

# MDM Pricing Trends Report: 3Q 2019

Pricing trends for dozens of product groups

## Key

↑X.X% 3Q:2Q (3Q '19 with 2Q '19)  
 ↑X.X% 3Q:3Q (3Q '19 with 3Q '18)

Product groups listed below provide a snapshot of inflation trends based on the Producer Price Index from the U.S. Bureau of Labor Statistics. Third quarter 2019 is compared with second quarter 2019 and with third quarter 2018. **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

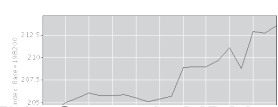
### Paper/Packaging (p.9)

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

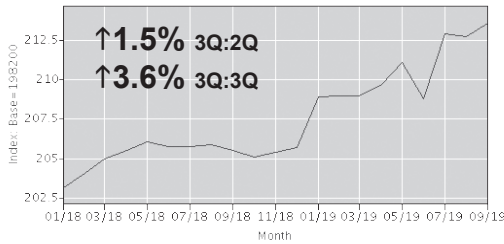
### Methodology (p.10)



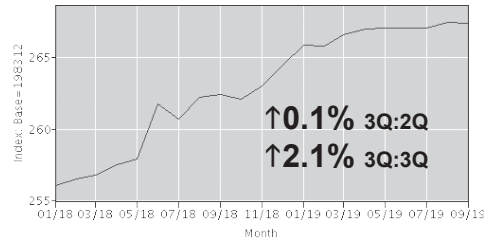
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# Industrial

