the national CPI. About 1500 transit workers in Milwaukee, Wisconsin are due to receive 1-cent hourly increases and 2800 transit employees in Washington, D. C. will receive an increase of 9 cents based on the change in indexes for those areas since February. Also, 3400 employees of the Kellogg Company in Battle Creek, Michigan will get an increase of 8 cents an hour based on a quarterly review of the Detroit index. An additional 35,000 workers who are covered by contract escalator provisions subject to adjustment on the May index will not receive increases this month because they have already reached the maximum adjustments stipulated in their contracts.

## Consumer Price Index for June 1969

The Consumer Price Index jumped 0.6 percent in June, double the May increase and the same as the April rise. The index reached 127.6 (1957-59=100), which represents an advance of 3.2 percent in the first half of this year compared with 2.4 percent over the same period in 1968, and it stood 5.5 percent higher than the level a year ago. Sharply higher prices for meats were the principal cause of the June rise; higher food prices as a whole accounted for nearly half of the total increase.

In the first 6 months of this year, higher commodity prices took the lead in importance over advancing service charges; their rise of 2.8 percent since December was responsible for 55 percent of the total first-half increase. The rate of increase for non-durable commodities other than food quickened from 0.9 percent in the first quarter to 1.3 percent in the second, while increases for durable commodities moderated substantially in the second quarter.

Food

Retail food prices increased  $1\frac{1}{2}$  percent in June (1.0 percent seasonally adjusted), for the sharpest 1-month advance since April 1960. Prices of food at home rose 1.7 percent and food away from home registered a 0.6 percent hike.

Meats, poultry, and fish prices went up  $4\frac{1}{2}$  percent in June, and these increases alone contributed over 40 percent of the rise in the overall index. The sharp acceleration since March accounts for most of the  $9\frac{1}{2}$ -percent jump for these items since last December. Strong consumer demand has cut into reserves of both beef and poultry, despite increased production. The elimination of special sale prices for chicken resulted in an average increase of nearly 5 percent.

Fruit and vegetable prices rose 0.6 percent, slightly less than seasonally expected. Fresh fruits were up nearly 7 percent, but fresh vegetables dropped just over 3 percent. Most of the increase for fresh fruits was due to the first-of-season prices for watermelons and an 8-percent hike for apples which are in greatly reduced supply. Rising production brought fresh vegetable price drops ranging from 4 percent for green peppers to over 22 percent for cucumbers.

Dairy products and cereals and bakery products groups each registered 0.3-percent increases. All dairy products were higher except butter; declining milk production, which follows a trend evident since 1964, resulted in a 0.5-percent contraseasonal rise for milk sold in grocery stores. The upward movement for most baked goods was offset partially by depressed flour prices. Egg prices dropped 5 percent, but remained 10 percent higher than their year-earlier level.

Nondurables Less Food

Nondurable commodities other than food averaged 0.5 percent higher than in May. The restoration of near "normal" prices for gasoline in several cities (chiefly Los Angeles) following competitive price reductions, combined with the generally higher prices usual during months of heavier travel, resulted in a 1.1-percent rise. Tobacco prices rose 1.2 percent as retail prices for cigarettes and cigars were raised after an increase in factory prices and higher taxes were imposed in several areas.

Men's and boys' apparel prices continued to lead apparel price rises; demand continued strong despite higher price tags. Boys' dungarees and undershorts, men's T-shirts, work clothing, and tropical suits showed the largest increases. Price changes for women's and girls' apparel were mixed but higher on the average as cuts for women's man-made fiber street dresses, bathing suits, girls' dresses, handbags, and shorts partially offset continuing increases for most other items. Footwear prices continued to rise, but at less than

half the rate recorded in May.

Most other nondurable commodities also registered increases; beer away from home rose 0.8 percent due to many of the same kinds of costs that have increased prices for food away from home. After a minor decline in the first quarter, textile housefurnishings have increased 1.1 percent through June, when sheet prices reversed their downward trend and curtain and pillow prices were raised to reflect wholesale advances.

### Services

Service charges advanced 0.4 percent in June, a slight moderation in the second quarter compared with the first (1.7 percent and 2.0 percent, respectively). Household services other than rent continued to lead the advance; maintenance and repair services were higher; labor costs were cited most frequently as the reason for increases. Mortgage interest charges were up and property insurance rates were increased in several cities.

Medical care services advanced 0.5 percent in June, a more moderate rise in the second quarter (2.0 percent) compared with the first (2.7 percent). Both professional services and hospital daily service charges recorded increases in June.

Transportation services were higher, led by public transportation as increased fares were reported in both local and intercity fares. Auto repair services showed their smallest gain since last September.

Rents of houses and apartments rose another 0.3 percent, a continuation of the pace begun in February, while room rates in hotels and motels also advanced at an accelerated pace. Personal expenses, mainly for legal fees, have increased substantially in the second quarter because of shortages of qualified office help and higher office rents.

### Durables

Since December, durables prices have increased 2.8 percent; most of this rise occurred during the first quarter of the year--the increase since March has been only 0.5 percent. This slower rate is mainly attributable to a 0.9 percent decline in new car prices since the beginning of the year.

New car prices showed no change between May and June, but used cars, rebounding from May when the index dropped 3.4 percent, rose 1.1 percent.

Household durables advanced 0.2 percent, for the slightest rise since the beginning of the year. Furniture and bedding prices edged up 0.2 percent, a substantial slowdown from the preceding 2 months. Except for television sets, appliances increased strongly, because of higher merchandising and wholesale costs for components. Floor coverings prices continued to hold steady since April as the dampening effect of lower cost synthetic materials continued to hold down the prices of carpeting.

### Cost-of Living Adjustments

Approximately 77,000 workers will receive cost-of-living pay increases based on the June Consumer Price Index. About 40,000 employees, mainly in the aerospace industry, will receive an 8-cent hourly increase based on the change in the national index since the summer of 1968. An additional 22,000 workers, mostly in public transit, will receive a 4 or 6-cent hourly pay raise based on quarterly reviews of the national index, while 6,000 metal workers in California will get a 7-cent hourly increase based on the national index since December 1968. About 6,300 more workers in various industries will be given increases ranging from 1 to 5 cents per hour based on monthly, quarterly, or semiannual reviews of the national CPI.

Approximately 1,100 machine shop workers in Santa Clara, California will receive 8-cent pay increases based on the rise in the San Francisco index since December and about 1,800 printing employees in New York City will receive an increase of about 2½ per cent based on the rise in the index for that area. An additional 11,000 workers who are covered under escalator provisions subject to adjustment on the June index will not receive increases this month because they have already reached the maximums stipulated in their contracts.

#### A NOTE ABOUT CALCULATING INDEX CHANGES

Movements of the indexes from one date to another are usually expressed as percentage changes rather than changes in index points because index point changes are affected by the level of the index in relation to its base period while percentage changes are not. The following example illustrates the computation of index point and percentage changes:

Index Point Change	Percentage Change
June 1969 CPI (1957-59=100)      127.6	Index point difference divided by
less May 1969 index <u>126.8</u>	the index for the previous period:
Index point difference =            0.8	<u>127.6 - 126.8</u> x 100 = .6 percent
	126.8

## Consumer Price Index for July 1969

The Consumer Price Index continued to climb rapidly in July, advancing 0.5 percent to 128.2 (1957-59=100). The increase, due largely to higher prices for foods and consumer services, left the index 5.5 percent higher than a year ago. So far this year, retail prices have climbed 3.6 percent compared with a 2.8 percent increase in the similar 1968 period.

