LIFOPro's 2024 Top LIFO Election Candidates Guide

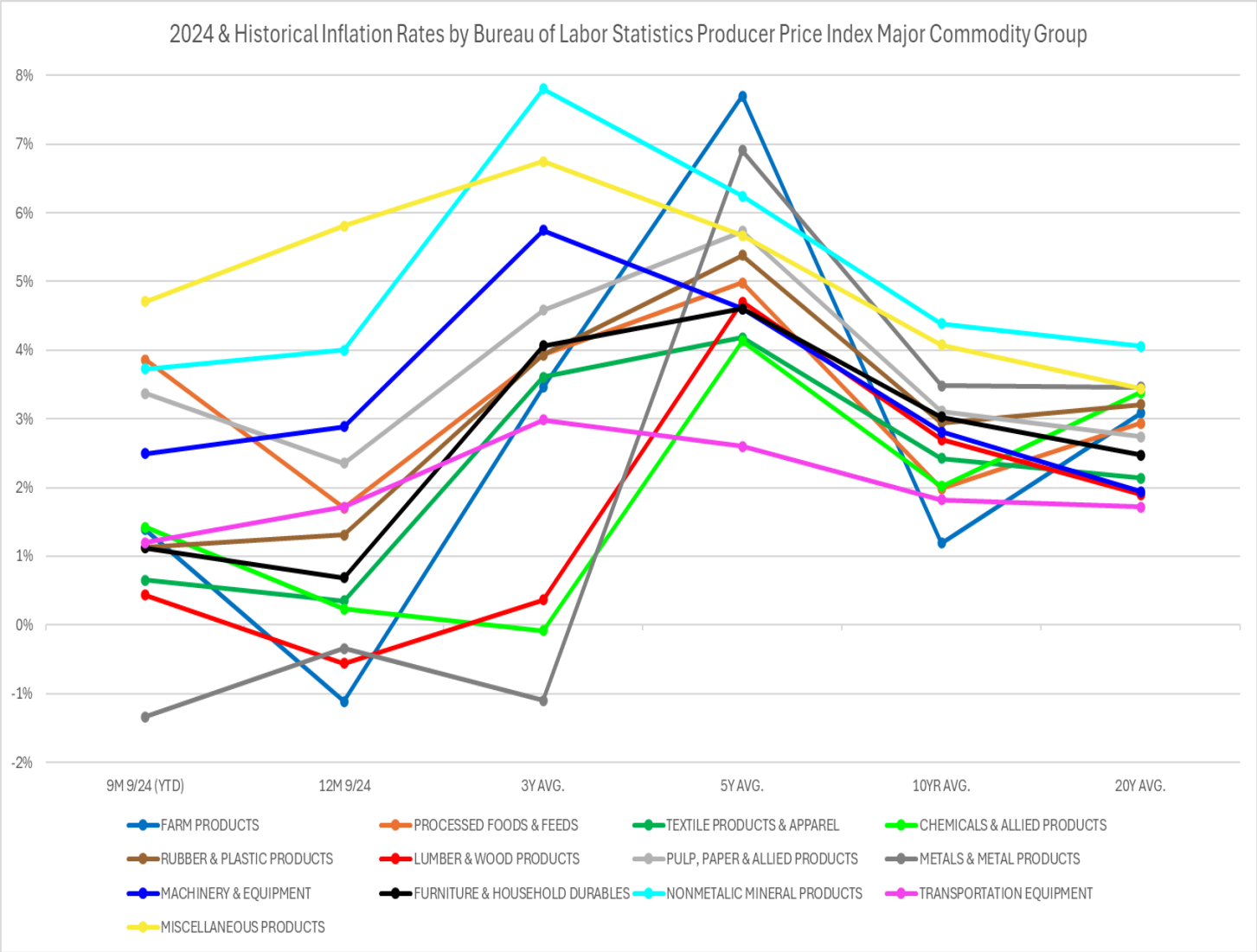

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Table of Contents

Description	Page(s)
LIFOPro's 2024 Top LIFO Election Candidates List	1
LIFO Tax Savings Opportunities Abound	1
Why Use LIFO?	1
Quick LIFO Tax Benefit Formula	1
2024 Top LIFO Election Candidates Tables	2
How to Use LIFOPro's 2024 Top LIFO Election Candidates List	3
Table 1. Top 2024 LIFO Election Candidates by BLS PPI Major Commodity Group	4
Table 2. Top 2024 LIFO Election Candidates by BLS PPI Subgroup	5
Table 3. Top 2024 LIFO Election Candidates by BLS PPI Product Class	6 - 8
Does the Timing of the LIFO Election Matter?	9
How is a Good LIFO Candidate & Top LIFO Election Candidate Determined?	9 - 10
Make Electing LIFO Easy	10
Get a Free LIFO Election Benefit Analysis Today	10
LIFOPro's Turnkey Solutions Process Flow: LIFO Onboarding & Implementation - Election Year	11
LIFOPro's Turnkey Outsourcing Solution Process Flow: Recurring Annual Engagement	11

