

# MDM Pricing Trends Report: First Quarter 2015

Pricing trends for dozens of product groups

## Key

↑X.X% 4Q:1Q (4Q '14 with 1Q '15)

↑X.X% 1Q:1Q (1Q '14 with 1Q '15)

Product groups listed below provide a snapshot of inflation trends based on the Producer Price Index from the U.S. Bureau of Labor Statistics. First quarter 2015 is compared with first quarter 2014 and with fourth quarter 2014. **Questions?** 1-888-742-5060 ext 113 or email info@mdm.com.

## Industrial (p.2)

Abrasives  
Adhesives & Sealants  
Metal Cutting Machine Tools  
Metal Forming Machine Tools  
Pumps, Compressors, & Eqmt  
Ind. Material Handling Eqmt  
Rubber & Plastic Hose  
Rubber & Plastic Belts & Belting  
Ind. Rubber Products, nec  
Personal Safety Equipment & Clothing  
Metal Valves (not fluid power)  
Steel Mill Products

## Construction (p.3)

Softwood Lumber  
Hardwood Lumber  
General Millwork  
Gypsum Products  
Hardboard, Particlebd, Fiberbd  
Plywood  
Plastic Construction Products  
Wood Ties, Siding, Shingles,  
Shakes

## Electrical (p.4)

Electrical Machinery & Eqmt  
Electronic Components & Accs  
Integrating and Measuring Instruments  
Motors & Generators  
Wiring Devices  
Transformers & Power Regulators  
Switchgear, Switchboard, etc.  
Eqmt  
Communications & Related Eqmt  
Electric Lamp Bulbs & Parts

## Other Related Electrical (p.5)

Lighting Fixtures  
Nonferrous Wire & Cable  
Fabricated Ferrous Wire & Cable

## Power Transmission/Bearing (p.6)

Mechanical Power Transmission Eqmt  
Ball & Roller Bearings  
Plain Bearings & Bushings  
Speed Changers, Drives & Gears

## Fluid Power (p.6)

Fluid Power Eqmt  
Fluid Power Valves  
Fluid Power Hose/Tube Fittings  
Fluid Power Pumps & Parts  
Fluid Power Actuators/Accum/Cylinders

## Fasteners (p.7)

Nuts, Bolts, Screws, Rivets, Washers (overall)  
Aircraft Fasteners  
Externally Threaded Fasteners  
Internally Threaded Fasteners  
Nonthreaded Metal Fasteners

## Hardware (p.7)

Hardware (overall)  
Builders' Hardware

## Plastics (p.7)

Plastic Resins & Materials  
Plastic Products (Overall)

## Tools (p.8)

Hand & Edge Tools  
Power-Driven Hand Tools  
Tools, Dies, Jigs, Molds, Fixtures  
Cutting Tools & Accs (overall)  
Precision Measuring Tools  
Small Cutting Tools

## Gases/Welding (p.8)

Industrial Gases  
Welding Machinery/Equipment

## Paper/Packaging (p.9)

Pulp, Paper & Allied Products (overall)  
Sanitary Paper Products  
Boxes  
Packaging Products from Plastic  
Office Supplies & Accessories

## HVACR/Plumbing (p.9)

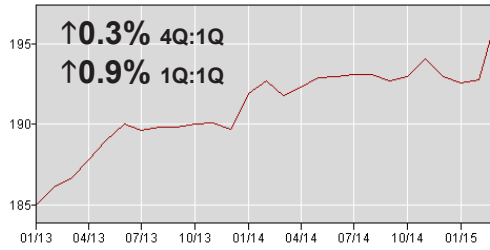
Air Cond. & Refrigeration Eqmt  
Heating Eqmt  
Plumbing Fixtures & Fittings

## Methodology (p.10)

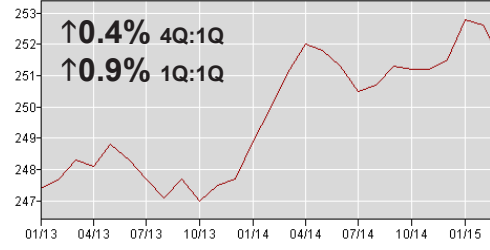


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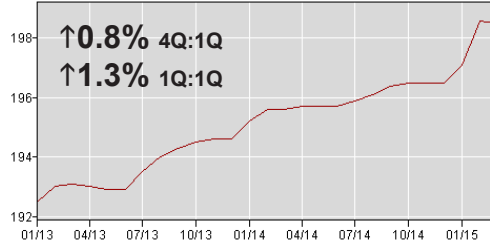
**Abrasives**