The rise in food prices, largely due to seasonal influences, stemmed primarily from increases for meats and poultry and accounted for nearly half of the index advance. Services continued their strong climb, led by increased charges for household and medical care services. However, they rose at a pace well below the annual rate of about 8½ percent recorded for all services during the first four months of this year. Prices of commodities other than food posted a comparatively small rise, 0.1 percent, due to the moderating effects of lower prices for used cars, gasoline, and apparel.

Approximately 45 percent of the rise in retail prices since July 1968 resulted from an increase of nearly 7 percent in charges for consumer services. The over-the-year increase in food prices, a good part of which has taken place in the past several months, and in prices of other nondurable goods, each accounted for about one-fifth of the twelve-month rise in the all items index. Higher prices for durable goods accounted for the remainder.

Food

Retail food prices climbed somewhat more than usual for July, 0.2 percent on a seasonally adjusted basis. Prices of food purchased in grocery stores rose 1 percent, unadjusted, and prices of restaurant meals and snacks advanced 0.8 percent, for the largest monthly increase on record. The July increase left the index of retail food prices 5.6 percent higher than its level of July last year. Three-fourths of this increase resulted from a 5.4 percent rise in prices of food purchased for home consumption; a 6.1 percent rise for restaurant meals and other food consumed away from home accounted for the remainder.

The July increase in prices of grocery store food stemmed primarily from the continued advance in prices of meats and poultry. Beef and veal climbed considerably more than is usual at this season, because consumer demand remained relatively strong and supplies declined somewhat. Pork prices were also up appreciably, but the increase was largely seasonal. Significant advances were posted for poultry prices, despite an increase in supplies, as demand was bolstered by consumers' substitution of poultry for relatively higher priced red meats.

Fruits and vegetables also were more expensive at retail in July, but the price increases from June were significantly less than usual. The average rise was held below its usual proportions primarily by a sharp, contraseasonal decline for tomatoes, a larger than normal drop for watermelon, and a less-than-seasonal advance for apples. Supply conditions were primary factors in all three instances. Prices of eggs and dairy products averaged higher, in part because of increased demand resulting from high meat prices.

About two-thirds of the advance in grocery store food prices since July 1968 has resulted from a rise of nearly 12 percent in prices of meats, poultry, and fish. Prices of beef and pork were responsible for much of this increase, climbing 16.2 and 10.9 percent respectively over the twelve months.

Services

For the third consecutive month, prices of consumer services experienced an annual rate of increase of nearly 6 percent. Charges for services associated with homeownership continued to exert the strongest upward influence and medical care services posted a further substantial advance. The rise brought the increase in service costs since the beginning of the year to 4.3 percent. In the similar 1968 period, they rose 3.7 percent.

Charges for household services less rent rose sharply, after a comparatively moderate advance in June. The costs of mortgaging a home continued their steep climb and reached a point nearly 20 percent above year-earlier levels. Property taxes and insurance also moved higher as did prices for home maintenance and repair services. Approximately one-tenth of the increase in nonrent household services in July was due to widespread increases for housekeeping services, particularly household moving and babysitting. Residential gas and electricity rates were the only household services to show an appreciable decline. Residential rents sustained their steady uptrend, apparently reflecting very strong demand. Hotel and motel room rates registered an unusually large gain in July, due to both seasonal factors and the growing expense of providing these services. In the first seven months of this year, hotel and motel room rates have advanced faster than in any similar period.

Doctors' and dentists' fees and hospital daily service charges pushed medical care services up in July and helped to maintain the annual average rate of increase (about 7 percent) evident in the past several months. This increase represents a substantial slowdown from the annual rate of nearly 11 percent recorded in the first four months of this year.

Since July 1968, prices consumers pay for services have risen 6.7 percent. Excluding rents, which have provided a moderating influence, services have advanced 7.4 percent over the same period. Prices of household services, particularly home mortgaging, have played the most important role; they accounted for about half the increase.

#### Nondurable goods other than food

Retail prices of nondurable goods rose contraseasonally in July, largely because clothing prices failed to decline as much as usual and tobacco prices rose sharply. The increase brought the rise in prices of these goods so far this year to 2.3 percent; in the similar 1968 period they rose 2.1 percent.

Apparel prices declined 0.2 percent, about one-third as much as usual for July. Summer clearance sales, which account for the weakness in clothing prices at this season, were not as extensive as in previous years and were largely offset by price increases for items not subject to seasonal price reductions. Prices of women's apparel, climbing 0.7 on a seasonally adjusted basis, were particularly strong in July. Significant increases were recorded for street and cocktail dresses and seamless nylon hosiery.

Prices of tobacco products jumped nearly 2 percent, because of widespread increases for cigarettes, a continued response to an earlier price rise by manufacturers. Gasoline prices were down in July. The decreases were centered in the West and Midwest, and were generated by competitive conditions in those areas. Alcoholic beverages, toilet goods, and newspapers also showed appreciable price increases.

Over the past year, retail prices of nondurable commodities other than food have advanced 4.7 percent. Higher prices for apparel commodities, up 6.1 percent, were responsible for about half of this increase. The steep uptrend in clothing prices at retail is due both to a sustained high level of consumer demand and higher manufacturing and marketing costs. Price increases for gasoline, cigarettes, alcoholic beverages, newspapers, and magazines since July 1968 also have played a very important part in the increase for nondurable goods.

#### Durables

Prices of durable goods advanced moderately and more than seasonally in July, despite a sizeable decline for used cars. So far this year, prices of durable goods have risen nearly 3 percent--approximately twice as fast as in the similar period last year. The quicker pace for 1969 reflects larger price increases for nearly all consumer durables, but

particularly for used cars and houses.

Used car prices, which generally remain rather strong in the summer months, dropped nearly 1 percent in July. A continued uptrend in prices of houses and household durables offset the drop for used cars. Furniture prices moved higher, because of higher wholesale prices and retailing costs. Prices of durable home maintenance and repair commodities, which in June had reached a point almost 20 percent higher than a year ago, declined in July. The decrease was due largely to lower prices for pine shelving, the item responsible for much of the previous increase; the lower prices were due to earlier sharp price reductions for lumber at wholesale.

Nearly all of the 4 percent increase for durable goods since July last year has resulted from price increases for houses and household durables. Prices of new cars were up less than 2 percent, and used car prices were about 1 percent lower than their year-earlier level.

#### Cost-of-Living Adjustments

Approximately 1,150,000 workers will receive cost-of-living pay increases based on the July Consumer Price Index. About 1,050,000 of them are employed in automobile manufacturing, automotive parts and farm machinery industries. They will receive an 8 cent per hour increase based on averages of the May, June and July indexes. Nearly 800,000 of them have foregone another 1 cent per hour increase which is to be applied toward an additional holiday. On a similar contract, about 18,000 employees of John Deere will receive a 2½ percent increase. These are all maximum adjustments permitted under the contracts.

About 60,000 other workers will receive pay adjustments ranging from 1 to 18 cents in annual, quarterly, and monthly reviews based on the national index. Nearly 20,000 employees will have pay increases based on indexes for Chicago, Illinois, Pittsburgh, Pennsylvania, and Boston, Massachusetts.

Approximately 17,000 workers who are covered under escalator provisions subject to adjustment on the July index will not receive increases this month because they have already reached the maximums stipulated in their contracts.

