

# Recent Price Trends in the Pharmaceutical Industry



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U.S. Import and Export Price Indexes contain data on changes in the prices of nonmilitary goods and services traded between the United States and the world. The U.S. Bureau of Labor Statistics produces these indexes, which are Principal Federal Economic Indicators.

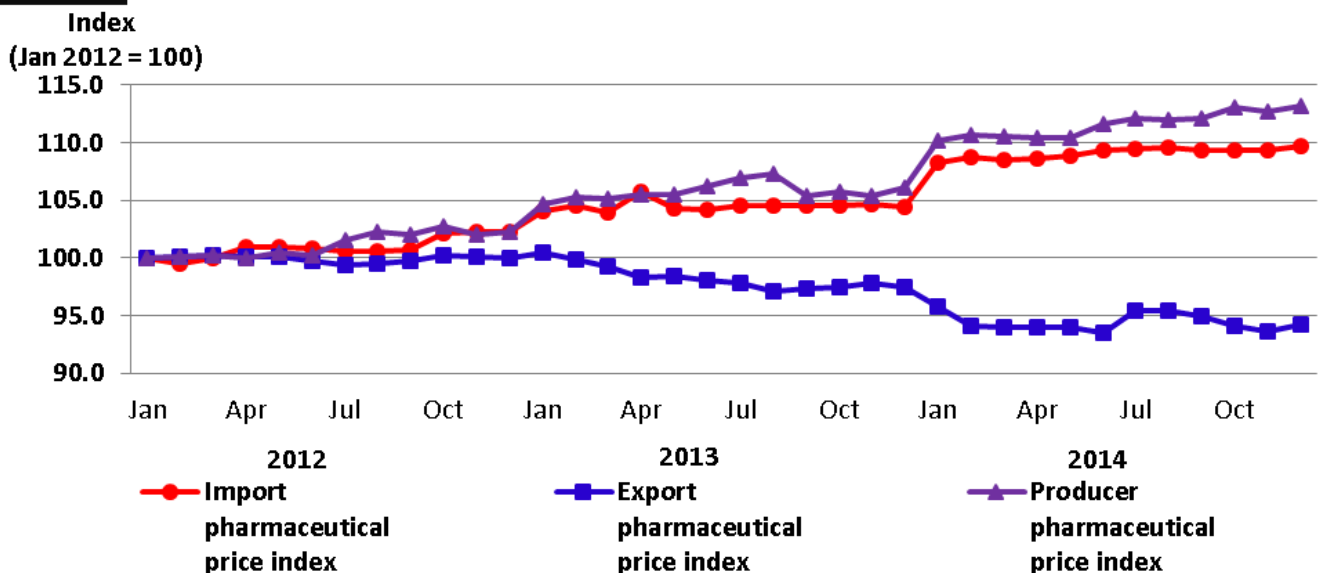
**Q: How have import pharmaceutical prices trended over the 2012–2014 period? (See chart 1.)**

- Import pharmaceutical prices rose steadily between January and December 2012, increasing 2.3 percent, and 0.4 percent between January and December 2013. The price index then increased 5.1 percent for the year ended in December 2014.
- Despite the upturn in the value of the U.S. dollar in the fourth quarter of 2014, import prices rose at a much faster pace in 2014 compared to the two previous years.

**Q: How did import pharmaceutical prices compare with other economic data?**

- Import prices rose 9.7 percent between January 2012 and December 2014. In comparison, producer prices advanced 13.2 percent over the same period. Approximately 71 percent of pharmaceutical imports are made up of intracompany trade which tends to exhibit less volatile price trends compared to market trade.
- The trade value for pharmaceutical imports totaled \$89.5 billion in 2012, decreasing 4.4 percent over the year. Between 2013 and 2014, the total trade value for pharmaceutical imports rose from \$85.5 billion to \$93.5 billion, advancing 9.3 percent.

**Chart 1. Import, export, and producer pharmaceutical price indexes**



Source: U.S. Bureau of Labor Statistics.

**Q: How have export pharmaceutical prices trended over the 2012–2014 period? (See chart 1.)**

- Export pharmaceutical prices recorded little change in 2012, before entering a downward trend in 2013 through 2014. The index dropped 5.8 percent overall between January 2012 and December 2014.
- Weak demand from foreign markets attributed to lower export pharmaceutical prices starting in 2013.

