

PRICE PERSPECTIVE

U.S. DEPARTMENT OF LABOR
Bureau of Labor Statistics

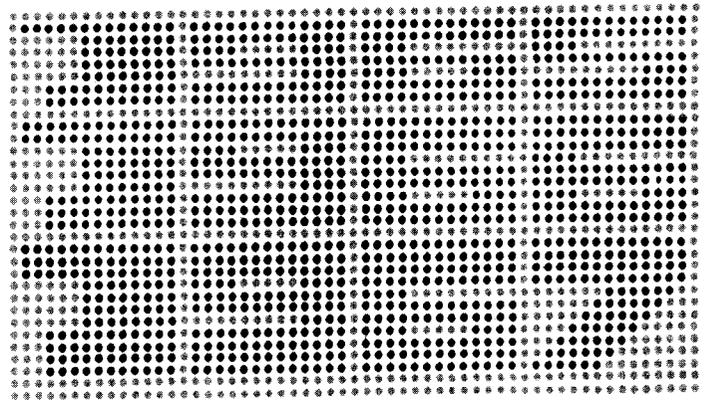
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U.S. DEPARTMENT OF LABOR
Willard Wirtz, Secretary

BUREAU OF LABOR STATISTICS
Arthur M. Ross, Commissioner

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PREFACE

The 1965-66 price advance, which brought the first threat of inflation in a decade, posed a crucial problem still faced by this country at the end of 1967. In Price Perspective, 1965-67 basic information and analyses are presented for policymakers as well as for all persons concerned with recent price trends and their implications. Retail and wholesale price developments between 1965 and 1967 are placed in perspective and the reasons for the price trends in the agricultural, industrial, and service sectors of the economy are analyzed.

Detailed appendix and text tables are supplied for key Wholesale Price Indexes and Consumer Price Indexes. The tables have been organized to show meaningful relationships among price index series. Special emphasis has been given to those series where important price movements have taken place since 1964.

This bulletin was planned and prepared by Pearl Ravner Williams under the general direction of Arnold E. Chase, Assistant Commissioner of Prices and Living Conditions. Toshiko Nakayama performed much of the research, and Floyd Coyne was responsible for the appendix tables.

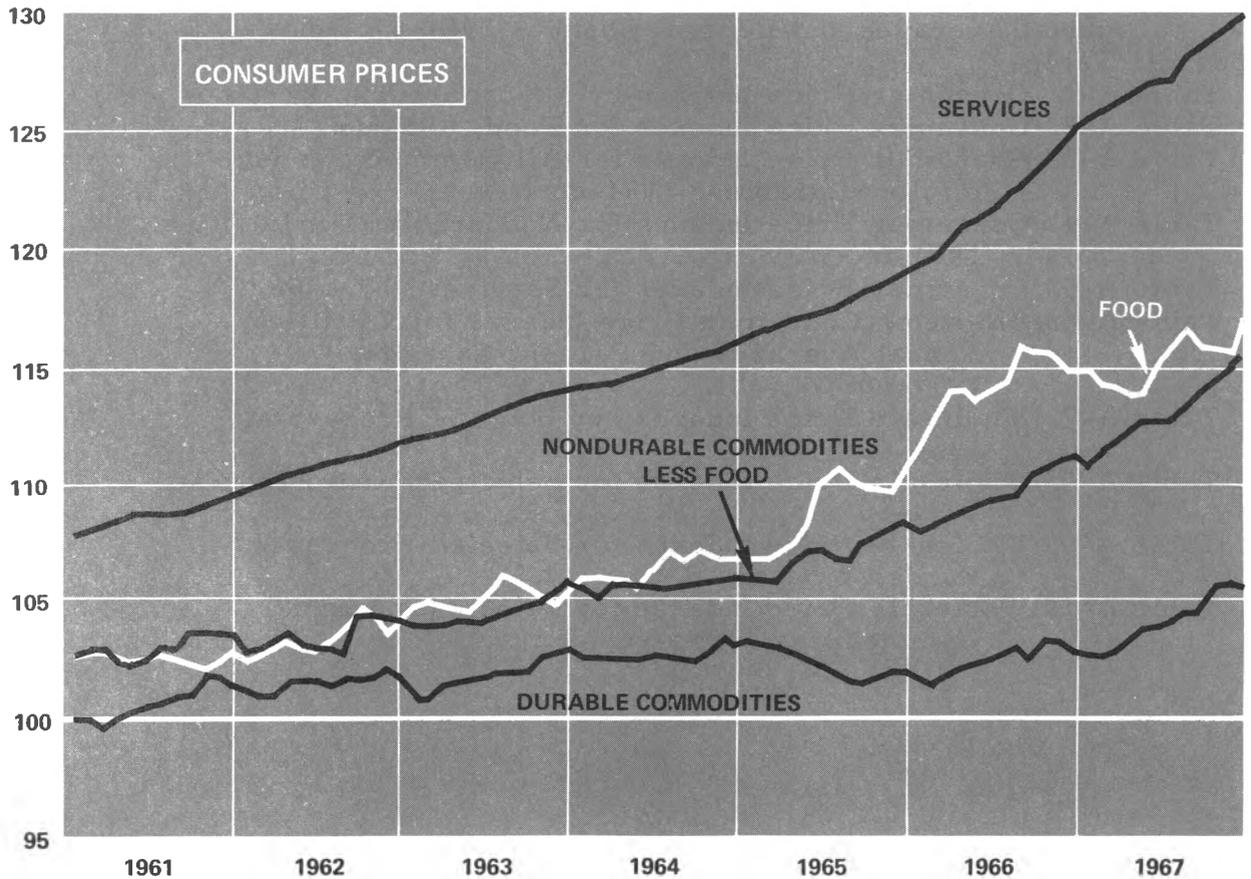
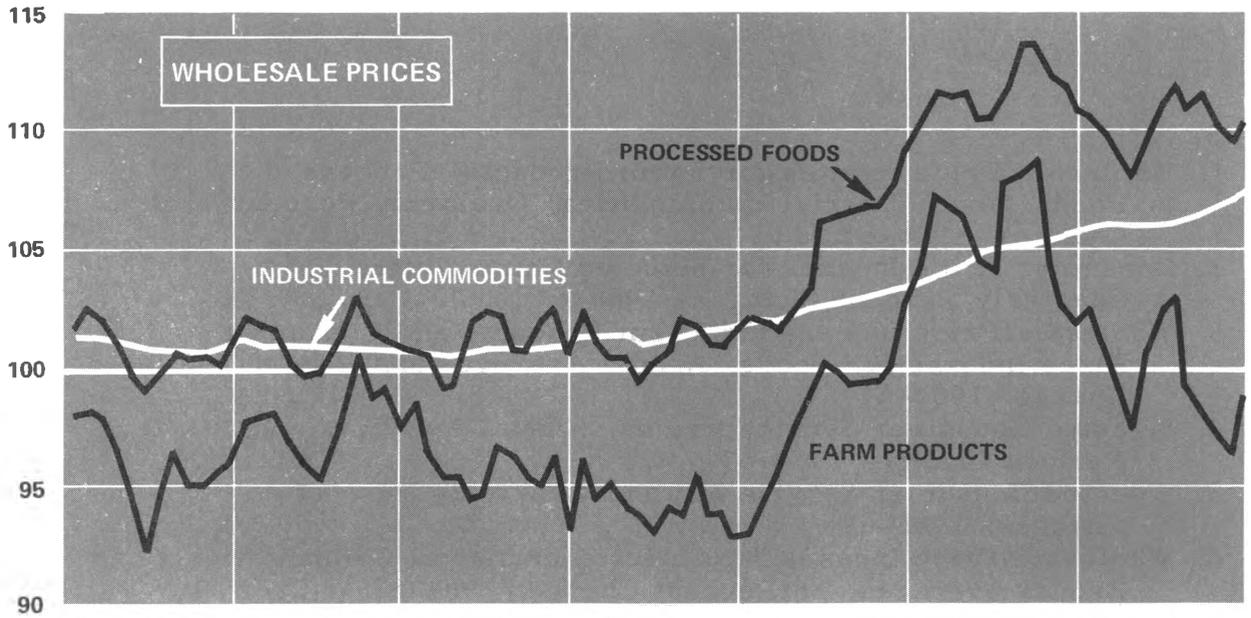
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INDEX (1957-59=100)



CHAPTER I

Prices in Perspective

Although the current long-term economic expansion began early in 1961, prices remained relatively stable until early 1965 when they turned upward. By the spring of 1966, the Nation was faced with the first threat of inflation in a decade. The pause in economic activity in late 1966 and early 1967 lessened price pressures only moderately. When economic activity accelerated again after mid-1967, upward pressures on prices began to intensify.

The problem of how to maintain full utilization of resources while restoring price stability which confronted policymakers in early 1966 became even more acute at the end of 1967. Major potentials for inflation remained—high levels of civilian and military spending and rising costs which, increasingly, were reflected in higher prices.

In 1967, the Wholesale Price Index averaged 5 1/2 percent higher than in 1964, and the Consumer Price Index 7 1/2 percent. Over the 3-year period, prices advanced in response to varying combinations of demand, supply, and cost factors. Supply bottlenecks for certain farm products and industrial raw materials were the chief sources of upward push on prices in 1965. Although spending in the private sector had been expanding rapidly for several years, available resources were sufficient to meet overall demand. By late 1965, however, price advances became more general when

demand pressures intensified as stepped up military requirements were superimposed on spending in the private sector.

In the first half of 1966, use of manpower and industrial resources was approaching capacity, and cost-push as well as demand-pull factors began to influence the price structure. Rising costs which had been absorbed in the previous few years of below-capacity operations were being passed on. Prices of consumer services also began to rise faster, due in part to competition for available labor. In addition, the tight money situation caused mortgage interest rates to advance.

After mid-1966, tight money as well as government actions helped to reduce demand pressures in the civilian sector and the pace of economic activity had moderated by late 1966. At the same time, some of the earlier supply bottlenecks for farm products and industrial raw materials were resolved, and these prices declined. However, stronger evidence of "cost-push" pressures began to appear and wholesale prices of finished goods rose in spite of the slowdown in business activity in the first half of 1967.

When the economy resumed its expansion after mid-1967, farm and food prices were the major exceptions to rising prices although they, too, rose sharply at yearend. Again, as in 1965, some significant increases were triggered by special situations such as the copper strike and the short supply of

raw cotton. Cost pressures, however, were a significantly stronger influence on prices than 2 years ago. Although demand in most industries was far from pressing against capacity, it was strong enough to permit prices to be raised in response to higher costs.

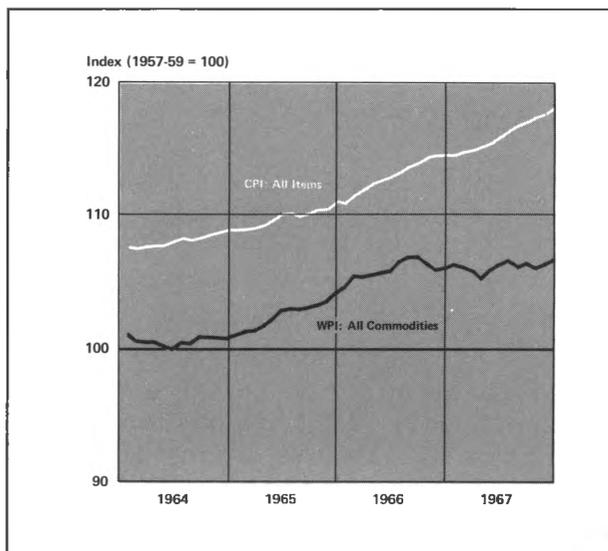
Major Developments

Unlike the previous postwar economic expansions, the first 4 years of prosperity following the 1960-61 recession represented a period of relative price stability. Wholesale prices in 1964 were no higher than in 1960, and the rise in consumer prices was held to an annual rate of slightly over 1 percent. Unit labor costs showed no general increase over the 4-year period as productivity gains matched average wage advances. Unemployment rates were relatively high, and the rate of use of manufacturing capacity was relatively low.

Although demand increased substantially after the 1960-61 recession, the economy's capacity to produce was not overtaxed. Moreover, balanced growth among the different economic sectors prevented the development of production bottlenecks and manpower shortages which often stimulate wage and price increases. Summarizing the situation, the Council of Economic Advisers stated in January 1965 that "Sustained economic expansion during the past 4-years was accompanied by a healthy balance among wages, prices and productivity.... The period was, essentially, inflation free." ^{1/}

A year later, circumstances had changed significantly. In the spring of 1965, price increases resulting

Chart 1. Wholesale and Consumer Prices



from shortages of three basic commodities pushed the price indexes up—farmers had cut back hog production drastically because of depressed 1963-64 hog and pork prices, strikes at home and abroad as well as political difficulties in some producing countries had created a copper shortage, and the drought that had destroyed Argentine herds resulted in a severe limitation of the world supply of cattlehides and leather.

More basically, the step-up of our military effort in Viet Nam after several years of limited involvement not only created some special imbalances but also caused a spurt in demand. The new layer of demand, imposed on an already prospering economy, pushed prices up further. The late 1965 upturn in prices for farm products, foods, and crude industrial materials continued into early 1966, and was joined by substantial advances in charges for

^{1/}The Annual Report of the Council of Economic Advisers. January 1965, U. S. Government Printing Office, Washington, D. C. P. 54.

consumer services as well as higher prices for many industrial products. For the first time in nearly a decade, the threat of inflation appeared in this country.

To counteract the inflationary potential, monetary authorities took steps to tighten the money supply in December 1965, and the Federal Government resorted to a variety of fiscal measures the following year. Early in 1966, the Government rescinded the January 1 excise tax reduction for automobiles and telephone services, increased withholding rates for personal income taxes, speeded the collection of corporate taxes, and intensified efforts to apply the wage-price guideposts to key wage and price decisions. Later in the year,

the investment tax credit and certain accelerated depreciation allowances were suspended. ^{2/}

The growth in demand slowed, as can be seen from the following tabulation. Consumer spending (in constant dollars) fell slightly in the second quarter of 1966 and, subsequently advanced at a much slower pace than in 1965. Housing activity sank to a post-World War II low, and the rate of growth in plant and equipment expenditures decreased substantially. Fears of inflation abated and late in the year concern began to develop over the effects of the economic slowdown. In November 1966, monetary restrictions were eased and, the following June, the 7 percent investment tax credit was restored.

	<u>Personal Disposable Income</u>	<u>Personal Consumption Expenditures</u>	<u>Wholesale Price Index</u>	<u>Consumer Price Index</u>
	(1958 dollars)			
1959-60	2.2	2.9	0.1	1.6
1960-61	3.1	2.0	-0.4	1.1
1961-62	4.7	4.9	0.3	1.2
1962-63	3.8	4.4	-0.3	1.2
1963-64	7.0	5.8	0.2	1.3
1964-65	6.5	6.6	2.0	1.7
1965-66	5.0	4.9	3.3	2.9
1966-67	4.3	2.8	0.2	2.8

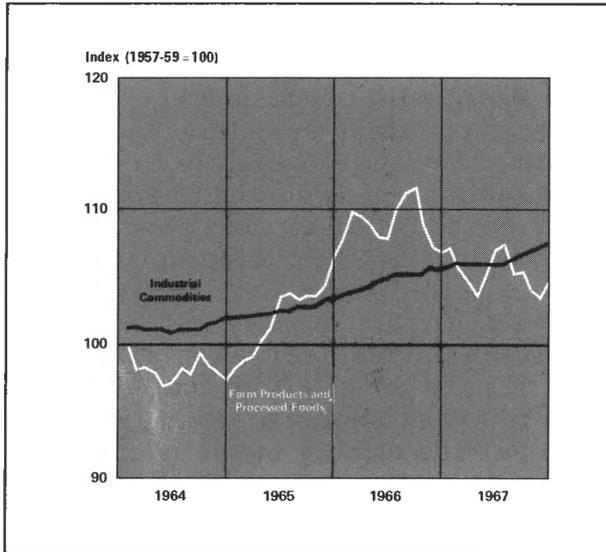
The National Income and Product Accounts of the United States, 1929-1965, and Survey of Current Business, January 1968. Office of Business Economics, Department of Commerce.

Although the slackening pace of the economy no doubt had a moderating influence on prices, the price impact in 1966 stemmed mainly from other factors. Most of the substantial price decreases which took place after early 1966 resulted from the easing of supply

shortages for the same farm products and crude industrial materials—hogs, cattlehides, and copper—whose prices had jumped upward earlier. No similar price decreases occurred in charges for consumer services which began to advance at the fastest pace

^{2/} A more comprehensive account of economic developments in 1966 may be found in "The Economy in 1966: The Economic Setting" by Hyman L. Lewis in Monthly Labor Review, February 1967. (Reprint No. 2522)

Chart 2. Wholesale Prices



since the Korean conflict period. Among industrial commodities, wholesale prices of finished products continued upward throughout 1966 and were reflected, in turn, in higher retail prices (tables 1 and 2).

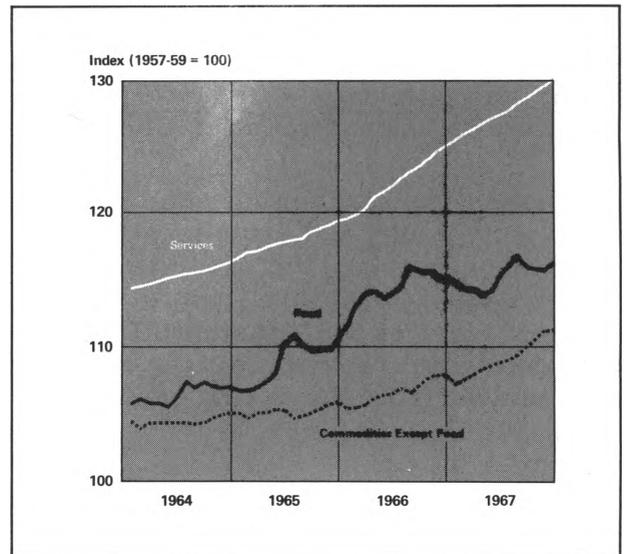
Although rising income levels and growing consumer and military demand were important factors, the 1965-67 price advance is not fully explainable by excessive demand pressing against productive capacity. The sharp 1965 to early 1966 price increase was triggered by supply bottlenecks for certain farm products and crude industrial materials. Despite such temporary supply shortages, there was no genuine inflationary gap caused by continued lack of capacity to meet the needs of expanding demand.

Nor were the price increases in 1965 and 1966 primarily part of a "cost-push" inflation similar to that resulting from the 1955-57 investment boom. The large 1965 and early 1966 increases did not come from those sectors of the economy subject to concentrated wage and market power. Not until late 1966

did evidence of "cost-push" pressure begin to appear, as rising costs pushed wholesale prices of finished goods upward in spite of the slow-down in business activity. When the economy resumed its interrupted expansion in mid-1967 cost factors became increasingly important. Price increases spread and became pervasive towards yearend. Although demand in most industries was far from pressing against capacity, it was strong enough to permit prices to be raised in response to higher costs.

Although the magnitude of price rise varied among the different sectors of the economy, prices for all sectors averaged substantially higher in 1967 than in 1964 before the current upturn began. Charges for consumer services which advanced 11 percent increased the most. Despite the decreases in late 1966 and in 1967, agriculturally-based prices were still significantly above their 1964 levels—retail and wholesale food 7 and 9 percent respectively, and farm products 6 percent. In the industrial sector, wholesale prices averaged 5 percent

Chart 3. Consumer Prices



higher in 1967 than in 1964, and retail prices for manufactured goods 4 1/2 percent.

1967 Trends

Price advances in 1967 were no doubt moderated by the loss of forward momentum of the economy in the first half of the year. At the same time, continuing high levels of civilian and military demand, rising production and marketing costs, attempts to maintain profit margins, easing of credit restrictions, and a psychological climate conducive to wage and price increases supplied a marked upward impetus.

In early summer, the economy resumed its interrupted expansion as the sharp cutback in inventory accu-

mulation which had retarded industrial production in the first half of 1967 came to a halt. Final demand advanced at about the same pace in the third quarter of 1967 as earlier in the year, but real output began to rise at an annual rate of 4 percent (from 2 percent the previous quarter and no gain in the first quarter). Once more, industrial production, man-hours worked, and interest rates moved upward

Throughout the year, price trends—particularly at the wholesale level—were affected strongly by agricultural developments which were largely independent of the general course of business activity. The following tabulation shows the effects of farm products and food prices on the overall wholesale and consumer price levels:

	Sept. 1966 to Dec. 1966	Dec. 1966 to Mar. 1967	Mar. 1967 to June 1967	June 1967 to Sept. 1967	Sept. 1967 to Dec. 1967
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(In percent)

Wholesale Price

Index	-0.8	-0.2	0.6	-0.1	0.6
Farm products. .	-6.3	-2.2	2.8	-3.9	0.5
Processed foods and feeds . . .	-2.3	-2.0	1.8	0.1	-1.1
Industrial com- modities	0.3	0.5	0	0.5	0.8

Consumer Price

Index	0.5	0.3	0.9	0.9	0.9
Food	-0.7	-0.5	0.8	0.7	0.3
Food at home. .	-1.2	-1.0	0.7	0.5	0
Nonfood commod- ities.	0.7	0.1	1.0	1.0	1.0
Services	1.4	0.9	0.9	1.0	1.1

Marked changes in supply were chiefly responsible for the trend of farm and food prices in 1967. High 1965-66 prices brought about the large expansion in food production and

caused prices to decline in late 1966 and early 1967. Similarly, the spring 1967 uptrend resulted from temporarily limited supplies of livestock and fresh produce, and the third-quarter

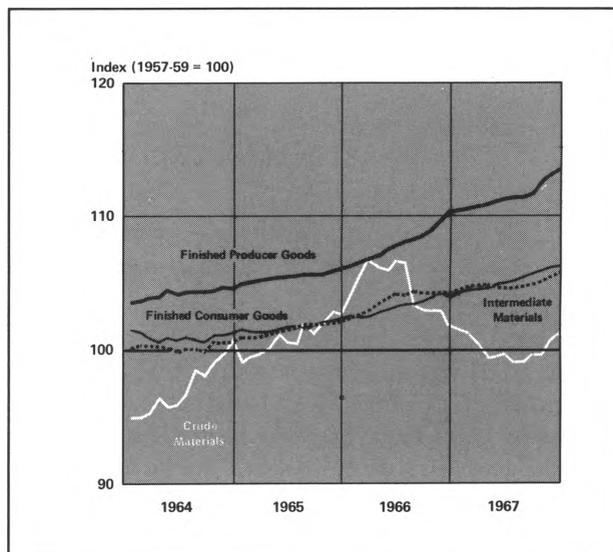
downturn in farm products prices came from record-breaking crops. Again, expansion and curtailment of hog production played a significant role.

However, the drop in prices of farm products did not bring a commensurate decline in food prices either at wholesale or retail. Wholesale farm products prices averaged 5 1/2 percent lower in 1967 than in 1966, but food prices were down about 1 percent at wholesale and -0.3 percent at the grocery store. Like other finished goods, processed foods are more resistant to price reductions than to price increases and also are less responsive to the immediate supply and demand situation than crude foodstuffs.

A major influence which caused consumer prices to continue rising throughout those periods in 1966 and 1967 when wholesale prices turned down was consumer services, which constitute one-third of the Consumer Price Index but are not represented in the Wholesale Price Index. Each major type of service represented in the Consumer Price Index—rent, household services, transportation, and medical care—had increased more in 1966 than in any of the preceding 5 years. In particular, mortgage interest rates, hospital charges, and physicians' fees had climbed steeply.

Although consumer service charges continued to advance substantially in 1967, the pace was more moderate than in the last half of 1966. Mortgage interest rates, in response to the easing money supply, declined during the first half of 1967. Medical care costs continued to increase more than

Chart 4. Wholesale Industrial Prices by Stage of Processing



other types of services, and hospital charges continued to rise faster than any other type of medical cost—even though the pace slackened after early 1967.

In the industrial sector of the economy, both wholesale and retail prices of finished products continued to increase although probably less than if business activity had not slowed in the first half of 1967. Only prices of crude industrial materials fell appreciably, and this downtrend had begun before mid-1966 as specific supply bottlenecks were alleviated. However, lessening demand pressures in early 1967 also played a part since material prices are generally sensitive to the forces of supply and demand. When economic activity quickened in the third quarter of 1967, materials prices advanced—particularly intermediate materials which include steel and non-ferrous mill products as well as lumber and other construction materials.

At the retail level, prices of commodities began to increase at the same substantial pace as

consumer service charges, as can be seen from the following tabulations:

	Dec. 1966 to Mar. 1967	Mar. 1967 to June 1967	June 1967 to Sept. 1967	Sept. 1967 to Dec. 1967
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(In percent)

WPI: Industrial commodities	0.5	0	0.5	0.8
Crude materials	-1.4	-0.8	0.1	1.8
Intermediate materials	0.5	-0.1	0.4	0.8
Finished goods:				
Consumer nondurables	0.9	0.8	0.7	0
Consumer durables	0	-0.3	0.4	1.6
Producers' goods	0.5	0.5	0.4	1.6
CPI: Commodities, except food . .	0.1	1.0	1.0	1.0
Nondurables	0.4	0.8	1.2	1.0
Durables	-0.2	1.2	0.7	1.2

The continuing advance in wholesale and retail prices of most finished goods during the business slowdown in late 1966 and the first half of 1967 reflected the passing through of rising labor and other costs. Traditionally, prices of processed goods—unlike those for materials—exhibit considerable inflexibility and, in particular, are highly resistant to downward price pressures. The cost structures of fabricating industries are more complex than those of industries producing crude materials and involve numerous factors and conditions—unrelated to the demand and supply of raw materials—which are difficult to change. ^{3/}

As evidence of cost-push pressures accumulated in 1966 and 1967 and spending—both military and civilian—remained strong, the Administration proposed a 6 percent income-tax

surcharge, effective on July 1, 1967. Enactment was still a matter of Congressional debate at the end of the year.

A Longer Perspective

In the twenty years since 1947, wholesale prices have increased almost one-third and consumer prices one-half. All of the wholesale price rise and most of the retail increase occurred during four periods: the years immediately after World War II, the Korean emergency, the aftermath of the 1955-57 investment boom, and since the step-up of our Viet Nam effort in 1965. Aside from these periods, consumer prices inched upward and wholesale prices remained steady or edged downward.