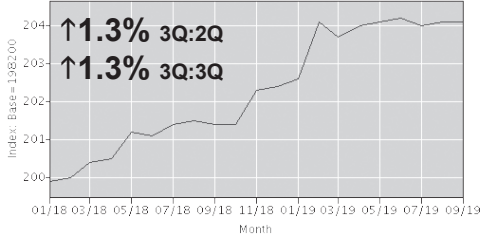
## Abrasives



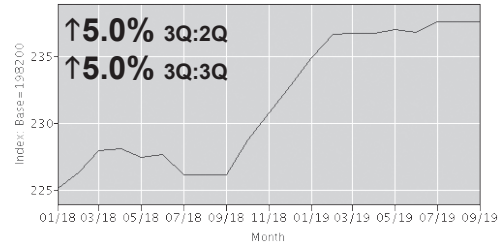
## Adhesives & Sealants



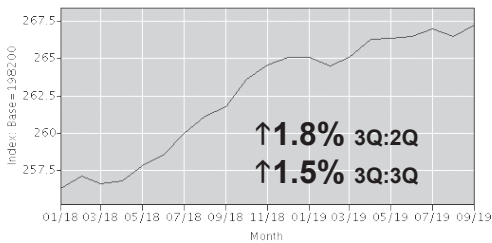
## Metal Cutting Machine Tools



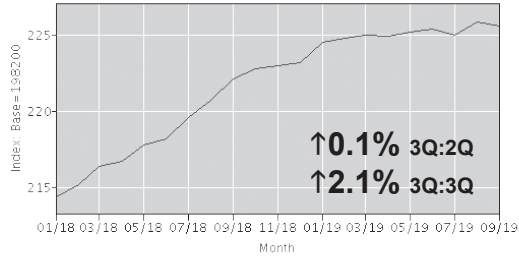
## Metal Forming Machine Tools



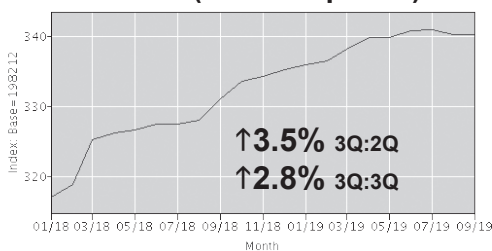
## Pumps, Compressors & Eqmt



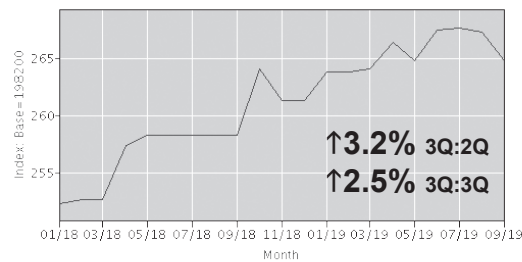
## Ind. Material Handling Eqmt



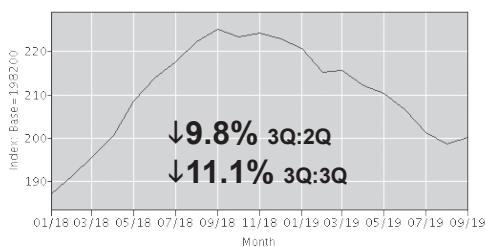
## Metal Valves (not fluid power)



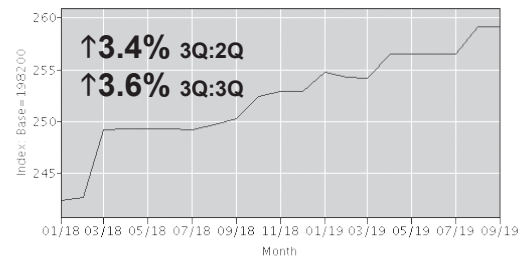
## Personal Safety Eqmt & Clothing



## Steel Mill Products

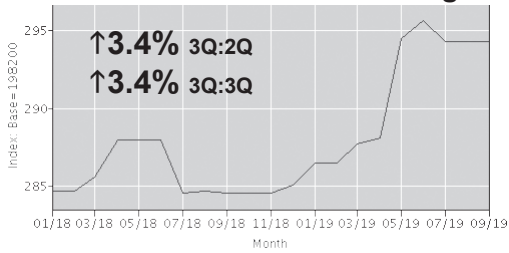


## Rubber & Plastic Hose

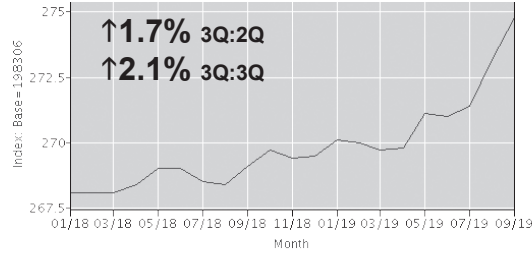


Learn about the source and methodology used to create this report on page 10.