#### A NOTE ABOUT CALCULATING INDEX CHANGES

Movements of the indexes from one date to another are usually expressed as percentage changes rather than changes in index points because index points changes are affected by the level of the index in relation to its base period while percentage changes are not. The following example illustrates the computation of index point and percentage changes:

Index Point Change		Percentage Change
July 1969 CPI (1957-59=100)	128.2	Index point difference divided by the index for the previous period: $\frac{128.2 - 127.6}{127.6} \times 100 = .5 \text{ percent}$
less June 1969 index	<u>127.6</u>	
Index point difference =	0.6	

## Consumer Price Index for August 1969

The Consumer Price Index went up 0.4 percent in August, a slightly smaller increase than in other recent months. Increases in service charges and food prices accounted for 90 percent of this month's price rise. The August index, at 128.7 (1957-59=100), was 5.6 percent higher than it was a year ago, also largely because of higher food prices and service charges, which together constituted more than two-thirds of the 12 month change.

Since the beginning of the year, consumer prices have risen 4 percent compared with 3.1 percent over the same period a year ago. In the first 8 months of this year, both services and food have increased 5 percent, but services had risen 4.2 percent in the same period of 1968 while food had advanced only 3.7 percent.

### Services

Service charges rose 0.7 percent in August, accelerating after 3 months of more moderate increases. Lack of loanable funds in the mortgage market exerted continued pressure on mortgage interest rates, and reassessments and rate changes instituted in many cities resulted in higher real estate tax bills to householders. Costs of repainting rooms, reshingling roofs, repairing furnances, and other home maintenance and repair services advanced strongly, largely due to higher labor and material costs. Homeowners also paid more for increasingly scarce housekeeping service work and residential gas and electric rates reverted their July declines with significant increases.

A combination of factors, including increased operating costs, higher taxes, and strong demand for apartments, resulted in an acceleration of rent increases. This month's rise, 0.4 percent, was the largest recorded since July 1956. Hotel and motel room rates also continued to advance, but at less than half of July's rate.

Medical care service charges advanced 0.6 percent again in August. The rise in hospital room rates and related charges has accelerated again after slowing down in May and June, but medical and dental fee increases have been moving up more moderately since their sharp jump of 1 percent in April.

Other services which have quickened their advance are legal fees, movie admissions (up 2 percent), laundry and drycleaning services. After slowing in July, transportation service charges have risen significantly, spurred on by widespread automobile insurance rate increases along with continued advances in auto repair bills and parking fees.

### Food

Retail prices of food registered a 0.6 percent increase in August, a greater than seasonal rise, but still significantly short of the 1.5 and 1 percent increases recorded in June and July, respectively.

One-fourth of the total increase in the Consumer Price Index may be attributed to a nearly 20 percent rise in the price of eggs. Supplies were reduced by the effects of hot humid weather, and demand remained strong as consumers substituted eggs for the more expensive meats.

Despite a 1-percent decline in beef and veal prices, caused by increased production, meat prices averaged 0.2 percent higher for the month, the smallest advance since March. Pork prices rose by 0.9 percent which represented a slowdown from the sharp increases recorded since March, and other meats, mainly processed pork products, were up 1.9 percent. Pork supplies in cold storage dropped sharply in July. Prices of poultry were higher by 1 percent and fresh and frozen fish prices were 2 percent higher.

Fresh milk production, normally low at this time of the year, reached record lows in July as the number of milk cows continued to decline. Thus, dairy product prices, especially for fresh milk, rose more than expected in August.

After declines in July, coffee prices moved up. Cereal and bakery product prices remained unchanged as higher prices for cereals, cracker meal, and rice were offset by price reductions for flour and most baked goods.

Prices of fruits and vegetables declined by 1.6 percent, a less-than-usual drop for this time of year. Fresh vegetable prices fell an average of 4 percent. Declines of 14 percent were recorded for celery and more than 11 percent for spinach and tomatoes. Fresh fruits also were moderately lower; decreases ranged from 22 percent for grapes to 0.3 percent for bananas. Although the declines represented increasing supplies as the harvest progressed, some items, such as citrus fruits, onions, and carrots, were higher than usual because of strong demand, smaller acreage planted, and inclement weather during growing and harvesting seasons. Processed fruit and vegetable prices continued to move by 0.3 percent.

Prices of restaurant meals advanced 0.7 percent mainly because of higher costs of food and labor.

#### Nondurables less food

Nondurable commodities other than food advanced 0.2 percent in August. Most of the rise was due to reversals of July reductions, for men's apparel, footwear, and gasoline, plus continued increases for tobacco products and alcoholic beverages.

Footwear prices increased 1.1 percent in August for the sharpest 1-month advance since August 1959. New fall styles were introduced at higher prices and July sales were discontinued. At the same time, retailers found consumer demand strong.

Tobacco product prices moved up 1.4 percent, for the third consecutive month with increases of over 1 percent. Not only have retail prices been raised, but some States have imposed higher taxes. Also prices of housekeeping supplies reversed their July decrease as laundry soaps and detergents and scouring pads returned to their regular levels after promotional sales. Prescriptions and drugs were up fractionally and coal prices rose for the first time since January.

Clearance sales in women's and girls' summer apparel were more extensive and August price reductions were sharper than usual; in addition, reductions were made on some year-round items such as street dresses and hosiery. The result was an average decline of 0.6 percent for apparel commodities other than footwear. Despite fractional increases for slipcovers, curtains and draperies, widespread August "white sales" resulted in a 0.9 percent decline in textile housefurnishings.

#### Durables

Average durable commodity prices were unchanged in August after increasing for 2 months. The traditional August furniture sales did not take place this year, and the index advanced 0.2 percent as prices were higher for most items except dining room suites. Most appliances were higher and other housefurnishings advanced moderately.

Counterbalancing these increases were moderate declines for used cars, still lower prices for new cars as the 1969 model year drew to a close, a slight decrease for floor coverings--the first since July 1967--and the second month of declines for home maintenance and repair durables since July 1967.

Cost-of-Living Adjustments

Approximately 155,000 workers will receive cost-of-living pay increases based on the August Consumer Price Index. About 79,000 workers, mostly in the aerospace industry will receive an 8-cent hourly increase, based on the change in the index since August 1968. Another 25,000 employees, also primarily in aerospace, will receive increases of 5 cents an hour, based on the quarterly change in the national CPI. Another 36,200 workers in the tobacco, aerospace, and chemical industries will get increases ranging from 1 to 3 cents an hour, based on the increase in the index since May 1969, and approximately 11,500 employees in various industries will be given hourly pay increases ranging from 4 to 11 cents. About 2,800 transit employees in Washington, D.C. will get a 6-cent hourly increase based on the change in the Washington area index since May of this year.

A NOTE ABOUT CALCULATING INDEX CHANGES

Movements of the indexes from one date to another usually are expressed as percentage changes rather than changes in index points because index point changes are affected by the level of the index in relation to its base period, and percentage changes are not. The following example illustrates the computation of the index point and percentage changes:

<u>Index Point Change</u>		<u>Percentage Change</u>
August 1969 CPI (1957-59=100)	128.7	Index point difference divided by the
less July 1969 index	<u>128.2</u>	index for the previous period:
Index point difference =	0.5	$\frac{128.7 - 128.2}{128.2} \times 100 = .4 \text{ percent}$
		128.2

## CONSUMER PRICE INDEX FOR SEPTEMBER, 1969

The Consumer Price Index continued to advance rapidly in September and rose 0.5 percent to 129.3 (1957-59=100). The increase was due largely to a sharp rise in apparel prices and a continuation of the strong uptrend in charges for consumer services. Food prices failed to show their usual September decline principally because of higher prices for pork and restaurant meals. Prices of new and used cars were lower due to the approach of the 1970 model year; a seasonal drop of 0.3 percent for consumer durable goods resulted.