The current price uptrend began, as in 1950, when overseas military

^{3/} A more detailed discussion of price inflexibility is available in "Price Trends and the Business Cycle in Postwar Years" by Pearl C. Ravner in Monthly Labor Review, March 1962 (Reprint No. 2388).

involvement was superimposed upon an already prospering economy. In 1950, however, this took place less than a year after the 1948-49 recession while our heightened Viet Nam commitment in 1965—and the beginning of the current price upturn—came after 3 years of economic expansion.

As can be seen from the following tabulation, the percent increases since March 1965 are considerably smaller

than during the shorter period of the Korean emergency; and wholesale price increases compare favorably with those during the mid-1950's. ^{4/} Only at the retail level does the current price rise exceed that of the mid-1950's and, if the difference in duration of the two uptrends is considered, the 1956-57 rise was larger in terms of average monthly increment—0.3 percent versus 0.2-1/2 percent

	<u>Months of price rise</u>		<u>Percent Increase</u>	
	CPI	WPI	CPI	WPI
Current	33	17	8.4	5.4
Mid-1950's	19	33	5.9	8.5
Korean Conflict	21	13	12.3	19.2

^{4/} The duration of the inflationary period was determined by the first and last month of the accelerated price upturn. Since consumer and wholesale price uptrends generally did not begin or end on the same month, the period varies. If the period used for the Korean emergency is June 1950 to June 1951, the consumer price rise was 9 percent and the wholesale rise 15 percent. For the current period, March 1965 to December 1967 is used for consumer prices and March 1965 to August 1966 for wholesale prices.

Table 1. Wholesale Price Indexes For Farm Products, Processed Foods,
And Industrial Commodities
Quarterly Percent Changes

[Not seasonally adjusted]

Wholesale price indexes	1966				1967			
	Dec. 1965 to March	March to June	June to Sept.	Sept. to Dec.	Dec. 1966 to March	March to June	June to Sept.	Sept. to Dec.
All commodities . . .	1.2	0.3	1.0	-0.8	-0.2	0.6	-0.1	0.6
Farm products	3.7	-2.4	4.3	-6.3	-2.2	2.8	-3.9	0.5
Fresh fruits and vegetables.	10.3	-2.0	10.7	-8.2	-2.9	16.2	-19.3	13.9
Grains . . .	0.8	4.5	10.2	-3.0	-1.6	-3.8	-10.9	-0.2
Wheat. . .	-1.4	8.6	11.2	-5.4	-1.0	-7.2	-9.3	1.4
Corn . . .	1.5	3.8	11.5	-1.3	-1.8	-2.8	-13.0	-1.5
Livestock . . .	3.6	-5.0	-0.8	-10.3	-0.5	7.7	-1.3	-5.7
Cattle. . .	12.7	-6.8	-1.0	-6.7	1.8	3.0	4.7	-4.2
Steers . . .	4.5	-7.8	-0.2	-3.4	-0.4	2.9	6.9	-3.6
Hogs . . .	-10.6	-1.4	-0.2	-17.1	-5.5	17.4	-12.9	-9.3
Barrows and gilts. . .	-11.5	0.7	-2.4	-14.9	-7.4	18.6	-14.1	-7.8
Live poultry.	15.7	-5.3	-8.5	-11.8	17.6	-5.6	-14.9	-6.4
Broilers and fryers . . .	22.4	-7.3	-5.7	-23.2	29.7	-6.9	-12.9	-2.2
Eggs . . .	-0.3	-23.3	40.8	-14.8	-16.7	-16.3	22.5	-2.4
Fluid milk . . .	4.4	-0.1	11.4	-1.1	-4.0	1.9	2.0	0.5
Oilseeds. . .	4.8	9.5	0.6	-2.4	-3.8	-0.2	-8.4	1.4
Raw cotton . . .	-0.3	0.5	-26.1	0.2	0.8	1.4	3.9	16.4
Processed foods and feeds . . .	1.6	-0.2	3.1	-2.3	-2.0	1.8	0.1	-1.1
Cereals and bakery products	0.9	1.6	4.3	-0.8	-0.4	-0.3	-0.5	0.3
Bread.	1.1	0.4	6.8	0.2	-0.9	-0.4	0	0
Meats, poultry and fish	2.5	-3.0	2.1	-7.0	-2.6	6.5	0.3	-5.0

Table 1. Wholesale Price Indexes for Farm Products, Processed Foods, cond.
and Industrial Commodities
Quarterly Percent Changes—Continued

[Not seasonally adjusted]

Wholesale price indexes	1966				1967			
	Dec. 1965 to March	March to June	June to Sept.	Sept. to Dec.	Dec. 1966 to March	March to June	June to Sept.	Sept. to Dec.
Processed foods—Cont'd								
Meats . . .	0.6	-3.7	3.0	-6.3	-4.3	9.1	1.2	-6.0
Beef and veal . . .	9.8	-5.1	3.6	-4.2	-1.1	6.2	4.4	-4.7
Pork . . .	-10.4	-1.4	4.3	-9.9	-10.2	-16.4	-1.9	-9.6
Processed poultry . . .	13.8	-1.1	-4.9	-13.1	6.6	-3.9	-3.7	-7.5
Dairy products . . .	3.3	1.3	6.6	-1.5	-1.3	1.2	0.5	1.1
Milk . . .	2.7	0.6	4.6	1.5	-1.4	2.9	1.0	0.4
Cheese . . .	8.1	0.4	9.0	-6.6	-3.4	-0.4	-0.2	2.1
Processed fruits and vegetables.	-0.3	0.1	-1.1	2.0	-1.5	2.2	1.3	4.8
Canned fruits and juices . . .	-1.3	0	-6.4	0.2	0.6	4.7	2.8	8.1
Frozen fruits and juices . . .	-2.9	5.1	-2.8	0.4	-15.1	-4.5	0.4	10.7
Canned vegetable and juices . . .	1.1	0.2	1.7	4.3	1.6	2.6	0.5	2.2
Frozen vegetables . . .	0	-1.6	1.5	1.6	-6.0	0.8	0.3	0.8
Alcoholic beverages . . .	-0.3	0	0	0.4	0.3	0.3	0.7	0.2
Nonalcoholic beverages . . .	0	1.9	0.9	0	0.1	1.4	0.3	3.6
Manufactured animal feeds . . .	0.8	3.8	6.6	-0.2	-5.5	-1.9	-0.7	-1.6
Industrial commodities . . .	0.8	0.9	0.3	0.3	0.5	0.5	0.5	0.8
Crude materials . . .	3.9	-0.1	-3.5	-1.2	-1.4	-0.8	0.1	1.8

Table 1. Wholesale Price Indexes for Farm Products, Processed Foods, and Industrial Commodities
 Quarterly Percent Changes—Continued

[Not seasonally adjusted]

Wholesale price indexes	1966				1967			
	Dec. 1965 to March	March to June	June to Sept.	Sept. to Dec.	Dec. 1966 to March	March to June	June to Sept.	Sept. to Dec.
Industrial commodities cont'd								
Intermediate materials...	0.7	1.0	0.2	0	0.5	-0.1	0.4	0.8
Finished goods								
Consumer nondurables...	0.4	0.8	0.5	0.1	0.9	0.8	0.7	0
Consumer durables	0.1	0.4	-0.1	1.3	0	-0.3	0.4	1.6
Producers' goods ..	0.8	1.0	0.5	1.7	0.5	0.5	0.4	1.6

Table 2. Consumer Price Indexes For Selected Commodities
Quarterly Percent Changes

[Not seasonally adjusted]

Consumer Price Indexes	1966				1967			
	Dec. 1965 to March	March to June	June to Sept.	Sept. to Dec.	Dec. 1966 to March	March to June	June to Sept.	Sept. to Dec.
All Items	0.9	0.8	1.1	0.5	0.3	0.9	0.9	0.9
Services	0.7	1.6	1.2	1.4	0.9	0.9	1.0	1.1
All commodities	0.9	0.6	0.9	0.1	-0.1	0.9	0.9	0.8
All commodities less food . . .	-0.1	0.8	0.6	0.7	0.1	1.0	1.0	1.0
Food	3.0	0	1.5	-0.7	-0.5	0.8	0.7	0.3
Food away from home	1.1	1.3	1.5	1.4	1.1	1.1	1.3	1.2
Food at home . .	3.4	-0.3	1.5	-1.2	-1.0	0.7	0.5	0
Meats	5.7	-2.7	0.5	-3.2	-1.2	2.4	1.4	-1.9
Beef and Veal	4.6	-1.0	-0.1	-0.7	-0.4	1.2	2.5	0.2
Pork	7.2	-5.9	2.0	-9.1	-2.4	6.1	-0.2	-6.2
Chicken, frying	13.6	-4.1	-0.2	-9.2	1.8	-3.7	5.4	-4.5
All dairy products . . .	1.9	1.4	5.8	0.4	0.7	0.5	0.9	0.7
Milk, grocery . . .	1.7	0.7	5.8	0.6	-1.1	0.5	1.4	1.1
Cheese	5.6	3.5	6.0	1.1	-0.9	-1.0	-0.1	0.4
Fruits and vegetables . . .	5.8	3.7	-4.2	-2.0	0.8	4.1	-3.6	3.5
Fresh fruits and vegetables . . .	9.4	6.8	-6.6	-2.9	2.2	6.8	-7.2	3.3
Processed fruits and vegetables . . .	0.7	-0.6	-0.6	-0.4	-1.4	0	2.3	3.5
Cereals and bakery products	1.2	1.0	3.2	0.3	-0.2	-0.3	0.1	0
Breads white	2.4	1.1	5.2	-0.3	-1.3	-0.1	-0.7	0
Eggs	-1.0	-17.9	25.5	0.1	-17.2	-15.3	14.7	-2.0
Nonalcoholic beverages	-0.2	1.5	-0.2	-0.9	-0.7	0	0.1	-0.1

Table 2. Consumer Price Indexes For Selected Commodities--Continued
Quarterly Percent Changes

[Not seasonally adjusted]

Consumer Price Indexes	1966				1967			
	Dec. 1965 to March	March to June	June to Sept.	Sept. to Dec.	Dec. 1966 to March	March to June	June to Sept.	Sept. to Dec.
Durable Commodities	-0.4	0.6	0.1	0.4	-0.2	1.2	0.7	1.2
New cars	-1.6	-0.3	-2.5	4.4	-1.4	-0.4	-0.7	5.4
Used cars	-2.4	2.4	1.6	-4.9	1.5	5.6	3.1	-1.1
Tires, new	-0.3	2.2	0.6	0	0.4	1.2	2.4	3.0
Household durables	0.1	0.5	0.6	0.4	0.1	0.2	0.4	0.7
Appliances	-0.2	-0.4	0	-0.1	-0.5	-0.2	0.1	0.5
TV sets	-0.4	-0.1	-0.5	0.2	-1.0	-1.4	-0.8	0.6
Furniture and bedding	0.8	1.3	1.0	1.4	0.6	0.7	0.8	1.2
Floor covering	0	0.1	0.5	0.1	-0.2	-0.5	0.5	0.6
Nondurable Commodities								
Less Food	0.2	0.8	0.9	0.8	0.4	0.8	1.2	1.0
Apparel less footwear	-0.3	0.8	1.3	1.3	0.2	1.2	1.3	1.6
Women's and girls'	-0.4	0.8	1.5	1.7	0.1	1.4	1.3	2.3
Men's and boys'	-0.3	1.0	1.0	1.3	0.1	1.2	1.2	1.1
Footwear	1.1	2.5	1.3	1.3	1.1	1.0	0.8	1.2
Textile house-furnishings	-0.6	1.1	1.3	1.4	0	0.5	-0.1	1.6
Fuel oil and coal	0.3	-1.7	0.4	2.6	0.8	-0.5	1.6	0.7
Fuel oil #2	0.3	-1.5	0.1	2.8	0.8	-0.4	1.4	0.7
Gasoline	0.4	0.7	1.7	0.5	0.5	1.3	0.9	-1.4
Drugs and prescriptions	0.3	0.2	-0.1	-0.2	-0.3	-0.3	0.2	0.2
Toilet goods	0.6	0.3	0.3	0.3	0.3	0.7	0.8	0.2
Tobacco products	0.2	1.9	1.2	0.2	0	0.4	4.0	1.8
Alcoholic beverages	0.4	0.5	0.4	0	0.7	0.3	1.5	1.0

CHAPTER II

Farm Product and Food Prices

Between the spring of 1965 and the fall of 1966, prices of farm products and food rose substantially. A runup in livestock and meat prices sparked the 1965 advance. Higher prices for meat substitutes soon followed and, in 1966, the increases spread throughout the agricultural sector. During these 18 months, the average grocery bill rose 8-1/2 percent. (See table 1.)

Farm product and food prices began to decline in the fall of 1966, largely because of expanding livestock production, and continued down in early 1967. After rising at mid-year both farm and food prices resumed their downtrend. In December, they turned up sharply. (See table 2.)

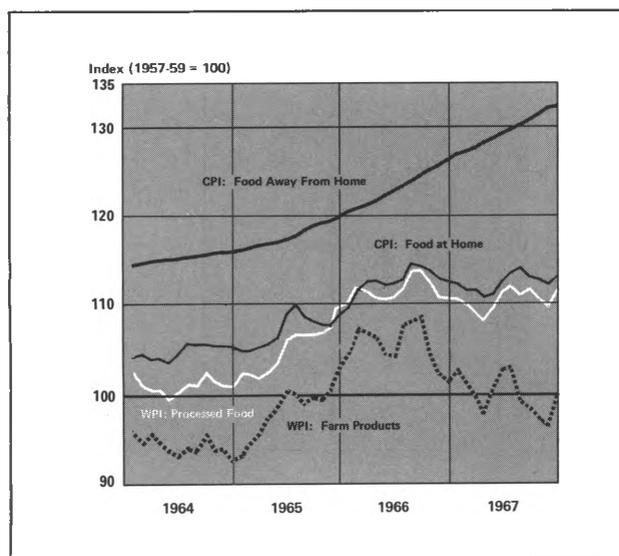
Despite the decreases which have taken place since the fall of 1966, prices averaged substantially higher during 1967 than before the 1965-66 upturn—farm products 6 percent, wholesale processed food 9 percent, and grocery food 7 percent. It appears unlikely that farm product and food prices will soon return to the relatively low levels reached prior to their 1965-66 jump following a 6-year decline.

Supply and Demand

Supply and demand factors combined in 1965 and 1966 to create a climate favorable to higher prices, although the largest increases were chiefly due to limitations of supply. Several years of declining livestock prices had caused farmers to cut back production. Favorable farm alternatives to dairying and shortages of farm labor, as well as other developments, reduced 1966 milk production to a 13-year low. Bad weather—unseasonable freezes and several years of summer drought—curtailed some fruit and vegetable crops and made farmers use costly feed instead of pasture for beef and dairy herds.

At the same time, demand increased substantially. Higher income levels enabled more people to buy more expensive foods, the Viet Nam buildup increased purchases by the Armed Forces, and farm exports—pushed by such events as the threat of famine in India—continued to rise. Over the long-run, population growth

Chart 5. Food Prices: Farm, Wholesale, and Retail



and rising incomes have increased consumer spending for food almost annually since the end of World War II. In 1966, spending for food (in constant dollars) slowed, but retail food prices advanced faster for, as in most years, the price fluctuations in 1965 and 1966 reflected changes in supply more directly than changes in demand.

Supply changes were also the chief determinants of the 1967 price trends. Expanding production caused the price drop between the autumn of 1966 and the spring of 1967; temporarily curtailed supplies of livestock and vegetables triggered the subsequent price increases; and expanded hog and poultry production, record grain crops, and the flooding of the market by de-

	<u>Percent increase from previous year</u>		<u>Food and beverage</u>
	<u>CPI: Food</u>	<u>PCE: Food and bev.</u> (1958 dollars)	<u>as a percent</u> <u>of total PCE</u>
1960	1.1	1.5	25.6
1961	1.2	1.6	25.5
1962	1.0	2.2	24.8
1963	1.4	1.5	24.1
1964	1.2	4.1	23.7
1965	2.3	4.2	23.2
1966	5.0	2.9	22.8
1967	0.9	2.6	22.7

The National Income and Product Accounts of the United States, 1929-1965 and Survey of Current Business, July 1967. Office of Business Economics, Department of Commerce.

laid vegetable harvests accounted for the slide in farm product prices after July 1967. However, supply-demand considerations alone may not explain fully the sharp 1965-66 upturn and subsequent downturn. A recently published article ^{5/} makes the point that, in the market environment which exists for most farm commodities, prices may overreact:

"In fact, the upward movement of agricultural prices in much of 1966 may have reflected considerable speculation based

upon anticipated world food shortages in addition to the price increase resulting from a declining-supply, strong-demand interaction. Following this deduction a step further, to the 10 percent drop in farm prices from September 1966 to April 1967, might lead one to conclude that most of the price softness of the past winter can be attributed to a counter-reaction from the sharp increases during 1965 and early 1966, once the world

^{5/} "The Impact of Farm Prices on Wholesale and Retail Price Levels" by Gene L. Swackhomer. In Monthly Review of the Federal Reserve Bank of Kansas City, September-October 1967, page 9.

food demand issue matured in perspective. "

As in previous years, Government farm programs served as a counterweight to the free play of the forces of supply and demand. Although their exact impact on 1965-67 farm and food prices is difficult to assess, the role of Government programs—price supports, acreage controls, import quotas, and purchases for export or for civilian and military use—was considerable. In some instances, attempts were made to curtail Government purchases for military and domestic use when prices rose substantially and to expand them when prices fell. After the sharp decline in farm product prices in the fall of 1966, actions were taken to raise milk support prices, to curtail imports of dairy products, and to reduce wheat acreage.

Other influences diminishing the competitive nature of today's agricultural price structure include the growth of the large, corporate farm and the vertical integration of some important food-producing sectors. Together with the first stirrings of labor organization and minimum-wage guarantees, this may make the agricultural sector increasingly susceptible to "cost-push" pressures generally associated only with manufacturing industries.

Rising Cost and the Farm-Retail Price Spread

When prices of bread and dairy products spurted upward in mid-1966, following the earlier rise in meat prices, the U.S. Department of Agriculture requested the Federal Trade

Commission to make a special analysis of the reasons for the higher bread and milk prices. The report to the House of Representatives stated: 6/

"In conclusion, this preliminary review indicates that recent price increases in bread and milk may be attributed to the following: (1) Farm prices rose because of radically changed supply-demand conditions. In milk, where the greatest farm price increases occurred, farm prices had been severely depressed for over a decade. In bread, the recent rise in wheat prices reflected a sharp reversal in the supply-demand situation with respect to the 1966 wheat crop. (2) Bread and milk processors as a group not only passed on the increases in ingredient costs but added to their own margins as well. Part of these margin increases reflect other cost increases while part may have added to profits which had previously been depressed. (3) Because of the practice of taking a fixed percentage margin, retailers tended to pyramid the price increases generated at the farm and processor levels. "

The reasons pinpointed in the Federal Trade Commission statement can be applied more generally. In addition to supply and demand influences, rising costs have been a major factor causing food prices to increase and keeping them from decreasing substantially when farm prices fell.

6/ Economic Report on Milk and Bread Prices, a report by the Federal Trade Commission, November 1966, printed for use of the Committee on Government Operations, House of Representatives, 89th Congress, p. 3.

Costs of raw farm products account for only about 40 percent of the price of delivered foods; the remainder reflects costs of transportation, processing, distribution, and marketing. Even in the years when farm product prices have declined, these costs have tended to rise and, in recent years, the increase has accelerated. Labor costs, which account for over 40 percent of marketing charges, have risen substantially; prices of containers and most other items bought by food processing and marketing firms have gone up sharply; and freight rates, rents, and many other costs have also increased. Moreover, profits after taxes rose until 1967 ^{7/} and, along with cost increases, have been reflected in rising unit marketing charges to the consumer.

The phenomenal growth of agricultural productivity since the end of World War II has been a basic factor in maintaining price stability for farm products and in causing the price slide between 1958 and 1964. Productivity gains in the agricultural sector have outpaced those in non-farm industries and have made farm prices more susceptible to downward pressures than prices in the nonagricultural industries.

Two other factors—producer competition and product perishability—have an important effect in making crude foodstuffs prices more subject to downward pressures than processed foods. Farmers are more dispersed and generally do not control the market for their product. Many farm products cannot be stored profitably and must be sold when harvested, even if the price falls drastically. In contrast, processing

companies, wholesale distributors, and retail food chains are much more highly organized, and the larger companies can resist fluctuations caused by the immediate supply- and demand-situation. Furthermore, as processing is completed, many of the foods can be stored and this, in turn, permits greater resistance to price reductions.

The impact of these forces is evidenced by the spread between farm product and food prices, both before and after the 1965-66 upturn. In 1964, farm product prices were approximately 6 percent below their 1957-59 average, but food prices were 1 percent higher at wholesale and 5 percent in the grocery store. Although rising farm prices narrowed the farm-retail spread in 1965 and 1966, falling farm prices again widened the gap in 1967.

Specific Price Trends

Because of the magnitude and rapidity of the price changes since 1965 for farm products and food, these commodities have affected the overall price indexes beyond their relative importance in each index. Farm products account for only 11 percent of the commodities in the Wholesale Price Index, and processed foods and feeds, 15 percent. In the Consumer Price Index, "food at home" represents about 18 percent of the items and "food away from home" another 4 1/2 percent.

The amount of increase varies considerably among the various commodities and between the wholesale and retail levels. (See table 3.) Because of the sharp downturn since late 1966, some 1967 prices are not only below 1966 but also lower than in 1964. For "food away from home,"

^{7/} Profits per dollar of sales by food and kindred product manufactures. Quarterly Financial Report for Manufacturing Corporations, Federal Trade Commission - Security Exchange Commission.

Table 3. Wholesale Price Indexes for Farm Products and Processed Foods, and Consumer Price Indexes for Foods, 1964-67.

Wholesale and consumer price indexes	Annual averages				Percent change
	1964	1965	1966	1967 ^{1/}	1964-67
			(1957-59 = 100)		
Wholesale price index.....	100.5	102.5	105.9	106.1	5.6
Farm products.....	94.3	98.4	105.6	99.7	5.7
Livestock.....	85.0	100.5	110.0	101.1	18.9
Poultry.....	82.0	87.2	91.4	82.2	0.2
Eggs.....	90.8	93.5	107.9	84.3	-7.2
Milk.....	102.0	103.5	117.6	122.0	19.6
Grains.....	94.1	89.6	97.3	92.2	-2.0
Wheat.....	88.7	75.0	84.8	79.9	-9.9
Fresh and dried fruits and vegetables.....	103.2	101.8	102.5	101.6	-1.6
Processed foods.....	101.0	105.1	111.5	110.3	9.2
Meats.....	89.0	100.8	109.9	105.5	18.5
Dairy products.....	107.8	108.5	118.5	122.0	13.2
Cereal and bakery products	107.8	109.0	115.4	117.1	8.6
Bread.....	107.9	108.4	116.5	120.0	11.2
Consumer price index.....	108.1	109.9	113.1	116.3	7.6
Food away from home.....	115.2	117.8	123.2	129.6	12.5
Food at home.....	104.7	107.2	112.6	112.3	7.3
Meats.....	99.4	106.9	116.8	113.8	14.5
Poultry.....	87.3	90.3	95.6	88.4	1.3
Eggs.....	95.0	92.8	105.7	88.4	-6.9
Dairy products.....	104.7	105.0	111.8	116.7	11.5
Milk.....	103.3	102.8	109.4	113.8	10.2
Cheese.....	113.4	116.6	130.6	136.3	20.2
Cereal and bakery products .	109.6	111.2	115.8	118.5	8.1
Bread.....	113.3	114.7	121.7	123.8	9.3
Fresh fruits and vegetables .	119.2	121.7	123.9	124.3	4.3

^{1/}Most of the decrease in wheat and grain prices in 1965 resulted from a change in the method of compensating farmers embodied in legislation which became effective on July 1, 1964.

which includes a large service component, the price uptrend—always considerable—intensified.

Livestock, Meats, and Poultry.

Just as falling cattle and hog prices were major factors in depressing agricultural prices prior to 1964, rising livestock prices were largely responsible for the farm product and food price increases during the next 2 years. The 1965 to early 1966 run-up in livestock and meat prices, as well as the subsequent decline in late 1966, came largely from changes in the supply of hogs and pork. Many farmers, discouraged by the low prices they had been receiving for several years, had cut back their 1964-65 pig production. As hog and pork prices skyrocketed in 1965, hog raisers boosted farrowings by 10 percent in the spring of 1966 and, when these animals were marketed in the fall, hog and pork prices dropped drastically.

The late 1966 downtrend continued into 1967 for hog and pork prices which, after rising substantially in the second quarter, fell after mid-year with expanding pig production. In contrast, cattle and beef prices advanced substantially despite increased cattle production and turned down less than seasonally late in the year.

Prices for poultry followed a somewhat similar pattern, rising and falling with those for red meats, particularly pork. Many consumers, discouraged by high meat prices, turned to the lower priced poultry as a substitute. Although broiler production increased considerably more in 1965 and in 1966 than during the previous 3 years, the shift in demand was sufficient to cause poultry prices to trend sharply upward through the spring of 1966. By the end of 1966, however, both wholesale and retail prices of poultry had dropped substantially, and, after rising early in

1967, wholesale poultry prices slid downward thereafter. In 1967, poultry prices averaged well below their 1966 level—the highest since 1960. Throughout the 1960's, poultry prices have been markedly lower than in the 1950's.

Milk and Dairy Products. As milk production in 1966 fell to the lowest point in 13 years, the prices farmers received jumped upward, equaling their 1948 record high. The number of milk cows fell 6 percent in 1965 and another 5 percent in 1966, compared with the average 2 1/4 percent annual downtrend since 1950, as high prices for beef cattle stimulated much sharper than usual liquidation of cow herds. In addition, the cumulative effects of the 5-year drought in the Northeastern States and favorable farm alternatives to dairying helped to reduce milk production as well as to raise costs of dairy farming. Increasing shortages of labor were reported as opportunities for off-farm employment attracted low-paid farm workers, and as more young men were inducted into military service. Moreover, the long-term trend toward fewer and larger dairy farms intensified. The number of dairy farms fell about 10 percent in 1965 and another 10 percent in 1966.