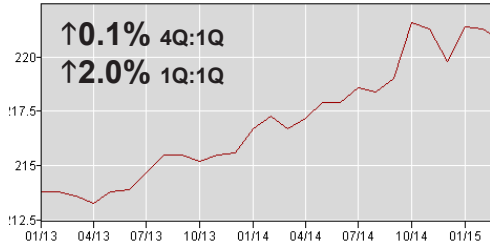
**Adhesives & Sealants**



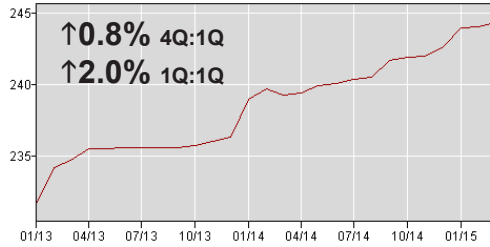
**Metal Cutting Machine Tools**



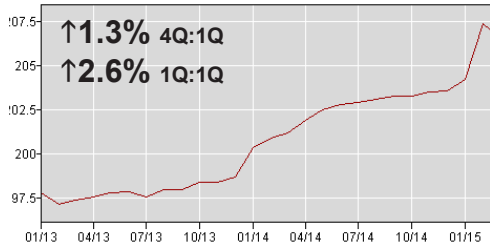
**Metal Forming Machine Tools**



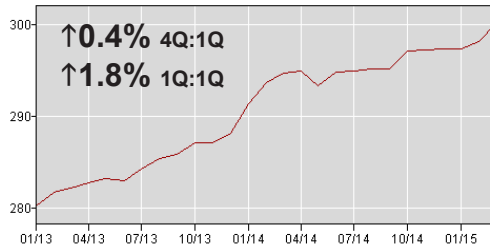
**Pumps, Compressors & Eqmt**



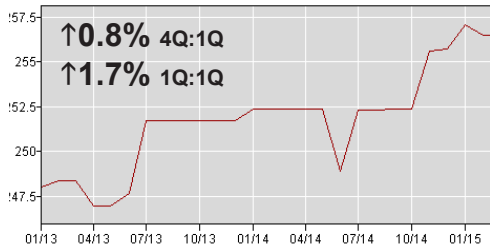
**Ind. Material Handling Eqmt**



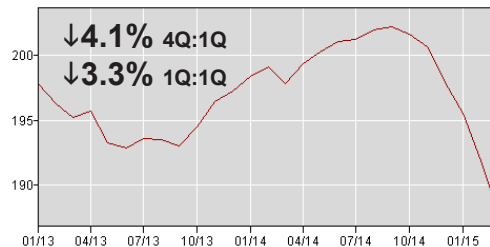
**Metal Valves (not fluid power)**



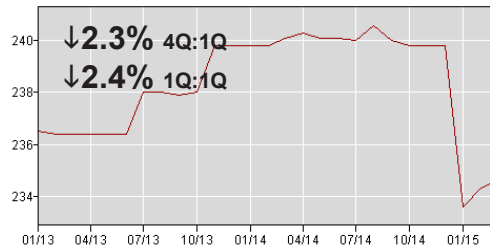
**Personal Safety Eqmt & Clothing**



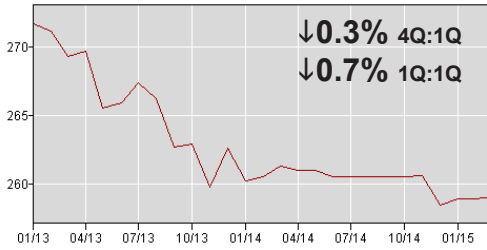
**Steel Mill Products**



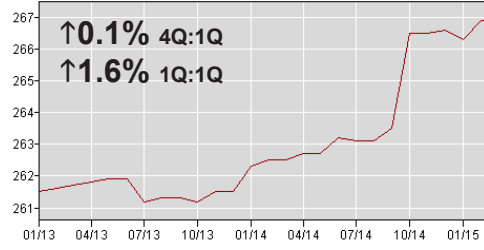
**Rubber & Plastic Hose**



**Rubber & Plastic Belts & Belting**

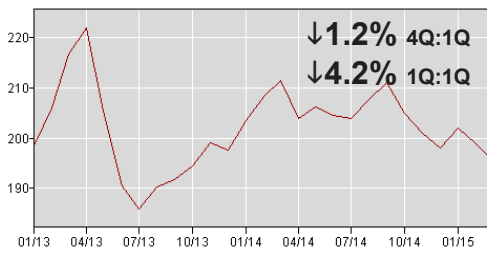


**Industrial Rubber Products nec**

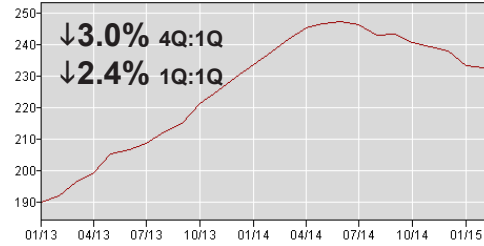