The September rise brought the increase in retail prices to 1.3 percent in the third quarter, the smallest advance for any 3 month period this year. The slower third quarter pace reflects smaller increases for commodities, particularly food and durable goods, than in the previous two quarters. The rise in service prices accelerated in the third quarter, due largely to boosts in mortgage interest costs. The 1.9-percent increase was only slightly below the first quarter's very steep climb of 2 percent.

In September, the all items index stood 5.8 percent above its level of a year ago and 4.5 percent higher than December 1968. In contrast, retail prices rose 3.4 percent in the first 9 months of 1968 to a point 4.4 percent above a year earlier.

A large part of the run-up in retail prices since last September resulted from continued increases for consumer services, particularly household and medical care services. Food prices rose nearly 6 percent over the year and constituted about 25 percent of the all items rise. Prices of other nondurable goods were also significantly higher and contributed about 20 percent of the index's advance. Durable goods on the average posted the smallest price increase and were responsible for 10 percent of the average rise in retail prices.

Nondurables goods other than food

Retail prices of nondurable goods other than foods posted their largest monthly increase in recent years in September; they advanced about twice as much as is usual for the month. A very sharp upturn in prices of apparel commodities was responsible for about four-fifths of the increase. Higher prices for cigarettes and alcoholic beverages accounted for most of the remainder.

On a seasonally adjusted basis, prices of nondurable commodities other than food rose in the third quarter at about the same annual rate, 4.8 percent, as in the first two quarters of this year. The continued steep uptrend in these prices stems principally from sustained strength in prices of apparel commodities. However, substantial price increases for cigarettes and alcoholic beverages also have contributed to the fast pace of advance.

Prices of all types of apparel were up more than is usual for September. Prices of women's apparel advanced nearly twice as much as usual; they posted their largest monthly rise in over 7 years and constituted about 65 percent of the increase in clothing prices overall. Sharp price rises were recorded for women's dresses and winter coats and skirts. The seasonal upturn in September results from the introduction of fall and winter lines at prices above the clearance levels in effect when prices of these items were last reported for the index. Pressure on prices of clothing at the retail level stems from a combination of increased costs of manufacturing and of retailing apparel and continued strength in consumer demand. So far this year, wholesale prices of apparel commodities have advanced 3.8 percent while retail prices have risen 3.6 percent.

Cigarette prices were substantially higher in September for the fourth consecutive month. The increases are due both to higher manufacturers' prices and increased local tax levies. Except for gasoline prices, down slightly because of competitive pricing in some areas, most other nondurable commodities moved higher in September.

Over the past 12 months, retail prices of nondurable commodities other than food averaged 4.6 percent higher. The 5.4-percent increase for apparel commodities over the span was responsible for over 40 percent of the rise. Among the more significant increases for remaining nondurable goods were 7.2 percent for tobacco products, 4.3 percent for alcoholic beverages, and 3.4 percent for gasoline and motor oil.

### Services

Charges for consumer services rose at their recently accelerated rate of 0.7 percent in September as all major types of services continued to advance rapidly. Household services less rent rose 0.9 percent and were responsible for about half of the rise. Prices of medical care, transportation and "other" services were about equally responsible for the remainder.

In the third quarter, costs of consumer services rose 1.9 percent. This increase compares with advances of 2.0 and 1.7 percent in the first and second quarters, respectively. The acceleration in the third quarter resulted from a larger increase for household services less rent.

Mortgage interest costs rose again in September and continued an upward trend evident since the beginning of the year. Prices paid by homeowners for maintenance services averaged 1.6 percent higher, the largest monthly increase on record, and stood nearly 9 percent higher than their levels at the first of the year. Consumers also paid more for residential gas and electricity in September for a variety of reasons, including higher utility taxes and increased costs of providing these services.

Charges for rental of houses and apartments, and hotel and motel rooms both moved up in September; the latter posted an unusually large rise, 1.1 percent.

Higher physicians' fees were responsible partially for the sustained climb in costs of medical care services. Since the beginning of the year, physicians' fees have advanced 6 percent; over the same 1968 period they rose 4 percent. Charges for dentists' services have shown a similar accelerated rise while hospital daily service charges have risen at virtually the same rate this year as last.

Transportation services posted a substantial increase in September, because of an unusually large rise in automobile insurance rates. So far in 1969 auto insurance rates have been advancing at an annual rate of about 12 percent, the fastest pace in several years. Rising numbers of accidents and higher costs of auto body repairs and claim settlements are reported as major factors behind the steep increase.

Since September 1968, charges for consumer services have averaged 7.4 percent higher. Costs of household services less rent were responsible for about half of the increase, reflecting advances for mortgage interest, home maintenance services, and property taxes and insurance. Medical care and transportation services were 8.8 and 7.6 percent higher over the year. Among the major groups of services, prices for "other" services registered the smallest rise, up 4.9 percent.

## Food

Retail food prices averaged 0.6 percent higher on a seasonally adjusted basis in September. Prices of food purchased in grocery stores were unchanged before adjustment for seasonal variation, but climbed 0.7 percent when seasonally adjusted. Prices of restaurant meals and snacks, which exhibit negligible seasonality, maintained their steep untrend; they advanced 0.6 percent.

Compared with the second quarter, the rate of increase in food prices slowed in the third quarter, both before and after seasonal adjustment. The most significant slow down occurred for prices of meats, poultry, and fish which fell from a seasonally adjusted annual rate of advance of nearly 30 percent in the second quarter to a rate of 4 percent in the third. Unadjusted, the total rise in food prices in the first 9 months of this year amounted to 5.2 percent, compared with 3.6 percent in 1968.

Most of the September increase in food prices was due to advances for pork and restaurant meals. Prices of fruits and vegetables were down less than usual at this season. Beef prices dropped slightly and contraseasonally for the second consecutive month while cereal and bakery products and dairy products continued to climb. Egg prices, which usually move higher in September, declined slightly, apparently because of pressure from larger supplies.

All cuts of pork were more expensive; price increases averaged somewhat larger than usual. Declining supplies and continued strength in demand for pork as a substitute for higher-priced beef appear to explain the September rise for pork.

The unusual strength in prices of fruits and vegetables was due largely to declines in prices of apples, grapes, and to a smaller degree of potatoes and onions. Delayed maturing of the fall apple crop and the consequent delay in marketings probably accounts for the relative strength in prices of this item. Grape prices remained comparatively high in September despite a seasonal expansion in supplies.

Since September 1968, retail prices of food have averaged 5.9 percent higher because of increases of 5.8 and 6.3 percent, respectively, in prices of grocery store food and restaurant meals and snacks. More than half of the 12-month increase in prices of food purchased for home consumption resulted from substantial run ups for beef, pork, and poultry. Much of the climb in meat prices since last September is probably due to a combination of continued rapid growth in consumer demand for beef and a comparatively small increase in beef supplies. Higher prices for poultry in large part reflect increased demand because of higher beef prices.