At the same time, total domestic consumption of fluid milk and dairy products continued to rise. Military use expanded greatly between 1964 and 1966, and consumption for school lunch and other special programs also increased. As a result of the changed supply-demand situation, farm prices for milk advanced steadily after mid-1965. When support prices were raised in mid-1966 to encourage dairy farming, milk prices spurted upward.

Wholesale milk prices turned down in the fall of 1966, and retail prices decreased slightly in early 1967. Since the spring, however, both wholesale and retail milk prices have been rising

and, in 1967, averaged considerably above their already high 1966 levels—for a total rise of over 10 percent since 1964. Milk prices at the farm level jumped 20 percent over the 3 years.

Prices of manufactured dairy products, such as cheese and butter, rose more steeply than milk used for drinking. In the expectation of better returns, an increasing proportion of milk was diverted to the manufacture of these products. The higher prices, however, discouraged consumer demand at the same time that larger supplies were being generated. In consequence, prices of manufactured dairy products began to decline and continued down through most of 1967; wholesale price of butter averaged the same as in 1966 and cheese lower than in 1966. Nonetheless, the largest increases in both wholesale and retail dairy product prices since 1964 have been in these two products—cheese 20 percent and butter 13 percent.

Wheat, Flour, and Bread. For the first time since the buildup in grain surpluses began a dozen years ago, a tight supply situation for wheat developed in 1966. Government holdings dropped to the lowest level in 13 years while export demand, both commercial and aid shipments, skyrocketed. Bad weather, which damaged the Midwest crop, caused prospects for 1966 wheat production to appear poor at the same time that pressures for foreign aid intensified. As a result, speculative buying drove wheat prices upward by 20 percent between April and September. However, improved crop prospects later in the year for both the United States and other major wheat producing countries caused prices to slide downward. Nonetheless, wholesale prices for wheat ended the year 13 percent higher than a year earlier.

Although the 1966 crop equaled the

above-averaged 1965 wheat production, the total U. S. wheat supply was the smallest since 1952 because of the very low level of Government stocks. When it became evident that additional supplies were needed to meet domestic and foreign demand, acreage allotments for the 1967 wheat crop were increased by one-third.

Higher wheat prices were transformed quickly into higher prices for flour and bread. Wholesale bread prices advanced about 9 percent in 1966 after 4 years of relative stability. At retail, the long-term uptrend in bread prices, moderate since 1960, accelerated to 8 1/2 percent, the largest annual rise since the 9 1/2 percent jump during the Korean-war year of 1951. Although higher wheat and flour prices spurred the increase in bread prices, rising prices for other ingredients such as milk, eggs, and sugar played a part. Additional important factors were higher costs for labor, transportation, and marketing as well as attempts to preserve or to improve profit margins.

Record-breaking crops caused grain prices, including corn and wheat, to drop in late 1966 and the steep slide continued throughout most of 1967. Bread prices also eased somewhat both at wholesale and retail, but the drop was too slight to bring them below their 1966 levels. In 1967, prices of bread were 11 percent higher at wholesale and 9 percent higher at retail than in 1964.

Fruits and Vegetables. In recent years, the rise in retail prices of fruits and vegetables—both at the fresh and processed levels—has exceeded to a marked extent the wholesale increases. Fresh produce prices in 1966 were 24 percent above their 1957-59 average at retail but only 2 1/2 percent higher at wholesale. Processed fruit and vegetable prices were 10 percent higher than their

1957-59 average at retail, compared with 5 percent at wholesale.

Fresh produce prices climbed sharply in 1964. During the next 2 years, retail prices continued moderately upward, but wholesale prices fluctuated slightly below their high 1964 level. Unfavorable weather in the spring of 1965 and through much of 1966 disturbed planting and harvesting schedules and kept produce prices high during both years. In addition, growing consumer demand for fresh fruits and vegetables as well as rising costs for equipment, fertilizers, and labor helped push prices upward.

In 1967, unfavorable weather and delayed maturing of late spring crops disrupted harvesting schedules and caused fresh produce prices to rise in the second quarter of the year. Although the increase was just a little more than seasonal at the retail level, the wholesale rise was steep. In the third quarter, however, the delayed harvests of vegetables flooded the market and caused prices to drop somewhat more than they had risen the previous quarter. Wholesale prices during the year averaged close to the levels prevailing since 1964 while retail prices continued their moderate uptrend.

Important production changes resulted from the termination at the end of 1964 of Public Law 78 which had authorized the admission of Mexican contract workers to perform seasonal agricultural work. In 1964, the harvesting of many crops such as lettuce, cantaloupes, tomatoes, cucumbers, citrus fruits, and strawberries was

almost entirely dependent upon foreign workers. By 1966, many of these crops were harvested with the aid of only a small number of foreign workers—25,000 in 11 States, compared with 200,000 in 29 States 2 years earlier. About 82 percent of the work involved in cultivating and harvesting lemons and 38 percent of work on oranges had been performed by foreigners in 1964. From April 1965 through early 1967, no foreign laborers were used, but in the spring of 1967 Florida citrus growers were permitted to hire foreign workers to avoid crop losses.^{8/}

Intensified recruitment of U. S. workers and higher wages have helped fill the gap left by foreign agricultural workers. Farm wages rose 5 percent in 1965 and 8 percent in 1966, compared with an average annual increase of 2 1/2 percent between 1960 and 1964.^{9/}

In addition, the end of the "bracero" program has hastened mechanization. In fact, increased mechanization and other technological changes have caused agricultural productivity to rise rapidly, particularly for potatoes and vegetables used for canning or freezing. For example, although only one-fourth of the tomato crop produced for the processing market in 1965 was harvested by machines, about 70 or 80 percent was harvested by machine in 1966. Man-hours per ton of tomatoes were cut from 7.2 to 1.5, and overall cost was reduced about 40 percent.^{10/} Scientists and engineers are continuing efforts to develop machinery and techniques for

^{8/} Farm Labor Developments. January 1965, July 1966, January 1967, and August-September 1967 issues. Manpower Administration, Bureau of Employment Security, U. S. Department of Labor, Washington, D. C.

^{9/} Economic Report of the President, January 1967. Council of Economic Advisers. Table B-27, p. 245.

^{10/} Weekly Digest, February 4, 1967. American Institute of Food Distribution. New York, N. Y.

cultivating and harvesting other crops, including fruits and vegetables destined for the fresh market.

From time to time, reports have appeared of labor shortage or of difficulties encountered in harvesting fruits and vegetables. Generally these problems stemmed from the distortions in planting and growing seasons caused by adverse weather conditions which changed harvesting schedules sufficiently to cause unforeseen overlapping. In emergency situations—where labor was needed to avert serious crop losses, and U. S. workers were not available—the U. S. Department of Labor has permitted the use of foreign labor.

Food Away from Home

For meals and snacks away from home, the 4 1/2-percent price advance in 1966 was more than double that of other recent years, and the largest since 1953 (the year these figures were first compiled). However, prices rose a more substantial 5 percent in 1967 even though the cost of food did not increase.

In 1965 and 1966, a major cause of higher restaurant meal prices was

rising food costs. About 44 percent of restaurant revenue is spent on food, and meats account for about 38 percent of food costs.^{11/} Other costs also moved up substantially, such as wages, equipment, taxes, and rent. Shortages of skilled labor plus the coverage of restaurant workers for the first time by the minimum wage and overtime provisions of the Fair Labor Standards Act, effective February 1967, continued to push up labor costs which account for about 30 percent of all restaurant expenses. The impact of rising costs for items other than food plus the attempt to widen retail profit margins was largely responsible for the continuing rapid rise in restaurant prices in 1967.

In addition, higher restaurant prices reflected growing patronage. Consumer spending for restaurant meals is closely related to general economic prosperity and, beginning in 1964, rose substantially more in real terms than at any time since the Korean emergency. In fact, the 1964 and 1966 increases of 5.7 percent each in spending on purchased food and beverages (in constant dollars) exceeded the 1951 Korean peak advance of 5.3 percent.

^{11/} Washington Report, January 23, 1967. National Restaurant Association. Washington, D. C.

CHAPTER III

Charges For Consumer Services

After increasing about 2 percent annually early in this decade, charges for consumer services have been rising faster each year since 1964, and were almost 11 percent higher in 1967 than they were 3 years earlier. (See table 4.) During the same period, retail food prices rose 8 percent and retail prices for nonfood commodities increased 4-1/2 percent.

The upward trend in service prices is a long-term phenomenon. Service charges have moved up annually since 1935, the first year for which these figures are available. During the 1950's, the increase averaged 3-1/2 percent annually as consumer demand shifted to services when the needs for commodi-

ties were met after World War II. In the 1960's, however, the proportion of all consumer spending allocated to services has held steady, although the amount spent (in constant dollars) has risen substantially.

In 1966, price increases were substantial and widespread, accelerating as the year advanced. Although consumer service charges increased rapidly in 1967, the rate was more moderate than during the last half of 1966. (See table 5.) Nonetheless, consumer services averaged 4-1/2 percent higher in 1967 than a year earlier, the largest rate of rise since 1953.

Major 1965-67 Developments

The service component of the Consumer Price Index is a heterogeneous

Chart 6. Year-to-Year Changes in Consumer Service Prices

(Percent Changes in Annual Averages)

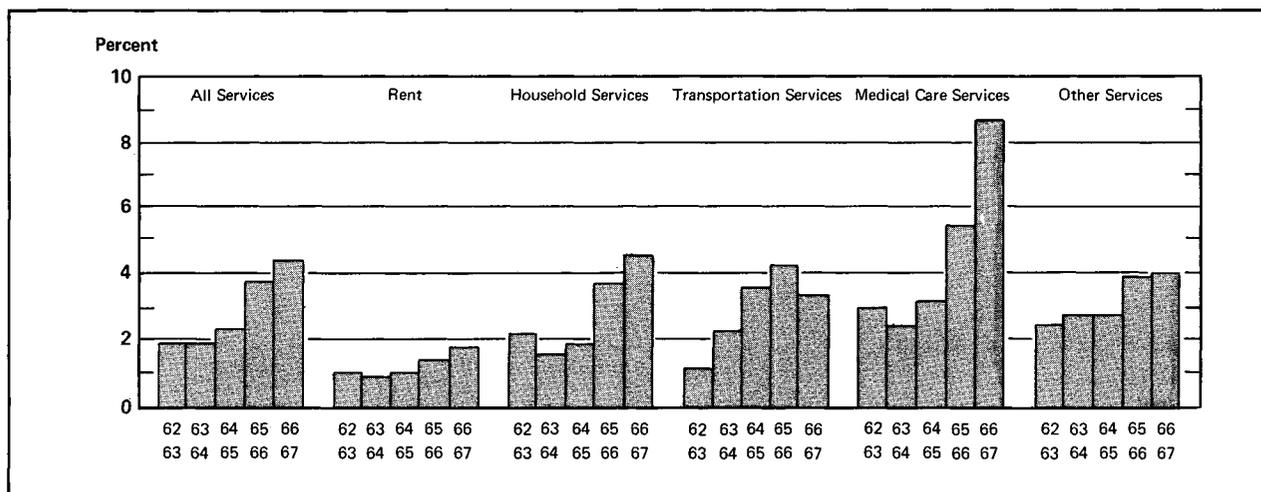


Table 4. Selected Consumer Service Prices, 1964-67
 [1957-59=100]

Consumer price indexes	Annual averages				Percent change
	1964	1965	1966	1967	1964-67
All services	115.2	117.8	122.3	127.7	10.9
Rent	107.8	108.9	110.4	112.4	4.3
Transportation services	115.0	119.3	124.3	128.4	11.7
Auto repairs	110.6	112.6	114.7	119.2	7.8
Auto insurance	119.2	130.5	139.9	143.8	20.6
Registration and license fees	105.5	105.8	115.7	119.5	13.3
Parking and garage rent	100.5	102.2	103.3	106.9	6.4
Local transit	122.8	125.4	130.9	140.2	14.2
Railroad fare, coach	104.7	105.0	104.9	105.5	0.8
Airline fares	100.0	100.5	100.6	100.8	0.8
Bus fares, intercity	101.2	103.6	106.3	110.6	9.3
Medical care services	123.2	127.1	133.9	145.6	18.2
Physicians' fees	117.3	121.5	128.5	137.6	17.3
Dentists' fees	114.0	117.6	121.4	127.5	11.8
Eye examination & glasses,	110.7	113.0	116.1	121.8	10.0
Hospital daily rates	144.9	153.3	168.0	200.1	38.1
Operating room charges	101.9	106.4	113.7	128.4	26.0
Household services	114.8	117.0	121.5	127.0	10.6
Mortgage interest rates	100.1	100.5	106.9	112.0	11.9
Property taxes	101.4	105.5	108.9	115.3	13.7
Property insurance	114.4	122.2	128.8	135.4	18.4
Home maintenance & repairs	101.5	104.3	109.9	116.7	15.0
Gas	112.8	113.1	113.8	113.6	0.7
Electricity	102.5	102.0	102.0	102.9	0.4
Telephone	104.5	103.0	100.9	102.2	-2.2
Domestic service	123.5	129.8	136.6	147.8	19.7
Baby sitters	100.1	103.9	108.6	115.6	15.5
Day care	101.0	103.6	109.8	116.7	15.5
Laundry, flatwork	101.4	105.5	112.5	121.7	20.0
Postal charges	135.8	136.4	137.6	141.5	4.2
Other services	118.5	121.8	126.5	131.5	11.0
Laundry, men's shirts	100.6	103.0	107.4	113.0	12.3
Dry cleaning	109.0	111.2	115.6	120.7	10.7
Tailoring charges	100.0	100.9	104.8	110.4	10.4
Shoe repairs	116.4	117.1	117.8	118.1	1.5
Men's haircuts	117.7	122.1	129.5	136.1	15.6
Beauty shop	113.0	115.7	119.6	124.3	10.0

Table 4. Selected Consumer Service Prices, 1964-67 — Continued
 [1957-59=100]

Consumer price indexes	Annual averages				Percent change
	1964	1965	1966	1967	1964-67
Other services—Continued					
Movie admissions.	135.5	146.4	157.3	169.2	24.9
Bowling fees	99.1	99.3	100.7	103.9	4.8
Film developing.	101.2	103.1	104.4	106.4	5.1
Funeral services	100.2	101.4	103.4	106.1	5.9
Bank service charges	100.7	100.8	101.5	104.0	3.3
Legal services.	104.6	110.4	113.9	119.5	14.2

Table 5. Selected Consumer Service Prices
Quarterly Percent Changes

[Not seasonally adjusted]

Consumer Price Indexes	1966				1967			
	Dec. 1965 to March	March to June	June to Sept.	Sept. to Dec.	Dec. 1966 to March	March to June	June to Sept.	Sept. to Dec.
All services	0.7	1.6	1.2	1.4	0.9	0.9	1.0	1.1
Rent	0.4	0.3	0.5	0.5	0.4	0.4	0.5	0.6
Transportation services	1.1	0.5	1.9	0.8	0.7	0.5	0.6	1.2
Auto repairs	0	0.5	0.9	1.0	1.5	0.8	1.0	0.9
Auto insurance	1.3	0.9	1.6	0.6	0.5	0.2	0.8	0.4
Registration and license fees	10.1	0.2	0	0	2.1	0.7	0	0
Parking and garage rent	0.3	-0.2	0.1	0.9	2.0	0.1	1.4	1.1
Local transit	0.1	0	8.9	0.1	0.7	0.7	0.9	2.1
Taxicabs	---	---	---	---	---	---	---	---
Railroad fare, coach	-0.1	0	0	0	0.2	0	0.3	1.5
Airline fares	0.1	-0.2	0	-0.1	0.1	0.3	0	0.2
Bus fares, intercity	1.3	0.3	0.4	0.2	2.6	1.5	0.2	-0.3
Medical care services	1.5	1.7	2.4	2.3	2.5	1.6	1.9	1.6
Physicians' fees	1.8	2.0	2.2	1.6	2.0	1.3	1.5	1.1
Dentists' fees	0.6	1.2	1.6	1.2	1.2	0.9	1.5	1.5
Eye examination and eye-glasses	0.4	1.0	1.2	1.3	1.7	0.9	0.9	0.7
Hospital daily rates	2.4	2.1	5.1	6.0	6.1	3.0	2.0	3.6
Operating room charges	2.1	1.3	2.5	3.1	4.5	3.5	2.5	1.4
Household services	0.1	2.7	1.1	1.5	0.6	0.9	1.1	0.8
Mortgage interest rates	0.7	6.0	2.1	3.1	-0.5	-1.2	0.4	0.5
Property taxes	0.7	1.1	1.2	0.5	2.4	2.0	1.2	0.8

Table 5. Selected Consumer Service Prices--Continued
Quarterly Percent Changes

[Not seasonally adjusted]

Consumer Price Indexes	1966				1967			
	Dec. 1965 to March	March to June	June to Sept.	Sept. to Dec.	Dec. 1966 to March	March to June	June to Sept.	Sept. to Dec.
Household services--Cont'd								
Property insurance	1.0	1.7	1.6	0.4	0.7	3.1	0.7	0.4
Home maintenance and repairs . . .	1.2	2.0	1.9	1.5	1.1	1.5	1.8	1.2
Gas	0.4	-0.4	0.2	-0.5	0.4	-0.3	0.2	-0.1
Electricity	0	0.1	-0.2	0.2	0.4	0.1	1.1	-0.3
Telephone	-6.3	6.6	0.1	0	-0.2	0	0.1	-1.1
Domestic service	1.7	0.7	1.9	2.2	2.8	1.5	1.0	3.4
Baby sitters	1.2	1.2	0.2	1.9	2.2	1.6	1.7	1.6
Day care	0.4	2.8	1.2	2.3	1.0	1.4	1.1	1.4
Laundry, flatwork	1.6	1.8	2.3	3.2	1.9	1.8	0.1	1.6
Postage charges	0	1.3	0	0	2.6	0	0	0
Other services	1.5	1.1	0.9	1.1	0.6	1.2	0.8	1.4
Laundry, men's shirts	1.1	0.8	0.8	3.4	0.6	0.8	0.5	0.6
Dry cleaning	1.0	1.4	1.5	2.1	0.3	1.2	0	0.8
Tailoring charges	1.0	2.9	1.0	0.9	0.4	1.9	2.0	1.4
Shoe repairs	0.3	0.3	0.2	-0.8	0	0.9	0.3	-0.1
Men's haircuts	1.9	2.7	1.5	1.4	0.9	0.6	1.6	1.0
Beauty shop	0.7	1.5	1.0	0.7	1.1	1.0	0.8	1.4
Movie admissions	3.7	1.2	1.5	1.4	1.1	2.9	2.8	3.1
Bowling fees	1.3	-0.7	-2.1	4.0	1.7	-0.4	-1.3	3.2
Film developing	0.9	-0.1	-0.4	0.6	0.1	-0.4	1.7	6.5
Funeral services	0.3	0.7	0.9	0.6	0.5	0.6	0.7	1.6
Bank service charges	0.3	0.2	0.7	0.6	-0.2	1.5	0.7	2.0
Legal services	1.4	0.2	1.2	1.0	1.6	1.6	0.4	2.1

group composed of diverse costs such as rent, utility rates, property taxes, movie admissions, and payments to hairdressers, auto repairmen, and babysitters. About half of the services in the index may be regarded as "service industries," where compensation for personal effort represents a high proportion of total costs.

Charges for consumer services that involve compensation for personal effort climbed steeply in 1966, and continued rising rapidly in 1967. At the same time, a significant share of the 1965-67 price rise was due to those services where labor does not form a large proportion of total costs, mortgage interest, property and auto insurance, real estate taxes, and rent. Among the publicly-regulated services, rates for the utilities—gas, electricity, and telephone—remained steady until 1967, when electricity rates rose sharply after midyear. In contrast, local transit fares have increased each year.

Since productivity gains in many of the services are limited, rising costs tend to be reflected quickly in higher prices. Beginning in 1965, costs increased markedly—labor, materials, equipment, overhead, construction, and cost of credit. Some of the late 1966 and 1967-price rises were attributed by employers to higher labor costs resulting from the 1966 amendments (effective February 1, 1967) to the Fair Labor Standards Act which, for the first time, extended Federal minimum wage and overtime provisions to some service industries.

Manpower shortages in certain occupations helped bring about some of the increase in consumer service prices. Long-standing shortages of certain professional and highly-trained workers such as doctors, medical technicians, and auto mechanics grew more acute and made it easy to increase charges. Among the

less-skilled and low-paid service workers, expanding economy offered better employment opportunities in other fields and caused employers to raise wages in order to attract and hold their work force.

A unique factor in the 1966 advance in service prices was the impact of the tightened money supply. The monetary measures, which were designed to counter inflationary pressures, also increased the cost of credit. As developments in the money market in late 1965 and early 1966 led to a shortage of mortgage funds, mortgage interest rates climbed steeply and accounted for a substantial share of the 1966 rise in the consumer services index. The early 1967 easing of the money supply caused mortgage interest rates to decrease slightly from the high levels of late 1966 but, as demand for available funds once more increased, mortgage interest rates began to rise after mid-1967.

The introduction of the Medicare program in July of 1966 undoubtedly played an important part in the rapid increase in charges for medical care services. During the 12-month period ending in June of 1967, medical care charges rose 9 percent—about twice as much as the average for all consumer services. Daily hospital rates shot up 22 percent during this period, physicians' fees increased 7-1/4 percent, and dentists' charges rose 5 percent. Although hospital rates in 1967 were still increasing faster than most other medical care charges, the pace of advance after early 1967 was substantially slower than during the previous 9 months. Apparently, the 1966 early 1967 price upsurge engendered by unexpectedly large wage increases, initial coverage under the minimum wage and overtime provisions of the Fair Labor Standards Act, and the introduction of Medicare has passed its peak. (See table 5.)

Service Industries: Labor-Intensive Services

About half of the services represented in the Consumer Price Index fall within the Standard Industrial Classification category of service industries. With some exceptions, labor costs constitute a high proportion of the final price of these services. Another common characteristic is the limited amount of productivity gains and the consequent rapid reflection of higher costs in the price structure.

In 1966, over half of the rise in consumer service charges came from "labor-intensive" services; medical care accounted for about one-fourth of the rise in the service price level. Another 15 percent resulted from higher costs of services performed by skilled labor such as home maintenance and repairs, haircuts, and auto repair. Those services requiring less-skilled labor--domestic work, laundry, drycleaning, and babysitters--contributed another 10 percent. The additional 5 percent came from other "service industries" such as movie admissions, bowling charges, funerals, and legal fees. In 1967, charges for most of these services continued their rapid advance, as can be seen from the following tabulation:

Demand Trends and Prices. In recent years the largest rise in service prices has been in medical care which also showed the greatest increase in demand. Between 1956 and 1966, consumer spending jumped two-thirds (in constant dollars) for medical care and lesser amounts for most other "service industries." The only significant spending decreases were for domestic service and motion picture admissions which, however, also increased charges as costs rose.

Between 1964 and 1967, charges for all medical care services climbed 18 percent. Hospital daily rates skyrocketed 36 percent; almost half of the increase took place in 1967. Despite rising charges, real spending for medical care services has continued to grow. Expenditures for medical care services (in constant dollars) rose 8 1/2 percent in 1964, 6 1/2 percent in 1965, and 3 1/2 percent in 1966. Consumer spending for hospital care during the same 3 years rose 24 percent (in constant dollars). Growing utilization of hospital facilities which was made possible by the wide adoption of health insurance plans and the continuing prosperity of the economy played a significant role. At the same time, the use of new and expensive equipment and drugs, the improved quality of hospital services and better

	<u>Housekeeping and home maintenance</u>	<u>Medical care</u>	<u>Personal care</u>	<u>Other services</u>
1966:				
Dec. -Mar.	1.2	1.5	1.2	1.1
Mar.-June	1.7	1.7	2.0	1.0
June-Sept. , ,	1.6	2.4	1.2	0.9
Sept. -Dec.	1.7	2.3	0.9	1.1
1967:				
Dec. -Mar.	1.5	2.5	1.0	0.7
Mar. -June	1.3	1.6	0.8	1.2
June-Sept.	1.6	1.9	1.2	0.9
Sept. -Dec.	1.3	1.6	1.2	1.3

paid hospital personnel raised the cost of a hospital stay.

In contrast with the growth in real demand for medical care, consumer spending on some services such as movie admissions and domestic services has continued to inch downward in recent years, and spending for laundry and drycleaning has remained relatively stable. Prices for all these services, however, increased markedly.

The slowdown in demand for some services, sparked in some cases by the introduction of substitutes, has been speeded by higher prices. The introduction of wash-and-wear fabrics, as well as increased competition from wider use of automatic washing machines in the home and in self-service establishments, has been a factor in the decline of the proportion of all consumer spending allocated to laundries and drycleaning establishments. Reduced outlays for domestic services also reflect, to some extent, the increased use of home appliances for which prices—in contrast to service prices—declined in the post-Korean years. According to a recently published study: ^{12/}

"Where the skill required to perform the service is relatively low and time can be saved by the consumer if he does the work himself, he is tempted to make this transfer. Improved technology often lends impetus. Not only do the more efficient use of time and improved tech-

nology motivate the consumer; as unskilled wages rise in relation to other wages, people tend to substitute their own labor for that of the unskilled worker's. . . . But the impact of the transfer of service to the home from industry is probably not limited to the more menial services. As the level of education has risen, services at one time thought difficult and therefore relegated to professionals are now attempted at home. "

Productivity. In recent years, the largest price increases have been for hospital charges, physicians' fees, movie admissions, domestic service, laundry service and haircuts. A basic characteristic of these services is the limited amount of productivity gains—whether performed by professional, skilled, or unskilled workers. Price increases have been somewhat more moderate for auto repair, beauty shop, and drycleaning services where some productivity gains have been made possible by the introduction of time-saving equipment and training programs.

In their study, Fuchs and Wilburn ^{13/} concluded that between 1948 and 1963 the largest increase in real output per man among the eight services studied was achieved by the auto repair industry where output per man rose an average of 1.85 percent annually. Among other service industries, real output per man over this 15-year period increased 1.65 percent for drycleaning establishments, 1.54 percent for beauty shops, and

^{12/} Productivity Differences Within the Service Sector by Victor R. Fuchs and Jean Alexander Wilburn, Occasional Paper 102, National Bureau of Economic Research, New York, 1967, p. 105.