**Construction**

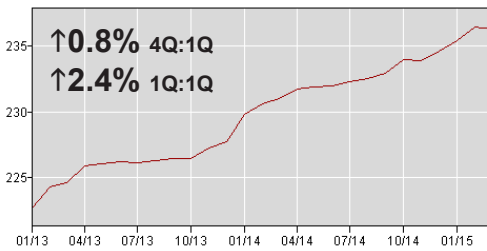
**Softwood Lumber**



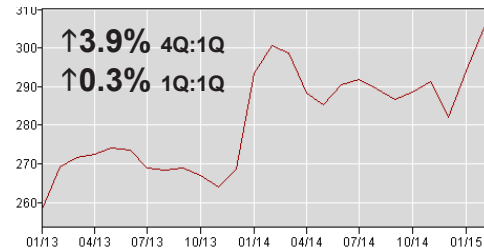
**Hardwood Lumber**



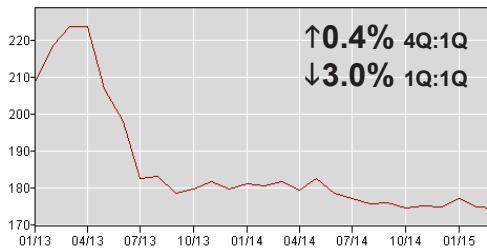
**General Millwork**



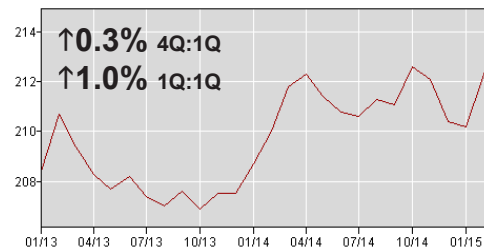
**Gypsum Products**



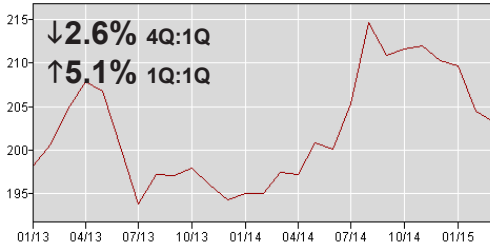
**Hardboard, Particlebd, Fiberbd**



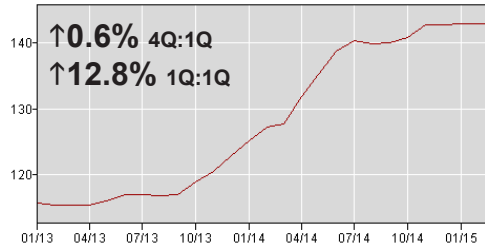
**Plastic Construction Products**



**Plywood**

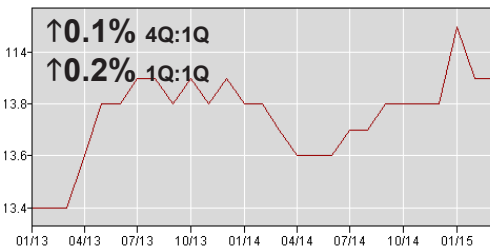


**Wood Ties, Siding, Shingles, Shakes**

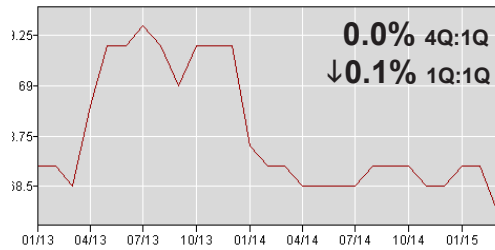


**Electrical/Electronic**

**Electrical Machinery & Eqmt\***

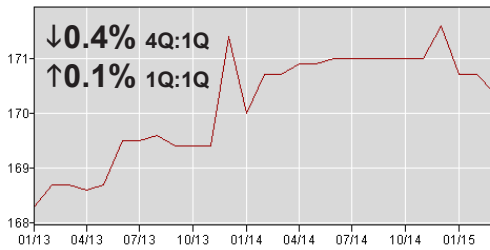


**Electronic Components & Accs.**

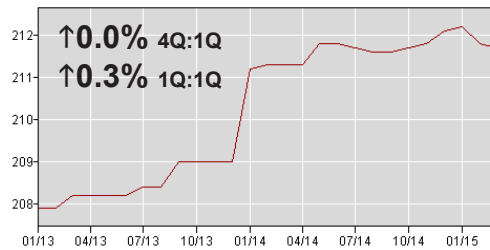


\*Electrical Machinery & Eqmt includes all product groups in this category plus miscellaneous electrical machinery & eqmt.

