CONSUMER PRICE INDEX FOR JANUARY 1967

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

Price Changes, December 1966 to January 1967

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

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

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

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

Price Trends, January 1966 to January 1967

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

Food prices in January 1967, had declined by almost 1 percent from their October 1966 peak on a seasonally adjusted basis. However, they remained 3 percent above a year ago in January, when they accounted for only about one-fifth of
the increase in the total Consumer Price Index over the year. Prices of pork, poultry, orange juice, celery, lettuce, coffee, and several processed fruits and vegetables were actually down significantly from a year ago.

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

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

Cost-of-Living Adjustments

Wages of more than a million workers in the automobile, automotive parts, farm and construction machinery, and aerospace industries, are covered by contracts calling for review of cost-of-living allowances based on the January Consumer Price Index. However, most of these will not receive any increase, inasmuch as the index has risen only 0.2 percent since October 1966. About 440,000 workers in the trucking industry, under the terms of their agreement, would normally be entitled to receive 11 cents an hour based on the change in the index since December 1965. Some of the increase may go into fringe benefits, depending upon negotiations.
CONSUMER PRICE INDEX FOR FEBRUARY 1967

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

Price Changes, January to February 1967

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

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

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

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

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

Price Trends, February 1966 to February 1967

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

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Bureau of Labor Statistics
Washington, D. C. 20212
increase in medical care services and a 6.3-percent advance in costs of household services. Mortgage interest rates were still substantially higher than a year earlier, despite recent declines.

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

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

**Cost-of-Living Adjustments**

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

Approximately 150,000 other workers, mostly in aerospace industries, whose wages are also subject to a quarterly review at this time, will not receive cost-of-living increases because of contract clauses providing for a different formula for escalation.
CONSUMER PRICE INDEX FOR MARCH 1967

Price Changes, February to March 1967

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

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

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

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

Prices of fruits and vegetables showed a stronger-than-seasonal rise in March, although they were 1.9 percent lower than a year earlier. Apple prices were up as usual on dwindling supplies, and banana prices also advanced. Continuing large supplies brought lower prices for citrus fruits. Prices of cucumbers and green peppers rose sharply as supplies were curtailed by a late February freeze in Florida. Asparagus returned to grocery stores at substantially higher prices than at the end of February.
of last season. On the other hand, lettuce prices dropped, reflecting large supplies from California and Arizona. Prices of several other fresh vegetables—including potatoes, onions, cabbage, carrots, and celery—also were lower.

**Price Trends, March 1966 to March 1967**

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

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

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

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

**Cost-of-living Adjustments**

Cost-of-living allowances of about 60,000 workers, many in aircraft and transportation industries, will be increased 1 cent an hour on the basis of the change in the Consumer Price Index between December and March.
The Consumer Price Index rose by 0.3 percent in April, to 115.3 (1957-59=100), bringing the index gain for the year thus far to 0.5 percent. This contrasts with a rise of 1.4 percent during the first four months of 1966. Higher prices were reported in April for all major classes of consumer goods and services except food for home consumption, but the relatively greater advance than in recent months came as the result of a sharp increase in prices for nonfood commodities. Prices of consumer services continued to rise at their first quarter's pace, but for the first time in several months these increases were not the principal factor in the month-to-month rise in the index. Food prices declined again during April, offsetting the rise in service costs.

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

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

Costs of consumer services advanced 0.2 percent during April, bringing the rise to 1.1 percent for the first four months of the year, compared to 1-1/2 percent for the same period a year ago. In contrast to the trend for recent months, household services rather than medical care services were the most important factor accounting for two-fifths of the monthly increase for this group. Higher property taxes and insurance costs led the increase for household services, although maintenance and repair and housekeeping services also registered substantial gains during April. Medical care services continued to rise sharply, reflecting a continuing upward push on hospital charges. Hospital room rates in April were 21 percent above a year ago. Charges for professional medical and dental services also continued to rise, although at a somewhat reduced rate. Rent, utilities, and public transpor-
tation continued their slow, steady rise. A further small decline in mortgage interest rates, in response to the recent increase in the supply of loanable funds, was the only offset to higher prices of other services. As a result, the rise in costs for all services has been held to a somewhat lower rate than was the case a year ago.

