

# News

United States  
Department  
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## **OCTOBER 2004 CONSUMER PRICE INDEX HOUSTON-GALVESTON-BRAZORIA, TEXAS**

Retail prices in the Houston-Galveston-Brazoria metropolitan area rose 1.6 percent from August to October, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. This followed two consecutive periods of declining prices. Regional Commissioner Stanley W. Suchman stated that increases in the housing and transportation components were the biggest factors in the current gain. Regional Commissioner Suchman also noted that because these data are not adjusted for seasonal variation, consumers and businesses should be cautious in drawing conclusions about long-term retail price trends from short-term changes in area Consumer Price Indexes.

The Houston Consumer Price Index for All Urban Consumers (CPI-U) stood at 171.8 (1982-84=100) in October, 3.4 percent above the year-ago level. This compared to an increase of 2.2 percent during the year ended in October 2003. The index means that a typical market basket of goods and services that cost Houston consumers \$100.00 in 1982-84, cost \$171.80 last month. Removing the often volatile components of food and energy, the index for all items less food and energy (frequently referred to as the "core" index) rose 2.5 percent during the last 12 months, up from the year-ago annual gain of 0.6 percent.

The housing index climbed 2.5 percent during the two months ended in October and accounted for more than one-half of the total Houston CPI change. Most of the latest rise resulted from a 3.2-percent jump in shelter costs. Within shelter, the largest contributor was higher charges for hotels and motels. Owners' equivalent rent of a primary residence (homeowners' costs) advanced 0.3 percent during the two months ended in October while rent of a primary residence (renters' costs) slipped 0.2 percent. Also contributing to the bimonthly housing gain was a 1.0-percent rise in the cost of household furnishings and operations. The index for fuels and utilities rose slightly during the bimonthly period as prices for both natural gas and electricity edged up 0.1 percent. During the year ended in October, natural gas prices rose 3.2 percent and electricity charges advanced 0.3 percent. Over the year, homeowners' costs rose 1.6 percent while renters' costs were essentially unchanged, slipping 0.1 percent. The overall housing index was 3.0 percent higher than one year ago.

## Houston-Galveston-Brazoria Consumer Price Index – October 2004 (Continued)

The transportation index advanced 3.0 percent during September and October after dropping 2.5 percent in the previous bimonthly period. While higher prices were noted for new and used vehicles as well as airline fares, it was a 5.8-percent hike in gasoline costs that accounted for the majority of the transportation gain. This latest rise brought the gasoline index to its highest level on record and placed the annual increase at 31.1 percent. The average price of a gallon of gasoline stood at \$1.926 in October. Total transportation costs rose 8.4 percent over the year as much of the annual surge in gasoline costs was slowed by more modest increases in automobile prices and a decline in the cost of public transportation.

The food and beverages category also contributed to the overall bimonthly CPI advance as these prices increased 0.5 percent during the two months ended in October. Grocery store costs were up 0.9 percent with higher prices noted for fresh fruits and vegetables -- particularly tomatoes -- as well as for chicken, carbonated beverages, and snacks. The cost of food away from home (restaurant meals) rose 0.2 percent while prices for alcoholic beverages fell 0.9 percent in September and October. During the year ended in October, food and beverage costs overall rose 2.3 percent led by a 3.8-percent advance in the cost of food away from home.

Apparel prices were up 1.2 percent from August to October following two consecutive bimonthly declines. Movements were mixed in the latest period, but higher prices resulting from the continued introduction of new fall-winter wear more than offset seasonal clearances for selected clothing items. Price increases were registered for men's shirts and sweaters and for women's dresses while lower costs were recorded for women's suits and separates. The current bimonthly increase of 1.2 percent for apparel products was notably smaller than the August to October 2003 gain of 9.7 percent. When combined with previous bimonthly decreases, this left clothing prices 3.9-percent below a year ago.

Prices in the four remaining components were lower or unchanged during the two months ended in October. The education and communication index registered a 0.9-percent decline during the period with lower long-distance telephone charges serving as a major factor. This was the fourth bimonthly decrease in the last six periods and left the index little changed over the year, up 0.3 percent. Recreation costs fell 0.3 percent during September and October as lower prices were noted for televisions and selected video equipment. While this was the third consecutive bimonthly decline in the category, over the year, prices were still up 3.5 percent. The index for other goods and services slipped 0.2 percent in September and October; prices rose 3.1 percent during the last 12 months. Medical care prices were unchanged during the latest bimonthly period after declining 0.6 percent from June to August. During the year ended in October 2004, medical care prices rose 3.0 percent, about the same as the 2.8 percent rise for the year ended in October 2003, but their slowest annual gain thus far in 2004.