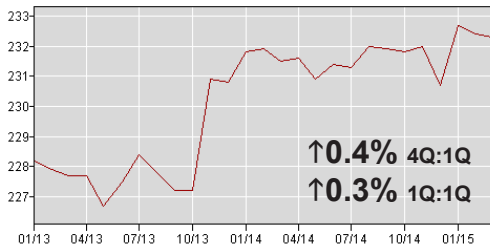
**Integrating/Measuring Instruments**



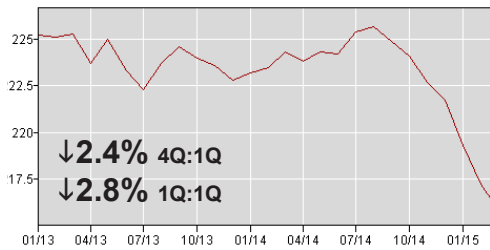
**Motors & Generators**



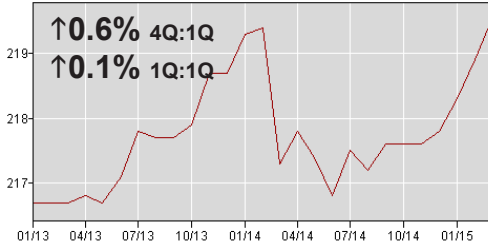
**Wiring Devices**



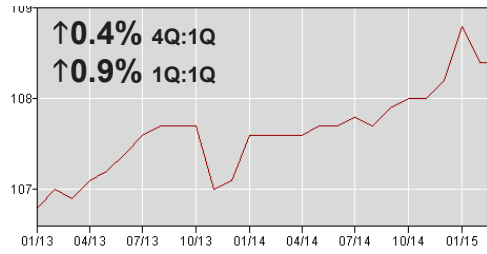
**Transformers/Power Regulators**



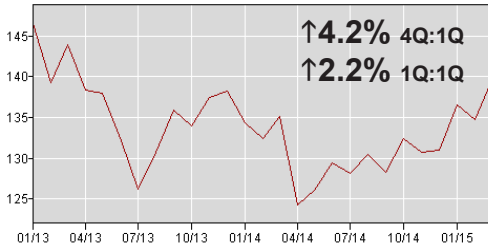
**Switchgear, Switchboard, etc. Eqmt**



**Communications & Related Eqmt**

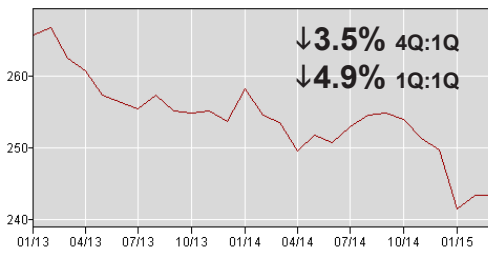


**Electric Lamp Bulbs and Parts**

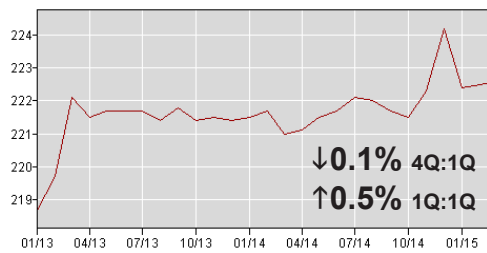


**Other Electrical/Related**

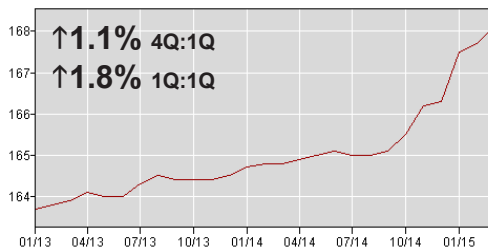
**Nonferrous Wire & Cable**



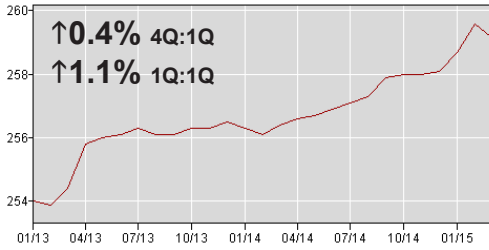
**Fabricated Ferrous Wire Products**



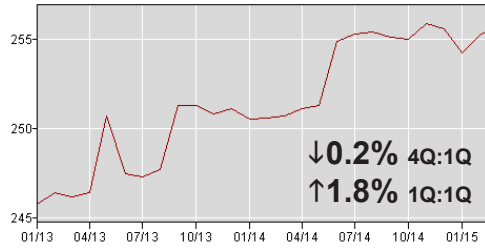
**Lighting Fixtures**



**Mech. Power Transmission Eqmt\***

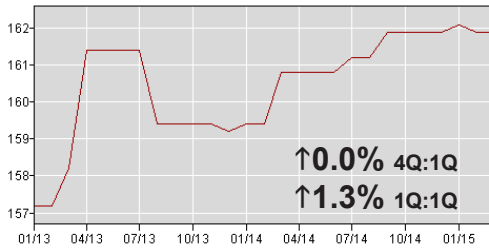