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

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

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

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

Price Trends, April 1966 to April 1967

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

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

Prices of most nondurable commodities have increased since April 1966. Excluding foods, the nondurables index increased 3.1 percent over the year. Nearly half that increase was due to the 4.0 percent rise in apparel prices, particularly women's and girls' apparel. Gasoline and motor oil increased by 5.0 percent over the year. Some other significant increases were for home repair and maintenance commodities, household textiles, and tobacco products. Durable goods prices increased 1.2 percent during the year.
Grocery-store prices averaged 1.7 percent lower in April than a year ago. More plentiful supplies of poultry, most meats, fresh vegetables, some fruits, and eggs in recent months have caused significant declines. Pork was 12 percent lower, poultry was down 9 percent, and beef 4 percent. The abundance of eggs has forced prices down 18 percent since April 1966. Some of the larger declines in prices of fruits and vegetables were 31 percent for cucumbers, 24 percent for green peppers, 14 percent for cabbage and fresh orange juice, and 11 percent for grapefruit. The largest increase in food prices was a 25 percent rise in prices of onions, which do not yet reflect the marketing of this year's sizeable spring crop.

Cost-of-Living Adjustments

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

* (Seasonally Adjusted)

INDEX 1957-59 = 100

RELATIVE IMPORTANCE
ALL ITEMS INDEX (as of Dec. 1966)

- ALL SERVICES: 34.97%
- FOOD: 22.94%
- NONDURABLES LESS FOOD: 24.45%
- DURABLE COMMODITIES: 17.64%

UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

Latest Data: May 1967
The Consumer Price Index went up 0.3 percent in May to 115.6 (1957-59=100), following a similar advance in April. Prices for all major groups of goods and services increased. The index has risen by 0.8 percent during the first five months of this year, only a little more than half of the increase recorded during the same period in 1966. Higher prices of commodities other than food accounted for more than half the May increase in the overall index and higher charges for consumer services for about two-fifths. Prices of food bought for home consumption rose fractionally in May for the first time in 9 months.

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

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

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

Food prices averaged higher in May for the first time since August 1966, as prices of food purchased for home consumption reversed their eight-month downtrend and averaged 0.1 percent higher. Costs of restaurant meals and snacks rose 0.3 percent. Prices of fresh vegetables rose by 4-1/2 percent as rain and cool weather in California and drought conditions in the South affected the yield and harvesting of lettuce, celery, cabbage, and green peppers. However, cucumbers, asparagus, onions, and potatoes were in plentiful supply and their prices dropped accordingly. Fresh fruit prices were higher in response to reductions in supplies of apples and oranges. Drought conditions in some Northeastern States reduced supplies of fresh milk, causing prices to rise, but prices of ice cream, cheese and butter, were lower. Higher prices for bread reflected a return to more usual pricing from the competitive sale prices prevalent in many cities in recent months.
Supplies of beef, pork and poultry continued plentiful, causing an average decline of 1/2 of one percent. Prices were reduced for most cuts of meat, bringing the total decline from their 1966 peak to about 7 percent. Seasonally high production of eggs resulted in a price decline of 5.2 percent in May.

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

Price Trends, May 1966 to May 1967

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

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

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

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

Approximately 125,000 workers are scheduled to receive hourly pay increases based either on the national Consumer Price Index or individual city indexes for May. About 113,000, mostly in the aircraft industry, will receive a 2-cent increase because of the rise in the national index since February. The other increases will range from 1 cent to 9 cents, representing quarterly, semi-annual, or annual adjustments.
CONSUMER PRICE INDEX FOR JUNE 1967

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

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

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

Food

Grocery store food prices rose by 1.3 percent in June, with significant increases in prices of meats, fresh vegetables, fruits, and dairy products. The rise was considerably more than the usual seasonal advance and brought the index for food at home up to its year-ago level for the first time since January. It was still 1.0 percent below its August 1966 peak, however. On the other hand, restaurant meal prices rose throughout the year and in June were 5.1 percent higher than a year ago. As a result, food prices in general were 1.1 percent above their June 1966 levels.