LIFOPro's 2024 Top LIFO Election Candidates List

LIFOPro's 2024 top LIFO election candidates list provides you with the ability to quickly determine the following:

- If a specific company or industry is a good LIFO candidate
- If a specific company or industry is a top LIFO election candidate for the 2024 year end
- Estimate election year & long-term LIFO tax benefits for a specific company or industry
- Perform LIFO risk assessment for a specific company or industry
- Estimate a specific company's election year LIFO reserve and inventory balance at LIFO value (which can be used to record a LIFO adjustment, present upcoming year end financial statements on a LIFO basis & ensure IRS LIFO conformity rule compliance)

LIFO Tax Savings Opportunities Abound

Although inflation has returned to a more normalized level, there are many industries with inflation at or above the historical levels & will be good LIFO election candidates for the 2024 year end. The best opportunities will be in the following areas:

- Food and beverage producers, wholesalers & retailers
- Paper & paper product producers, wholesalers & retailers
- Machinery & equipment producers, wholesalers & retailers
- Nonmetallic equipment producers, wholesalers & retailers (Glass & glass products, rock/gravel/sand, concrete ingredients & products & stone)
- Transportation equipment producers, wholesalers & retailers (including auto dealers)
- Miscellaneous products producers, wholesalers & retailers (including toys, sporting goods, tobacco, photographic equipment, mobile homes, medical/surgical/personal aid devices & safety equipment)

LIFOPro has compiled a comprehensive list of 2024 top LIFO election candidates. The instructions can be found on Pages 2 -3, and the Tables can be viewed on Pages 4 - 8 below. View/download LIFOPro's 2024 Top LIFO Election Candidate List Excel file by clicking the link provided below: LIFOPro's 2024 Top LIFO Election Candidates List Excel File

Why Use LIFO?

When there's inflation, LIFO creates a tax benefit by lowering the inventory value and increasing cost of goods sold, which in turn reduces taxable income. The LIFO method (last-in, first-out) is the most beneficial inventory-based tax savings strategy because it uses inflation to create material long-term benefits (LIFO creates a tax benefit when there's inflation), and tens of thousands of companies use LIFO because of this (most companies use LIFO in perpetuity after an election is made since the tax benefits become bigger for every subsequent inflationary period). Since the LIFO tax benefit amount is primarily tied to the amount of inflation measured in a given period (for example, a 5x bigger LIFO tax benefit will occur in a period with 10% inflation compared to a period with 2% inflation), thousands of companies have elected LIFO over the past few years because of the unprecedented inflation that's occurred during this period.

Quick LIFO Tax Benefit Formula

- **Current year taxable income reduction from LIFO** (also known as LIFO expense): Prior year inventory balance * Current year inflation rate
- **Current year tax liability reduction from LIFO** (aka tax deferral or after-tax savings from LIFO)**:** Current year LIFO expense * Current year combined federal and state tax rate

LIFO Tax Benefit Example

- **Inputs**
  - Prior year end inventory balance: $10M
  - Current year inflation rate: 5%
  - Current year combined federal & state tax rate: 30%
- **Outputs**
  - Current year LIFO expense: $10M * 5% = $500K
  - Current year after-tax cash savings from LIFO: $500K * 30% = $150K