## Durables

Retail prices of consumer durable goods declined 0.3 percent in September; the decrease was seasonal and resulted from lower prices for new and used cars. Prices of houses and household durables continued to advance and partially offset the decrease for auto purchases.

Despite the September drop, prices of durable goods advanced on a seasonally adjusted basis in the third quarter, although at a slower rate than in the first or second quarters. The relatively slow rise in large part reflects weakness in automobile prices and a significant decline in the rate of increase for household durables in the third quarter.

The September decrease brought the increase in prices of durable goods so far this year to 2.7 percent compared with 1.4 percent in 1968 when prices of houses and household durables rose much less.

New car prices fell 1.5 percent in September as dealer concessions increased. In September dealers usually try to work off inventories of outgoing models in preparation for the new model year. The large decrease for used-car prices probably reflects a slackening in demand because of price reductions for new cars. Furniture prices maintained their steady uptrend, probably because of pressure from rising costs. Appliance prices were unchanged in September and prices of floor coverings reversed their recent weakness and climbed 0.7 percent.

Since September 1968, retail prices of consumer durable goods have advanced 3.7 percent. A large part of this rise resulted from price increases for houses. Used-car prices were appreciably lower, and new-car prices about 1 percent higher, in September 1969 compared with September 1968. Price increases for furniture and other durable housefurnishings made up about 65 percent of the 4.1 percent over-the-year rise in prices of household durables.

#### Cost-of-Living Adjustments

Approximately 54,000 workers will receive cost-of-living wage increases, based on the Consumer Price Index for September. About 22,000 workers, mostly in the aerospace industry, will receive increases of 8 or 9 cents an hour, reflecting the change in the national index since September 1968. Nearly 21,000 workers, mostly in public transit and aerospace will get hourly increases ranging from 3 to 5 cents, based on the change in the National CPI between June and September.

An additional 5,400 workers in various industries will receive increases ranging from 2 to 7 cents an hour, based on yearly or semiannual reviews of the national CPI.

Approximately 12,000 other workers whose escalation reviews are tied to the September index will not receive an adjustment because they have already reached the maximums stipulated in their contracts.

#### A NOTE ABOUT CALCULATING INDEX CHANGES

Movements of the indexes from one date to another are usually expressed as percentage changes rather than changes in index points because index point changes are affected by the level of the index in relation to its base period while percentage changes are not. The following example illustrates the computation of index point and percentage changes:

Index Point Change		Percentage Change
September 1969 CPI (1957=59=100)	129.3	Index point difference divided by the index for the previous period: $\frac{129.3 - 128.7}{128.7} \times 100 = .5$ percent
less August 1969 index	<u>128.7</u>	
Index point difference =	0.6	

## Consumer Price Index for October 1969

The Consumer Price Index went up 0.4 percent in October to 129.8 (1957-59=100). Monthly increases since midyear have ranged between 0.4 and 0.5 percent. The rise this month was attributed mainly to higher costs of homeownership, restaurant meals, apparel, and automobiles. Some moderation of the average rise resulted from lower prices for food at home and a decline in the medical care services index.

Since October 1968, prices have risen 5.6 percent; nearly half of the increase was the result of higher fees for consumer services, particularly for insurance and finance charges. Nondurable commodities were responsible for another substantial portion of the advance; food and apparel prices both were up over 5 percent.

Durables

With increases of 4.7 and 3.6 percent, respectively, in October, new and used car prices were responsible for three-quarters of the 1.4 percent rise in consumer durable prices. The rate of increase in selling prices of houses accelerated, along with most furniture and appliance prices. Most other housefurnishings, floor coverings, tires, and durable recreational goods also rose, but at slower rates than in September. Prices of home maintenance and repair commodities declined for the fourth consecutive month.

A strong market for clean used cars, particularly for the 3- and 5-year old models, resulted in the unusual rate of advance in that index. Most of October's large increase for new cars was seasonal and reflects a combination of price changes for 1969 and 1970 models. After adjustment for differences in quality, the suggested list prices of incoming 1970 models were nearly 2 percent higher than those for 1969 models. Since October 1968, dealers' selling prices of new cars, less concessions, have increased 1.4 percent.

Nondurables less food

Nondurable commodities other than food increased 0.6 percent on the average, somewhat less than September's increase, but three times the August increase.

Apparel commodity prices again moved up more than seasonally (0.9 percent), but the rise was significantly less than in September. More than half of the increase was caused by higher price tags on women's and girls' apparel. The introduction of fall and winter clothing at sharply higher prices than prevailed last year was important in the hike for both men's and women's apparel. In addition to these increases, prices also were higher on women's year-round dresses, blouses and handbags, girls' robes, and boys' all purpose coats. Footwear prices moved up 0.7 percent as retailers continued to pass on previous wholesale increases for shoes, and consumers continued to buy in large quantities.

Alcoholic beverage prices repeated last month's 0.8 percent rise. Most of the advance was caused by higher prices for beer consumed away from home, due to higher costs of operation for service establishments.

Tobacco products continued upward, due mainly to additional State taxes on cigarettes, but at about half the rate in the preceding 4 months. Gasoline prices reversed their decline of last month, and reading materials, especially textbooks, moved up strongly; fuel oil and coal prices increased another 0.3 percent; and prescription prices edged up. On the other hand, modest declines were recorded for housekeeping supplies, toilet goods, and textile housefurnishings.

## Services

The steep uptrend in service charges slowed to 0.3 percent in October because of the combined effect of a widespread slowdown in the rate of increase for household service charges and a drop in the medical care services component due to the annual adjustment for health insurance described below. Without this adjustment, the increase in the services index would have been 0.5 percent, instead of 0.3 percent.

Household services other than rent rose 0.6 percent. Except for property insurance rates, which increased 0.8 percent, the rate of increase in service charges to homeowners slowed somewhat in October. Mortgage interest rates continued to rise, but at the lowest rate since June. Maintenance and repair services in October increased 0.9 percent, led by higher charges for painting rooms and replacing sinks, compared with a 1.6 percent rise in September.

Housekeeping service charges went up 0.4 percent chiefly because of higher wages for domestic workers. Gas and electricity bills increased only about half as much as in the preceding month.

Residential rents increased another 0.3 percent, about average for the year; hotel and motel room rate changes were mixed because of regional differences, but resulted in a 0.6 percent climb over September.

Public transportation fares and auto registration fees remained unchanged on the average, but all other transportation services rose more than last month. Automobile repair and maintenance charges were up 0.7 percent, because of increased parts prices and labor costs. Parking fees were nearly 2 percent higher and premiums for liability and physical damage insurance were raised in several cities because of larger settlements due to higher repair bills, increasing thefts, and accidents.

Medical care services dropped 0.6 percent, solely on the basis of the annual adjustment for retained earnings of health insurance companies. Premiums for health insurance are represented in the index by prices of services for which benefits are paid, and a measure of changes in the ratio of profits and overhead costs to benefits. Data needed for this computation are available only with a considerable lag. Therefore, this is the earliest time the adjustment, which actually applies to 1968, can be made in the index. Hospital daily service charges continued to climb at about the same rate as last month, but medical and dental fees rose only 0.3 percent, the lowest rate of increase since October 1968.

## Food

Food prices declined 0.2 percent in October, their normal seasonal decrease, as the greater-than-seasonal drop in prices of food at home was offset by an unusually large rise for food away from home. Much larger supplies of fruits, vegetables, beef, veal, pork, and poultry were responsible for the 0.6 percent decline in food at home.