^{13/} Ibid, pp. 17 and 18.

0.19 percent for barber shops. Real output per man declined an average of .03 percent annually for laundries, and 3.4 percent for motion picture theaters.

For all eight services combined (auto repair, barber shops, beauty shops, drycleaners, hotels and motels, laundries, motion picture theaters, and shoe repair) the average annual increase in real output per man was only .21 percent compared with 1.72 percent for 10 retail trades, 2.60 percent for all manufacturing, and 3.07 percent for the entire goods sector of the economy. For the total economy, the average annual rise in output per man was 2.14 percent.

Costs. Whether consumer demand climbs as for medical care or decreases as for movies, service industry charges keep rising, as productivity gains continue to be outpaced by cost increases. In addition to rising wages, the higher costs of materials, equipment, overhead, and—for some of the services, construction—have exerted considerable upward pressure on prices in recent years.

Although the proportion varies, labor costs represent a substantial part of total costs. Wages in 1966 accounted for about two-thirds of total hospital costs. Payrolls equaled about 50 percent of total 1963 sales receipts in power laundries, over 40 percent in beauty and barber shops, and in cleaning and dyeing plants, and from 25 to 30 percent of sales in most repair shops.^{14/}

Earnings of laundry and drycleaning workers and of hospital employees, in particular, increased much more in 1966 than in prior years. Average hourly earnings of production workers in laundry, cleaning, and dyeing plants advanced over 5 percent annually between 1963 and 1966, about twice the annual increase of the 3 preceding years.^{15/} Although large increases for hospital employees came after mid-1966, average straight-time earnings of general duty nurses in short-term hospitals in metropolitan areas rose 20 percent between mid-1963 and mid-1966, medical technologists 18 percent, and practical nurses, maids, and hospital porters 16 percent.^{16/}

The Medicare program which went into effect in mid-1966 undoubtedly had an impact on hospital charges. In addition, some of the late 1966 and early 1967—price increases among hospitals, laundries, schools, and hotels were attributed by employers to higher labor costs stemming from the 1966 amendments to the Fair Labor Standards Act effective February 1, 1967. For the first time Federal minimum wage and overtime provisions were extended to cover these service industries.

Interest, Insurance, Taxes, and Rent

A tight money supply, rising costs, and continued expansion of demand were major factors leading to higher prices for those services where compensation for personal effort does not form a large share of total cost. In 1966, over one-third of the rise in service prices was

^{14/} Selected Services, Summary Statistics, 1963 Census of Business, Volume VI, U. S. Department of Commerce, 1966.

^{15/} Employment and Earnings and Monthly Report on the Labor Force, U. S. Department of Labor, Bureau of Labor Statistics.

^{16/} "Earnings of Hospital Nurses, July 1966," Monthly Labor Review, June 1967, p. 57; and Industry Wage Survey, Hospitals, Mid-1963 and July 1966, BLS Bulletins 1409 and 1553.

caused by financial services and taxes, and higher rents accounted for another 5 percent. Although these services continued rising in

1967, the advances—except for rent—were more moderate, as can be seen from the following tabulation:

	<u>Quarterly Percent Change In—</u>	
	Insurance and finance <u>1/</u>	Rent
1966:		
Dec. —Mar.	1.2	0.4
Mar. —June	2.7	0.3
June—Sept.	1.1	0.5
Sept. —Dec.	2.1	0.5
1967:		
Dec. —Mar.	0.3	0.4
Mar. —June	0.7	0.4
June—Sept.	0.8	0.5
Sept. —Dec.	1.3	0.6

1/ Includes mortgage interest, property taxes, and auto and property insurance.

A substantial share of the 1966 rise in charges for financial and related services was due to the steep climb in mortgage interest rates. As developments in the money market in late 1965 and early 1966 led to shortages of mortgage funds, mortgage interest rates rose 13 percent on FHA-insured loans, 14 percent on VA loans, 12 percent on conventional loans for new homes, and 9 percent on conventional loans for existing homes. While the easing of monetary restraints caused mortgage interest rates to edge down in the first half of 1967, interest charges moved up after mid-year as housing starts recovered from their 1966 low and demands for available funds increased.

The 1966 increase in rent charges, the largest since 1959, also stemmed to some extent from the tight money supply, which made home purchase less likely and, so, increased the demand for rental units. This important, but slow-to-change cost,

continued rising in 1967 as vacancy rates remained low and higher costs—taxes, maintenance fees, and repair charges—caused landlords to raise rents.

Insurance rates, advancing steadily throughout the 1960's, have increased more sharply in recent years—auto insurance skyrocketed 20 percent and property insurance 18 percent between 1964 and 1967. Rapidly expanding automobile ownership has led to more frequent accidents and to more property damage. Also, rising costs of medical care and of auto and property repairs have resulted in larger awards for personal injuries and for damage to property or cars. Within the last few years, most States have granted the rate increases requested by insurance companies.

Residential property tax rates also climbed steeply as State and local governments supplied more services to communities and raised salaries of government workers. For the most part, rising municipi-

pal costs have been met by higher taxes on real property, although some States also have adopted or increased sales and income taxes to pay some of these costs.

Utilities and Public Transportation

Among the publicly regulated services, utility rates have been stable since 1964 as have airline and railroad fares. However, bus and taxi fares have risen sharply. (See table 4.)

Throughout the 1960's population growth as well as urban and suburban development caused demand for electricity, gas, and telephone service to rise substantially each year. In addition, purchase of home appliances such as air conditioners, dishwashers, washing machines, and dryers created new demands for electricity and gas. Despite the upsurge, gas and electric rates in 1967 were about the same as in 1964 and charges for telephone service were lower as productivity gains kept pace with rising costs. Shortly after mid-1967, however, charges for electricity rose more than at any time in recent years as rates were increased in some cities and sales taxes were placed on utilities in others.

In contrast to the rising demand but stable price level for utilities,

local transit fares have evidenced a long-run slide in demand accompanied by climbing prices. Consumer expenditures for local transit declined steadily for 20 years after World War II and, in 1965, real spending was 70 percent lower than in 1945. Although the fall in demand was greatest in the 1950's as car ownership multiplied and the migration to the suburbs reached a peak, the decline continued in the 1960's. At the same time, labor costs—which claim two-thirds of operating revenue—climbed rapidly. To offset the decline in revenue caused by fewer passengers and rising costs, transit fares were raised repeatedly.

As the slide downward in number of passengers diminished after 1958, the sharp fare increases of the immediate postwar period—almost 10 percent annually between 1947 and 1954—slackened to less than half that amount. In 1964 and 1965, both passenger volume and fares were more stable than at any other time since World War II. In 1966, however, local transit rates again advanced sharply as New York City fares—which carry a heavy weight in the Consumer Price Index—were raised after a 12-day strike. Since then, fares in other cities have risen.

CHAPTER IV

Prices of Industrial Materials and Products

After holding steady since mid-1958, prices of industrial commodities represented in the Wholesale Price Index turned up in 1964 and, by the first half of 1966, were rising faster than at any time since the 1955-57 investment boom. The increases slowed after mid-1966 and halted completely between February and July of 1967. The following month, however, wholesale industrial prices resumed their interrupted uptrend. Retail prices of manufactured goods—which had moved up slowly throughout the years of stability at the wholesale level—began to rise faster in the fall of 1965 and have speeded their advance steadily since then. (See tables 6 and 7.)

During most of this period, price trends for industrial materials differed markedly from those for finished goods. For example, the 5 months of wholesale price stability in the first part of 1967 was the result of sharply falling crude materials prices offsetting moderate price advances among the much larger finished goods sector. In general, prices of industrial materials and finished producers' goods were the first to respond to the economic

expansion. Consumer goods prices reacted last, but continued to increase between mid-1966 and mid-1967, when many materials prices dropped or leveled off.

Because prices of crude industrial materials tend to swing widely, their impact on the industrial price level is disproportionate to their index weight since they account for only 3 1/2 percent of all industrial commodities in the Wholesale Price Index. In contrast, the intermediate materials group which includes lumber, other construction materials, and steel and nonferrous mill products constitutes 55 percent. Finished consumer goods make up another 29 percent, and producers' goods the remaining 13 percent.

As can be seen from the following tabulation, prices of crude materials retreated substantially from their early 1966 high, but those at every other stage of processing averaged higher in 1967 than in 1966. For consumer goods, both wholesale and retail prices have risen over 4 percent since the current upturn began and, in contrast with every other sector of the economy, advanced at a faster pace in 1967 than in 1966.

	<u>Annual averages</u>				<u>Percent</u>
	1964	1965	1966	1967	<u>change</u>
	(1957-59=100)				
WPI: Industrial Commodities. . .	101.2	102.5	104.8	106.3	5.0
Crude materials.	97.1	100.9	104.5	100.0	3.0
Intermediate materials	100.2	101.5	103.6	104.8	4.6
Finished consumer goods.	100.9	101.6	103.2	105.2	4.3
Nondurables	101.6	102.8	104.8	107.2	5.5
Durables.	99.9	99.6	100.2	101.7	1.8
Producer goods	104.1	105.4	108.0	111.5	7.1
CPI: Commodities less food . .	104.4	105.1	106.5	109.2	4.6
Nondurables	105.7	107.2	109.7	113.1	7.0
Durables.	103.0	102.6	102.7	104.3	1.3

Underlying Economic Influences

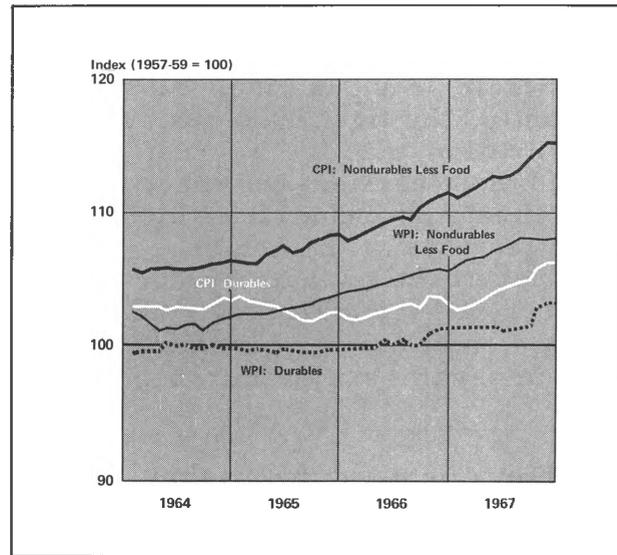
Although the business expansion of the early 1960's did not affect industrial prices appreciably until late in 1963, it provided the underlying strength for the price acceleration which followed our heightened involvement in Viet Nam in 1965. Between 1961 and 1964, the average operating rate in manufacturing industries rose from 79 to almost 86 percent of capacity utilization, the index of industrial production increased from 110 (1957-59=100) to 132, and the unemployment rate fell from 6.7 to 5.2 percent of the labor force.

Reversing several years of price declines, industrial materials prices turned upward in 1964. Crude materials prices climbed rapidly due to a number of special situations which created supply shortages at a time of expanding demand, but prices of intermediate materials rose only moderately. Producers' goods prices began to rise substantially as growing pressure on manufacturing capacity stimulated additional investment in equipment on top of a capital goods expansion already fueled by the liberalized depreciation

regulations of 1962, the 7-percent investment tax credit passed in 1962 and liberalized in 1964, and the 1964 income tax reduction.

Although the upturn in the economy had spurred a rise in demand for consumer goods as early as 1962, wholesale prices for such products held relatively stable through 1964. Productivity gains kept pace with cost increases, plant capacity and labor resources were not fully utilized, and

Chart 7. Finished Consumer Goods



the market remained competitive. Retail prices, however, began to advance slightly faster than in previous years.

In 1965 and 1966, as military needs arising from the Viet Nam conflict were superimposed upon an already prospering economy, pressures on available resources intensified. In early 1966, unit labor costs in the private economy^{17/} advanced significantly for the first time in 6 years as increased employee compensation outpaced productivity gains. Operating rates in manufacturing industries held close to 91-percent utilization of capacity through most of 1966, the index of industrial production rose to 159 (1957-59=100) in the fall of the year, unemployment rates fell below 4 percent, and after-tax profits of corporations climbed. By early 1966, wholesale industrial prices were rising at the fastest pace in a decade.

The leveling off of crude material prices in the spring of 1966 and their sharp slide after mid-year preceded the general slowdown in business activity. In some instances, marked improvements in domestic or world supplies caused prices which had previously climbed steeply to fall almost as much as their previous rise. More significantly, the tight 1966 money supply situation and high interest rates had their earliest and most drastic effects on industries which were large users of materials—housing construction, auto production, and appliance manufacturing. In addition, slackening economic activity in several major European

countries further dampened demand for both crude and intermediate materials. Between mid-1966 and mid-1967, crude materials prices plummeted while those for intermediate materials remained steady.

The economic slowdown in this country which began in late 1966 and continued until mid-1967 also moderated price advances for producers' goods, but the impact on consumer goods was negligible. Both wholesale and retail prices of consumer products continued to rise in the last half of 1966 and—for nondurables—gained further momentum in the first half of 1967. Costs of labor, transportation, marketing, and credit increased sharply and continued to exceed productivity gains. In addition, some of the earlier price increases for materials still were working their way through to the final levels of production. Although pressures on manufacturing capacity eased and unemployment rates edged upward, rising costs and the effort to retain—or improve—profit margins brought about significantly higher prices for finished consumer goods.

When the economy resumed its interrupted expansion in mid-1967, price increases for consumer products accelerated, and industrial material prices turned upward. With the continuance of strong consumer and military demand as well as mounting cost-push pressures, the industrial sector became the major source of inflationary pressure in late 1967. At the retail level, rising costs of retailing plus the tendency to increase retail markups during a period of little consumer resistance stimulated additional price advances.

^{17/} For a detailed discussion, see "Recent Developments in Productivity and Unit Labor Costs" by Jerome A. Mark and Martin Ziegler, *Monthly Labor Review*, May 1967, p. 28.

Specific Price Trends

With some exceptions, substantial price advances have taken place throughout the industrial sector since 1964. Prices for all of the 13 major commodity groups represented in the industrial component of the Wholesale Price Index averaged higher in 1967 than in 1964. In most instances, price advances were significant; for some commodities, the increases were substantial. Wholesale prices of footwear, gasoline, gas fuels, and metalworking machinery rose over 10 percent during this period as did prices for the nonferrous metals group. Except for nonferrous metals and a few other products which edged down in 1967, prices increased steadily year by year. Price advances of over 5 percent—the average for all industrial commodities—covered such major commodities as lumber, electrical and nonelectrical machinery, leather, tires, paper products, metal containers, and furniture. (See table 6.)

In contrast, a number of important industries have evidenced considerable price stability and prices of a few products have decreased, in some cases substantially. Long-term downtrends in wholesale prices for synthetic textiles, crude rubber, and floor covering continued after 1964. Although prices for some other commodities also averaged lower in 1967 than in 1964, the decreases—as in plywood and waste paper—took place after mid-1966. Considerable stability was evidenced during this period by such consumer durables as household appliances and passenger cars which—although rising in 1967—were still below their 1964 levels, after adjustments had been made for quality improvements.

Certain key price developments during the 3-year period deserve special mention because of their significance to the entire price structure and the actions taken to influence them under the wage-price guidepost policy. As early as the spring of 1962, Administration pressure had caused the steel industry to roll back attempted price increases. In 1965, rising prices for nonferrous metals and leather likewise aroused concern. In November, previously announced price increases for primary copper and aluminum ingot were rescinded in response to the Administration's anti-inflationary efforts. At the same time, pressures on industrial capacity caused price advances to intensify for producers' goods such as metalworking and other machinery. In early 1966, lumber prices rose markedly because of special circumstances which created a supply bottleneck. (See table 7.)

Among consumer goods, sharply rising prices for shoes and other apparel attracted attention, and automobile prices began to rise after several years of moderate decline. In addition, the Mideast crisis and closing of the Suez Canal focused attention on oil and petroleum product prices which already had risen substantially before the most recent crisis developed in mid-1967. (See table 8.)

Steel Mill Products. The current advance in prices of steel mill products began in 1963 and, although persistent, has been moderate compared with the more substantial price increases during the mid-1950's. Prices of almost all steel products were raised at some time during the 3-year period ending in December 1966. Rising demand from key users such as the automobile, construction, and machinery industries provided support for higher prices despite stepped-up import competition. Also, higher costs of alloying or coating materials such as nickel, zinc, and

Table 6. Wholesale Price Indexes for Selected Industrial Commodities, 1964-67
[1957-59=100]

Wholesale price indexes	Annual averages				Percent change 1964-67
	1964	1965	1966	1967	
Industrial Commodities	101.2	102.5	104.8	106.3	5.0
Textile products and apparel	101.2	101.8	102.1	102.1	0.9
Cotton products	99.6	100.2	102.5	100.7	1.1
Wool products	103.0	104.3	106.0	103.2	0.2
Manmade fiber products .	95.8	95.0	89.6	86.8	-9.4
Apparel	102.8	103.7	105.0	106.9	4.0
Housefurnishings	103.5	103.1	104.4	106.1	2.5
Hides, skins, leather & products	104.6	109.2	119.7	115.8	10.7
Hides and skins	87.5	111.2	140.8	94.0	7.4
Leather	102.9	108.1	121.0	110.5	7.4
Footwear	108.5	110.7	118.2	122.1	12.5
Fuels, products, and power.	97.1	98.9	101.3	103.6	6.7
Crude petroleum	96.9	96.8	97.5	98.6	1.8
Refined petroleum products	92.7	95.9	99.5	102.2	10.2
Gasoline	92.0	94.7	100.2	101.4	10.2
Chemicals and allied prod . .	96.7	97.4	97.8	98.4	1.8
Industrial chemicals	94.2	95.0	95.7	97.4	3.4
Fats and oils (inedible) . .	96.8	112.7	102.8	81.3	-16.0
Agricultural chemicals and products	99.6	101.8	102.8	103.6	4.0
Rubber and rubber products .	92.5	92.9	94.8	97.0	4.9
Crude rubber	90.6	90.0	89.2	85.5	-5.6
Tires and tubes	89.0	90.0	93.3	96.2	8.1
Lumber and wood products .	100.6	101.1	105.6	105.4	4.8
Lumber	100.7	101.9	108.5	108.4	7.6
Millwork	108.5	107.8	110.0	112.2	3.4
Plywood	92.3	92.3	92.8	89.3	-3.3
Pulp, paper, and products . .	99.0	99.9	102.6	104.0	5.1
Woodpulp	96.1	98.1	98.0	98.0	2.0
Converted paper and paperboard	98.3	99.3	102.3	104.8	6.6
Metal and metal products . .	102.8	105.7	108.3	109.5	6.5
Iron and steel	100.5	101.4	102.3	103.6	3.1
Nonferrous metals	105.9	115.2	121.0	120.6	13.9
Metal containers	105.5	107.6	110.0	111.8	6.0
Plumbing fixtures	100.9	103.1	108.4	110.4	9.4
Machinery and equipment . .	103.8	105.0	108.2	111.8	7.7
Nonelectrical machinery .	108.3	110.1	114.0	118.0	9.0
Metalworking machinery .	110.5	113.6	118.8	123.8	12.0
Electrical machinery . . .	96.8	96.8	99.0	101.8	5.2

Table 6. Wholesale Price Indexes for Selected Industrial
Commodities, 1964-67—Continued
[1957-59=100]

Wholesale price indexes	Annual averages				Percent change 1964-67
	1964	1965	1966	1967	
Furniture and household durables.....	98.5	98.0	99.1	101.0	2.5
Household furniture	105.3	106.2	109.1	112.8	7.1
Commercial furniture. . . .	103.2	103.7	105.7	111.1	7.7
Floor covering.	99.4	97.7	97.0	93.7	-5.7
Household appliances	91.3	89.2	89.1	90.1	-1.3
Nonmetallic mineral products	101.5	101.7	102.6	104.3	2.8
Concrete ingredients. . . .	102.8	103.2	103.9	106.0	3.1
Concrete products	100.9	101.5	103.0	105.3	4.4
Transportation equipment . .	(1/)	(1/)	(1/)	(1/)	(1/)
Passenger cars, new.	98.8	98.1	97.2	98.1	-0.7
Railroad equipment.	100.5	100.9	101.2	103.3	2.8
Miscellaneous products. . . .	104.1	104.8	106.8	109.2	4.9
Tobacco products.	106.0	106.2	109.6	112.9	6.5

1/ Not Available.

Table 7. Wholesale Price Indexes for Selected Industrial Commodities
Quarterly Percent Changes

[Not seasonally adjusted]

Wholesale price indexes	1966				1967			
	Dec. 1965 to March	March to June	June to Sept.	Sept. to Dec.	Dec. 1966 to March	March to June	June to Sept.	Sept. to Dec.
Industrial commodities	0.8	0.9	0.3	0.3	0.5	0	0.5	0.8
Textile products and apparel.	0.1	0.1	0	-0.4	0	-0.2	0.4	1.8
Cotton products	0.6	1.0	0.3	-0.4	-1.4	-1.6	-0.5	5.0
Wool products	0.6	0.5	-0.4	-1.2	-0.8	-0.8	-0.5	-0.5
Manmade fiber products	-1.2	-0.9	-1.6	-1.9	0	-1.3	0.6	2.7
Apparel	0.4	0.1	0.3	0.3	0.6	0.7	0.7	0.7
Housefurnishings	0.1	0.5	1.0	0.2	-0.2	0.2	1.4	2.8
Hides, skins, leather and products	3.6	3.5	-2.4	-2.2	-0.3	-1.1	-1.0	1.4
Hides and skins	11.7	8.9	-16.6	-18.6	-9.4	-3.1	-2.7	-3.8
Leather	8.0	2.7	-3.8	-4.6	-1.4	-3.8	-4.4	3.6
Footwear	1.4	3.0	0.2	1.0	1.2	-0.2	0.2	2.1
Fuels, products, and power	-0.7	1.6	0.7	0.2	1.3	0.3	0.5	-1.8
Crude petroleum	0.1	0.4	0.3	0.4	0.2	0	0.7	0
Refined petroleum products	-1.2	3.1	0.8	-0.8	2.2	0.7	0.8	-3.9
Gasoline	-1.8	6.8	0.6	-2.5	1.3	1.8	0.6	-7.0
Chemicals and allied products	0	0	0.4	0.2	0.3	0	-0.6	0.5
Industrial chemicals	-0.3	0.6	0	0.6	0.6	0.2	-0.1	1.2
Fats and oils (inedible)	-3.4	-4.5	2.2	-8.4	-14.3	-2.5	-3.0	0.1

Table 7. Wholesale Price Indexes for Selected Industrial Commodities—Continued
Quarterly Percent Changes

[Not seasonally adjusted]

Wholesale price indexes	1966				1967			
	Dec. 1965 to March	March to June	June to Sept.	Sept. to Dec.	Dec. 1966 to March	March to June	June to Sept.	Sept. to Dec.
Chemical and allied products (cont'd)								
Agricultural chemicals and products	0.3	0.1	-0.7	0.9	2.7	-0.8	-3.7	1.0
Rubber and rubber products	0.9	1.2	-0.7	0.3	0.9	-0.1	2.5	1.0
Crude rubber . . .	1.8	-1.9	-1.8	-0.3	-1.3	-0.3	-2.7	-0.2
Tires and tubes	0	3.6	-1.1	0.5	1.1	-0.9	5.0	0
Lumber and wood products	3.6	2.0	-1.7	-3.2	1.1	1.1	3.8	-1.0
Lumber . . .	3.7	4.5	-2.2	-4.6	1.4	1.9	3.7	-0.2
Millwork . . .	1.3	1.2	0.3	-0.5	0.8	0.4	1.3	0.5
Plywood . . .	6.1	-5.6	-3.3	-2.0	0.3	-0.1	9.2	-5.7
Pulp, paper and products	0.9	1.2	0.1	-0.1	0.6	0.3	0.2	0.7
Woodpulp . .	-0.1	0	0	0	0	0	0	0
Converted paper and paperboard	1.2	0.8	0.6	0.2	1.5	0.2	-0.1	1.0
Metal and metal products	1.3	0.6	-0.3	0.6	0.4	-0.5	0.6	1.3
Iron and steel	0.6	-0.3	0.5	0.4	0.4	0	0.7	0.7
Nonferrous metals . . .	3.1	2.0	-2.7	0.5	0.5	-2.0	0.6	3.6
Metal containers . . .	0	0.3	0	0.1	1.2	0.2	0	1.1
Plumbing fixtures . .	0.8	2.6	1.9	-0.1	0	0.3	-0.5	0.4
Machinery and equipment . .	1.1	1.1	0.7	1.7	0.7	0.1	0.3	1.2
Nonelectrical machinery	1.0	1.3	0.9	1.3	0.7	0.3	0.6	1.4

Table 7. Wholesale Price Indexes for Selected Industrial Commodities—Continued
Quarterly Percent Changes

[Not seasonally adjusted]

Wholesale price indexes	1966				1967			
	Dec. 1965 to March	March to June	June to Sept.	Sept. to Dec.	Dec. 1966 to March	March to June	June to Sept.	Sept. to Dec.
Machinery and equipment—Con.								
Metalworking	1.4	2.0	1.3	1.1	0.7	0.8	0.6	1.1
Electrical machinery.	1.7	0.6	0.4	2.3	0.7	-0.4	-0.3	0.8
Furniture and household durables. . .	0.2	0.5	0.2	1.2	0.2	0.2	0.4	0.9
Household furniture. .	0.5	1.6	0.8	1.8	0.5	0	0.5	1.2
Commercial furniture. .	0.1	1.2	0.7	2.5	0.6	2.4	0.1	0.5
Floor covering.	0	-0.4	-0.5	-0.4	-2.5	-0.7	0.3	1.9
Household appliances	0.3	0.3	-0.8	0.6	0.7	0.2	0.3	0.7
Nonmetallic mineral products. . .	0.5	0.4	0.5	0.3	0.5	0.1	0.8	0.6
Concrete ingredients	0.4	-0.2	0.3	0.4	1.4	0.1	0.2	0.4
Concrete products. .	0.4	0.8	0.6	0.3	0.6	1.1	0.2	-0.1
Transportation equipment.
Passenger cars, new.	-0.3	-0.7	-1.0	2.4	-0.5	-0.4	0.2	2.7
Railroad equipment.	0	0	0	1.7	0	0.2	0	1.8
Miscellaneous products. . .	1.3	0.4	0.2	0.4	0.2	1.8	0.5	0.5
Tobacco products. .	3.6	0.5	0	0	0	4.1	0	0

Table 8. Consumer Price Indexes For Selected Industrial Commodities, 1964-67

[1957-59 = 100]

Consumer price indexes	Annual averages				Percent change
	1964	1965	1966	1967	1964-67
All commodities less food .	104.4	105.1	106.5	109.2	4.6
Durable commodities	103.0	102.6	102.7	104.3	1.3
New cars	101.2	99.0	97.2	98.1	-3.1
Used cars	121.6	120.8	117.8	121.5	-0.1
Tires, new	97.4	99.8	102.1	105.9	8.7
Household durables	98.4	96.9	96.8	98.2	-0.2
Appliances	90.0	87.1	84.4	83.8	-6.9
TV sets	90.1	86.3	82.1	80.4	-10.8
Furniture and bedding . .	102.2	102.8	105.4	109.4	7.0
Floor covering	102.7	101.6	101.9	102.1	-0.6
Nondurable commodities . . .	105.7	107.2	109.7	113.1	7.0
Apparel less footwear ^{1/} . .	103.6	104.4	106.3	110.5	6.7
Women's and girls' . . .	102.3	103.1	105.1	109.9	7.4
Men's and boys'	106.1	107.4	110.3	114.3	7.7
Footwear	111.0	112.9	119.6	125.5	13.1
Textile housefurnishings .	102.0	102.7	104.1	107.0	4.9
Fuel oil and coal	103.5	105.6	108.3	111.6	7.8
Fuel oil #2	101.0	103.1	105.8	109.2	8.1
Gasoline	102.1	106.0	108.3	111.7	9.4
Drugs & prescriptions . . .	98.4	98.1	98.4	97.9	-0.5
Toilet goods	102.9	102.3	101.2	102.9	0
Tobacco products	114.8	120.2	126.1	130.9	14.0
Alcoholic beverages	104.7	105.8	107.7	109.9	5.0

^{1/}Total includes unlisted items.

tin as well as the wage settlement of 1965 contributed to the increases.