2024 Top LIFO Election Candidates Tables

- **Major commodity group (Table 1)**
  - BLS PPI major commodity groups are the least-granular or broadest BLS groupings, and there are a total of 15 major commodity groups. For example, the Processed foods & feeds major commodity group includes the most goods most predominantly carried by a food wholesaler/retailer.
  - **The major commodity group table is best suited for the following situations:**
    - CPA firms seeking to identify the 2024 top LIFO election candidates at an industry level that will be used to create a list of clients that will be targeted to explore a LIFO election (will likely be the most suitable table to use since your clients can be more easily organized into the broadest groupings)
    - The major commodity group may be most suitable for certain companies that carry a broad range of products. For example, the major commodity group table would be most suitable for a food wholesaler/retailer for the following reasons:
      - The Processed foods & feeds PPI major commodity group is the only applicable major commodity group for food wholesaler/retailers, it includes all goods carried by the food wholesaler & it excludes goods that aren't carried by most food wholesaler/retailers
      - There are multiple PPI subgroups and product classes applicable to a food wholesaler/retailers, meaning a single subgroup or product class can not be chosen for a food wholesaler
- **Subgroups (Table 2)**
  - There are a total of 96 subgroups which break out goods into more granular groupings than the 15 major commodity groups. For example, there are nine BLS PPI subgroups that fall within the Processed foods & feeds major commodity group.
  - The Subgroup table is best suited for the type of company or industry that may carry a more specific or narrow range/type of products than a company or industry such as a food wholesaler/retailer. For example, a dairy wholesaler would find the Subgroup table to be the most suitable table for the following reasons:
    - The Dairy products PPI subgroup is the only applicable subgroup for dairy wholesalers, it includes all goods carried by the dairy wholesaler, and excludes goods that aren't carried by dairy wholesalers
    - The major commodity group table options are broader than the subgroup options for a dairy wholesaler because the most applicable major commodity group (Processed foods & feeds) includes price surveys for goods not carried by a dairy wholesaler
    - Multiple product classes exist for a dairy wholesaler, meaning a single product class can not be chosen for a dairy wholesaler
- **Product classes (Table 3)**
  - There are a total of 301 product classes which break out goods into more granular groupings than the 15 major commodity groups and 96 subgroups. For example, there are 37 product classes that fall within the Processed foods & feeds major commodity group.
  - The product class table is best suited for an industry or company with a narrower range of products than a food wholesaler/retailer or dairy wholesaler. For example, a wholesaler of non-alcoholic beverages would find the product class table to be most suitable for the following reasons:
    - The soft drinks PPI product class is the only applicable subgroup for a non-alcoholic beverage wholesaler, it includes all goods carried by the beverage wholesaler & excludes goods that aren't carried by a beverage wholesaler
    - The major commodity group and subgroup table options are broader than the subgroup options for a dairy wholesaler because the most applicable major commodity group (Processed foods & feeds) includes price surveys for goods not carried by a dairy wholesaler

How to Use LIFOPro's 2024 Top LIFO Election Candidates List

- **Step 1:**
  - Locate a single BLS group/subgroup/product class that most closely matches your company/client's product mix or industry & proceed to Step 3
  - If multiple BLS PPIs were identified, proceed to step 2
- **Step 2: If multiple PPIs match your company's or client's industry or product mix, take one the following steps:**
  - **Use one of the less-detailed BLS tables -** For example, if multiple product classes were found that include a portion of but not all of your company or client's product mix or industry (but no product class was found that included 100% of your goods), review the subgroup table to determine if there is a single subgroup that contains all goods & excludes most or all goods not carried. If no such subgroup can be found, review the major commodity group table and perform the same steps.
  - **Use the most predominant group/subgroup/product class in your company/client's industry or product mix -** For example, if your product mix includes 70% of one product class, 20% of another product class & 10% of third product class, select the product class that represents the largest proportion of the total inventory balance.
- **Step 3: Locate the Good LIFO Candidate field entry for the selected PPI & take the following steps:**
  - If the Good LIFO Candidate entry is "Yes" – Your company is a goods LIFO candidate. Proceed to Step 4 and/or contact LIFOPro to obtain a free LIFO election benefit analysis.
  - If the Good LIFO Candidate entry is "No" – Your client or company is not a good LIFO candidate & LIFOPro recommends not using LIFO (or contact LIFOPro to obtain confirmation of this)
- **Step 4: Locate the Top 2024 Election Candidate field entry for the selected PPI & take the following steps:**
  - If the Top 2024 Election Candidate entry is "Yes" - LIFOPro recommends exploring a 2024 LIFO election and obtaining a complimentary benefit analysis from LIFOPro ASAP. Proceed to Step 5.
  - If the Top 2024 Election Candidate entry is "No" – Although your company/client is a good LIFO candidate, it is likely that current year LIFO election should be deferred to a future period in time. Consider obtaining a free election benefit analysis from LIFOPro this year, or defer doing so until next year.
- **Step 5: Take any of the following steps to further explore electing LIFO:**
  - **Estimate 2024 LIFO tax benefit:**
    - 2024 taxable income reduction from LIFO (2024 LIFO expense/reserve): Multiply the higher of the two inflation rates shown in the 2024 inflation rate fields by last year's inventory balance
    - 2024 LIFO tax benefit (2024 LIFO after-tax savings): Multiply the 2024 LIFO expense by your combined federal & state tax rate
  - **Contact your client & inform them of the following:**
    - High likelihood that LIFO will create meaningful tax benefit for the upcoming year end
    - They can attend a free LIFO discovery call to learn more about LIFO, how to get a free benefit analysis & learn about our turnkey outsourcing solutions which makes being on LIFO as simple as possible
    - They can obtain a free, comprehensive benefit analysis to obtain a more accurate estimate and essential information on how LIFO works, election requirements and method alternatives
  - **Schedule a free LIFO discovery call to learn more about LIFO, how to obtain a free election benefit analysis & LIFOPro's outsourcing solutions:**
    - Email or call Jamie Pentagulio at **jamie@lifopro.com** or 531-999-3147
    - Use our online scheduling tool: **https://live.vcita.com/site/smleud97dkmgnkd9/online-scheduling**