**Ball & Roller Bearings**

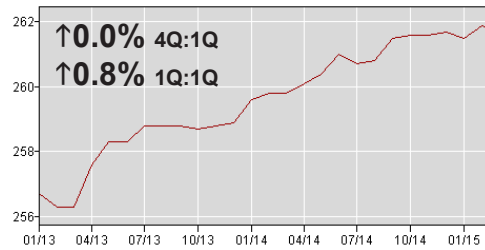


\*Category encompasses plain bearings & bushings, speed changers, drives & gears plus other eqmt.

**Plain Bearings & Bushings**

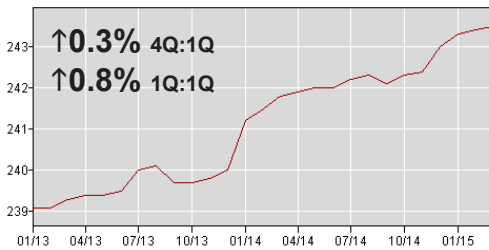


**Speed Changers, Drives & Gears**

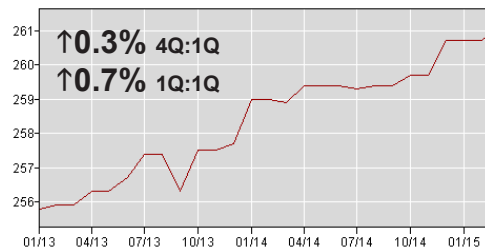


**Fluid Power**

**Fluid Power Eqmt\***

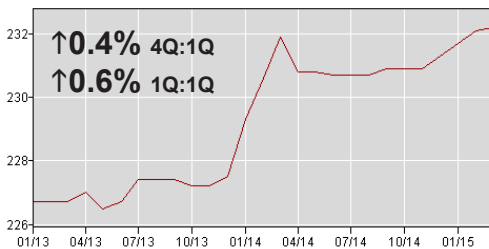


**Fluid Power Valves**

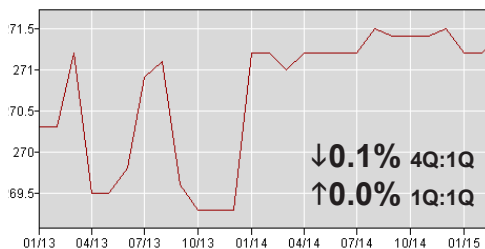


\*Category encompasses fluid power valves, plus other fluid power eqmt.

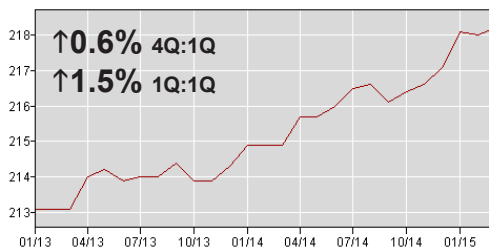
**Fluid Power Pumps & Parts**



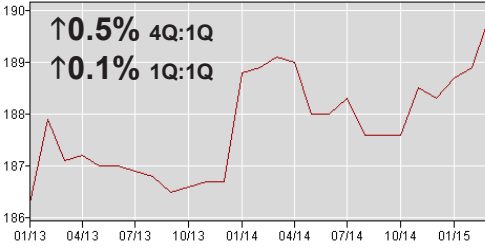
**Fluid Power Hose & Tube Fittings**



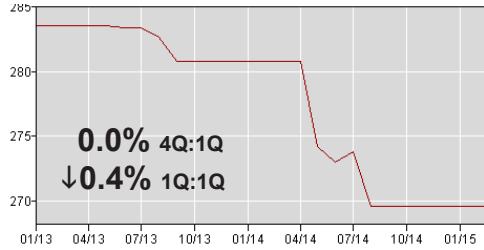
**Fluid Power Cylinders, Actuators, Accum.**