Following their 1966 yearend advance, prices for steel mill products remained stable until late in 1967 as steel production dropped steadily. As production picked up in the third quarter, another round of increases

began and, by the end of the year, prices of over two-thirds of all steel products had been raised. Expectation of heavy inventory building in the first half of 1968 as a hedge against a possible strike on August 1, 1968, was undoubtedly one reason for the late 1967 increases.

An increase in the amount of steel imports, which generally are 10 to 20 percent lower in price, has been responsible partly for the more moderate price rise in recent years than in the 1950's. In 1966, imports represented almost 11 percent of domestic consumption and they are expected to account for almost 12 percent in 1967.

Nonferrous Metals. Pressures on prices of nonferrous metals started earlier in the recent expansion and were greater than for most industrial materials, including other metals. Production approached full capacity utilization much sooner, reaching 90 percent of nonferrous refining capacity by December 1963, and 98 percent a year later. Although prices continued to rise substantially until mid-1966, the largest increase took place in 1964 when nonferrous metal prices jumped 12 percent. Prices for virtually all the important metals and mill products increased—primary copper, aluminum ingot, lead zinc, mercury and tin. The corresponding scrap metals rose even more sharply.

During much of this period, special circumstances such as strikes in this country and abroad and political problems in several major producing countries curtailed supplies of nonferrous metals, particularly copper. Between mid-1963 and mid-1966, prices of primary copper increased 16 percent, and copper scrap over 130 percent. Since many producers of copper products frequently were forced to purchase the metal in the higher-priced scrap or dealers' markets, prices of mill products increased much more than primary copper. During these 3 years, prices of copper tubing rose one-third, and wire and cable prices one-fourth.

The second half of 1966 and the first half of 1967 witnessed a general

softening of nonferrous metals prices as difficulties which had previously curtailed supplies were settled and demand from the auto, appliance, and construction industries weakened. After mid-1967, however, copper prices began to rise as a long strike in the U. S. copper-mining industry cut back supplies. Once more, copper fabricators were forced to turn to the higher priced dealers' and scrap markets in this country and abroad.

Machinery. Although machinery and equipment price increases began to accelerate in 1964, the largest advance came in 1966 when both demand and cost pressures intensified. Industrial output of equipment, including defense equipment, rose 17 percent in 1966, compared with an 11 percent rise in 1965 and 6 percent in 1964. For the first time in many years, the electrical as well as nonelectrical machinery industries were operating at their preferred rates, and order backlogs grew. Shortages of skilled workers added to cost pressures, particularly in machine tool production.

Wholesale prices of machinery and equipment, which had risen moderately in 1964 and 1965, jumped almost 5 percent in 1966 as electrical machinery prices reversed their long-term downward trend and price increases for nonelectrical machinery accelerated. Electrical machinery prices had decreased steadily between 1959 and 1964, reflecting excess productive capacity as well as productivity gains. After stabilizing in 1965, electrical machinery prices rose sharply in 1966. The largest increase occurred in the fourth quarter following an industry-wide wage settlement.

When capital outlays by business slowed in the first half of 1967, price advances for nonelectrical machinery also slackened and electrical machinery prices edged down slightly. After mid-year, however, electrical machinery prices held steady; prices for most nonelectrical machinery,

particularly metalworking machinery, rose again. Late in the year, all machinery prices rose substantially.

Both demand and cost pressures are expected to cause prices of machinery to continue upward in 1968. Although still far below 1966's increase of 16-1/2 percent, new plant and equipment expenditures are expected to rise more in 1968 than they did in 1967. On the cost side, both wage increase and those for materials are expected to be substantial.

Lumber and Wood Products.

Price trends for lumber and wood products in the 1960's closely paralleled housing construction activity, although the price upsurge during the first 5 months of 1966—as well as their precipitous plunge by the end of that year—was due largely to a combination of unusual circumstances.

Following the 1960 decline in private housing starts, prices of lumber and wood products fell in 1961, reaching the lowest level since the Korean conflict. As housing activity began to expand in the early 1960's with the added incentive of favorable mortgage interest rates, lumber and wood prices rose an average of 1-1/2 percent annually between 1961 and 1965. During the first 5 months of 1966, however, a combination of special circumstances reduced lumber supplies severely and caused prices to spurt upward. These factors included increased military procurement, a temporary curtailment of log supplies, hedge-buying against a possible West Coast strike by lumbermen at mid-year, and a shortage of railway cars to supply the needed transportation.

Prices of lumber and wood products declined sharply in the second half of 1966 as tight money and rising mortgage interest rates depressed housing construction. At

the same time, the unusual factors which caused the booming lumber prices earlier in the year were eliminated, and lumber buyers showed growing resistance to the inflated prices. At the end of the year, lumber and wood prices were only 0.6 percent higher than their December 1965 levels, and 3 percent above December 1964 prices.

Lumber and wood prices began another upward movement in 1967, reflecting the revival of housing construction in the spring and tightening lumber supplies in the summer due to drought conditions and forest fires in the Northwest. From December 1966 to September 1967, prices of lumber and wood products rose 6 percent—more than triple the usual seasonal amount. However, the usual seasonal decline late in the year caused 1967 prices to average close to their 1966 level.

Hides, Leather, and Footwear. The sharp fluctuations in prices of hides and leather since 1964 were caused primarily by changes in export demand. When Argentine cattle herds—a major source of leather for the European and other world markets—were reduced drastically in 1964 because of drought, overseas demand shifted to the United States. This sharp rise in our exports at a time of expanding domestic need caused prices to turn upward in the latter part of 1964, and to climb steeply when military needs were added in 1965. At the request of U. S. shoe and leather manufacturers, export quotas were placed on hides in March of 1966.

From the end of 1964 to mid-1966, hides and skin prices rose almost 80 percent and leather 22 percent. However, as the Argentine cattle herds were rebuilt, Argentine hides reentered world markets and exports from this country dwindled. Domestic prices of hides and leather fell sharply after mid-1966, and export quotas were removed in November.

Although the price increases which began in late 1964 for footwear were triggered by soaring leather prices, they continued high after leather prices began to fall. Higher shoe prices at the wholesale level were attributed to rising labor and other production costs as well as to price increases for nonleather components such as rubber heels. Since mid-1966, the advances in retail prices have been substantially larger than at wholesale due to higher retail markups and to rising retailing costs. In general, consumer resistance has been slight and, in 1967, shoe prices averaged about 13 percent higher than in 1964. (See table 8.)

Textiles and Apparel. Except for synthetics, prices of fabrics moved up almost across the board in 1965, and continued to rise through the first half of 1966. Wool prices increased as a result of world-wide shortages caused by droughts in Australia and South Africa in 1965.

A combination of factors caused prices of almost all textile materials to decrease after mid-1966 and to continue down until late in 1967 when the abnormally short 1967 cotton crop caused a sharp price rise. The economic slowdown in this country, tight money both here and abroad, and austerity measures adopted by the United Kingdom helped to depress prices in late 1966 and through most of 1967. In addition, world supplies of wool increased; a change in method of paying subsidies under the "one price cotton" legislation resulted in a 25 percent drop in prices of raw cotton; and continued excess production capacity—as well as growing competition due to lower prices for other fabrics—caused synthetic fabric prices to fall sharply.

In contrast, prices of textile products, particularly at the retail

level, rose sharply after mid-1966. Unlike expenditures for food and shelter, spending for clothing and household supplies increase as income rises. This growth in civilian demand, on top of rising military needs, pushed prices of apparel and textile house-furnishings upward. In addition, many production costs—particularly labor—increased due to higher wage rates and the declining supply of trained and experienced workers.

Retail stores apparently have been subject to especially large upward labor cost pressures which have not been balanced by productivity gains. In addition, retailers have attempted to widen profit margins. In consequence, the rise in retail prices of apparel in the year ending in December 1967 was over 4 percent, twice as much as the wholesale increase.

Automobiles. New car prices, as measured by the BLS price indexes which adjust prices to allow for improvements on factory-equipped cars, declined each year between 1959 and 1966. However, prices began to rise in mid-1967 and increased considerably when 1968 model cars were introduced in the fall.

Between 1961 and 1965, automobile sales rose steadily as income increased, financing remained easy, the population of driving age grew, and the two-car family became common. In addition, a sharp increase in the value of used cars raised trade-in allowances and reduced net costs of a new car to the average buyer. In 1965, a record 9.3 million cars were sold, and spending on automobiles and parts reached over 7-1/2 percent of personal consumption expenditures—compared with 5-1/2 percent in 1961.

A combination of factors caused sales to fall in 1966—credit was difficult to obtain, costs of financing were higher, trade-in allowances for used cars declined, and the problems of auto safety were publicized. The decline in sales continued in early 1967,

but new car sales strengthened in the spring and continued upward. Prices of 1968 model cars introduced in the fall of 1967 were 2 percent higher than comparable 1967 models, even after adjustment for quality improvement.

Higher 1967 retail prices resulted not only from strong consumer demand and somewhat higher wholesale costs but also from a combination of special circumstances. New car inventories were relatively low because the pickup in sales occurred too late to increase production of 1967 models. In addition, fears of a strike and the strike's subsequent development created first an anticipated and then a real shortage of some 1968 models. Moreover, expectations of higher prices for 1968 models caused 1967 model prices to remain strong.

At the manufacturing level, higher costs of labor, materials, and additional safety equipment were among the chief reasons for the rise in prices of 1968 models. The impact of wage settlements negotiated in 1967 is not expected to be completely offset by productivity gains. These factors and rising materials costs are expected to cause new car prices to continue to increase at both the wholesale and retail levels.

Oil and Petroleum Products. Petroleum is still the largest single source of energy used in this country, despite growing competition from natural gas and atomic energy, and demand has expanded considerably in recent years. Total domestic demand for petroleum rose 4 percent in 1965, another

5 percent in 1966, and a substantial increase was expected for 1967 even before the Mideast crisis developed. Defense requirements for all oil products jumped sharply in 1966 and again in 1967, reaching about 350 million barrels annually.^{18/} However, demand has expanded at different rates for each of the major petroleum categories. Jet fuel—because of the introduction of commercial jets and the demands of the war in Viet Nam—has shown the largest advance.

The rise in demand for petroleum products has been worldwide, but world supplies of crude oil have more than kept pace with increased requirements. Potential supplies are large and production is controlled in the major oil-producing States, thus helping to maintain price levels. Also import quotas keep foreign oil from flooding U. S. markets and driving prices down. Just prior to the Mideast crisis in June 1967, crude oil inventories in this country and in Europe were at high levels; they had reached a 3-year peak in the United States.

Recent price trends should be viewed in terms not only of current conditions but also in light of the price impact which resulted from the Suez crisis of 1956. In the 3 months following that crisis, wholesale prices of crude oil and refined petroleum products rose 11 percent and U. S. exports climbed steeply. As an aftermath, the petroleum industry suffered from the effects of an oversupply, and wholesale prices moved generally downward from mid-1957 through 1964. In contrast, retail prices held steady or increased. In 1964, they

^{18/} Detailed accounts can be found in "Summer 1967 - Oil and the Middle East," Business Review, October 1967, Federal Reserve Bank of Dallas and in "Oil on Trouble Waters," Monthly Review, October 1967, Federal Reserve Bank of San Francisco.

averaged 1 percent higher than their 1957-59 average for fuel oil, 2 percent higher for gasoline, and 16 percent higher for motor oil.

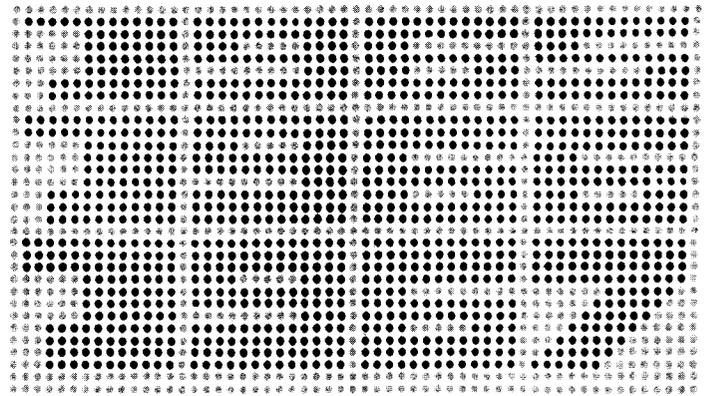
The booming economy and increased military needs as well as the continued limitations on oil production and imports served to raise wholesale prices of petroleum products substantially in 1965 and 1966 and to keep them moving upward in 1967. Crude oil prices turned up later and rose moderately. In 1967, wholesale prices of refined petroleum products averaged 10 percent higher than in 1964 and crude petroleum prices 2 percent. Retail price increases for various products over the 3 years ranged from almost 8 to over 9 percent.

The price impact of the 1967 Mideast crisis and the closing of the Suez Canal was moderate and, in general, temporary. Oil embargoes of the Arab countries were of short duration and, during that period, production allowances were increased in the oil-producing States in order to supply domestic and international demand. Sharply higher rates for chartering oil

tankers caused transportation costs to increase, but this only affected a small proportion of the oil or the refined products used in this country.

Notable price developments in 1967—the sharp rise in wholesale prices of light and middle distillates and the late-year drop in wholesale gasoline prices resulted from shifts in production. Oil companies had limited domestic refinery output of middle distillates used for heating fuel and substituted production of the more profitable gasoline. Also, large demands for jet fuel caused major refineries to shift production to meet these needs and further curtailed supplies of fuel oil. Some middle distillates used as heating fuel had to be imported to meet domestic requirements and higher tanker costs were one of the causes of the price increases which continued throughout most of 1967 for middle distillates and heating fuel. In contrast, the buildup of gasoline inventories at a time of slackening demand brought a sharp decline in wholesale prices for gasoline late in the year. Retail gasoline prices, which reflect increases in State taxes as well as rising retailing costs, continued strong.

PRICE PERSPECTIVE



APPENDIX TABLES

Table A-1. Consumer Price Indexes, by Major Groups, 1954-66

(1957-59 = 100)

Year and month	All items	All items less food	Food	Housing	Apparel and upkeep	Transportation	Health and recreation				
							All	Medical care	Personal care	Reading and recreation	Other
Relative importance ¹	100.00	77.17	22.83	32.98	10.50	13.80	19.51	5.80	2.70	5.87	5.14
Annual averages											
1954.....	93.6	92.8	95.4	93.4	96.3	90.8	90.7	86.6	88.5	92.4	94.3
1955.....	93.3	93.1	94.0	94.1	95.9	89.7	91.4	88.6	90.0	92.1	94.3
1956.....	94.7	94.7	94.7	95.5	97.8	91.3	93.6	91.8	93.7	93.4	95.8
1957.....	98.0	97.9	97.8	98.5	99.5	96.5	97.0	95.5	97.1	96.9	98.5
1958.....	100.7	100.1	101.9	100.2	99.8	99.7	100.3	100.1	100.4	100.8	99.8
1959.....	101.5	102.0	100.3	101.3	100.6	103.8	102.8	104.4	102.4	102.4	101.8
1960.....	103.1	103.7	101.4	103.1	102.2	103.8	105.4	108.1	104.1	104.9	103.8
1961.....	104.2	104.8	102.6	103.9	103.0	105.0	107.3	111.3	104.6	107.2	104.6
1962.....	105.4	106.1	103.6	104.8	103.6	107.2	109.4	114.2	106.5	109.6	105.3
1963.....	106.7	107.4	105.1	106.0	104.8	107.8	111.4	117.0	107.9	111.5	107.1
1964.....	108.1	108.9	106.4	107.2	105.7	109.3	113.6	119.4	109.2	114.1	108.8
1965.....	109.9	110.4	108.8	108.5	106.8	111.1	115.6	122.3	109.9	115.2	111.4
1966.....	113.1	113.0	114.2	111.1	109.6	112.7	119.0	127.7	112.2	117.1	114.9
Percent change in annual averages											
1954-55.....	-0.3	0.3	-1.5	0.7	-0.4	-1.2	0.8	2.3	1.7	-0.3	0
1955-56.....	1.5	1.7	.7	1.5	2.0	1.8	2.4	3.6	4.1	1.4	1.6
1956-57.....	3.5	3.4	3.3	3.1	1.7	5.7	3.6	4.0	3.6	3.7	2.8
1957-58.....	2.8	2.2	4.2	1.7	.3	3.3	3.4	4.8	3.4	4.0	1.3
1958-59.....	.8	1.9	-1.6	1.1	.8	4.1	2.5	4.3	2.0	1.6	2.0
1959-60.....	1.6	1.7	1.1	1.8	1.6	0	2.5	3.5	1.7	2.4	2.0
1960-61.....	1.1	1.1	1.2	.8	.8	1.2	1.8	3.0	.5	2.2	.8
1961-62.....	1.2	1.2	1.0	.9	.6	2.1	2.0	2.6	1.8	2.2	.7
1962-63.....	1.2	1.2	1.4	1.1	1.2	.6	1.8	2.5	1.3	1.7	1.7
1963-64.....	1.3	1.4	1.2	1.1	.9	1.4	2.0	2.1	1.2	2.3	1.6
1964-65.....	1.7	1.4	2.3	1.2	1.0	1.6	1.8	2.4	.6	1.0	2.4
1965-66.....	2.9	2.4	5.0	2.4	2.6	1.4	2.9	4.4	2.1	1.6	3.1
Monthly indexes											
1965:											
January.....	108.9	109.8	106.6	108.1	105.6	111.1	114.5	120.6	110.0	115.0	109.3
February.....	108.9	109.8	106.6	108.2	105.8	110.6	114.7	121.0	110.1	115.2	109.4
March.....	109.0	109.9	106.9	108.2	106.0	110.6	114.9	121.4	110.4	115.4	109.5
April.....	109.3	110.1	107.3	108.2	106.3	111.0	115.4	121.6	110.7	115.9	110.3
May.....	109.6	110.3	107.9	108.2	106.8	111.4	115.6	121.8	111.0	115.9	110.6
June.....	110.1	110.3	110.1	108.2	106.9	111.2	115.7	122.2	111.0	115.7	111.0
July.....	110.2	110.2	110.9	108.3	106.1	111.5	115.3	122.7	108.7	114.6	111.5
August.....	110.0	110.2	110.1	108.2	106.4	111.0	115.6	122.8	109.0	114.3	112.6
September.....	110.2	110.6	109.7	108.6	107.2	111.0	115.8	122.8	109.2	114.8	112.7
October.....	110.4	110.9	109.7	109.0	107.8	111.2	116.2	123.0	109.2	115.2	113.3
November.....	110.6	111.2	109.7	109.2	108.1	111.5	116.4	123.4	109.6	115.4	113.3
December.....	111.0	111.3	110.6	109.4	108.1	111.6	116.6	123.7	110.0	115.4	113.4
1966:											
January.....	111.0	111.1	111.4	109.2	107.3	111.2	116.9	124.2	110.4	115.7	113.4
February.....	111.6	111.3	113.1	109.4	107.6	111.1	117.1	124.5	110.8	115.9	113.6
March.....	112.0	111.6	113.9	109.6	108.2	111.4	117.6	125.3	111.0	116.6	113.8
April.....	112.5	112.2	114.0	110.3	108.7	112.0	118.1	125.8	111.6	116.8	114.3
May.....	112.6	112.5	113.5	110.7	109.3	112.0	118.4	126.3	112.0	116.8	114.7
June.....	112.9	112.8	113.9	111.1	109.4	112.2	118.7	127.0	112.2	117.0	114.9
July.....	113.3	113.2	114.3	111.3	109.2	113.5	119.1	127.7	112.5	117.2	115.3
August.....	113.8	113.4	115.8	111.5	109.2	113.5	119.5	128.4	112.7	117.4	115.5
September.....	114.1	113.8	115.6	111.8	110.7	113.3	119.9	129.4	113.0	117.5	115.7
October.....	114.5	114.4	115.6	112.2	111.5	114.3	120.4	130.4	113.3	118.0	115.9
November.....	114.6	114.8	114.8	112.6	112.0	114.5	120.8	131.3	113.4	118.3	116.0
December.....	114.7	114.9	114.8	113.0	112.3	113.8	121.0	131.9	113.7	118.4	115.9

¹See footnotes at end of table G.

Table A-2. Consumer Price Indexes for Food, 1954-66

(1957-59=100)

Year and month	Food away from home	Food at home									
		All ²	Meats			Dairy products		Fruits and vegetables	Cereals and bakery products		Eggs
			All ²	Beef and veal	Pork	All ²	Milk, grocery		All ²	Bread	
Relative importance ¹	4.62	18.21	4.90	2.25	1.62	2.75	0.83	2.96	2.45	0.60	0.68
Annual averages											
1954.....	90.9	96.3	95.3	85.3	105.7	93.7	92.1	90.5	91.9	88.4	103.1
1955.....	91.8	94.4	87.7	84.4	91.0	93.6	92.3	91.8	93.4	91.0	106.5
1956.....	93.6	94.8	84.8	83.1	86.4	96.0	95.1	96.3	94.7	93.2	105.9
1957.....	97.1	97.9	94.2	89.2	99.5	98.8	98.4	96.0	98.4	97.5	100.9
1958.....	100.0	102.2	104.9	103.8	106.1	100.3	100.3	102.8	100.4	100.3	106.1
1959.....	102.8	99.7	101.0	106.9	94.4	101.0	101.3	101.2	101.2	102.3	92.9
1960.....	105.5	100.6	99.2	104.2	93.8	103.2	103.7	103.8	103.2	105.5	100.1
1961.....	107.8	101.5	100.5	102.5	98.2	104.8	104.0	104.2	105.4	108.7	100.1
1962.....	110.7	102.2	102.5	106.2	99.1	104.1	103.5	105.0	107.6	110.3	94.6
1963.....	113.2	103.5	100.9	105.0	96.6	103.8	103.0	111.0	109.1	112.7	96.0
1964.....	115.2	104.7	99.4	101.9	96.1	104.7	103.3	115.3	109.6	113.3	95.0
1965.....	117.8	107.2	106.9	106.8	109.4	105.0	102.8	115.2	111.2	114.7	92.8
1966.....	123.2	112.6	116.8	112.4	125.1	111.8	109.4	117.6	115.8	121.7	105.7
Percent change in annual averages											
1954-55.....	1.0	-2.0	-8.0	-1.1	-13.9	-0.1	0.2	1.4	1.6	2.9	3.3
1955-56.....	2.0	.4	-3.3	-1.5	-5.1	2.6	3.0	4.9	1.4	2.4	-6
1956-57.....	3.7	3.3	11.1	7.3	15.2	2.9	3.5	-3	3.9	4.6	-4.7
1957-58.....	3.0	4.4	11.4	16.4	6.6	1.5	1.9	7.1	2	2.9	5.2
1958-59.....	2.8	-2.5	-3.7	3.0	-11.0	.7	1.0	-1.6	.8	2.0	-12.4
1959-60.....	2.6	.9	-1.8	-2.5	-6	2.2	2.4	2.6	2.0	3.1	7.8
1960-61.....	2.2	.9	1.3	4.7	1.6	.3	.4	2.1	1.6	3.0	0
1961-62.....	2.7	.7	2.0	3.6	.9	-.7	-.5	.8	2.1	1.5	-5.5
1962-63.....	2.3	1.3	-1.6	-1.1	-2.5	-.3	-.5	5.7	1.4	2.2	1.5
1963-64.....	1.8	1.2	-1.5	-3.0	-.5	.9	.3	3.9	.5	.5	-1.0
1964-65.....	2.3	2.4	7.5	4.8	13.8	.3	-.5	-.1	1.5	1.2	-2.3
1965-66.....	4.6	5.0	9.3	5.2	14.4	6.5	6.4	2.1	4.1	6.1	13.9
Monthly indexes											
1965:											
January.....	116.1	104.8	100.1	103.1	96.2	105.6	103.9	112.4	111.1	115.2	91.6
February.....	116.3	104.8	100.0	102.4	97.0	105.2	103.0	113.3	110.7	114.7	86.1
March.....	116.5	105.0	100.3	102.6	97.4	105.0	102.7	115.3	110.9	115.1	83.5
April.....	116.8	105.5	100.4	102.6	97.5	104.5	102.1	117.6	111.0	115.3	88.6
May.....	116.9	106.2	101.3	103.9	98.6	104.2	101.3	121.4	110.8	114.6	87.5
June.....	117.2	108.8	108.0	109.6	108.9	104.0	100.9	125.9	111.0	114.3	83.9
July.....	117.6	109.7	111.6	110.9	117.2	104.3	101.8	124.3	111.1	114.3	87.2
August.....	118.2	108.6	112.5	110.1	119.9	105.0	103.1	114.6	111.1	114.0	90.5
September.....	118.8	108.0	112.5	109.8	119.9	105.3	103.1	108.5	111.3	114.3	98.6
October.....	119.2	107.8	111.8	109.1	118.8	105.5	103.7	108.5	111.3	114.8	103.5
November.....	119.6	107.8	111.3	108.3	118.3	105.8	104.0	109.9	111.4	114.0	102.6
December.....	119.9	108.9	113.3	108.9	122.8	106.1	104.3	111.0	112.2	115.8	109.6
1966:											
January.....	120.4	109.8	116.6	109.4	130.9	106.6	104.7	111.3	113.0	117.6	105.0
February.....	120.8	111.8	118.8	111.4	133.2	107.0	105.4	116.5	113.2	118.3	109.1
March.....	121.2	112.6	119.8	113.9	131.7	108.1	106.1	117.4	113.6	118.6	108.5
April.....	121.6	112.7	118.1	115.1	124.6	108.9	106.8	119.8	114.1	119.5	105.9
May.....	122.2	112.0	116.3	113.3	121.6	109.3	107.0	119.2	114.3	118.9	98.8
June.....	122.8	112.3	116.6	112.8	123.9	109.6	106.8	121.7	114.7	119.9	89.1
July.....	123.5	112.7	116.6	112.2	125.0	111.0	108.8	121.5	114.8	119.7	93.9
August.....	124.0	114.4	116.9	112.3	125.9	114.8	112.2	122.3	112.3	125.2	110.5
September.....	124.6	114.0	117.2	112.7	126.4	116.0	113.0	116.6	118.4	126.1	111.8
October.....	125.2	113.8	116.6	112.8	123.8	117.1	114.1	115.3	118.3	125.1	116.1
November.....	125.7	112.8	114.5	111.4	119.1	116.7	114.0	114.9	118.6	125.6	107.9
December.....	126.3	112.6	113.4	111.9	114.9	116.5	113.7	114.3	118.8	125.7	111.9

See footnotes at end of table 6.