**Rubber & Plastic Belts & Belting**

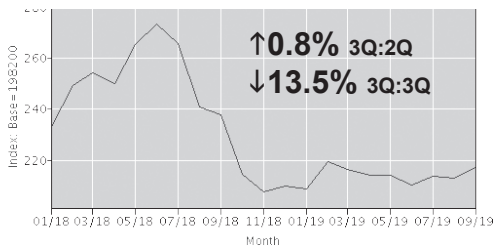


**Industrial Rubber Products nec**

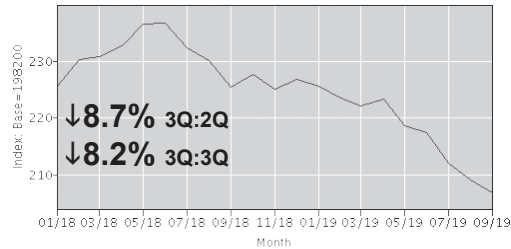


**Construction**

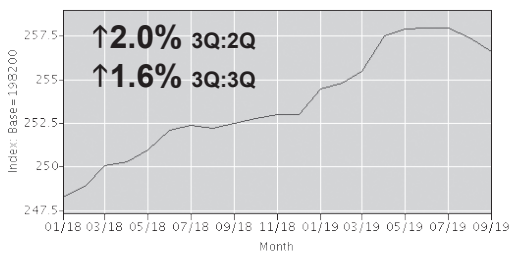
**Softwood Lumber**



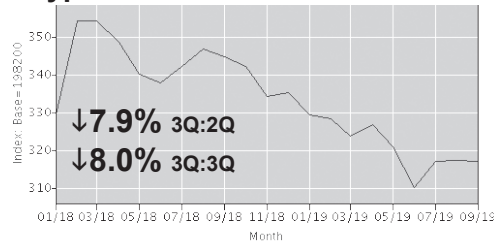
**Hardwood Lumber**



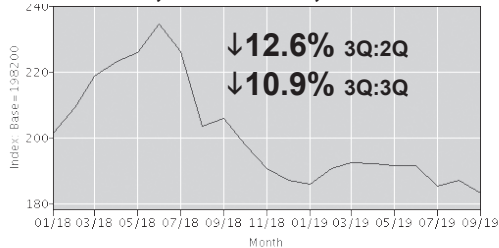
**General Millwork**



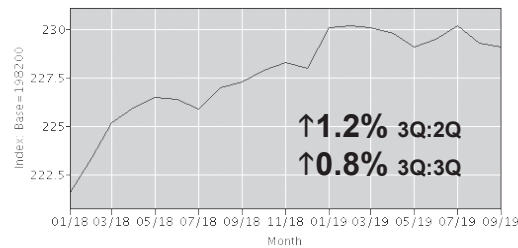
**Gypsum Products**



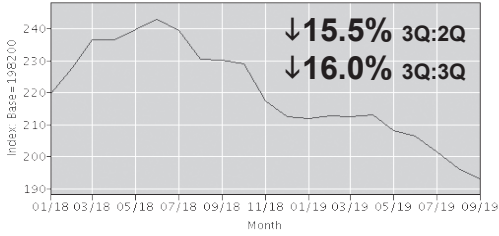
**Hardboard, Particlebd, Fiberbd**



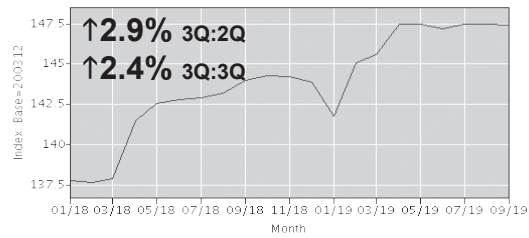
**Plastic Construction Products**



**Plywood**

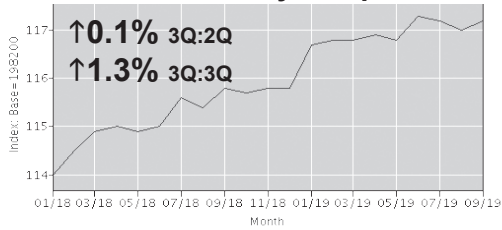


**Wood Ties, Siding, Shingles, Shakes**

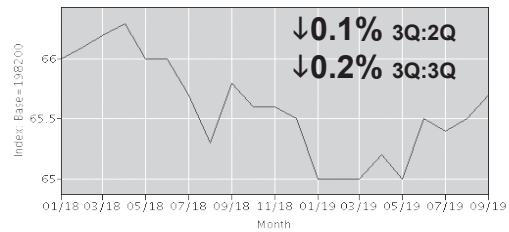


**Electrical/Electronic**

**Electrical Machinery & Eqmt\***

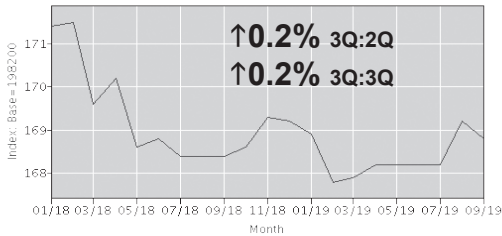


**Electronic Components & Accs.**

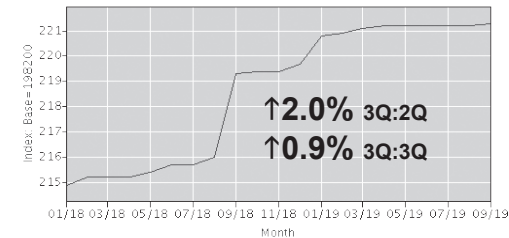


\*Electrical Machinery & Eqmt includes all product groups in this category plus miscellaneous electrical machinery & eqmt.