One of the largest crops of apples since the 1930's and the early maturation of the Florida grapefruit crop resulted in price drops for these items of 25 and 11 percent, respectively. Nearly all other fresh and processed fruits and some fresh vegetables were down.

Meat, poultry, and fish prices were down over 1 percent, the first decline in this component this year, in response to seasonally increased supplies of chicken, beef cattle, and hogs.

On the other hand, the steepest monthly rise in prices of food away from home was recorded in October; cereal and bakery products prices rose more than in any other month this year. Also, prices were higher for bananas, tomatoes, leafy green vegetables, and dairy products, while egg and coffee prices reversing their September declines, increased substantially.

#### Cost-of-Living Adjustments

Approximately 88,000 workers will receive cost-of-living wage increases, based on the Consumer Price Index for October. About 52,000 workers in the automotive, farm equipment and office equipment industries will receive hourly pay increases ranging from 1 to 4 cents, based on the change in the national index since July. An additional 9,300 workers, including 6,000 in the automotive equipment industry, will receive increases ranging from 5 to 9 cents an hour, based on the increase in the national CPI since October 1968, while 2,000 employees of contractors in Nevada will receive 6-cent hourly pay increases based on the increase in the index since April.

Nearly 18,000 transit workers in Chicago, Boston, and Pittsburgh will be given hourly pay increases ranging from 2 to 8 cents, based on the rise since July in the indexes for their respective areas, while 6,700 printers in New York City will receive 2 percent wage increases as a result of the rise in the index for that area since October 1968.

About 31,000 other workers whose escalation reviews are tied to the October index will not receive an adjustment because they have already received the maximums stipulated in their contracts.

#### A NOTE ABOUT CALCULATING INDEX CHANGES

Movements of the indexes from one date to another are usually expressed as percentage changes rather than changes in index points because index point changes are affected by the level of the index in relation to its base period while percentage changes are not. The following example illustrates the computation of index point and percentage changes:

Index Point Change	Percentage Change
October 1969 CPI (1957-59=100) 129.8	Index point difference divided by
less September 1969 index <u>129.3</u>	the index for the previous period:
Index point difference = 0.5	$\frac{129.8 - 129.3}{129.3} \times 100 = 0.4 \text{ percent}$

## CONSUMER PRICE INDEX FOR NOVEMBER 1969

The Consumer Price Index advanced rapidly in November (0.5 percent), to 130.5 (1957-59=100). The rise of 0.5 percent in charges for consumer services, led by increases for services associated with homeownership, was responsible for about 40 percent of the advance. Food prices rose contraseasonally, largely because of higher prices for fresh vegetables and eggs, and constituted about one-third of the overall increase. Movement of prices for nondurable goods other than food, was mixed. Significant increases for apparel and most other nondurables, particularly cigarettes and alcoholic beverages, were moderated by a relatively sharp drop in gasoline prices, resulting in an average advance of 0.2 percent, seasonally adjusted. Following last month's rise, prices of consumer durables declined slightly on a seasonally adjusted basis.

Nearly half of the 5.8 percent rise in retail prices since November 1968 was the result of higher prices for consumer services. Food prices were up 6.3 percent over the year and were responsible for about one-fourth of the increase. Price increases for meats and restaurant meals played large roles in the 12-month advance in food prices. Prices of other nondurable goods climbed 4.4 percent and made up about one-fifth of the rise; the remainder was attributable to a 3.8 percent increase in the price of consumer durable goods.

The rise in retail prices in the first 11 months in 1969 was significantly larger than in the similar 1968 period. With the exception of prices of nondurable goods other than food, which advanced at the same rate in both periods, prices of the major groups of goods and services have risen more this year than last. Food prices showed the greatest acceleration; they climbed 5.7 percent in the 1969 span compared with 3.7 percent in the 1968 interval. The sharp rise in meat prices in the second quarter of 1969 was in large part responsible for the faster pace. The rise in prices of durable goods also picked up significantly in 1969. Charges for consumer services showed a relatively moderate acceleration, as prices of household and transportation services moved up faster.

### Services

Charges for consumer services advanced in November at a pace slightly below this year's monthly average. The 0.5 percent increase was due largely to continued increases in prices of services associated with homeownership. Prices of medical care services posted a relatively moderate advance as physicians' fees rose more slowly for the second consecutive month. Transportation services costs were up appreciably, but by considerably less than in October. Charges for "other services" continued to advance at about the average rate shown in the first 10 months of the year.

Mortgage interest rates rose 0.4 percent for the second consecutive month. This pace contrasts sharply with the 1.1 percent average monthly rise in the January to September period. However, a further increase in prices of houses added to the amount of funds borrowed by purchasers. Residential property taxes and insurance both moved higher and were important factors in the rise for household services. Prices of residential gas were up sharply, reflecting in part the introduction of winter rates and higher utility taxes. Prices paid by homeowners for maintenance and repair services averaged 0.4 percent higher. The increase was the smallest since February and was well below the 1.1 percent average monthly rise recorded in the March through October period.

With the exception of October, when an annual adjustment to health insurance costs resulted in their downward movement, charges for medical care services registered their smallest monthly advance in more than a year. Increases for both physicians' fees and hospital daily service charges were smaller than they have been for some time.

Increased costs of automobile insurance and repairs were behind the rise in transportation services in November. Part of the sustained uptrend in automobile insurance prices stems from rising costs of medical care and auto repairs, both of which enter into the determination of the size of claim settlements.

Prices of consumer services have increased 7.1 percent since November 1968. Half of this rise resulted from an increase in household services, other than rent, of more than 9 percent. Higher prices for medical care and transportation services, up 7.2 and 7.8 percent, respectively, constituted about a third of the rise.

### Food

Retail food prices rose 1.2 percent on a seasonally adjusted basis in November. Prices of food purchased for home consumption averaged 1.3 percent higher, seasonally adjusted, on the strength of substantial increases for fresh vegetables and eggs. Restaurant meals and other food consumed away from home continued to advance, but at a pace below last month's record rise.

Egg prices, which usually decline sharply in November, rose nearly 7 percent, despite a seasonal expansion in supplies. Strength in egg prices appears to stem from increased consumer and commercial demand for eggs as a substitute for relatively more expensive meat. Prices of fresh vegetables climbed 10 percent in response to curtailed supplies resulting from production shortages and inclement growing and harvesting conditions in the principal producing areas. Fresh fruit prices averaged lower in November because of significant declines for grapefruit, bananas, and apples.

Prices of meats, poultry, and fish fell less than seasonally. Pork prices, reflecting a combination of sustained strength in demand and a decline in supplies relative to last year, failed to show their full seasonal drop. Retail poultry prices showed unusual strength in November, probably because of increased demand for this item as a substitute for higher-priced red meats. Prices of beef and veal fell more than seasonally, marking the fourth consecutive monthly decline from their July peak, but remained 10 percent above year-earlier levels.

The 0.6 percent rise in prices of food away from home, about one-fifth of the November increase in food prices, brought the total rise in these prices since last November to nearly 7 percent. Prices of cereals and bakery products and dairy products also continued to climb in November.

Retail food prices advanced 6.3 percent over the past 12 months; higher prices for food purchased in grocery stores made up about three-fourths of the rise. Prices of meats, poultry and fish were 11 percent higher and played the dominant role in the overall increase. Price increases for eggs, fresh vegetables and dairy products also contributed significantly to the advance.