Table A-3. Consumer Price Indexes for All Commodities and for Key Durables, 1954-66

(1957-59=100)

Year and month	All commodities	All commodities less food	Durable commodities								
			All ²	New cars	Used cars	Tires	Household durables				
							All ²	Appliances		Furniture and bedding	Floor covering
								All ²	TV sets		
Relative importance ¹	65.51	42.68	18.10	2.40	2.35	0.72	5.34	1.26	0.54	1.40	0.46
Annual averages											
1954.....	95.5	95.6	97.3	92.5	92.2	93.1	101.0	111.3	99.6	98.9	92.1
1955.....	94.6	94.9	95.4	89.2	87.2	95.1	98.3	105.9	93.9	97.3	93.5
1956.....	95.5	95.9	95.4	91.7	83.9	97.3	97.9	100.8	94.3	97.8	96.1
1957.....	98.5	98.8	98.5	96.5	94.0	98.4	99.6	101.1	98.4	100.3	100.3
1958.....	100.8	99.9	100.0	99.6	97.4	101.9	100.3	99.4	100.2	99.7	100.1
1959.....	100.9	101.2	101.5	103.9	108.8	99.6	100.2	99.5	101.5	99.9	99.5
1960.....	101.7	101.7	100.9	102.5	101.6	92.6	100.1	98.8	102.2	100.1	100.8
1961.....	102.3	102.0	100.8	102.5	105.6	88.1	98.9	96.5	99.5	101.1	100.5
1962.....	103.2	102.8	101.8	102.1	115.2	92.6	98.8	93.5	94.6	101.6	100.4
1963.....	104.1	103.5	102.1	101.5	116.6	96.9	98.5	91.5	92.2	102.1	101.1
1964.....	105.2	104.4	103.0	101.2	121.6	97.4	98.4	90.0	90.1	102.2	102.7
1965.....	106.4	105.1	102.6	99.0	120.8	99.8	96.9	87.1	86.3	102.8	101.6
1966.....	109.2	106.5	102.7	97.2	117.8	102.1	96.8	84.4	82.1	105.4	101.9
Percent change in annual averages											
1954-55.....	-0.9	-0.7	-2.0	-3.6	-5.4	2.1	-2.7	-4.9	-5.7	-1.6	1.5
1955-56.....	1.0	1.1	0	2.8	-3.8	2.3	- .4	-4.8	.4	.5	2.8
1956-57.....	3.1	3.0	3.2	5.2	12.0	1.1	1.7	.3	4.3	2.6	4.4
1957-58.....	2.3	1.1	1.5	3.2	3.6	3.6	.7	-1.7	1.8	-6	-2
1958-59.....	.1	1.3	1.5	4.3	11.7	-2.3	-1	.1	1.3	.2	-.6
1959-60.....	.8	.5	-6	-1.3	-6.6	-7.0	-1	-7	.7	.2	1.3
1960-61.....	.6	.3	-1	0	3.9	-4.9	-1.2	-2.3	-2.6	1.0	-3
1961-62.....	.9	.8	1.0	-4	9.1	5.1	-1	-3.1	-4.9	.5	-1
1962-63.....	.9	.7	.3	-6	1.2	4.6	-3	-2.1	-2.5	.5	.7
1963-64.....	1.1	.9	.9	-3	4.3	.5	-1	-1.6	-2.3	.1	1.6
1964-65.....	1.1	.7	-4	-2.2	-7	2.5	-1.5	-3.2	-4.2	.6	-1.1
1965-66.....	2.6	1.3	.1	-1.8	-2.5	2.3	-1	-3.1	-4.9	2.5	0.3
Monthly indexes ³											
1965:											
January.....	105.6	104.9	103.6	101.5	123.7	-	97.8	-	-	-	-
February.....	105.5	104.7	103.3	101.0	121.7	-	97.8	-	-	-	-
March.....	105.6	104.8	103.2	100.8	121.7	-	98.0	-	-	-	-
April.....	105.9	105.0	103.0	100.7	120.6	-	97.9	-	-	-	-
May.....	106.2	105.2	102.9	100.2	121.1	-	97.8	-	-	-	-
June.....	106.9	105.1	102.6	97.4	122.7	99.8	97.3	88.0	88.0	102.9	101.4
July.....	106.9	104.7	102.3	97.2	123.0	-	96.3	-	-	-	-
August.....	106.6	104.7	101.8	97.1	120.3	-	95.8	-	-	-	-
September.....	106.6	104.9	101.7	96.5	118.9	-	96.0	-	-	-	-
October.....	106.9	105.3	102.1	97.7	119.4	-	96.0	-	-	-	-
November.....	107.1	105.6	102.4	98.7	118.7	-	96.0	-	-	-	-
December.....	107.4	105.7	102.4	98.7	118.2	100.7	96.1	84.8	82.6	103.1	101.6
1966:											
January.....	107.4	105.3	101.9	97.4	114.8	-	96.1	-	-	-	-
February.....	108.0	105.4	101.8	97.2	114.0	-	96.1	-	-	-	-
March.....	108.4	105.6	102.0	97.1	115.4	100.4	96.2	84.6	82.3	103.9	101.6
April.....	108.8	106.0	102.3	97.4	117.4	-	96.4	-	-	-	-
May.....	108.8	106.3	102.5	97.0	117.5	-	96.7	-	-	-	-
June.....	109.0	106.4	102.6	96.8	118.2	102.6	96.7	84.3	82.2	105.2	101.7
July.....	109.3	106.7	103.0	96.7	120.3	-	96.9	-	-	-	-
August.....	109.8	106.6	103.0	95.8	122.1	-	97.0	-	-	-	-
September.....	110.0	107.0	102.7	94.4	120.1	103.2	97.3	84.3	81.8	106.2	102.2
October.....	110.3	107.6	103.5	98.4	120.8	-	97.4	-	-	-	-
November.....	110.2	107.8	103.5	99.3	119.3	-	97.6	-	-	-	-
December.....	110.1	107.7	103.1	98.6	114.2	103.2	97.7	84.2	82.0	107.7	102.3

See footnotes at end of table 6

Table A-4. Consumer Price Indexes for Nondurable Commodities, 1954-66

(1957-59=100)

Year and month	All non-durables less food	Apparel less footwear			Footwear	Textile house-furnishings	Fuel oil and coal	Gasoline	Drugs and prescriptions	Toilet goods	Tobacco products
		All ²	Women's	Men's							
Relative importance ¹	24.58	7.51	3.99	2.86	1.52	0.60	0.72	3.08	1.10	1.43	1.99
Annual averages											
1954.....	94.4	99.0	99.6	98.3	88.9	99.9	90.6	92.1	91.7	92.2	91.7
1955.....	94.4	98.2	98.7	97.2	89.8	98.3	91.9	93.4	92.7	92.2	92.1
1956.....	96.5	99.2	99.4	98.8	94.6	100.0	95.9	96.6	94.7	94.3	94.1
1957.....	99.1	100.1	99.9	100.3	97.6	101.0	100.8	100.5	97.2	97.3	96.7
1958.....	99.8	99.9	99.8	99.9	99.1	99.4	99.0	99.2	100.6	101.0	99.7
1959.....	101.0	100.0	100.2	99.7	103.2	99.7	100.2	100.4	102.2	101.8	103.6
1960.....	102.6	101.1	100.7	101.6	106.8	101.1	99.5	103.3	102.3	101.8	107.1
1961.....	103.2	101.7	101.0	102.8	107.8	101.7	101.6	102.1	101.1	101.4	108.0
1962.....	103.8	101.8	100.9	103.3	109.3	101.5	102.1	102.7	99.6	102.4	108.8
1963.....	104.8	102.8	101.7	104.7	110.5	101.6	104.0	102.5	98.7	102.8	112.2
1964.....	105.7	103.6	102.3	106.1	111.0	102.0	103.5	102.1	98.4	102.9	114.8
1965.....	107.2	104.4	103.1	107.4	112.9	102.7	105.6	106.0	98.1	102.3	120.2
1966.....	109.7	106.3	105.1	110.3	119.6	104.1	108.3	108.3	98.4	101.2	126.1
Percent change in annual averages											
1954-55.....	0	-0.8	-0.9	-1.1	1.0	-1.6	1.4	1.4	1.1	0	0.4
1955-56.....	2.2	1.0	.7	1.6	5.3	1.7	4.4	3.4	2.2	2.3	2.2
1956-57.....	2.7	.9	.5	1.5	3.2	1.0	5.1	4.0	2.6	3.2	2.8
1957-58.....	.7	-2	-1	-4	1.5	-1.6	-1.8	-1.3	3.5	3.8	3.1
1958-59.....	1.2	.1	.4	-2	4.1	.3	1.2	1.2	1.1	.8	3.9
1959-60.....	1.6	1.1	.5	1.9	3.5	1.4	-7	-2.9	.1	0	3.4
1960-61.....	.6	.6	.3	1.2	.9	.6	2.1	-1.2	-1.2	-4	.8
1961-62.....	.6	1	-1	.5	1.4	-2	.5	.6	-1.5	1.0	.7
1962-63.....	1.0	1.0	.8	1.4	1.1	.1	1.9	-2	-9	.4	3.1
1963-64.....	.9	.8	.6	1.3	.5	.4	-5	-4	-3	.1	2.3
1964-65.....	1.4	.8	.8	1.2	1.7	.7	2.0	3.8	-3	-6	4.7
1965-66.....	2.3	1.8	1.9	2.7	5.9	1.4	2.6	2.2	.3	-1.1	4.9
Monthly indexes ³											
1965:											
January.....	106.1	103.3	101.4	106.2	111.5	-	106.5	-	-	-	-
February.....	106.1	103.5	101.9	106.2	111.6	-	106.7	-	-	-	-
March.....	106.2	103.7	102.1	106.3	111.7	-	106.5	-	-	-	-
April.....	106.8	104.0	102.5	106.6	112.0	-	105.4	-	-	-	-
May.....	107.2	104.6	103.4	107.0	112.2	-	104.6	-	-	-	-
June.....	107.3	104.7	103.5	107.1	112.3	102.6	103.4	106.8	98.1	103.5	119.3
July.....	106.9	103.6	102.5	106.8	112.0	-	103.2	-	-	-	-
August.....	107.1	103.8	102.6	107.2	112.7	-	103.5	-	-	-	-
September.....	107.7	104.8	103.8	107.9	113.4	-	104.3	-	-	-	-
October.....	108.0	105.4	104.3	108.7	114.4	-	106.9	-	-	-	-
November.....	108.3	105.7	104.6	109.2	115.1	-	107.2	-	-	-	-
December.....	108.4	105.5	104.3	109.3	115.6	103.1	108.6	106.5	98.1	100.3	123.7
1966:											
January.....	108.0	104.3	102.6	108.6	115.6	-	108.9	-	-	-	-
February.....	108.3	104.6	103.1	108.6	116.2	-	109.0	-	-	-	-
March.....	108.6	105.2	103.9	109.0	116.9	102.5	108.9	106.9	98.4	100.9	123.9
April.....	109.0	105.6	104.2	109.6	118.1	-	108.5	-	-	-	-
May.....	109.3	106.1	105.0	109.9	119.0	-	108.0	-	-	-	-
June.....	109.5	106.0	104.7	110.1	119.8	103.6	107.0	107.7	98.6	101.2	126.2
July.....	109.7	105.8	104.6	109.6	119.8	-	107.0	-	-	-	-
August.....	109.6	105.5	103.8	109.9	120.4	-	107.0	-	-	-	-
September.....	110.5	107.4	106.3	111.2	121.3	104.9	107.4	109.5	98.5	101.5	127.7
October.....	110.9	108.1	107.5	111.5	122.2	-	108.3	-	-	-	-
November.....	111.3	108.6	107.8	112.4	122.8	-	108.9	-	-	-	-
December.....	111.4	108.8	108.1	112.6	122.9	106.4	110.2	110.1	98.3	101.8	128.0

See footnotes at end of table 6.

Table A-5. Consumer Price Indexes for Services, 1954-66

(1957-59=100)

Year and month	All services	Rent	Household services less rent		Transportation services			Medical care services			Other services
			All ²	Mortgage interest rates	All ²	Local transit	Auto insurance	All ²	Physicians' fees	Daily hospital charges	
Relative importance ¹	34.49	5.44	13.57	2.84	5.02	0.78	1.64	4.70	1.50	0.39	5.75
Annual averages											
1954	88.7	93.5	(⁴)	90.1	88.9	85.4	88.2	85.5	87.0	79.2	(⁴)
1955	90.5	94.8	(⁴)	90.4	89.1	88.9	84.7	88.0	90.0	83.0	(⁴)
1956	92.8	96.5	90.4	93.0	90.5	*92.4	82.4	91.4	92.7	87.5	93.5
1957	96.6	98.3	95.7	99.2	94.8	95.2	89.2	95.3	96.7	94.5	97.2
1958	100.3	100.1	100.8	98.8	100.8	100.9	102.2	100.0	100.0	99.9	100.2
1959	103.2	101.6	103.6	102.0	104.3	104.0	108.7	104.8	103.4	105.5	102.6
1960	106.6	103.1	108.0	106.7	107.0	108.1	111.5	109.1	106.0	112.7	106.2
1961	108.8	104.4	109.2	103.9	109.5	112.9	112.5	113.1	108.7	121.3	109.7
1962	110.9	105.7	110.6	102.0	111.2	117.3	111.5	116.8	111.9	129.8	112.6
1963	113.0	106.8	113.0	100.8	112.4	120.0	113.3	120.3	114.4	138.0	115.3
1964	115.2	107.8	114.8	100.1	115.0	122.8	119.2	123.2	117.3	144.9	118.5
1965	117.8	108.9	117.0	100.5	119.3	125.4	130.5	127.1	121.5	153.3	121.8
1966	122.3	110.4	121.5	106.9	124.3	130.9	139.9	133.9	128.5	168.0	126.5
Percent change in annual averages											
1954-55	2.0	1.4	(⁴)	0.3	0.2	4.1	-4.0	2.9	3.4	4.8	(⁴)
1955-56	2.5	1.8	(⁴)	2.9	1.6	3.9	2.7	3.9	3.0	5.4	(⁴)
1956-57	4.1	1.9	5.9	6.7	4.8	3.0	8.3	4.3	4.3	8.0	4.0
1957-58	3.8	1.8	5.3	-4	6.3	6.0	14.6	4.9	3.4	5.7	3.1
1958-59	2.9	1.5	2.8	3.2	3.5	3.1	6.4	4.8	3.4	5.6	2.4
1959-60	3.3	1.5	4.2	4.6	2.6	3.9	2.6	4.1	2.5	6.8	3.5
1960-61	2.1	1.3	1.1	-2.6	2.3	4.4	.9	3.7	2.5	7.6	3.3
1961-62	1.9	1.2	1.3	-1.8	1.6	3.9	-9	3.3	2.9	7.0	2.6
1962-63	1.9	1.0	2.2	-1.2	1.1	2.3	1.6	3.0	2.2	6.3	2.4
1963-64	1.9	.9	1.6	-7	2.3	2.3	5.2	2.4	2.5	5.0	2.8
1964-65	2.3	1.0	1.9	.4	3.7	2.1	9.5	3.2	3.6	5.8	2.8
1965-66	3.8	1.4	3.8	6.4	4.2	4.4	7.2	5.4	5.8	9.6	3.9
Monthly indexes ³											
1965:											
January	116.6	108.4	116.0	-	117.7	-	-	125.0	-	-	120.1
February	116.9	108.5	116.2	-	118.2	-	-	125.5	-	-	120.4
March	117.0	108.7	116.2	-	118.4	-	-	125.9	-	-	120.7
April	117.3	108.8	116.3	-	118.5	-	-	126.2	-	-	121.3
May	117.5	108.8	116.5	-	118.7	-	-	126.5	-	-	121.6
June	117.6	108.8	116.8	100.5	118.6	125.3	128.6	127.0	121.1	152.5	121.7
July	117.8	108.9	116.9	-	119.1	-	-	127.5	-	-	121.9
August	117.9	109.0	116.6	-	119.6	-	-	127.7	-	-	122.1
September	118.5	109.1	117.6	-	120.2	-	-	127.8	-	-	122.6
October	118.7	109.2	117.9	-	120.7	-	-	128.1	-	-	122.8
November	119.0	109.3	118.1	-	121.0	-	-	128.5	-	-	123.0
December	119.3	109.5	118.4	100.7	121.3	126.1	136.4	128.9	123.3	157.1	123.2
1966:											
January	119.5	109.7	117.9	-	122.5	-	-	129.5	-	-	123.8
February	119.7	109.8	118.1	-	122.6	-	-	129.9	-	-	124.1
March	120.1	109.9	118.5	101.4	122.6	126.2	138.2	130.8	125.5	160.8	125.0
April	121.1	110.1	120.2	-	123.0	-	-	131.4	-	-	125.5
May	121.5	110.2	120.9	-	123.0	-	-	132.1	-	-	125.9
June	122.0	110.2	121.7	107.5	123.2	126.2	139.4	133.0	128.0	164.2	126.4
July	122.6	110.3	122.1	-	125.0	-	-	133.9	-	-	126.7
August	123.0	110.6	122.4	-	125.3	-	-	134.7	-	-	127.1
September	123.5	110.7	123.0	109.8	125.5	137.4	141.6	136.2	130.8	172.6	127.5
October	124.1	111.0	123.5	-	125.9	-	-	137.4	-	-	128.2
November	124.7	111.2	124.2	-	126.1	-	-	138.6	-	-	128.5
December	125.2	111.3	124.9	113.2	126.5	137.6	142.4	139.4	132.9	183.0	128.9

See footnotes at end of table 6.

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Table A-6 All-item Consumer Price Indexes for 23 Cities, Annual Averages and Percent Changes, 1954-66

(1957-59=100 unless otherwise indicated⁵)

City	1966 ⁷	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954
	Annual averages												
United States ⁶	113.1	109.9	108.1	106.7	105.4	104.2	103.1	101.5	100.7	98.0	94.7	93.3	93.6
Atlanta	111.5	108.1	106.7	105.1	104.1	103.2	102.7	101.3	100.6	98.1	95.4	93.9	94.3
Baltimore	113.4	109.6	107.9	106.8	105.2	104.4	103.4	102.2	100.3	97.5	94.2	92.8	92.7
Boston	-	113.2	111.1	109.5	107.4	105.1	103.6	101.5	100.7	97.8	94.5	91.8	91.4
Buffalo ⁵	-	103.5	101.1	-	-	-	-	-	-	-	-	-	-
Chicago	110.7	107.6	106.1	105.7	104.6	103.6	103.0	101.6	100.7	97.8	94.8	93.5	92.9
Cincinnati	110.3	107.2	106.3	104.7	103.6	102.6	102.2	101.2	100.5	98.3	95.3	93.4	93.8
Cleveland	-	106.9	105.2	104.7	103.5	103.2	102.3	101.1	100.5	98.3	95.0	93.1	92.8
Dallas ⁵	-	101.4	100.1	-	-	-	-	-	-	-	-	-	-
Detroit	111.1	106.4	104.0	103.2	102.2	101.9	101.3	100.4	100.5	99.1	96.3	94.5	94.6
Honolulu ⁵	105.1	102.1	100.3	-	-	-	-	-	-	-	-	-	-
Houston	-	108.5	107.2	105.6	104.6	102.6	102.1	101.1	100.3	98.6	95.6	94.1	94.7
Kansas City	116.3	113.3	109.8	107.2	106.1	104.5	103.1	101.8	100.3	97.9	95.0	93.5	93.4
Los Angeles	114.7	112.5	110.2	108.2	106.6	105.4	104.1	102.2	100.6	97.2	94.1	92.7	92.7
Milwaukee	-	108.2	106.1	104.9	103.9	102.5	101.8	100.5	100.5	99.1	95.8	94.4	94.5
Minneapolis	-	109.5	108.0	107.0	105.5	104.2	103.1	101.5	100.5	97.9	94.6	94.4	94.4
New York	116.0	112.2	110.4	108.7	106.4	104.8	103.9	101.9	100.5	97.6	94.5	93.1	93.6
Philadelphia	113.7	110.6	108.8	107.2	105.2	104.4	103.2	101.4	100.2	98.4	95.3	94.1	94.2
Pittsburgh	-	110.2	108.5	107.1	105.9	105.0	104.1	101.9	100.6	97.6	94.6	92.4	93.0
San Diego ⁵	-	100.1	-	-	-	-	-	-	-	-	-	-	-
San Francisco	115.6	112.7	110.6	108.9	107.4	105.8	104.5	102.4	100.5	97.0	93.3	91.1	91.7
Seattle	-	111.0	109.7	108.2	106.5	104.9	103.3	102.0	100.1	97.9	94.0	92.8	92.4
St. Louis	113.5	109.9	108.1	106.2	105.1	103.9	102.4	101.8	100.5	97.7	94.4	93.5	93.9
Washington	-	109.6	108.1	106.4	104.6	103.7	102.2	101.1	100.6	98.3	95.4	94.4	94.5
	Percent change from previous year												
United States	2.9	1.7	1.3	1.2	1.2	1.1	1.6	0.8	2.8	3.5	1.5	-0.3	0.4
Atlanta	3.1	1.3	1.5	1.0	0.9	0.5	1.4	0.7	2.5	2.8	1.6	-0.4	-0.3
Baltimore	3.5	1.6	1.0	1.5	.8	1.0	1.2	1.9	2.9	3.5	1.5	.1	.3
Boston	-	1.9	1.5	2.0	2.2	1.4	2.1	0.8	3.0	3.5	2.9	.4	.4
Buffalo	-	2.4	-	-	-	-	-	-	-	-	-	-	-
Chicago	2.9	1.4	.4	1.1	1.0	.6	1.4	.9	3.0	3.2	1.4	.6	1.5
Cincinnati	2.9	.8	1.5	1.1	1.0	.4	1.0	.7	2.2	3.1	2.0	-4	0
Cleveland	-	1.6	.5	1.2	.3	.9	1.2	.6	2.2	3.5	2.0	.3	1.0
Dallas	-	1.3	-	-	-	-	-	-	-	-	-	-	-
Detroit	4.4	2.3	.8	1.0	.3	.6	.9	-1	1.4	2.9	1.9	-1	.4
Honolulu	2.9	1.8	-	-	-	-	-	-	-	-	-	-	-
Houston	-	1.2	1.5	1.0	1.9	.5	1.0	.8	1.7	3.1	1.6	-6	-1
Kansas City	2.6	3.2	2.4	1.0	1.5	1.4	1.3	1.5	2.5	3.1	1.6	.1	.4
Los Angeles	2.0	2.1	1.8	1.5	1.1	1.2	1.9	1.6	3.5	3.3	1.5	0	-1
Milwaukee	-	2.0	1.1	1.0	1.4	.7	1.3	0	1.4	3.4	1.5	-1	0
Minneapolis	-	1.4	.9	1.4	1.2	1.1	1.6	1.0	2.7	3.5	.2	0	1.0
New York	3.4	1.6	1.6	2.2	1.5	.9	2.0	1.4	3.0	3.3	1.5	-5	.6
Philadelphia	2.8	1.7	1.5	1.9	.8	1.2	1.8	1.2	1.8	3.3	1.3	-1	1.1
Pittsburgh	-	1.6	1.3	1.1	.9	.9	2.2	1.3	3.1	3.2	2.4	-6	.9
San Diego	-	-	-	-	-	-	-	-	-	-	-	-	-
San Francisco	2.6	1.9	1.6	1.4	1.5	1.2	2.1	1.9	3.6	4.0	2.4	-7	.1
Seattle	-	1.2	1.4	1.6	1.5	1.5	1.3	1.9	2.2	4.1	1.3	.4	.1
St. Louis	3.3	1.7	1.8	1.0	1.2	1.5	.6	1.3	2.9	3.5	1.0	-4	.4
Washington	-	1.4	1.6	1.7	.9	1.5	1.1	.5	2.3	3.0	1.1	-1	0

¹ Relative importance as of December 1965. The relative importance of an item is its value or weight in the index expressed as a percent of the all-items CPI.