A rise of 9 percent in prices of pork accounted for over half of the advance in grocery store food prices. Higher prices for both pork and beef in June reflected lower slaughter rates and a moderate decline in cold storage holdings. May production of pork was down 9 percent from April. Cold storage holdings of pork and beef dropped 12 and 4 percent respectively in May, but were still considerably higher than a year ago—27 and 36 percent respectively. The greatest price increases in June were for the more popular cuts of meat, such as bacon, pork chops, and steaks. In spite of this month's sharp increase, pork prices are still 4 percent below a year ago; their declines during previous months were major factors in causing lower average meat prices. Poultry prices declined in June, as production in May was up by 18 percent over April. Fish prices also were down, because supplies were seasonally abundant. The current shrimp pack is reported to be the heaviest in recent years and in mid-June was more than double the pack of a year earlier.
Prices of fresh vegetables were 4.8 percent higher in June, as the ill effects of the weather on spring crops continued to be a dominant factor. Higher prices were posted for most items, particularly lettuce, potatoes, and celery, but prices of green peppers and cucumbers were lower. Fresh vegetable prices were 4 percent higher than a year earlier, mainly because of a jump of more than 50 percent in lettuce prices, reflecting extremely short supplies. Prices of potatoes, onions, and carrots were substantially lower than a year ago.

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

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

Services

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

Durable goods

After a 0.5 percent rise in both April and May, the advance in prices of consumer durable goods slowed appreciably in June. Used car prices advanced less than seasonally to a point 3.6 percent above the level of a year earlier. Used car inventories in June were estimated at about 25 selling days supply. This is down some from May but slightly above a year ago. The average monthly increase in used car prices during the first half of 1967 has been about 1.2 percent. This compares with no net change during the same period of 1966.
New car prices averaged 0.1 percent lower in June and were the same as a year ago. The total decrease since the introduction of 1967 models has been 2.5 percent, a larger decline than in most recent years. New car inventories were considerably below a year ago. The early shut down of production lines for 1967 and the current strong demand are expected to result in a low carryover of 1967 models into the 1968 model year.

Nondurable goods other than food

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

Cost-of-living adjustments

About 75,000 workers are scheduled to receive pay increases based on changes in the national Consumer Price Index through June. The rise in the index since March will bring 2 cents more per hour to about 29,000 workers (including 13,000 employees of the Greyhound Corporation) and 3 cents more to approximately 46,000 (including 36,000 aircraft workers). About 900 truckdrivers in the Chicago area also will receive a 3-cent increase based on the advance in the index since last December.
The Consumer Price Index rose by 0.4 percent in July, to 116.5 (1957-59=100), the largest monthly advance since October 1966. As in June, the increase was largely the result of higher prices for food and consumer services. In spite of its recent advance, the index has risen less so far this year than in the first 7 months of 1966--1.6 percent compared with 2.1 percent.

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

Food

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

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

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

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

Beef and pork prices, which are normally major factors in the July food price rise, advanced considerably less than usual. Production and cold storage holdings from the large spring slaughter were reduced in June, but were still ample, while the normally
small summer marketings were larger than usual. These factors coupled with a shift in consumer buying to lower cost meats, chicken, and fish, have tended to ease the upward price pressures. Pork prices were 4-1/2 percent lower than a year ago, with cold storage holdings up by 36 percent. Beef prices have risen by 1 percent during the past year despite larger supplies.

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

Services

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

Durable Goods

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

Nondurable goods other than food

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

Approximately 335,000 workers are scheduled to receive increases in their cost-of-living allowances, based on changes in the national Consumer Price Index or individual city indexes through July. About 265,000, mostly in automobile, automotive parts, farm and construction equipment, and aerospace industries will receive a 3-cent increase because of the rise in the national index since April. Other increases will range from 1 cent to 5 cents, also based on changes since April in city or national indexes.
CONSUMER PRICE INDEX FOR AUGUST 1967

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

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

Food

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

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

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

Services

Consumer service charges advanced again in August, as services associated with housing and medical care led most other service costs in the upward trend. Mortgage interest costs advanced in response to the continuing high rates offered by competing long-term securities. Real estate tax increases and higher insurance rates coupled with rising costs of house maintenance also contributed to the advances in household service costs. Doctors' and dentists' fees were raised again, but appear to be advancing at slower rates than in late 1966 and early 1967. Hospital room rates
continued their sharp rise, to a level 21 percent above a year ago, while hotels and motels posted seasonally higher rates. Service charges over the past 12 months have advanced 4.6 percent, compared with a 4.3-percent rise between August 1965 and August 1966. Household services and medical services were also the most important factor in the over-the-year change.