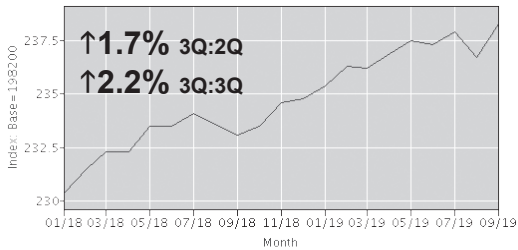
**Integrating/Measuring Instruments**



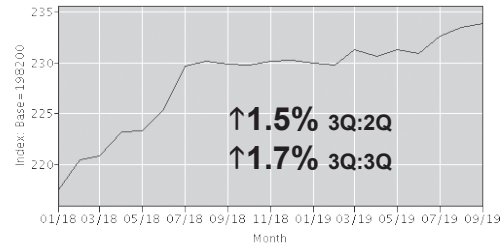
**Motors & Generators**



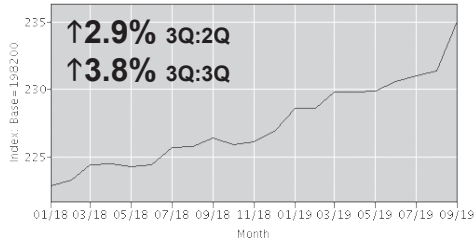
**Wiring Devices**



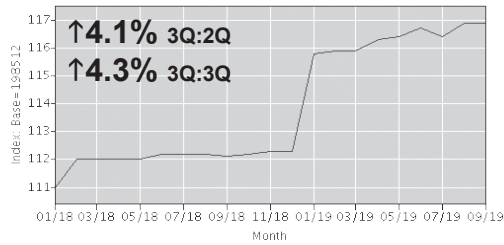
**Transformers/Power Regulators**



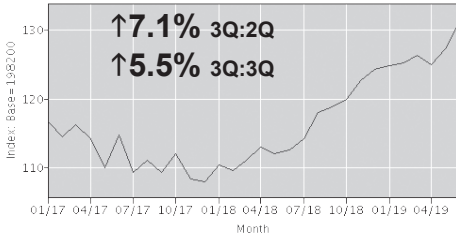
Switchgear, Switchboard, etc. Eqmt



Communications & Related Eqmt

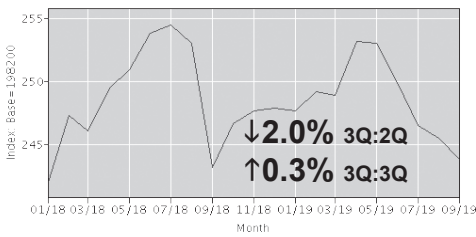


Electric Lamp Bulbs and Parts

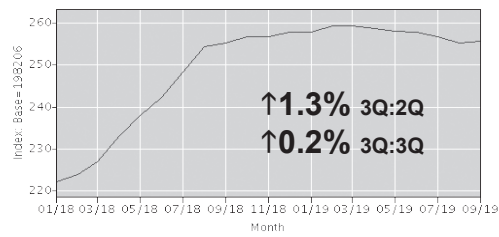


Other Electrical/Related

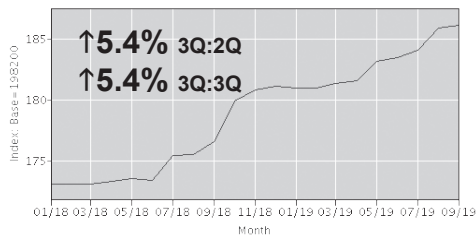
Nonferrous Wire & Cable



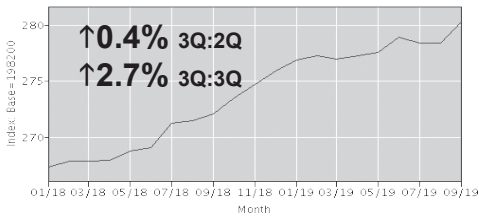
Fabricated Ferrous Wire Products