² Includes groups not shown separately.

³ Some indexes are not computed on a monthly basis. In 1965, numerous indexes for specific items, previously calculated four times a year, were only computed semi-annually but, in 1966, they were once more placed on a quarterly basis.

⁴ Index not available before 1956.

⁵ Indexes for Buffalo and Dallas based on November 1963=100; Honolulu on December 1963=100, and San Diego on February 1965=100.

⁶ The U.S. City average index represents all urban places in the United States and is based upon data obtained in 56 cities. Separate indexes are published monthly for 5 cities and four times a year for an additional 18 cities. The individual city indexes do not show whether prices or living costs are higher or lower in one city than in another but indicate price change within a city from one period to another.

⁷ Annual averages for 1966 and percent changes from 1965 to 1966 were not available at time of publication for those cities for which price data are not collected in December.

Table A-7. Wholesale Price Indexes, by Stage of Processing, 1954-66

(1957-59=100)

Year and month	All commodities	Farm products and foods				Commodities other than farm products and foods (industrial commodities)					
		All	Crude ¹	Intermediate	Consumer foods ²	All	Crude	Intermediate	Finished goods		
									Producer	Consumer	
										Durable	Nondurable
Annual averages											
1954.....	92.9	100.7	106.2	100.7	97.1	90.4	88.0	89.8	83.1	91.8	95.3
1955.....	93.2	95.9	96.2	97.5	94.7	92.4	96.6	92.5	85.6	92.8	95.8
1956.....	96.2	95.3	94.2	97.9	94.5	96.5	102.3	97.0	92.0	95.9	97.7
1957.....	99.0	98.6	98.4	99.7	97.8	99.2	100.9	99.6	97.7	98.7	99.9
1958.....	100.4	103.2	104.2	102.0	103.5	99.5	96.9	99.4	100.2	100.1	99.3
1959.....	100.6	98.4	97.4	98.3	98.7	101.3	102.3	101.0	102.1	101.3	100.8
1960.....	100.7	98.6	96.2	99.5	100.8	101.3	98.3	101.4	102.3	100.9	101.5
1961.....	100.3	98.6	94.9	102.6	100.4	100.8	97.2	100.1	102.5	100.5	101.5
1962.....	100.6	99.6	96.8	100.5	101.3	100.8	95.6	99.9	102.9	100.0	101.6
1963.....	100.3	98.7	94.0	105.5	100.1	100.7	94.3	99.6	103.1	99.5	101.9
1964.....	100.5	98.0	91.9	104.0	100.6	101.2	97.1	100.2	104.1	99.9	101.6
1965.....	102.5	102.1	98.3	106.6	104.5	102.5	100.9	101.5	105.4	99.6	102.8
1966.....	105.9	108.9	107.2	111.3	111.2	104.8	104.5	103.6	108.0	100.2	104.8
Percent change in annual averages											
1954-55.....	0.3	-4.8	-9.4	-3.2	-2.5	2.2	9.8	3.0	3.0	1.1	0.5
1955-56.....	3.2	-.6	-2.0	.4	-.2	4.4	5.9	4.9	7.5	3.3	2.0
1956-57.....	2.9	3.5	4.5	1.8	3.5	2.8	-1.4	2.7	6.2	2.9	2.3
1957-58.....	1.4	4.7	5.9	2.3	5.8	.3	-4.0	-.2	2.6	1.4	-.6
1958-59.....	.2	-4.7	-6.5	-3.6	-4.6	1.8	5.6	1.6	1.9	1.2	1.5
1959-60.....	.1	.2	-1.2	1.2	2.1	0	-3.9	.4	.2	-.4	.7
1960-61.....	-.4	0	-1.4	3.1	-.4	-.5	-1.1	-1.3	.2	-.4	0
1961-62.....	.3	1.0	2.0	-2.0	.9	0	-1.6	-.2	.4	-.5	.1
1962-63.....	-.3	-.9	-2.9	5.0	-1.2	-.1	-1.4	-.3	.2	-.5	.3
1963-64.....	.2	-.7	-2.2	-1.4	.5	.5	3.0	.6	1.0	.4	-.3
1964-65.....	2.0	4.2	7.0	2.5	3.9	1.3	3.9	1.3	1.2	-.3	1.2
1965-66.....	3.3	6.7	9.1	4.4	6.4	2.2	3.6	2.1	2.5	.6	1.9
Monthly indexes											
1965											
January.....	101.0	98.1	91.8	106.3	100.8	101.9	99.0	100.8	104.9	99.8	102.3
February.....	101.2	98.7	93.5	106.3	100.9	101.9	99.4	100.8	105.0	99.7	102.2
March.....	101.3	99.0	93.9	105.6	101.3	102.0	99.7	100.9	105.1	99.7	102.2
April.....	101.7	100.2	95.4	105.8	102.6	102.1	100.1	101.1	105.3	99.7	102.2
May.....	102.1	101.1	97.3	104.9	103.5	102.3	101.0	101.4	105.3	99.6	102.5
June.....	102.8	103.5	101.0	105.9	105.6	102.5	100.5	101.5	105.4	99.7	102.6
July.....	102.9	103.7	100.9	106.2	106.0	102.5	100.4	101.5	105.4	99.6	102.7
August.....	102.9	103.3	101.1	106.5	105.3	102.7	101.7	101.7	105.5	99.5	102.8
September.....	103.0	103.5	100.0	106.9	106.1	102.7	101.3	101.8	105.5	99.5	103.0
October.....	103.1	103.6	100.1	107.5	106.3	102.8	102.0	101.9	105.6	99.5	103.3
November.....	103.5	104.3	100.7	108.1	107.2	103.2	102.7	102.1	105.9	99.6	103.6
December.....	104.1	106.5	104.1	108.8	108.9	103.2	102.6	102.2	106.0	99.6	103.7
1966											
January.....	104.6	107.7	106.8	109.7	109.5	103.5	104.0	102.4	106.2	99.7	103.9
February.....	105.4	109.8	109.6	111.1	111.5	103.8	105.7	102.6	106.6	99.7	104.0
March.....	105.4	109.4	108.3	110.8	111.5	104.0	106.6	102.9	106.8	99.7	104.1
April.....	105.5	108.7	107.5	110.1	110.7	104.3	106.1	103.4	107.0	99.8	104.3
May.....	105.6	107.9	106.5	109.8	109.6	104.7	105.9	103.8	107.6	100.2	104.5
June.....	105.7	107.7	106.0	110.0	109.5	104.9	106.5	103.9	107.9	100.1	104.9
July.....	106.4	109.9	109.1	111.9	111.2	105.2	106.4	104.0	108.1	100.2	105.0
August.....	106.8	111.3	111.2	114.8	112.8	105.2	103.3	104.2	108.3	100.1	105.2
September.....	106.8	111.5	109.9	113.6	114.5	105.2	102.8	104.1	108.4	100.0	105.4
October.....	106.2	108.8	106.2	111.6	112.2	105.3	102.8	104.1	109.1	100.9	105.5
November.....	105.9	107.1	102.5	111.2	111.3	105.5	102.7	104.1	109.8	101.2	105.7
December.....	105.9	106.7	102.3	110.9	110.5	105.5	101.6	104.1	110.2	101.3	105.5

See footnotes at end of Table 10.

Table A-8. Wholesale Price Indexes for Selected Farm Products, 1954-66

(1957-59=100)

Year and month	All farm products ³	Fresh fruits	Fresh and dried vegetables	Grains		Livestock			Live poultry	Eggs	Fluid milk
				All ³	Wheat	All ³	Steers	Hogs			
Relative importance ⁴	10.89	0.47	0.54	1.42	0.64	3.70	0.77	0.68	0.40	0.60	1.47
Annual averages											
1954	104.4	99.2	92.1	114.0	108.8	96.4	92.8	128.8	128.5	106.7	95.9
1955	97.9	95.5	102.6	108.4	107.5	82.8	89.5	89.9	136.7	114.6	96.4
1956	96.6	95.0	103.1	108.4	106.0	79.7	84.7	84.0	112.3	109.4	99.5
1957	99.2	102.3	96.5	104.7	106.8	91.9	89.8	102.9	104.3	103.2	101.1
1958	103.6	104.4	106.3	99.0	98.5	108.5	103.9	115.1	102.4	109.2	99.5
1959	97.2	93.3	97.2	96.3	94.7	99.6	106.4	81.9	93.3	87.6	99.4
1960	96.9	107.8	95.4	94.2	95.8	95.5	99.4	90.8	99.6	103.2	103.2
1961	96.0	103.6	84.6	95.6	97.4	93.8	93.3	96.6	82.8	99.0	103.9
1962	97.7	107.0	90.5	98.8	103.3	97.6	102.6	95.3	85.3	95.2	101.2
1963	95.7	107.5	87.4	101.9	103.6	89.3	90.4	88.3	84.7	94.0	100.6
1964	94.3	109.7	99.9	94.1	88.7	85.0	85.9	88.0	82.0	90.8	102.0
1965	98.4	96.9	109.0	89.6	75.0	100.5	95.7	120.6	87.2	93.5	103.5
1966	105.6	104.9	102.8	97.3	84.8	110.0	97.8	135.1	91.4	107.9	117.6
Percent change in annual averages											
1954-55	-6.2	-3.7	11.4	-4.9	-1.2	-14.1	-3.6	-30.2	6.4	7.4	0.5
1955-56	-1.3	-.5	.5	0	-1.4	-3.7	-5.4	-6.6	-17.8	-4.5	3.2
1956-57	2.7	7.7	-6.4	-3.4	.8	15.3	6.0	22.5	-7.1	-5.7	1.6
1957-58	4.4	2.1	10.2	-5.4	-7.8	18.1	15.7	11.9	-1.8	5.8	-1.6
1958-59	-6.2	-10.6	-8.6	-2.7	-3.9	-8.2	2.4	-28.8	-8.9	-19.8	-1
1959-60	-3	15.5	-1.9	-2.2	1.2	-4.1	-6.6	10.9	6.8	17.8	3.8
1960-61	-9	-3.9	-11.3	1.5	1.7	-1.8	-6.1	6.4	-16.9	-4.1	.7
1961-62	1.8	3.3	7.0	3.3	6.1	4.1	10.0	-1.3	3.0	-3.8	-2.6
1962-63	-2.0	.5	-3.4	3.1	.3	-8.5	-11.9	-7.3	-.7	-1.3	-.6
1963-64	-1.5	2.0	14.3	-7.7	-14.4	-4.8	-5.0	-.3	-3.2	-3.4	1.4
1964-65	4.3	-11.7	9.1	-4.8	-15.4	18.2	11.4	37.0	6.3	3.0	1.5
1965-66	7.3	8.3	-5.7	8.6	13.1	9.5	2.2	12.0	4.8	15.4	13.6
Monthly indexes											
1965											
January	93.0	91.6	107.0	90.4	77.1	85.7	88.9	90.9	83.5	78.9	104.1
February	94.5	94.9	112.2	90.5	76.7	88.7	89.8	94.8	85.8	76.7	103.5
March	95.4	89.5	128.1	90.6	75.0	89.7	89.3	96.7	89.7	86.9	100.1
April	97.6	98.6	140.0	91.2	74.6	91.9	92.6	99.1	86.9	91.2	101.2
May	98.4	91.0	148.6	91.0	73.3	97.7	97.2	112.4	84.4	79.0	100.2
June	100.3	102.3	119.0	89.6	71.5	106.8	97.7	133.2	88.0	82.0	100.7
July	100.0	94.8	115.2	88.4	71.7	107.2	98.6	136.0	88.5	84.7	102.4
August	99.1	97.9	74.7	88.3	74.7	109.0	101.0	139.4	86.5	100.0	103.9
September	99.5	112.8	82.8	89.3	74.9	104.8	98.6	126.7	85.3	105.9	104.8
October	99.4	104.0	89.9	88.6	75.0	105.6	98.2	130.5	85.5	105.1	105.9
November	100.3	95.6	94.8	87.4	77.3	106.5	97.7	135.3	85.0	114.0	107.3
December	103.0	90.2	95.5	90.1	78.7	111.9	99.1	152.4	87.2	118.2	108.0
1966											
January	104.5	89.1	107.6	92.4	78.9	115.3	99.1	157.8	91.9	99.8	108.4
February	107.4	92.2	105.2	92.9	78.2	119.5	103.3	158.2	95.4	116.3	111.5
March	106.8	96.5	109.1	90.8	77.6	115.9	106.1	134.9	100.9	118.5	112.7
April	106.4	101.7	123.5	91.2	77.3	114.7	107.5	131.5	95.1	101.8	111.9
May	104.5	108.4	101.6	93.6	80.4	111.5	98.2	134.3	101.3	86.9	111.0
June	104.2	99.7	102.2	94.9	84.3	110.1	95.9	137.7	95.6	90.9	112.6
July	107.8	117.2	101.2	103.1	93.5	108.7	94.0	138.4	94.2	98.5	119.3
August	108.1	107.0	91.5	105.6	92.7	112.0	94.9	145.5	89.8	108.6	124.1
September	108.7	128.9	96.6	104.6	93.7	109.2	95.4	131.9	87.5	128.0	125.4
October	104.4	109.2	88.8	98.9	85.3	106.5	95.4	125.0	83.1	114.7	125.8
November	102.5	104.3	106.1	98.0	86.5	98.4	91.7	111.0	85.1	121.8	124.4
December	101.8	105.0	99.7	101.5	88.6	97.9	91.7	115.5	77.2	109.0	124.0

See footnotes at end of Table 10.

Table A-9. Wholesale Price Indexes for Selected Processed Foods, 1954-66

(1957-59 = 100)

Year and month	All processed foods ³	Cereal and bakery products		Meats			Dairy products	Canned and frozen produce	Sugar and confectionery	Coffee	Animal fats and oils
		All ³	Bread (N.Y. City)	All ³	Choice beef	Pork loins					
Relative importance ⁴	14.65	2.31	0.52	3.94	0.61	0.78	2.58	1.09	1.39	0.40	0.13
Annual averages											
1954.....	97.6	96.5	86.6	92.4	94.3	111.6	94.0	97.2	98.0	132.8	137.9
1955.....	94.3	98.5	91.8	83.5	90.6	93.8	94.0	98.1	96.3	110.4	100.4
1956.....	94.3	97.6	95.1	79.8	87.3	88.4	96.2	100.4	95.7	119.3	103.5
1957.....	97.9	99.1	98.2	91.9	91.3	101.5	98.9	96.6	98.9	112.9	112.1
1958.....	102.9	99.9	99.8	108.9	103.5	107.2	99.8	102.0	100.8	100.3	106.9
1959.....	99.2	101.1	102.0	99.2	105.3	91.3	101.3	101.4	100.4	86.8	81.1
1960.....	100.0	103.2	106.0	96.8	100.9	97.7	105.0	99.5	101.8	85.0	86.6
1961.....	100.7	105.1	110.4	95.1	95.1	97.2	107.5	101.7	101.2	83.2	94.4
1962.....	101.2	107.6	110.1	97.8	103.3	97.9	106.9	98.0	102.2	80.1	88.4
1963.....	101.1	107.3	111.0	91.5	94.0	91.6	107.5	103.9	118.4	79.2	83.9
1964.....	101.0	107.8	108.9	89.0	89.9	91.7	107.8	104.8	111.8	97.2	95.4
1965.....	105.1	109.0	109.5	100.8	96.8	111.2	108.5	102.1	109.0	98.4	113.4
1966.....	111.5	115.4	117.1	109.9	98.7	119.5	118.5	104.8	110.5	96.9	113.1
Percent change in annual averages											
1954-55.....	-3.4	2.1	6.0	-9.6	-3.9	-15.9	0	0.9	-1.7	-16.9	-27.2
1955-56.....	0	-9	3.6	-4.4	-3.6	-5.8	2.3	2.3	-6	8.1	3.1
1956-57.....	3.8	1.5	3.3	15.2	4.6	14.8	2.8	-3.8	3.3	-5.4	8.3
1957-58.....	5.1	.8	1.6	18.5	13.4	5.6	.9	5.6	1.9	-11.2	-4.6
1958-59.....	-3.6	1.2	2.2	-8.9	1.7	-14.8	1.5	-6	-4	-13.5	-24.1
1959-60.....	.8	2.1	3.9	-2.4	-4.2	7.0	3.7	-1.9	1.4	-2.1	6.8
1960-61.....	.7	1.8	4.2	-1.8	-5.7	-5	2.4	2.2	-6	-2.1	9.0
1961-62.....	.5	2.4	-.3	2.8	8.6	.7	-6	-3.6	1.0	-3.7	-6.4
1962-63.....	-1	-3	.8	-6.4	-9.0	-6.4	.6	6.0	15.9	-1.1	-5.1
1963-64.....	-1.1	.5	-1.9	-2.7	-4.4	.1	.3	.9	-5.6	22.7	13.7
1964-65.....	4.1	1.1	.6	13.3	7.7	21.3	.6	-2.6	-2.5	1.2	18.9
1965-66.....	6.1	5.9	6.9	9.0	2.0	7.5	9.2	2.6	1.4	-1.5	-.3
Monthly indexes											
1965											
January.....	102.2	108.2	108.9	89.7	90.9	96.5	108.3	101.9	110.0	98.4	106.4
February.....	102.1	107.9	108.9	89.9	91.1	92.3	107.8	100.3	110.0	98.4	107.6
March.....	101.8	108.1	108.9	90.1	89.6	92.0	107.5	100.7	108.1	98.4	110.0
April.....	102.3	108.3	108.9	91.7	93.7	90.5	107.5	100.9	108.0	98.4	116.7
May.....	103.3	108.3	108.9	97.6	98.9	106.2	106.8	100.4	108.7	98.4	107.4
June.....	106.1	108.5	108.9	106.6	102.1	127.4	107.1	101.5	109.2	98.4	108.4
July.....	106.6	109.3	108.9	107.5	100.8	123.3	107.8	101.8	109.1	98.4	115.9
August.....	106.7	108.8	107.9	107.1	100.9	117.7	108.5	100.4	108.9	98.4	114.1
September.....	106.7	109.1	108.9	105.8	100.4	116.2	109.1	101.8	108.8	98.4	119.7
October.....	106.9	109.4	108.9	105.5	97.5	119.9	109.4	104.7	109.4	98.4	122.1
November.....	107.6	110.6	112.8	105.8	95.7	121.6	110.4	105.4	109.2	98.4	115.8
December.....	109.4	111.2	112.8	112.1	99.6	131.3	111.3	105.1	108.8	98.4	116.4
1966											
January.....	110.3	111.8	113.4	113.6	99.2	133.2	110.9	104.7	109.4	98.4	125.8
February.....	111.8	112.1	113.4	116.0	101.0	135.7	113.0	105.2	110.1	98.4	126.2
March.....	111.5	112.2	113.4	112.8	104.4	117.9	115.0	104.8	109.7	98.4	121.8
April.....	110.6	112.6	113.4	110.5	104.4	108.7	114.8	104.8	109.3	98.4	115.2
May.....	110.5	113.0	113.4	109.8	98.2	121.3	114.9	105.4	109.3	98.4	107.7
June.....	110.6	114.0	113.4	108.6	96.0	117.9	116.5	104.9	109.4	98.4	105.8
July.....	111.7	115.5	113.4	108.5	95.8	122.3	119.8	104.5	109.8	98.4	106.3
August.....	113.8	118.9	122.0	110.5	97.5	122.6	124.0	102.3	110.9	98.4	120.9
September.....	113.8	118.9	122.0	111.9	100.2	125.0	124.2	103.7	111.4	94.0	115.9
October.....	112.4	118.7	122.6	108.0	96.6	115.8	124.5	105.7	111.6	94.0	108.9
November.....	110.7	118.7	122.6	103.4	94.4	105.8	122.6	105.9	112.1	94.0	105.6
December.....	110.6	118.0	122.6	104.9	96.8	107.6	122.3	105.8	112.6	93.9	97.5

See footnotes at end of Table 10.

Table A-10. Wholesale Price Indexes for Selected Industrial Commodities, 1954-66

(1957-59=100)

Year and month	Textile products and apparel				Hides, skins, and leather products				Fuels and power		
	All ³	Cotton products	Manmade fiber products	Apparel	All ³	Hides and skins	Leather	Footwear	All ³	Refined petroleum products	Gasoline
Relative importance ⁴	7.60	1.93	1.27	3.74 ¹	1.53	0.15	0.26	0.79	7.52	3.89	2.31
Annual averages											
1954.....	100.6	98.8	105.7	98.9	89.9	81.5	86.9	90.0	94.6	92.2	97.3
1955.....	100.7	101.4	106.8	98.9	89.5	83.5	86.3	90.3	94.5	94.0	97.1
1956.....	100.7	103.0	100.4	100.0	94.8	87.2	93.1	96.1	97.4	99.3	99.9
1957.....	100.8	100.5	101.1	100.0	94.9	81.5	91.9	97.5	102.7	106.4	104.7
1958.....	98.9	97.9	99.0	99.7	96.0	84.8	94.1	98.3	98.7	97.0	97.8
1959.....	100.4	101.6	100.0	100.4	109.1	133.8	114.0	104.3	98.7	96.5	97.4
1960.....	101.5	104.4	97.5	101.3	105.2	100.5	103.5	107.0	99.6	97.6	98.3
1961.....	99.7	100.4	93.4	101.0	106.2	107.9	106.0	107.4	100.7	99.3	98.6
1962.....	100.6	101.7	93.9	101.5	107.4	106.2	108.5	108.6	100.2	98.2	97.3
1963.....	100.5	100.3	93.9	101.9	104.2	84.0	101.9	108.3	99.8	97.2	96.2
1964.....	101.2	99.6	95.8	102.8	104.6	87.5	102.9	108.5	97.1	92.7	92.0
1965.....	101.8	100.2	95.0	103.7	109.2	111.2	108.1	110.7	98.9	95.9	94.7
1966.....	102.1	102.5	89.6	105.0	119.7	140.8	121.0	118.2	101.3	99.5	100.2
Percent change in annual averages											
1954-55.....	0.1	2.6	1.0	0	-0.4	2.5	-0.7	0.3	-0.1	2.0	-0.2
1955-56.....	0	1.6	-6.0	1.1	5.9	4.4	7.9	6.4	3.1	5.6	2.9
1956-57.....	.1	-2.4	.7	0	.1	-6.5	-1.3	1.5	5.4	7.2	4.8
1957-58.....	-1.9	-2.6	-2.1	-3	1.2	4.0	2.4	.8	-3.9	-8.8	-6.6
1958-59.....	1.5	3.8	1.0	.7	13.6	57.8	21.1	6.1	0	-5	-4
1959-60.....	1.1	2.8	-2.5	.9	-3.6	-24.9	-9.2	2.6	.9	1.1	.9
1960-61.....	-1.8	-3.8	-4.2	-3	1.0	7.4	2.4	.4	1.1	1.7	.3
1961-62.....	.9	1.3	.5	.5	1.1	-1.6	2.4	1.1	-.5	-1.1	-1.3
1962-63.....	-1	-1.4	0	.4	-3.0	-20.9	-6.1	-3	-.4	-1.0	-1.1
1963-64.....	.7	-.7	2.0	.9	.4	4.2	1.0	.2	-2.7	-4.6	-4.4
1964-65.....	.6	.6	-.8	.9	4.4	27.1	5.1	2.0	1.9	3.5	2.9
1965-66.....	.3	2.3	-5.7	1.3	9.6	26.6	11.9	6.8	2.4	3.8	5.8
Monthly indexes											
1965											
January.....	101.5	99.5	96.9	103.1	104.9	86.5	104.2	109.1	98.5	95.2	92.9
February.....	101.5	99.6	96.3	103.1	105.1	90.2	103.2	109.1	97.9	93.9	90.8
March.....	101.5	99.6	96.4	103.1	105.7	92.1	105.7	109.1	97.9	94.0	91.4
April.....	101.5	99.7	96.1	103.1	106.3	96.3	103.6	109.7	97.6	94.1	92.7
May.....	101.6	99.9	96.0	103.2	107.4	105.9	104.2	109.7	98.4	95.4	94.8
June.....	101.9	100.2	95.9	103.6	107.7	103.1	107.6	109.8	98.7	96.0	95.9
July.....	101.9	100.3	95.7	103.8	108.8	117.4	105.9	110.0	98.7	96.0	95.9
August.....	101.9	100.4	94.7	104.1	112.2	133.4	112.5	110.2	99.0	96.4	95.9
September.....	102.1	100.6	94.2	104.2	111.3	124.9	110.9	110.3	99.2	96.4	95.4
October.....	102.0	100.8	93.3	104.3	113.3	125.6	111.9	113.6	99.4	96.6	95.4
November.....	101.9	101.0	92.5	104.2	113.6	126.5	113.3	113.7	100.3	98.1	97.6
December.....	102.0	101.2	91.9	104.3	114.6	132.3	114.2	113.8	100.6	98.4	97.6
1966											
January.....	101.9	101.0	91.3	104.6	116.0	140.0	116.6	114.6	100.5	98.3	97.6
February.....	102.0	101.5	91.0	104.7	117.8	152.8	118.0	115.0	100.3	97.8	96.5
March.....	102.1	101.8	90.8	104.7	118.7	147.8	123.3	115.4	99.9	97.2	95.8
April.....	102.2	102.3	90.5	104.7	120.6	148.8	122.4	118.2	100.0	97.7	96.9
May.....	102.2	102.6	89.9	104.9	122.8	163.0	125.1	118.9	100.4	98.4	99.2
June.....	102.2	102.8	90.0	104.8	122.9	161.0	126.6	118.9	101.5	100.2	102.3
July.....	102.4	103.0	90.1	105.0	122.7	156.4	126.0	119.0	101.4	99.9	101.8
August.....	102.4	103.3	89.6	105.2	121.2	141.2	124.9	119.1	102.0	100.7	102.9
September.....	102.2	103.1	88.6	105.1	119.9	134.2	121.8	119.1	102.2	101.0	102.9
October.....	102.2	103.3	88.1	105.3	118.7	120.8	117.5	120.1	102.6	101.3	102.9
November.....	102.1	103.0	87.7	105.5	117.5	114.3	114.1	120.1	102.7	101.3	102.9
December.....	101.8	102.7	86.9	105.4	117.3	109.2	116.2	120.3	102.4	100.2	100.3

See footnotes at end of Table 10.