Nondurables less food

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

Durables

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

Cost-of-Living Adjustments

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

Advances in city indexes over varying periods will bring pay increases ranging from 2 to 7 cents an hour to almost 7,000 workers.
The Consumer Price Index rose 0.2 percent in September to 117.1 (1957-59=100), the smallest monthly advance since March of this year. A more-than-seasonal rise in apparel prices and further advances in costs of consumer services were largely responsible for the increase. The relatively small magnitude of the increase was due to a larger-than-seasonal decline in food prices and a smaller rate of advance in durable commodity prices than in recent months. Costs of consumer services rose at the same accelerated rate that occurred in August. Prices of nondurable commodities, other than food, again increased sharply. The September advance brought the all items index to 2.6 percent above its year-earlier level and 2.1 percent above December 1966.

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

Nondurables less food

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

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

Cigarette prices rose significantly again in September, continuing to reflect the passing on of higher manufacturers' prices, as well as substantial increases in cigarette taxes in some areas. Tobacco product prices increased about 4 percent in the quarter ending in September, for the largest quarterly jump in ten years. Gasoline prices advanced considerably more than usual for September, primarily as a result of the cessation of "price wars" in some areas. Coal prices jumped almost 4 percent in response to increases in wholesale prices.
Household textile prices rose by 1.3 percent, as they returned to "normal" following the traditional August white sales. Higher manufacturers' prices of sheets also contributed to the increase.

Services

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

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

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

Food

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

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

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

Durables

Retail prices of consumer durable goods rose 0.1 percent in September, the smallest monthly advance since March of this year, as used car prices registered an unusual jump for September, apparently as a result of a shortage of late models.
Prices of 1967 model new cars declined more than seasonally as dealers offered larger concessions to make room for the 1968 models. Furniture prices made an unusually large gain in September as higher priced, new-line items began to reach the retail market. Pressure on furniture prices appears to be coming principally from cost factors. Trade sources cite the higher minimum wage, scarcity of skilled workers, increased costs of distribution and retailing, and higher prices for some raw materials, as major factors in the advance.

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

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

Cost-of-Living Adjustments

About 85,000 workers will receive pay increases as a result of the rise in the national Consumer Price Index between June and September. For 67,000, including 36,000 aerospace workers and 13,000 employees of the Greyhound Corporation, the increase will be 2 cents an hour. About 2800 chemical workers will receive 1 cent an hour and 14,500 in various industries will receive 3 cents.
The Consumer Price Index increased by 0.3 percent in October, to 117.5 (1957-59=100), 2.6 percent higher than last October. The rise over the month resulted from higher prices for all major groups of goods and services except food for home consumption. Higher prices for durable commodities accounted for about one-half of the increase. Consumer services and nondurable goods other than food also advanced.

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

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

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

**Durable goods**

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

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

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

Nondurable goods other than food

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

Food

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

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

Prices of eggs and cereal and bakery products continued the overall downward trend that has been evident for the past year, in response to higher production levels for both eggs and grain, and strong retail competition. Dairy products went counter to the general food price trend and increased 0.5 percent, mainly reflecting...
higher prices for fresh milk, as production dropped 1.3 percent below the year-earlier level and about five percent below the average for October. Prices for American cheese and butter also edged up as demand remained strong.

**Cost-of-Living Adjustments**

About 575,000 workers will receive cost-of-living increases as a result of the rise in the October Consumer Price Index. For 380,000 electrical workers, the increase will be 1 percent, based on the change in the index from a year ago. For 100,000 automobile and automotive parts workers, aerospace workers, and metalworkers, the rise will be 2 cents an hour and for 75,000 other aerospace workers, 3 cents an hour, all based on the change in the index since July. Other workers will receive increases ranging from 1 to 7 cents an hour, based on changes in the index for periods varying from a month to a year.
The Consumer Price Index continued to climb in November, rising 0.3 percent to 117.8 (1957-59=100), for an increase of 2.8 percent since November 1966. Leading the upswing were higher prices for consumer services and nondurable goods other than food, each accounting for nearly half of the rise. The cost of durable goods advanced modestly. These advances were minimized by a less-than-seasonal decline in grocery store food prices.