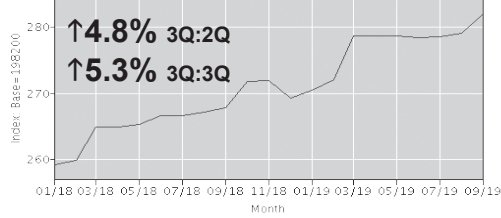
Lighting Fixtures



**Mech. Power Transmission Eqmt\***

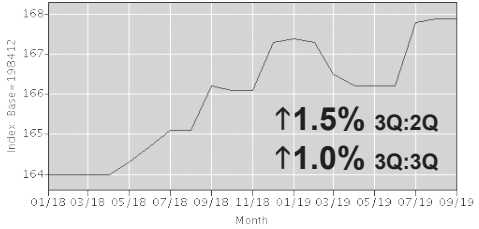


**Ball & Roller Bearings**

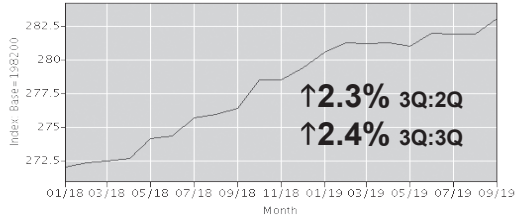


\*Category encompasses plain bearings & bushings, speed changers, drives & gears plus other eqmt.

**Plain Bearings & Bushings**

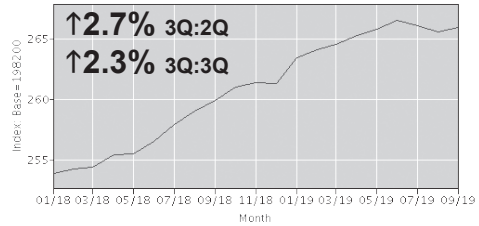


**Speed Changers, Drives & Gears**

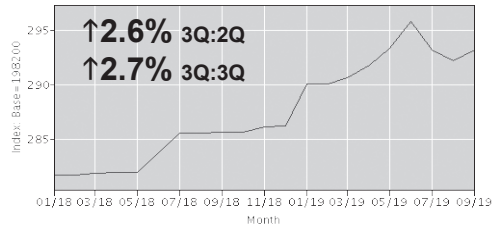


**Fluid Power**

**Fluid Power Eqmt\***

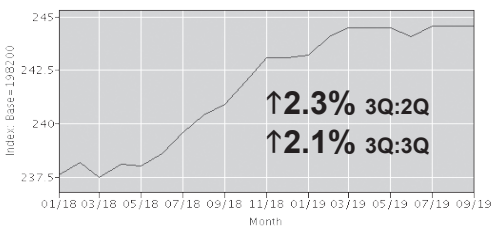


**Fluid Power Valves**

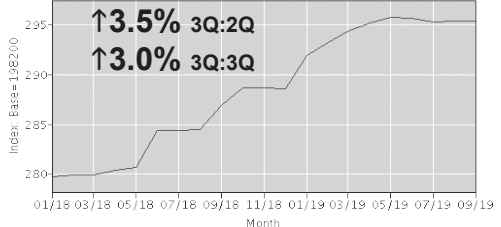


\*Category encompasses fluid power valves, plus other fluid power eqmt.