**Q: What are the top six exporting states and territories for Pharmaceutical Manufacturing? (See chart 2.)**

- In 2014, the total trade value of exported pharmaceuticals was over \$54.5 billion. The top six exporting states and territories accounted for 63.5 percent of this total trade value.
- Puerto Rico was the leading exporter for pharmaceuticals among the states and territories in 2014, at \$13.6 billion. That accounted for 24.9 percent of total U.S. pharmaceutical exports.
- California and Indiana followed, each with \$7.1 billion of pharmaceutical exports; representing about 13 percent of total U.S. pharmaceutical exports.
- Pennsylvania, North Carolina, and Illinois rounded out the top 6 exporting states and territories, accounting for 12.6 percent of total pharmaceutical exports.

**Q: How are import and export price indexes useful to you?**

Import and export price indexes can provide a new perspective for your trade analysis. Although many sources report domestic market prices and trade volume, IPP data are unique in measuring import and export price inflation.

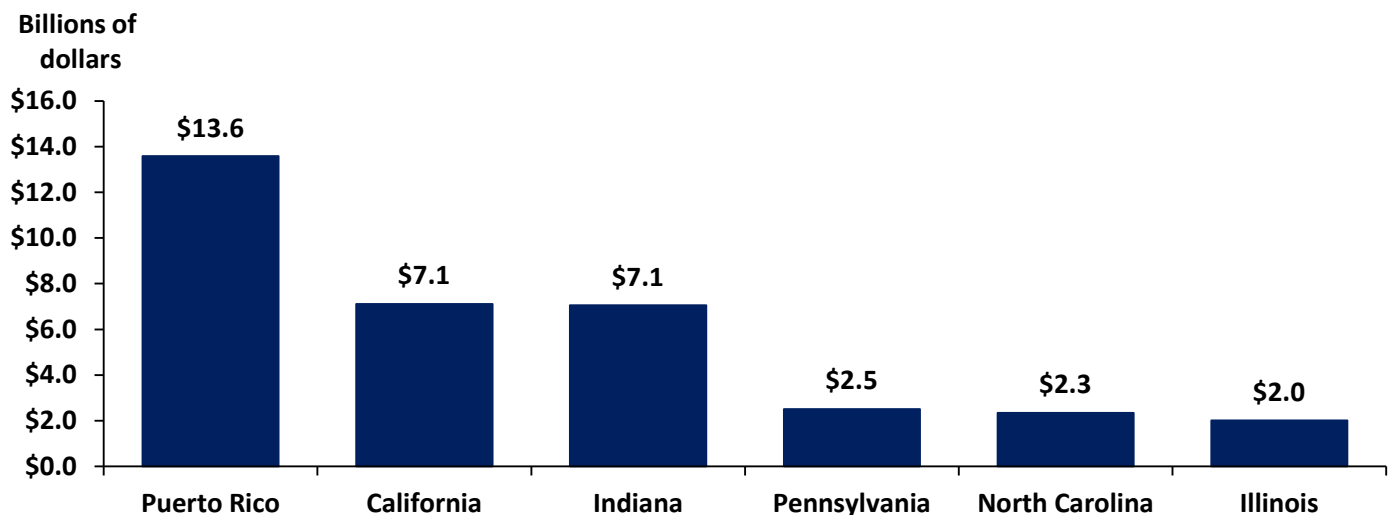
For example, if you are involved in the pharmaceutical industry and you are considering conducting business overseas, IPP pharmaceutical indexes can supplement your industry research by providing long-term import and export price trends.

**Q: How are import and export price indexes used?**

Import and export price indexes are used for a variety of purposes:

- In the conversion of U.S. trade figures from current dollars to constant dollars in U.S. trade statistics including the Bureau of Economic Analysis' Quarterly Gross Domestic Product and the Census Bureau's monthly U.S. trade statistics.
- To assess the impact of international trade on domestic inflation and the competitive position of the United States.
- As a tool for analyzing fiscal and monetary policy, measuring the impact of exchange rates, and escalating trade contracts.
- To identify industry-specific and global price trends.

**Chart 2. Top six exporting states and territories for Pharmaceuticals Manufacturing in 2014**



Source: U.S. Census Bureau, Foreign Trade Statistics.

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