### Nondurable goods other than food

Retail prices of nondurable goods other than food advanced at a comparatively moderate pace in November, following 2 months of sharp increases. Price increases for apparel commodities continued to be large; they amounted to 0.8 percent on a seasonally adjusted basis. The most important advances were reported for women's apparel, particularly dresses, slacks, and skirts. Prices of men's and boys' apparel were also up significantly, reflecting increases for men's suits, topcoats, and slacks and boys' sport coats. Increases in apparel amounted to 5.4 percent in the first 11 months of 1969. They totaled 6.5 percent in the similar 1968 period. In the years 1965 through 1967, the value of retail sales of apparel stores increased substantially more than retail prices of apparel. In contrast, the increase in the value of retail sales in 1968 and 1969 appears to have been due almost entirely to price increases.

Cigarettes posted their sixth substantial price rise in as many months in November. The sustained uptrend reflects both an earlier increase in wholesale prices and continued advances in State excise taxes on this item. Over the past 12 months, retail prices of tobacco products have climbed nearly 9 percent. Prices of alcoholic beverages

also were up appreciably in November, largely because of higher prices for beer and wine.

Among nondurable commodities other than food, retail prices of gasoline registered the only significant decline. The 1.4 percent drop reflected sizeable price decreases in several cities of the mid-continent and far West where competitive "price wars" took place. The intensity of the competitive situation in these areas is reportedly due to the efforts of major companies to establish new markets in these areas.

Since November 1968, retail prices of nondurable commodities other than food have averaged 4.4 percent higher. Nearly half of this increase was due to an increase of 5.7 percent in prices of apparel commodities. An additional 25 percent of the rise was due to increases for tobacco products and alcoholic beverages.

#### Durables

Prices of consumer durable goods declined slightly on a seasonally adjusted basis in November, largely because of a drop in prices of used cars. The weakness in used car prices apparently stemmed from sluggish retail demand. New car prices rose 0.2 percent after seasonal adjustment. The introduction of new model year car prices generally tends to be phased into the CPI over several months, since some cars of the previous model year are still being sold in those initial months. The November increase for new cars in part reflected the larger number of higher priced 1970 models being sold relative to October.

Over the 12-month span ending in November, retail prices of consumer durable goods rose 3.8 percent. This is the largest increase for any similar period since the early 1950's. About 60 percent of the rise resulted from significant advances in prices of houses. Retail prices of furniture were 5.5 percent higher over the year and were an important factor in the overall rise in prices of durable goods. New car prices climbed 1.3 percent while prices of used cars fell slightly below their November 1968 level.

#### Cost-of-Living Adjustments

Approximately 161,000 workers will receive cost-of-living wage increases, based on the Consumer Price Index for November. About 86,500 workers, including 73,000 in the meatpacking industry and 10,000 grocery store employees in San Francisco, will receive hourly pay increases ranging from 6 to 9 cents based on the rise in the national CPI from May to November. An additional 55,000 workers, including 20,000 tobacco workers, 5,000 in farm equipment, and 9,000 chemical workers, will get increases ranging from 1 to 5 cents an hour, based on the increase in the national index since August. About 11,400 workers in various industries will receive 7- or 8-cent hourly pay raises as a result of the change in the CPI since October 1968, and 1,800 workers will receive 2.5 percent increases based on the rise in the index during the same period.

2,350 employees of the Cleveland Transit system will receive a 7-cent hourly increase in January as a result of the rise in the Cleveland index since May. Another 1,500 workers employed by the Milwaukee and Suburban Transport Corporation will get their usual monthly 1-cent raise in pay based on the National CPI, bringing their total for the year to 11 cents.

Approximately 10,000 other workers whose escalation reviews are tied to the November index will not receive adjustments because they have already received the maximums stipulated in their contracts.

## The Consumer Price Index--December 1969

The Consumer Price Index rose 0.6 percent in December to 131.3 (1957-59=100), following a 0.5-percent rise in November. Nearly half of the increase was attributed to sharply higher food prices, particularly fresh vegetables, and eggs; most of the remainder was caused by higher charges for consumer services.

At its December level, the index was 6.1 percent above a year earlier, the largest increase for any 12-month period since November 1951. Of the major components of the index shown below, higher service charges constituted over two-fifths of the 6.1-percent increase since December 1968 and higher food prices contributed about a quarter of the rise.

## Contribution to Change in the All Items Index

	December 1968-69		December 1967-68	
	Percent Change	Contribution to Change	Percent Change	Contribution to Change
All items .....	6.1	100.0	4.7	100.0
Services .....	7.4	42.9	6.1	46.8
Food .....	7.2	26.4	4.3	20.7
Nondurables less food ....	4.5	18.0	4.4	23.3
Durables .....	4.5	12.7	2.5	9.2

Food

The larger than usual increase--1.4 percent--in food prices in December was twice the November rise. The acceleration was due almost entirely to a 1.6-percent increase in prices for food bought for home consumption that occurred when heavy holiday demand coincided with reduced supplies of vegetables, eggs, dairy products, and coffee.

Fruit and vegetable prices advanced 4.0 percent (up 2.8 percent when seasonally adjusted) as fresh vegetable prices, up 10 percent in November, jumped 11.8 percent. Cucumbers, green peppers, and tomatoes led the increase. The higher vegetable prices were attributed to low supplies as the winter vegetable season drew to a close in California and the winter harvest in Florida was delayed by inclement weather. The unusually sharp increase for eggs, 15 percent compared with 6.8 percent in November, was the result of strong demand from egg processors and from consumers who may have begun eating more eggs in preference to the more expensive meats.

In response to higher farm prices and increased processing costs, dairy products prices rose 1.0 percent, the largest 1-month increase in 18 months. Fresh milk and ice cream led the advance with hikes of over 1 percent each.

Higher coffee prices, resulting from crop damage in Brazil, caused a 1.2-percent increase in nonalcoholic beverage prices following last month's 1.7-percent advance. Prepared and partially prepared foods, cereals and bakery products each increased 0.6 percent, more rapid advances than in November.

Instead of showing their usual December decline, meat prices were 0.2 percent higher than in November. Greater than seasonal increases for pork and other meats more than offset lower prices for beef and veal which continued to decline for the fifth consecutive month. Prices fell for poultry and rose for fish.

Fresh fruit prices were down substantially except for apples. Greater supplies of citrus fruits from all producing States resulted in price decreases of 5.6 percent for oranges and 1.5 percent for grapefruit.

### Services

Consumer services moved up 0.7 percent. Nearly half of the increase was caused by higher insurance and finance charges which rose 1.3 percent. Automobile insurance rates increased 4.2 percent and homeowners' and property insurance rate increases were put into effect in several cities.

In addition, householders paid more for nearly all other services; rising costs of labor and materials were behind the 0.9-percent rise in home maintenance service charges; interior house paint rose 0.6 percent. Higher laundry flatwork and general domestic services caused the rise in housekeeping services. Fairly widespread rate increases for gas were reported, and public transportation rates were raised 1.3 percent due to approval of higher taxicab and airplane fares.

Medical care services moved up mainly because of higher physicians' fees, eye care prices, and hospital service charges. Men's and women's haircuts and movie admissions rose also.

As in the rest of 1969, economic conditions were cited as the principal reason for rent increases which in December amounted to 0.4 percent, equalling the record increase in August. Higher laundry expenses and costs associated with customer damage to rooms were cited by hotel and motel proprietors as hotel and motel room rates were up in all regions with increases averaging 0.7 percent.