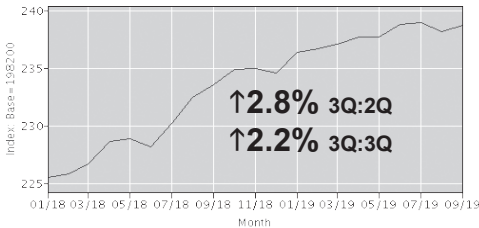
**Fluid Power Pumps & Parts**



**Fluid Power Hose & Tube Fittings**

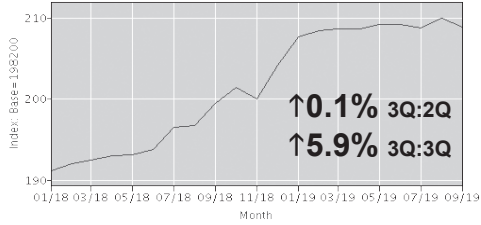


**Fluid Power Cylinders, Actuators, Accum.**

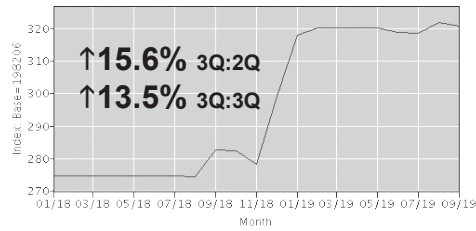


Learn about the source and methodology used to create this report on page 10.

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

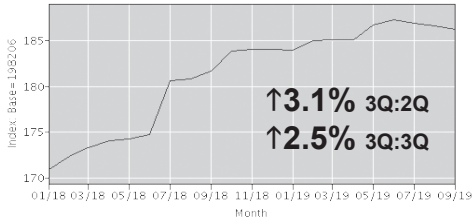


**Aircraft Fasteners**

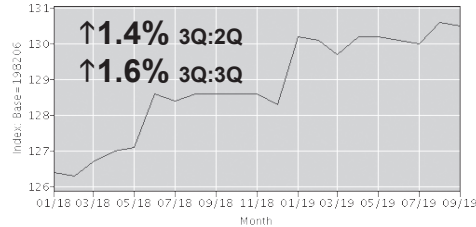


\*Category encompasses all fastener groups on this page.

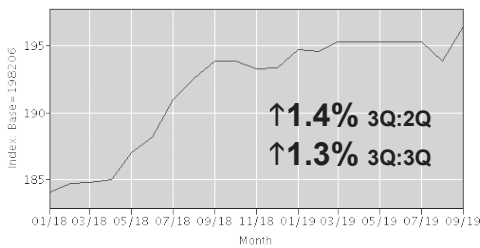
**Externally Threaded Fasteners\*\***



**Internally Threaded Fasteners\*\***



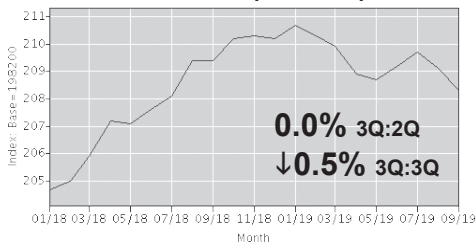
**Nonthreaded Metal Fasteners\*\***



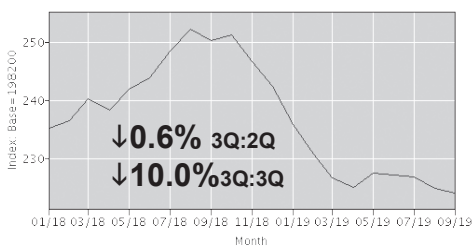
\*\*Data for Externally Threaded Fasteners, Internally Threaded Fasteners & Nonthreaded Metal Fasteners excludes aircraft fasteners.