**Nuts, Bolts, Screws, Rivets, Washers\***

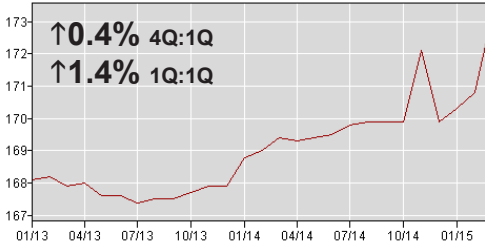


**Aircraft Fasteners**

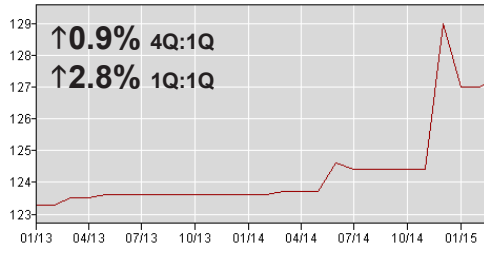


\*Category encompasses all fastener groups on this page.

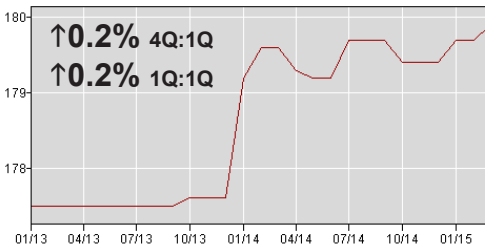
**Externally Threaded Fasteners\*\***



**Internally Threaded Fasteners\*\***



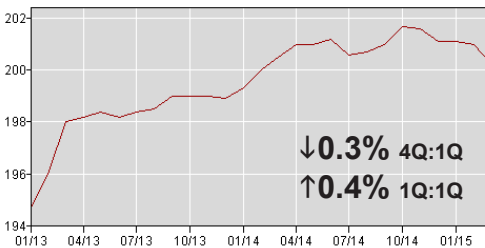
**Nonthreaded Metal Fasteners\*\***



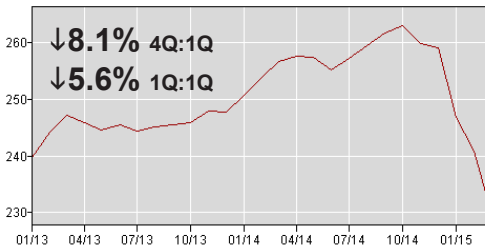
\*\*Data for Ext Threaded Fasteners, Int Threaded Fasteners & Nonthreaded Metal Fasteners excludes aircraft fasteners.

Plastics

**Plastic Products (Overall)**

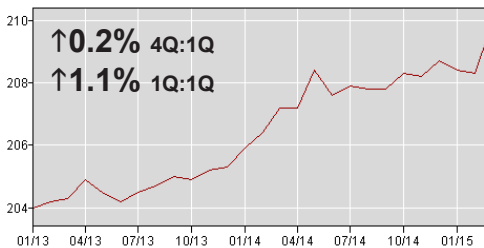


**Plastic Resins & Materials**



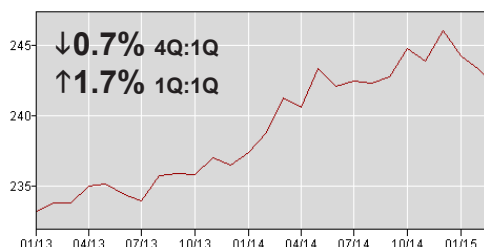
Hardware

**Hardware\***



\*Builders Hardware is included in the overall Hardware category.

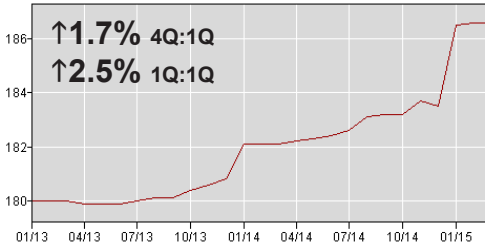
**Builders' Hardware\*\***



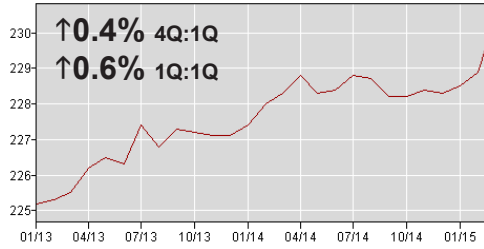
\*\*Builders Hardware includes: lock units, key blanks, door & window hardware, cabinet hardware, etc.

Learn about the source and methodology used to create this report on page 10.