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

**Nondurable goods other than food**

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

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

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

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

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

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

Services

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

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

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

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

Durable goods

So far this year durable goods prices have advanced by 2.8 percent, compared with a rise of 1.1 percent in the same period of 1966. Although almost one-third of the 1967 rise came in October, there were increases in every month except January, while in 1966
prices either declined or were unchanged in 4 of the first 11 months. New car prices rose less than is customary for November (0.3 percent) and were 2.1 percent higher than a year ago, the effect of higher prices for 1968 models and slightly lower concessions. Used car prices were down slightly due primarily to reductions for late models. Appliance prices averaged 0.9 percent higher than last November but were unchanged this month as higher prices for 1968 models were offset by close-out sales of old model merchandise. Furniture and floor covering prices rose again as manufacturers’ price increases were largely passed on to consumers.

Cost-of-living adjustments

More than 215,000 workers will receive cost-of-living escalator increases as a result of the November Consumer Price Index. Over half of these (110,000), mostly in aerospace industries, will receive 2 cents an hour based on the change in the index since August. About 85,000 meatpacking workers will receive a 6-cent increase based on the change in the index in the past 6 months. For workers in other industries, increases will range from 1 to 5 cents an hour based on quarterly or semi-annual changes in the index.
The Consumer Price Index rose 0.3 percent in December, to 118.2 (1957-59=100); the increase was the same as in the preceding two months. Costs of food and most consumer services moved up strongly; nonfood commodities showed no overall change. Since December 1966, the total index has increased 3.1 percent, slightly less than the 3.3 percent rise for the same period in 1966, but larger than in any other year since 1951.

Price Changes, November to December

Food

About one-third of the December rise was the result of a larger-than-seasonal increase in grocery store food prices, reflecting advances for fresh vegetables, eggs, and processed fruits. Fresh fruit and vegetables increased 3.4 percent. Green peppers jumped 41 percent, reflecting limited supplies due to the beginning stage of the Florida harvest and hurricane damage to the Texas crop. Reduced acreage and rain-curtailed harvests in California and Texas caused cabbage and carrot prices to jump 11.5 and 13.2 percent, respectively. Tomato prices were up 9.3 percent, considerably less than the sharp rise which usually occurs at this time of year. On a seasonally adjusted basis, tomato prices dropped about 20 percent as ample supplies from a rapidly maturing Florida crop reached market.

Processed fruit and vegetable prices rose 1.2 percent, as most items increased. Canned pears advanced because of short supplies, and frozen orange juice concentrate rose as a result of a lower estimate for the 1967-68 orange crop.

Meat, poultry, and fish prices declined less than usual in December. Lower pork prices only partially offset higher beef and poultry prices. Declines for pork were a little larger than usual and reflected lighter demand during the holiday season; quotations were lower for all cuts except ham. Beef prices rose slightly despite heavy supplies, as demand continued strong. Poultry prices were 0.8 percent higher as a decline in chicken production in November caused higher prices for chicken that outweighed slightly lower turkey prices.

Dairy products, which usually decline fractionally in December, rose 0.3 percent, largely because of a recent tightening in supplies of fresh milk. Prices of ice cream also advanced and reflected higher processing and distribution costs. Egg prices rose about 5-1/2 percent, considerably more than their usual seasonal advance, after special sales promotions in November. Prices of coffee and tea both declined about 1 percent as a result of special sales promotions.

Services

Service costs continued upward in December and advanced 0.4 percent. Rent, which in recent years has been characterized by small but steady increases, rose a significant 0.3 percent in December. Homeownership services, notably mortgage interest charges, were also substantially higher. Although still lower than a year ago, interest rates have climbed steadily since the middle of 1967. Property taxes, insurance rates, and prices for home repairs also moved up.
Medical care services were up 0.5 percent in December; professional service fees increased 0.5 percent, and hospital service charges rose 1.0 percent, mainly because of higher wages for nurses and other hospital personnel.

Housekeeping services advanced 0.4 percent as higher wages for domestic workers were offset only partially by seasonal reductions in moving rates.

Nondurable goods other than food

Contrary to their usual decline at year-end when many special sales take place, apparel prices rose 0.2 percent in December. Higher wholesale prices and increased store operating costs accounted for most of the retail price increases.

Gasoline price wars were resumed in Los Angeles and Kansas City as some major oil companies attempted wider market penetration; a 1.1 percent decrease in U.S. average prices occurred in December. Cigarette prices were again higher and reflected primarily state tax increases and, to a lesser extent, city cigarette tax boosts.