**Plastics**

**Plastic Products (Overall)**

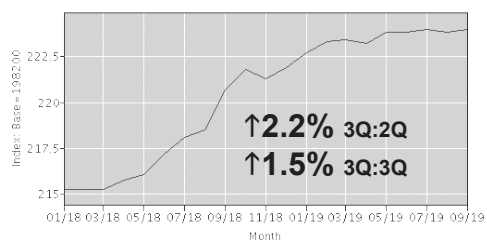


**Plastic Resins & Materials**



**Hardware**

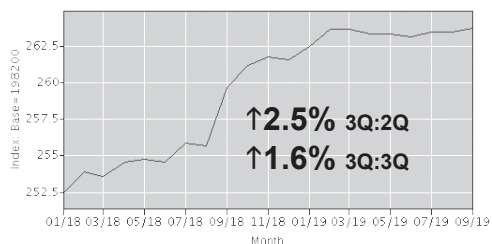
**Hardware\***



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

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

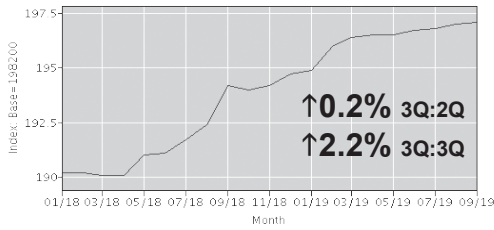
**Builders' Hardware\*\***



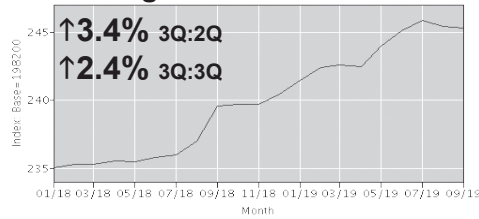
Learn about the source and methodology used to create this report on page 10.



**Cutting Tools & Accessories\***

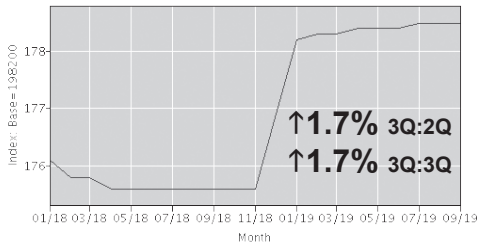


**Hand & Edge Tools**

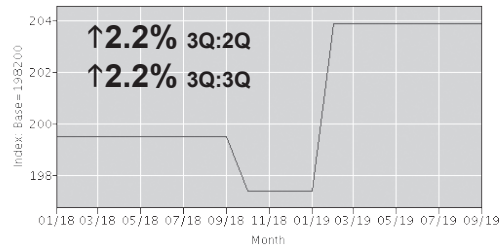


\*Cutting Tools & Accessories includes: small cutting tools, precision measuring tools, and other mach tool attachments & accs.