**Cutting Tools & Accessories\***

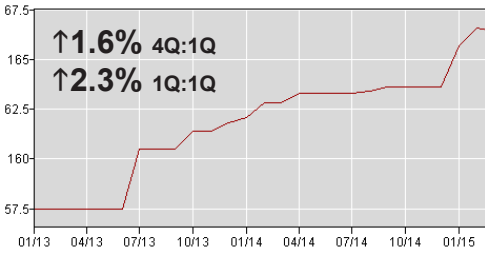


**Hand & Edge Tools**

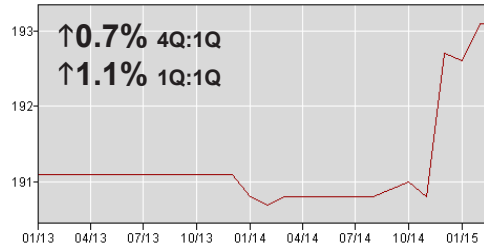


\*Cutting Tools & Accessories includes: small cutting tools, precision measuring tools, and other mach tool attachments & accs.

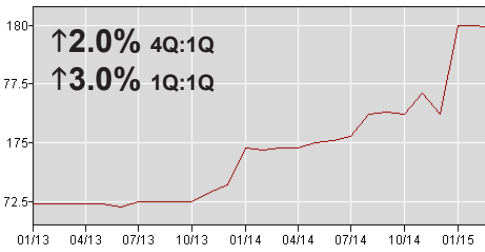
**Power-Driven Hand Tools**



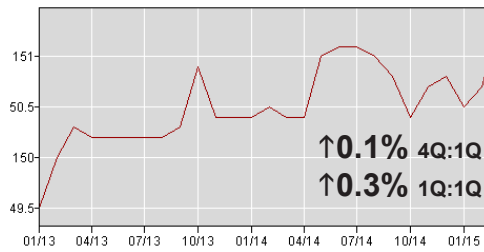
**Precision Measuring Tools**



**Small Cutting Tools**

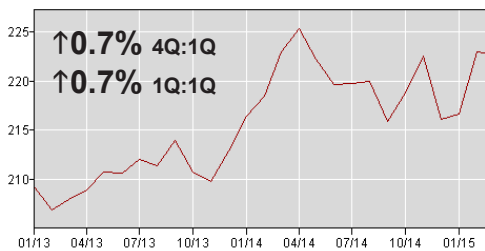


**Tools, Dies, Jigs, Molds, Fixtures**

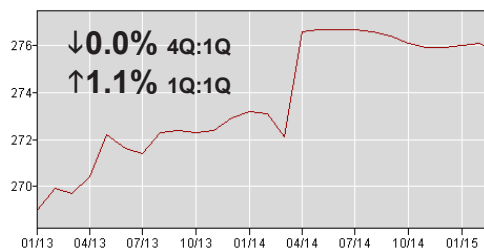


**Gases/Welding Equipment**

**Industrial Gases**

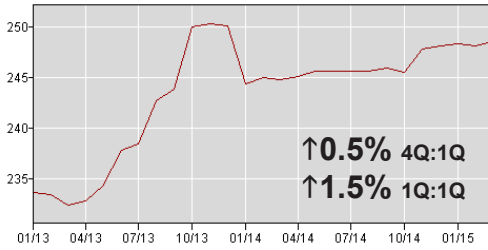


**Welding Machinery & Eqmt**

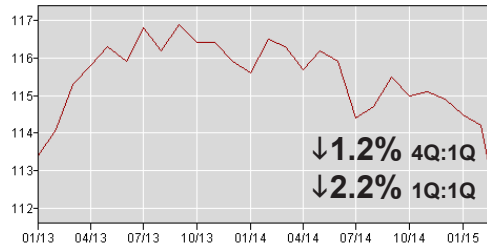




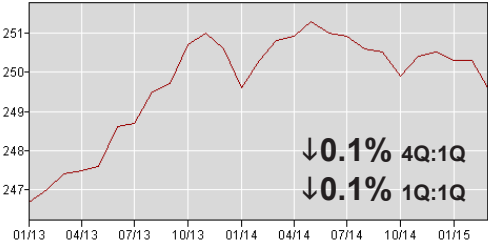
**Paper Boxes & Containers**



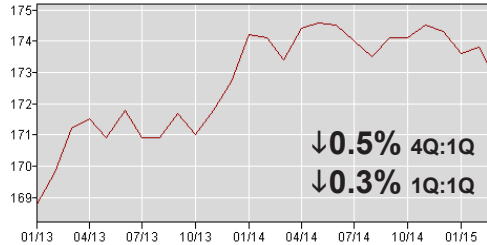
**Packaging Products from Plastic**



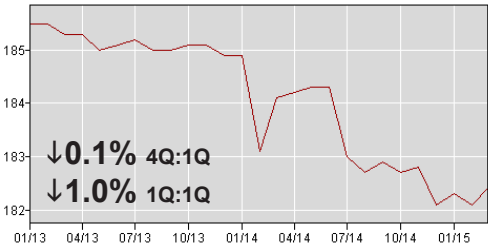
**Pulp, Paper and Allied Products**



**Office Supplies & Accessories**

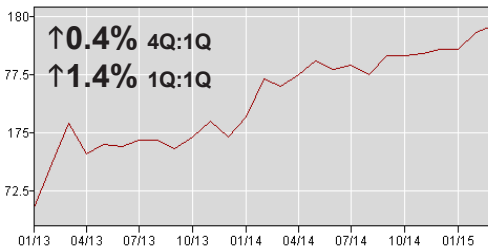


**Sanitary Paper Products**

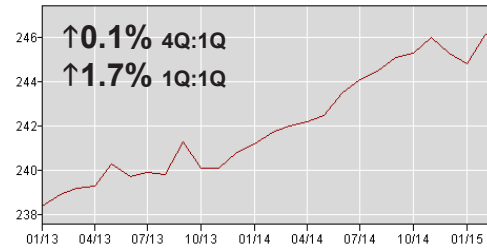


**HVACR/Plumbing**

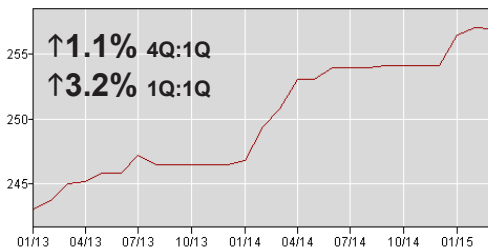
**Air Cond. & Refrigeration Eqmt**



**Heating Eqmt**



**Plumbing Fixtures & Fittings**



Learn about the source and methodology used to create this report on page 10.

The MDM Quarterly Pricing Trends Report provides a snapshot in time of wholesale pricing trends in dozens of product groups sold by the readers of Modern Distribution Management ([www.mdm.com](http://www.mdm.com)). The report presents percent change from the previous quarter to the current quarter and the prior-year quarter with this year's quarter (for example, third quarter 2013 with third quarter 2014). The report also includes a two-year trend line for prices by product.

### Source

The MDM Quarterly Pricing Trends Report is based on the Producer Price Index, published by the U.S. Bureau of Labor Statistics. Quarterly percent change, which is not reported by the U.S. government, is calculated by MDM editors based on quarterly averages using a proprietary method developed after consulting with the BLS.