### Nondurables less food

Nondurable commodities other than food advanced 0.2 percent (0.4 percent seasonally adjusted), as a decline in apparel prices nearly outweighed increases for most other nondurable consumer goods.

Gasoline prices rose 0.5 percent, almost entirely as the result of the return to "normal" prices after price wars in the Los Angeles area. Other price changes in this category were mixed and largely offsetting. Higher laundry soap and detergent prices led the advance in housekeeping supplies; fractional increases also were reported for scouring pads, paper napkins, and envelopes. Tobacco products prices increased 0.5 percent, less than half the rise reported for November, and with publishing costs increasing, especially for newsprint, newspaper prices averaged higher in December. Prices for footwear continued to rise.

Price reductions were widespread for apparel, but somewhat less than usual for December as stores held pre-Christmas sales for heavy outerwear and began their traditional yearend clearance sales. Prices were notably lower for women's dress coats, sport coats and car coats, men's tailored clothing and shirts. Some price cuts also were reported for such year-round items as women's street dresses, girls' dresses and boys' dungarees.

### Durables

The advance in consumer durables prices slowed to 0.1 percent in December, down substantially from October's peak increase of 1.4 percent. Moderate increases for furniture, household appliances, and other housefurnishings, each up 0.2 percent, just managed to outweigh the effect of price drops for new and used cars and some household items. Concessions on new car purchases offered by dealers were increased, but not as much as usual for this time of year; as a consequence, dealers' selling prices decreased, less than expected.

### 1969 Prices

In 1969, as in 1968, prices rose for all classes of consumer goods and services. Prices moved higher by 6.1 percent between December 1968 and December 1969 compared with the 4.7-percent rise in 1968.

Service charges increased an average of 7.4 percent. This compares with 6.1 percent in 1968 and 3.9 percent in 1967. Increased service charges were responsible for two-fifths of the advance in the total index. Food prices also rose more than the overall CPI in 1969 (up 7.2 percent) and their influence on the total price movement increased from one-fifth to just over one quarter in 1969. Nondurable commodities other than food and durable commodities each rose 4.5 percent; durables made up more of the price rise in 1969 than in 1968.

### Services

In 9 of the 12 months last year, the rise in service charges exceeded the average monthly price movement for all items. Insurance and finance charges, up 12.5 percent, were responsible for over 40 percent of the increase.

The 12-month rise for automobile insurance rates quadrupled from 3.4 percent in 1968 to 14.3 percent in 1969. This was the largest calendar year increase since 1952. Mortgage interest rose 12.5 percent, constituting one-tenth of the rise in the overall index; homeowners' taxes and insurance increased 7.1 percent.

Nearly all household services rose more in 1969 than in 1968; maintenance and repair services were up 11 percent, led by furnace repair charges which were up nearly 15 percent. Electricity rates increased 3.2 percent last year compared with 0.5 percent the year before; gas bill increases in 1969 were double those in 1968.

Residential rents increased 3.7 percent, rising 0.3 percent in each month of 1969 except August and December, when the increases were 0.4 percent. Hotel and motel room rates increased 9.5 percent during 1969, mainly because of higher maintenance, operation, and labor costs.

Except for professional medical and dental fee increases which were up by 7.2 percent, medical care service charges rose less during 1969 than in 1968. Price rises for "other services" also were not as steep last year while public transportation fares and automobile repair costs rose about as much as in 1968.

### Food

Strong demand for high protein foods was the principal factor in the 1969 food price rise of over 7 percent. Meat, poultry, and fish prices were in the van with increases ranging from 2 to 5 times those of 1968; they averaged 11.2 percent higher in 1969. Egg prices rose 25 percent during the year, not quite equal to the 27 percent increase in the year ending December 1968, and cheese prices rose nearly 8 percent.

Reduced supplies of fresh vegetables caused mainly by inclement weather brought increases of 6.6 percent in the fresh fruit and vegetables index. The same lack of supplies buoyed processed vegetables prices. On the other hand, fresh fruits ended the year at lower levels and processed fruits reflected these decreases.

Declining milk cow herds contributed to an increase of 4.1 percent on dairy products during the year; cereals and bakery products rose 4.0 percent and coffee prices were 5.6 percent higher than in December 1968, when they went up 0.7 percent.

#### Nondurables less food

Consumers paid 4.5 percent more for nondurable commodities other than food in December 1969 than they had 12 months earlier. This was about the same as the rise during 1968.

Tobacco products prices were raised 8.8 percent during the year, mainly because of widespread increases in State and local taxes on cigarettes. Gasoline prices increased 3.2 percent, nearly twice as much as in 1968, despite the prevalence of some localized price wars. Led by higher prices for wines and beer purchased for consumption away from home, alcoholic beverage prices rose 4.3 percent last year. Drugs and prescriptions rose 1.1 percent compared with 0.4 percent during 1968.

Other nondurable commodities rose, but less than in 1968, including apparel commodities which were higher by 5.3 percent compared with 6.7 percent the preceding 12-month period.

#### Durables

Durable commodities prices increased 4.5 percent during 1969 compared with 2.5 percent in 1968, 2.9 percent in 1967, and only 0.7 percent in 1966.

The cost of houses continued to mount rapidly in 1969. The volume of new construction of single family homes fell well below levels necessary to meet the demand created by new family formation and urban growth.

New car prices were up by 2.1 percent compared with 1.4 percent in 1968. Most of the increase occurred at the time of model changeover. After adjustment for quality differences with 1969 cars, 1970 model cars were about 2 percent higher. Used car prices advanced 4.4 percent as there was strong demand for clean late models.

Furniture prices rose 5.5 percent, the same as in 1968; appliances, floor coverings, and other housefurnishing price increases were not as large as in 1968.

#### Cost-of-Living Adjustments

Approximately 134,000 workers will receive cost-of-living wage increases, based on the Consumer Price Index for December. About 85,000 workers will receive pay increases based on the rise in the national index since December 1968, including 63,000 workers in the glass container industry (1 percent); 14,000 airline employees (7 cents per hour); and 5,000 aerospace workers (2-1/2 percent). An additional 24,000 workers will receive hourly pay increases of from 3 to 5 cents based on the rise in the national index from September to December including 14,000 employees of the Greyhound Corporation and 9,000 workers in the aerospace industry. About 1,500 employees of the Milwaukee and Suburban Transport Corporation will get a 2-cent hourly increase, based on the December rise in the National CPI.

Some 7,100 metal workers and machinists in the San Francisco Area will get 7-cent hourly pay increases, based on the rise in the index for the area since June. About 6,000 bakery workers in New York City will get a 2-percent pay raise based on the New York index and 1,600 transit employees in Baltimore will get an hourly increase of 5 cents based on the rise in the Baltimore CPI since June.

Approximately 12,000 other workers whose escalation reviews are tied to the December CPI will not receive pay adjustments because they have already received the maximums stipulated in their contracts.

A NOTE ABOUT CALCULATING INDEX CHANGES

Movements of the indexes from one date to another are usually expressed as percentage changes rather than changes in the index points because index point changes are affected by the level of the index in relation to its base period while percentage changes are not. The following example illustrates the computation of index point and percentage changes:

Index Point Change		Percentage Change
December 1969 CPI (1957-59=100)	131.3	Index point difference divided by the index for the previous period: $\frac{131.3 - 130.5}{130.5} \times 100 = 0.6$
less November 1969 index	<u>130.5</u>	
Index point difference =	0.8	