Table A-10. Wholesale Price Indexes for Selected Industrial Commodities, 1954-66--Continued

(1957-59 = 100)

Year and month	Chemicals and allied products			Rubber and rubber products			Lumber and wood products				Manufactured animal feeds
	All ³	Industrial chemicals		All ³	Crude rubber	Tires	All ³	Lumber	Plywood	Millwork	
		Inorganic	Organic								
Relative importance ⁴	6.25	0.87	1.30	1.33	0.21	0.50	2.66	1.58	0.37	0.70	1.90
Annual averages											
1954.....	97.3	93.3	96.0	87.6	86.4	87.9	97.6	96.4	105.0	99.8	132.8
1955.....	96.9	94.5	96.0	99.2	110.1	97.6	102.3	102.4	107.4	98.4	104.8
1956.....	97.5	97.2	98.6	100.6	103.0	102.4	103.8	104.6	103.5	98.7	99.7
1957.....	99.6	98.9	100.5	100.2	99.2	101.4	98.5	98.5	98.1	98.1	93.2
1958.....	100.4	100.2	99.8	100.1	94.1	102.5	97.4	97.0	98.9	98.0	102.9
1959.....	100.0	100.9	99.8	99.7	106.7	96.1	104.1	104.5	103.0	103.9	104.0
1960.....	100.2	101.8	99.6	99.9	109.3	92.3	100.4	99.8	97.8	104.5	96.4
1961.....	99.1	102.4	96.0	96.1	96.3	91.6	95.9	94.7	95.7	101.9	104.6
1962.....	97.5	102.4	92.6	93.3	93.6	86.1	96.5	96.5	92.4	101.8	110.6
1963.....	96.3	102.2	90.1	93.8	91.9	89.1	98.6	98.9	93.5	104.0	116.4
1964.....	96.7	103.0	88.7	92.5	90.6	87.9	100.6	100.7	92.3	108.5	113.9
1965.....	97.4	104.6	88.9	92.9	90.0	89.2	101.1	101.9	92.3	107.8	116.3
1966.....	97.8	106.0	89.1	94.8	89.2	92.6	105.6	108.5	92.8	110.0	126.6
Percent change in annual averages											
1954-55.....	-0.4	1.3	0	13.2	27.4	11.0	4.8	6.2	2.3	-1.4	-21.1
1955-56.....	.6	2.9	2.7	1.4	-6.4	4.9	1.5	2.1	-3.6	.3	-4.9
1956-57.....	2.2	1.7	1.9	-4	-3.7	-1.0	-5.1	-5.8	-5.2	-6	-6.5
1957-58.....	.8	1.3	-7	-1	-5.1	1.1	-1.1	-1.5	.8	-1	10.4
1958-59.....	-4	.7	0	-4	13.4	-6.2	6.9	7.7	4.1	6.0	1.1
1959-60.....	.2	.9	-2	.2	2.4	-4.0	-3.6	-4.5	-5.0	.6	-7.3
1960-61.....	-1.1	.6	-3.6	-3.8	-11.9	-.8	-4.5	-5.1	-2.1	-2.5	8.5
1961-62.....	-1.6	0	-3.5	3.3	-2.8	-6.0	.6	1.9	-3.4	-1	5.7
1962-63.....	-1.2	-2	-2.7	-5.5	-1.8	3.5	2.2	2.5	1.2	2.2	5.2
1963-64.....	.4	.8	-1.6	-1.4	-1.4	-1.3	2.0	1.8	-1.3	4.3	-2.1
1964-65.....	.7	1.6	.2	.4	-7	1.5	.5	1.2	0	-6	2.1
1965-66.....	.4	1.3	.2	2.0	-9	3.8	4.5	6.5	.5	2.0	8.9
Monthly indexes											
<u>1965</u>											
January.....	97.3	104.4	88.6	92.3	90.7	87.7	100.8	100.8	94.5	107.7	115.1
February.....	97.5	104.6	88.6	92.2	90.7	87.7	100.8	101.4	93.0	107.5	114.3
March.....	97.5	104.6	88.4	92.2	90.6	87.7	100.7	101.3	92.2	107.6	114.2
April.....	97.6	104.7	88.8	92.3	91.6	87.7	100.5	101.0	91.9	107.6	115.5
May.....	97.6	104.7	88.8	92.9	91.8	88.9	100.4	101.0	91.3	107.9	112.9
June.....	97.4	104.5	88.8	93.1	90.1	89.4	100.3	101.1	90.5	107.8	116.6
July.....	97.4	104.5	89.2	93.0	89.1	89.4	100.5	101.2	91.0	107.8	118.8
August.....	97.1	104.1	89.2	93.3	88.6	90.3	101.8	102.5	94.6	107.8	116.9
September.....	97.2	104.1	89.2	93.3	88.7	90.3	102.0	103.1	93.3	107.8	116.8
October.....	97.6	105.1	89.3	93.4	89.0	90.3	101.6	103.0	91.6	107.8	116.2
November.....	97.5	105.2	89.2	93.5	89.3	90.3	101.6	103.0	91.7	107.8	119.9
December.....	97.6	105.1	89.2	93.5	89.6	90.3	101.9	103.4	92.1	107.9	118.6
<u>1966</u>											
January.....	97.6	105.1	88.5	93.7	90.0	90.4	102.8	104.3	93.9	107.9	121.8
February.....	97.6	105.1	88.6	94.1	91.0	90.4	103.7	105.6	94.0	108.4	124.8
March.....	97.6	105.3	88.6	94.3	91.2	90.4	105.6	107.2	97.7	109.3	119.6
April.....	97.6	105.3	89.1	95.4	90.0	93.7	108.4	110.8	102.4	109.6	119.2
May.....	97.7	106.3	89.2	95.4	90.0	93.8	109.6	113.2	100.3	110.4	123.1
June.....	97.6	106.2	89.1	95.4	89.5	93.8	107.7	112.0	92.2	110.6	124.1
July.....	97.9	106.6	89.2	95.1	89.0	93.2	106.6	110.5	91.5	110.7	132.6
August.....	97.9	106.2	89.2	95.1	88.8	93.2	106.2	110.2	90.0	110.9	133.6
September.....	98.0	106.3	89.2	94.7	87.9	92.7	105.9	109.5	89.2	110.9	132.3
October.....	97.9	106.3	89.3	94.6	87.4	92.7	104.8	108.0	88.1	110.8	128.1
November.....	98.0	106.4	89.4	95.0	87.9	93.2	103.0	105.6	86.9	110.3	128.4
December.....	98.2	107.0	89.6	95.0	87.6	93.2	102.5	104.5	87.4	110.3	132.0

See footnotes at end of Table 10.

Table A-10. Wholesale Price Indexes for Selected Industrial Commodities, 1954-66--Continued

(1957-59=100)

Year and month	Machinery and motive products										Construction materials
	All ³	Machinery and equipment							Motor vehicles	Passenger cars	
		All ³	Electrical	Non-electrical	Metal-working	General purpose	Construction	Agriculture			
Relative importance ⁴	17.30	(⁵)	4.35	(⁵)	1.27	1.98	0.85	0.88	4.85	3.02	(⁵)
Annual averages											
1954.....	83.2	82.1	83.1	81.4	78.1	79.6	79.3	88.1	85.6	86.4	91.1
1955.....	85.8	84.6	84.4	84.8	83.6	83.2	82.6	88.9	88.2	89.1	95.1
1956.....	92.1	91.5	91.1	91.8	91.7	91.7	89.5	92.0	93.2	93.6	99.0
1957.....	97.7	97.9	98.1	97.7	97.9	97.9	96.3	96.3	97.2	97.4	99.0
1958.....	100.1	100.0	100.2	99.9	99.8	99.4	100.1	100.3	100.3	100.2	98.9
1959.....	102.2	102.1	101.7	102.5	102.3	102.7	103.6	103.4	102.5	102.4	102.1
1960.....	102.4	102.9	101.3	104.2	105.5	103.6	105.8	105.4	101.0	101.2	100.5
1961.....	102.3	102.8	100.0	104.9	107.0	102.8	107.5	107.4	100.8	100.7	98.6
1962.....	102.3	102.9	98.4	105.7	109.3	103.3	107.8	109.5	100.8	99.8	98.3
1963.....	102.2	103.1	97.4	106.7	109.8	103.8	109.6	111.1	100.0	99.0	98.5
1964.....	102.9	103.8	96.8	108.3	112.6	104.4	112.4	112.9	100.5	98.8	99.6
1965.....	103.7	105.0	96.8	110.1	116.9	105.1	115.3	115.1	100.7	98.1	100.8
1966.....	106.0	108.2	99.0	114.0	123.2	109.7	118.9	118.5	100.8	97.2	104.0
Percent change in annual averages											
1954-55.....	3.1	3.0	1.6	4.2	7.0	4.5	4.2	0.9	3.0	3.1	4.4
1955-56.....	7.3	8.2	7.9	8.3	9.7	10.2	8.4	3.5	5.7	5.1	4.1
1956-57.....	6.1	7.0	7.7	6.4	6.8	6.8	7.6	4.7	4.3	4.1	0
1957-58.....	2.5	2.1	2.1	2.3	1.9	1.5	3.9	4.2	3.2	2.9	-1
1958-59.....	2.1	2.1	1.5	2.6	2.5	3.3	3.5	3.1	2.2	2.2	3.2
1959-60.....	.2	.8	-.4	1.7	3.1	.9	2.1	1.9	-1.5	-1.2	-1.6
1960-61.....	-1	-1	-1.3	.7	1.4	-8	1.6	1.9	-2	-5	-1.9
1961-62.....	0	.1	-1.6	.8	2.1	.5	.3	2.0	0	-9	-3
1962-63.....	-1	.2	-1.0	.9	.5	.5	1.7	1.5	-.8	-.8	.2
1963-64.....	.7	.7	-.6	1.5	2.6	.6	2.6	1.6	.5	-.2	1.1
1964-65.....	.8	1.2	0	1.7	3.8	.7	2.6	1.9	.2	-.7	1.2
1965-66.....	2.2	3.0	2.3	3.5	5.4	4.4	3.1	3.0	.1	-.9	3.2
Monthly indexes											
1965											
January.....	103.3	104.4	96.7	109.3	115.3	104.1	113.8	114.3	100.8	98.5	100.2
February.....	103.5	104.5	96.8	109.5	115.6	104.4	114.3	114.4	100.9	98.5	100.3
March.....	103.5	104.5	96.8	109.6	115.6	104.4	114.5	114.6	100.8	98.3	100.2
April.....	103.7	104.8	97.0	109.7	115.7	104.2	115.0	114.6	100.8	98.3	100.3
May.....	103.7	104.9	97.1	109.9	116.2	104.7	115.1	114.7	100.8	98.2	100.7
June.....	103.8	105.0	96.9	109.9	116.4	104.7	115.2	114.7	100.7	98.1	100.7
July.....	103.7	104.9	97.0	109.9	116.5	104.7	115.3	114.9	100.7	98.1	100.8
August.....	103.8	105.0	96.7	110.3	117.4	105.3	115.6	114.8	100.7	98.1	101.2
September.....	103.8	105.1	96.6	110.5	117.9	105.7	115.6	115.0	100.5	97.9	101.2
October.....	103.9	105.2	96.6	110.7	118.3	106.3	115.8	114.9	100.5	97.8	101.2
November.....	104.1	105.5	96.5	111.3	118.6	106.5	116.4	116.8	100.5	97.8	101.3
December.....	104.2	105.7	96.6	111.3	118.9	106.5	116.5	117.0	100.5	97.7	101.4
1966											
January.....	104.4	106.0	97.0	111.6	119.6	106.8	116.9	117.3	100.5	97.7	101.9
February.....	104.7	106.5	97.8	112.0	120.8	106.8	117.5	117.8	100.4	97.5	102.4
March.....	105.0	106.9	98.2	112.4	121.0	107.3	117.9	118.0	100.3	97.4	103.2
April.....	105.2	107.2	98.4	112.8	121.0	108.5	118.5	118.1	100.2	97.2	104.3
May.....	105.8	107.8	98.9	113.5	122.5	109.3	118.9	118.2	100.9	97.0	105.1
June.....	105.9	108.1	98.8	113.9	123.5	109.8	118.9	118.4	100.7	96.7	104.8
July.....	106.0	108.3	99.0	114.1	123.5	110.0	118.9	118.5	100.7	96.8	104.6
August.....	106.2	108.5	99.1	114.5	124.0	110.6	118.9	118.3	100.5	96.3	104.5
September.....	106.3	108.9	99.2	114.9	125.0	111.1	119.4	118.2	100.1	95.7	104.3
October.....	107.1	109.4	99.5	115.5	125.6	111.8	119.8	118.5	101.7	98.0	104.3
November.....	107.7	110.2	100.7	116.1	126.0	112.2	120.6	120.4	101.7	98.0	104.0
December.....	108.0	110.7	101.5	116.4	126.3	112.4	121.0	120.8	101.7	98.0	104.0

See footnotes at end of Table 10.

Table A-10. Wholesale Price Indexes for Selected Industrial Commodities, 1954-66--Continued

(1957-59=100)

Year and month	Metals and metal products						Furniture and other household durables				
	All ³	Iron and steel	Steel mill products	Foundry and forge products	Nonferrous metals	Fabricated		All ³	Household furniture	Appliances	TV, radios, and phonographs
						Structural products	Nonstructural products				
Relative importance ⁴	13.18	4.66	(⁵)	0.79	3.16	1.90	1.80	3.81	0.95	0.88	0.41
Annual averages											
1954.....	84.3	78.7	78.2	80.0	92.9	87.6	86.5	93.9	92.0	104.4	(⁶)
1955.....	90.0	83.2	81.8	82.0	106.7	91.6	88.1	94.3	92.5	101.8	99.1
1956.....	97.8	91.6	88.7	90.4	116.7	99.1	92.9	96.9	96.6	100.5	99.2
1957.....	99.7	98.4	97.2	97.4	102.8	100.1	99.5	99.4	99.4	100.5	100.6
1958.....	99.1	99.9	100.6	100.3	95.5	100.1	100.2	100.2	99.8	99.8	100.5
1959.....	101.2	101.8	102.2	102.3	101.8	99.8	100.4	100.4	100.7	99.7	98.9
1960.....	101.3	100.6	102.1	103.1	103.9	100.8	100.6	100.1	101.6	97.0	97.3
1961.....	100.7	100.7	101.7	103.4	100.4	99.0	103.1	99.5	102.8	95.2	95.3
1962.....	100.0	99.3	101.4	103.6	99.2	98.2	103.9	98.8	103.8	94.0	91.1
1963.....	100.1	99.1	102.0	103.6	99.1	98.2	105.1	98.1	104.6	91.8	88.6
1964.....	102.8	100.5	102.8	104.7	105.9	99.3	108.5	98.5	105.3	91.3	87.2
1965.....	105.7	101.4	103.3	106.1	115.2	101.2	109.4	98.0	106.2	89.2	85.2
1966.....	108.3	102.3	104.7	108.0	121.0	103.9	111.6	99.1	109.1	89.1	83.6
Percent change in annual averages											
1954-55.....	6.8	5.7	4.6	2.5	14.9	4.6	1.8	0.4	.5	-2.5	(⁶)
1955-56.....	8.7	10.1	8.4	10.2	9.4	8.2	5.4	2.8	4.4	-1.3	0.1
1956-57.....	1.9	7.4	9.6	7.7	-11.9	1.0	7.1	2.6	2.9	0	1.4
1957-58.....	-6	1.5	3.5	3.0	-7.1	0	.7	.8	.4	-7	-1
1958-59.....	2.1	1.9	1.6	2.0	6.6	-3	.2	.2	.9	-1	-1.6
1959-60.....	.1	-1.2	-.1	.8	2.1	1.0	.2	-3	.9	-2.7	-1.6
1960-61.....	-6	.1	-.4	.3	-3.4	-1.8	2.5	-6	1.2	-1.9	-2.1
1961-62.....	-7	-1.4	-.3	.2	-1.2	-.8	.8	-7	1.0	-1.3	-4.4
1962-63.....	.1	-.2	.6	0	-.1	0	1.2	-7	.8	-2.3	-2.7
1963-64.....	2.7	1.4	.8	1.1	6.9	1.1	3.2	.4	.7	-5	-1.6
1964-65.....	2.8	.9	.5	1.3	8.8	1.9	.8	-5	.9	-2.3	-2.3
1965-66.....	2.5	.9	1.4	1.8	5.0	2.7	2.0	1.1	2.7	-1	-1.9
Monthly indexes											
<u>1965</u>											
January.....	104.5	101.4	102.9	105.6	111.5	100.3	108.3	98.3	106.1	90.2	86.4
February.....	104.6	101.2	102.9	105.4	111.8	100.2	109.0	98.2	106.0	90.0	85.9
March.....	104.8	101.3	103.0	105.6	112.3	100.3	109.1	98.3	106.0	90.0	85.9
April.....	105.2	101.4	103.0	105.9	113.4	100.8	109.2	98.0	106.0	89.4	85.9
May.....	105.7	101.5	103.2	105.8	115.2	101.2	109.2	98.0	106.0	89.2	85.9
June.....	105.9	101.3	103.2	106.1	116.2	101.2	109.2	98.0	105.9	89.4	85.9
July.....	105.8	101.5	103.4	106.3	115.5	101.4	109.1	97.8	105.9	89.2	84.6
August.....	106.2	101.4	103.5	106.3	116.5	101.7	109.9	97.7	106.1	88.6	84.4
September.....	106.2	101.2	103.5	106.5	117.0	101.8	109.9	97.7	106.2	88.6	84.4
October.....	106.3	101.2	103.7	106.6	117.4	101.8	109.8	97.8	106.4	88.6	84.5
November.....	106.7	101.3	103.6	106.6	118.7	102.0	109.8	98.0	106.6	88.6	84.5
December.....	106.6	101.7	103.9	106.7	117.2	102.0	109.7	98.2	106.7	88.8	84.5
<u>1966</u>											
January.....	107.0	102.0	104.1	107.1	118.3	102.3	110.0	98.3	107.0	89.0	83.9
February.....	107.5	102.2	104.2	107.2	119.5	102.6	110.5	98.4	107.2	89.0	83.8
March.....	108.0	102.3	104.3	107.2	120.8	103.1	110.9	98.4	107.2	89.1	83.5
April.....	108.2	102.0	104.3	107.2	122.1	103.7	110.9	98.6	108.3	89.3	83.5
May.....	108.4	101.8	104.3	107.4	122.5	103.8	110.9	98.9	108.9	89.4	83.5
June.....	108.7	102.0	104.5	107.4	123.2	104.1	111.2	98.9	108.9	89.4	83.5
July.....	108.8	102.2	104.5	107.5	122.9	104.2	111.2	99.0	109.1	89.1	83.5
August.....	108.5	102.7	105.0	107.8	120.4	104.2	112.3	99.1	109.4	88.8	83.1
September.....	108.4	102.5	105.1	108.1	119.9	104.4	112.4	99.2	109.8	88.7	83.3
October.....	108.6	102.5	105.1	108.2	120.3	104.6	112.7	99.7	110.3	88.9	83.8
November.....	109.0	102.8	105.2	110.1	121.0	104.8	113.1	100.3	111.5	89.2	83.8
December.....	109.0	102.9	105.3	110.3	120.5	104.9	113.2	100.4	111.8	89.2	83.8

See footnotes at end of Table 10.

Table A-10. Wholesale Price Indexes for Selected Industrial Commodities, 1954-66--Continued

(1957-59=100)

Year and month	Pulp, paper, and allied products					Nonmetallic mineral products			Tobacco products and bottled beverages		
	All ³	Woodpulp	Wastepaper	Paper	Paper boxes and containers	All ³	Concrete		All ³	Tobacco products	Non-alcoholic beverages
							Ingredients	Products			
Relative importance ⁴	4.69	0.23	0.12	1.27	1.32	2.78	0.70	0.87	2.51	0.96	0.54
Annual averages											
1954.....	88.8	91.1	86.8	88.9	87.4	88.8	87.4	91.8	93.8	93.3	91.7
1955.....	91.1	93.8	119.5	91.1	89.2	91.3	90.2	92.7	94.6	93.4	95.4
1956.....	97.2	97.8	121.2	96.4	96.8	95.2	94.3	96.0	95.1	93.5	95.6
1957.....	99.0	98.7	83.3	99.6	99.1	98.9	98.2	98.7	98.0	97.4	96.0
1958.....	100.1	100.7	95.3	99.8	100.2	99.9	100.4	100.0	99.7	101.0	96.1
1959.....	101.0	100.7	121.4	100.6	100.6	101.2	101.3	101.3	102.2	101.7	107.8
1960.....	101.8	100.2	90.3	102.0	103.9	101.4	102.7	102.4	102.5	101.9	110.3
1961.....	98.8	95.0	80.5	102.2	98.4	101.8	102.8	102.5	103.2	102.0	112.8
1962.....	100.0	93.2	97.5	102.6	101.8	101.8	103.2	102.6	104.1	102.1	116.9
1963.....	99.2	91.7	92.2	102.4	101.8	101.3	103.0	101.7	106.1	104.5	122.6
1964.....	99.0	96.1	92.4	103.6	99.1	101.5	102.8	100.9	107.4	106.0	127.0
1965.....	99.9	98.1	99.4	104.1	98.7	101.7	103.2	101.5	107.7	106.2	128.3
1966.....	102.6	98.0	105.0	107.3	101.1	102.6	103.9	103.0	109.6	109.6	130.5
Percent change in annual averages											
1954-55.....	2.6	3.0	37.7	2.5	2.1	2.8	3.2	1.0	0.9	0.1	4.0
1955-56.....	6.7	4.3	1.4	5.8	8.5	4.3	4.5	3.6	.5	.1	.2
1956-57.....	1.9	.9	-31.3	3.3	2.4	3.9	4.1	2.8	3.0	4.2	.4
1957-58.....	1.1	2.0	14.4	.2	1.1	1.0	2.2	1.3	1.7	3.7	.1
1958-59.....	.9	0	27.4	.8	.4	1.3	.9	1.3	2.5	.7	12.2
1959-60.....	.8	.5	-25.6	1.4	3.3	.2	1.4	1.1	.3	.2	2.3
1960-61.....	-2.9	-5.2	-10.9	.2	-5.3	.4	.1	.1	.7	.1	2.3
1961-62.....	1.2	-1.9	21.1	.4	3.5	0	.4	.1	.9	.1	3.6
1962-63.....	-8	-1.6	-5.4	-2	0	-5	-2	-9	1.9	2.4	4.9
1963-64.....	-2	4.8	.2	1.2	-2.7	.2	-2	-8	1.2	1.4	3.6
1964-65.....	.9	2.1	7.6	.5	-.4	.2	.4	.6	.3	.2	1.0
1965-66.....	2.7	-1	5.6	3.1	2.4	.9	.7	1.5	1.8	3.2	1.7
Monthly indexes											
<u>1965</u>											
January.....	99.0	98.1	96.1	103.7	97.9	101.7	103.2	101.3	107.5	106.1	128.1
February.....	99.0	98.1	96.0	103.8	97.9	101.8	103.2	101.2	107.6	106.1	128.1
March.....	99.5	98.1	96.2	103.8	98.9	101.9	103.2	101.2	107.5	106.1	128.1
April.....	99.8	98.1	97.3	103.9	99.0	101.9	103.2	101.3	107.8	106.7	128.1
May.....	100.0	98.1	100.3	104.0	99.0	101.9	103.2	101.3	108.1	107.4	128.1
June.....	100.0	98.1	98.0	104.1	99.0	102.0	103.1	101.6	107.6	106.1	128.1
July.....	99.9	98.1	98.3	104.1	98.4	101.7	103.1	101.7	107.6	106.1	128.1
August.....	99.9	98.1	97.5	104.1	98.4	101.6	103.2	101.5	107.6	106.1	128.5
September.....	100.0	98.1	97.3	104.1	98.6	101.6	103.2	101.6	107.7	106.1	128.5
October.....	100.5	98.1	104.5	104.5	98.7	101.6	103.4	101.6	107.7	106.1	128.5
November.....	100.8	98.1	107.0	104.8	99.2	101.6	103.4	101.8	107.7	106.1	128.5
December.....	100.9	98.1	104.6	104.9	99.4	101.6	103.4	101.8	107.9	106.0	128.5
<u>1966</u>											
January.....	101.2	98.0	105.8	105.2	100.0	102.0	103.6	102.0	108.1	106.6	128.5
February.....	101.3	98.0	105.5	105.4	100.1	102.1	103.7	102.1	108.0	106.6	128.5
March.....	101.8	98.0	108.7	105.4	101.2	102.1	103.8	102.2	109.2	109.8	128.5
April.....	102.3	98.0	110.3	106.0	101.2	102.3	103.8	102.7	109.4	110.2	128.5
May.....	102.7	98.0	112.0	107.1	101.0	102.4	103.7	102.7	109.4	110.3	128.5
June.....	103.0	98.0	112.7	108.0	101.0	102.5	103.6	103.0	109.8	110.3	131.0
July.....	103.2	98.0	113.2	108.2	101.2	102.7	103.7	103.1	110.0	110.3	131.8
August.....	103.2	98.0	106.7	108.4	101.2	102.7	103.8	103.3	110.1	110.3	132.2
September.....	103.1	98.0	102.9	108.4	101.3	103.0	103.9	103.6	110.1	110.3	132.2
October.....	103.1	98.0	98.8	108.4	101.4	103.2	104.3	103.5	110.1	110.3	132.2
November.....	103.0	98.0	92.7	108.5	101.5	103.3	104.2	103.5	110.1	110.2	132.2
December.....	103.0	98.0	90.5	108.5	101.5	103.3	104.3	103.9	110.3	110.3	132.2

¹Crude foods for further processing.

²Includes all foods used directly by consumers; for example, eggs, fresh produce, and milk.

³Includes groups not shown separately.

⁴Relative importance as of December 1965. The relative importance of an item is its value or weight in the index expressed as a percent of the all-commodities WPI.

⁵This is a special index for which relative importance is not computed. Special indexes combine appropriate segments of pertinent commodity groups.

⁶Indexes not available for 1954.

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