The Producer Price Index (PPI) program measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services. The data from the Producer Price Index tracks wholesale prices, making this index the best source of price trend data for the wholesale distribution market. The PPI does not measure the cost of producing an item. Indexes are organized in three major structures: stage of processing (organized by class of buyer and degree of fabrication); industries and their products (organized by producing industry as defined by NAICS); and type of commodity (organized by similarity of end-use or material composition).

To calculate its item-specific index each quarter, MDM uses the PPI organized by commodity. This provides the greatest detail for specific products. It also provides a great deal of historical data. The downside to the commodity index coding system is that no other governmental statistical program uses it. Commodities are grouped according to similarity of material composition and end use, regardless of industry of origin. Because of this, they are not organized by NAICS.

In addition, when using the commodity indexes, it is inadvisable to roll up products into one overarching index without accounting for double-counting due to stages of processing. This is why MDM presents data at a lower level and as close to an individual product basis as possible, rather than presenting a total index for the products in the MDM Quarterly Pricing Trends Report. For overall percent changes by industry (NAICS) or level of processing (crude vs. finished, for example), businesses should use the stage of processing or industry indexes at [www.bls.gov/ppi](http://www.bls.gov/ppi).

### How Firms Use the Producer Price Index

According to the BLS, businesses often employ price adjustment clauses in long-term sales and purchase contracts, frequently using the PPI family of indexes, either alone or in conjunction with other sources of economic data. Because the PPI indexes measure price changes objectively, the PPI calculated by the Bureau of Labor Statistics are widely recognized among businesses, economists, statisticians and accountants as useful for this purpose. To learn more about the development of escalation clauses in contracts tied to PPI data, as well as potential challenges in doing so, visit this website: <http://www.bls.gov/ppi/ppiescalation.htm>.

Modern Distribution Management does not encourage or discourage the use of price adjustment measures in purchase and sales agreements.

Questions? Call 888-742-5060.

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