

Your company is being asked to provide a small amount of pricing information to one of the principal statistical agencies of the Federal Government. Your data will be used to construct the **Producer Price Index**.

What is the Producer Price Index (PPI)?

The **PPI**, one of the Nation's principal Federal economic indicators, measures the average change in selling prices received by domestic producers of goods and services in over 600 industries. More than 8,000 indexes for individual products and services are released each month. Indexes are available for the products of virtually every industry in the mining and manufacturing sectors, as well as many industries in the service and construction sectors of the U.S. economy.

How does the PPI impact and benefit you?

The PPI is widely used by the government and businesses to make better-informed business decisions. Some valuable uses are:

As an economic indicator- The Federal Reserve, Congress, and Federal agencies

regularly monitor the PPI when formulating fiscal and monetary policies, such as setting interest rates for consumers and businesses.

Contract escalation- The PPI can be used in purchase and sales contracts; for instance, a builder may use the index for steel in their construction contract to effectively hedge against input price changes.

Measuring inflation- Indexes can be used to measure price changes in inputs incurred by producers of goods and services. This information is useful for businesses in determining pricing strategy.



Inventory valuation- The Internal Revenue Service (IRS) has mandated that the PPI be used for "Last In, First Out" (LIFO) inventory valuation purposes.

Why should you participate?

You count! The quality of data produced by the U.S. Bureau of Labor Statistics (BLS) is a direct reflection of the number of businesses included.



The PPI carefully constructs survey samples to keep the number of contacts to a minimum, making every business, large and small, critical to the accuracy of the data.

The Nation depends upon BLS for accurate statistics, and BLS relies upon people like you to provide us with data.

How do you provide data for the PPI?

A BLS economist will meet with you to determine which products or services will be included in our indexes. You will then be asked to provide periodic updates for the selected products or services. BLS uses these

updates as the basis for our PPI indexes. The update process is straightforward and will normally only take a few minutes to complete.

Will your information be kept confidential?

Yes. Your company's participation, including sampled products and prices, will be held in confidence to the full extent permitted by law.

BLS will use the information you provide for statistical purposes only, in accordance with the **Confidential Information Protection and Statistical Efficiency Act of 2002** (Title 5 of Public Law 107-347).



How can BLS data help you?

In addition to the PPI, BLS produces a wealth of useful information that is free of charge. These include:

Contract negotiation tools

During contract negotiations, BLS data may be used to ensure that prices reflect market costs over the term of the

contract. Contract escalation guides are available on the BLS Web site.

Evaluating wage/benefits packages

Data from the BLS compensation programs show the average salaries for selected occupations, industries, and localities. Information on the types and costs of employee benefit packages is also available.

Provide information on workplace injuries, illnesses, and fatalities

Worker compensation rates are partly determined by workplace injury rates. BLS data from the Occupational Safety and Health program report the number of accidents and fatalities by specific occupation and industry.

Assessing growth industries, occupations, and career counseling tools

The BLS *Occupational Outlook Handbook* is a nationally recognized source of career information. This book is used by high school and college guidance counselors across the country. This publication provides information on the training and education needed for specific career fields and earnings and job prospects for a variety of careers. It also provides job search tips and specific information about the job market in each State.

Additionally, BLS has a Web site designed for young people to explore career opportunities and choices.



A BLS economist can assist you in understanding how to use our products. To find out more, visit our Web site at www.bls.gov.



Or, contact your regional BLS Economic Analysis and Information Office.

For general information and analysis on the PPI, contact:

Producer Price Index

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The U.S. Bureau of Labor Statistics needs your help



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