Durable goods

The advance in prices of consumer durables slowed in December; prices edged up 0.1 percent compared with 0.9 and 0.3 percent increases in October and November. New and used car prices were the main moderating influences as new car prices dropped slightly, and used cars, reflecting increased inventories, declined 0.6 percent. Auto tires were up slightly as higher wholesale prices were passed on to consumers.

Appliance prices averaged 0.1 percent higher in December; refrigerators and laundry equipment led the upswing. However, all household appliance prices were higher as new models appeared in retail stores. Color TV sets were also up despite disappointing holiday sales figures; and black and white sets, which have been at depressed levels for some time, showed signs of rallying.

Year-End Summary

Most of the 3.1 percent rise in the Consumer Price Index during 1967 occurred in the last 3 quarters. In the first 3 months the index increased at an average rate of 0.1 percent a month, but in the remaining 9 months the rate of increase was about 0.3 percent a month. All major classes of goods and services contributed to the rise; consumer services accounted for almost one-half, nondurables other than food almost three-tenths, and durables about one-sixth.

Services

Over the year, consumer services were ahead 3.9 percent, considerably less than the 4.9 percent rise in 1966. This smaller increase in 1967 was almost entirely the result of lower mortgage interest rates, which fell almost 2 percent in the first half of 1967 and ended the year almost 1 percent lower than in December 1966. During 1966 mortgage interest rates had jumped over 12 percent. More than offsetting this mortgage interest drop in 1967 were a significant 2.0 percent increase in rent, a nearly 7 percent increase in property taxes and insurance, and a 15.5 percent increase in costs of hospital services. Costs of all medical care services were up 7.9 percent, about the same as in 1966. Other service prices which rose substantially during 1967 were hotel and motel rooms, home repairs, housekeeping services (including laundry, fees for baby sitters, and domestic workers), barber and beauty shops, and recreational services (such as movie admissions and golf and bowling fees).
Nondurables less food

Prices of nondurable goods other than food rose 3.4 percent in 1967, compared with a 1966 advance of 2.8 percent. Most of this higher rate of increase was accounted for by sharper increases in prices of apparel, cigarettes, and alcoholic beverages. Apparel commodity prices in 1967 were up 4.2 percent (compared with 3.7 percent in 1966), mainly a reflection of rapidly advancing wholesale prices. Tobacco jumped 6.3 percent (3.5 percent in 1966) as many state and local taxes were boosted and manufacturers increased prices; and alcoholic beverages were up 3.5 percent (1.2 percent in 1966), also largely because of rising state and local taxes. Prices of newspapers, magazines, and books also rose at a faster rate in 1967, 5.7 percent (3.4 percent in 1966).

Durables

The rise in durable goods prices, though less than for other groups, was 4 times as large in 1967 as in 1966 (2.9 and 0.7 percent respectively). Most of the acceleration was caused by used car prices which rose 9.3 percent in 1967 and followed a drop of 3.4 percent in 1966. New car prices also shared in the stepped up rate of increase; they rose 2.7 percent in 1967, but showed virtually no net change in 1966.

Appliance prices rose only 1.0 percent in 1967, but in the face of higher labor, material and shipping costs, the upward trend of recent months can be expected to continue.

Food

During the past 12 months prices of food at home which have shown relatively little net change rose only 0.3 percent. Restaurant meal prices, however, have jumped almost 5 percent, to bring the total food index up 1.2 percent. Fruits and vegetables, up 4.6 percent, and beef and veal, up 3.4 percent, were largely responsible for the rise in grocery-store food prices. Pork prices were 3 percent lower than a year ago and reflected a 13-percent rise in production. Dairy product prices were up an average of 1.4 percent as the price of fresh milk rose in response to curtailed production. Eggs were down 21 percent for the year, and poultry declined 2 percent as production and cold storage holdings remained at generally high levels.

Cost-of-Living Adjustments

Approximately 125,000 workers received increases in their cost-of-living allowances as a result of the December Consumer Price Index. About 85,000 aerospace employees and airline mechanics received 3-cent increases, and about 10,000 employees of painters and decorators in Los Angeles won a 10-cent increase. Some 13,000 employees of the Greyhound Corporation received 1 cent an hour and workers in other industries had raises from 1 to 7 cents an hour.