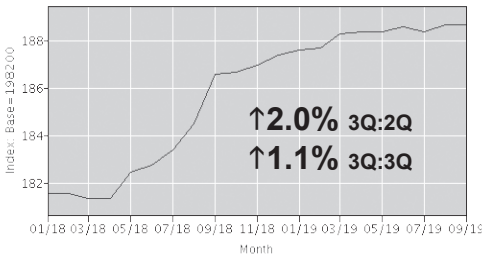
**Power-Driven Hand Tools**



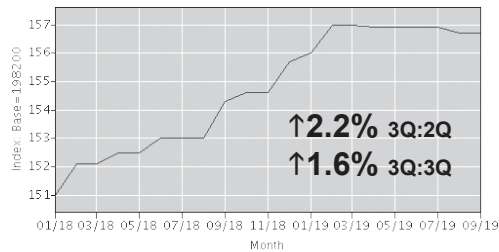
**Precision Measuring Tools**



**Small Cutting Tools**

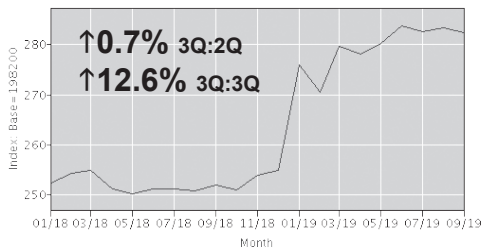


**Tools, Dies, Jigs, Molds, Fixtures**

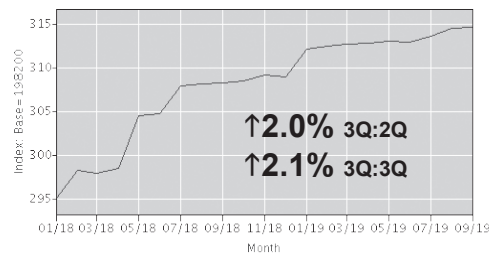


**Gases/Welding Equipment**

**Industrial Gases**



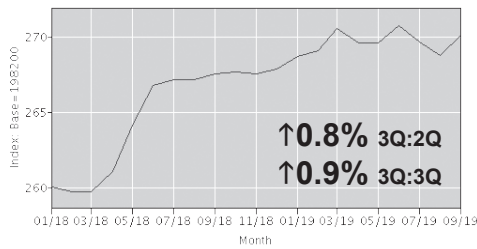
**Welding Machinery & Eqmt**



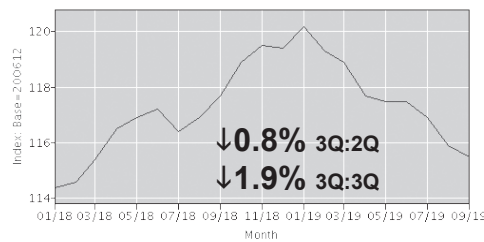
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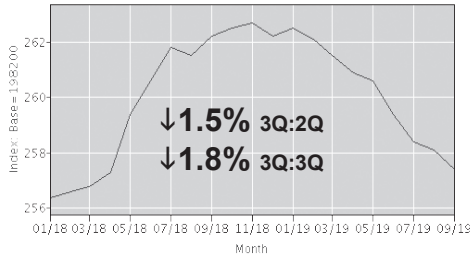
**Paper Boxes & Containers**



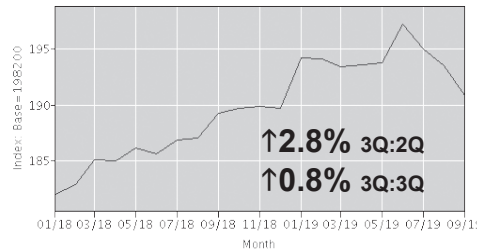
**Packaging Products from Plastic**



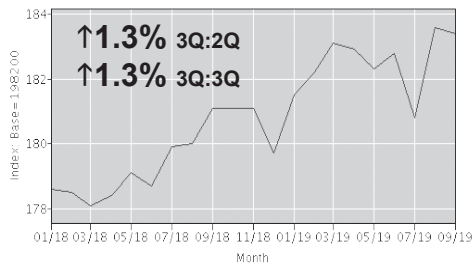
**Pulp, Paper and Allied Products**



**Office Supplies & Accessories**

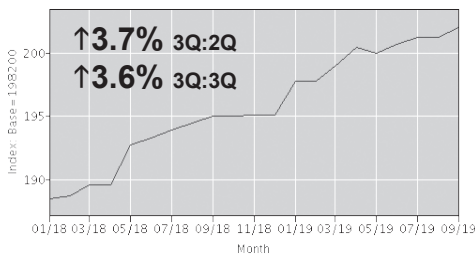


**Sanitary Paper Products**

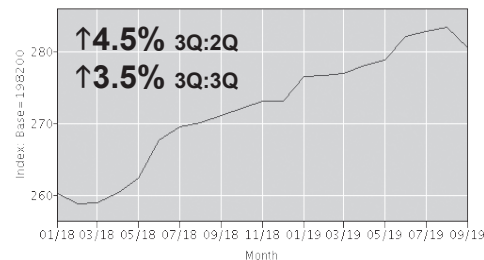


**HVACR/Plumbing**

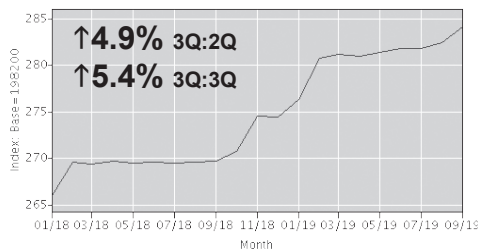
**Air Cond. & Refrigeration Eqmt**



**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, fourth quarter 2015 with fourth quarter 2016). 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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