Table 1. Top 2024 LIFO Election Candidates by BLS PPI Major Commodity Group

PPI Major Commodity Group Name	Good LIFO Candidate	2024 Top Election Candidate	2024 Inflation Rates: 9M Ended Sep. '24 (YTD)	2024 Inflation Rates: 12M Ended Sep. '24	Historical Average Annual Inflation Rates: 12M Ended Dec. '23	3 Year Average 9/24	5 Year Average 9/24	10 Year Average 9/24	20 Year Average 9/24	20 Year Inflation Frequency ('05 - '24)	Inflation Multiplier (2024 vs. 20Y Avg.)
Farm products	Yes	No	1.4%	-1.1%	-17.5%	3.5%	7.7%	1.2%	3.1%	70%	0.4
Processed foods & feeds	Yes	Yes	3.9%	1.7%	-1.0%	3.9%	5.0%	2.0%	2.9%	80%	1.3
Textile products & apparel	Yes	No	0.7%	0.4%	-1.4%	3.6%	4.2%	2.4%	2.1%	70%	0.3
Hides, skins, leather & related products	No	No	-1.5%	-2.3%	1.1%	-2.8%	1.1%	-2.9%	0.3%	60%	(4.9)
Fuels & related products & power	Yes	No	-1.5%	-16.1%	-10.5%	0.3%	5.1%	0.1%	2.6%	60%	(0.6)
Chemicals & allied products	Yes	No	1.4%	0.2%	-4.5%	-0.1%	4.1%	2.0%	3.4%	80%	0.4
Rubber & plastic products	Yes	No	1.1%	1.3%	-2.2%	3.9%	5.4%	2.9%	3.2%	80%	0.4
Lumber & wood products	Yes	No	0.4%	-0.6%	-4.1%	0.4%	4.7%	2.7%	1.9%	60%	0.2
Pulp, paper & allied products	Yes	Yes	3.4%	2.4%	-1.9%	4.6%	5.7%	3.1%	2.7%	75%	1.2
Metals & metal products	Yes	No	-1.3%	-0.3%	0.4%	-1.1%	6.9%	3.5%	3.5%	65%	(0.4)
Machinery & equipment	Yes	Yes	2.5%	2.9%	3.5%	5.7%	4.6%	2.8%	1.9%	85%	1.3
Furniture & household durables	Yes	No	1.1%	0.7%	0.7%	4.1%	4.6%	3.0%	2.5%	100%	0.5
Nonmetallic mineral products	Yes	Yes	3.7%	4.0%	5.2%	7.8%	6.2%	4.4%	4.1%	95%	1.0
Transportation equipment	Yes	Yes	1.2%	1.7%	1.8%	3.0%	2.6%	1.8%	1.7%	100%	1.0
Miscellaneous products	Yes	Yes	4.7%	5.8%	5.1%	6.7%	5.7%	4.1%	3.4%	100%	1.4

Table 2. Top 2024 LIFO Election Candidates by BLS PPI Subgroup

PPI Subgroup Name	Good LIFO Candidate	2024 Top Election Candidate	2024 Inflation Rates: 9M Ended Sep. '24 (YTD)	2024 Inflation Rates: 12M Ended Sep. '24	Historical Average Annual Inflation Rates: 12M Ended Dec. '23	3 Year Average 9/24	5 Year Average 9/24	10 Year Average 9/24	20 Year Average 9/24	20 Year Inflation Frequency ('05 - '24)	Inflation Multiplier (2024 vs. 20Y Avg.)
Fruits & melons, fresh/dry vegs. & nuts	Yes	Yes	-0.7%	5.2%	-28.6%	4.3%	4.3%	2.8%	2.9%	65%	1.8
Grains	Yes	No	-16.6%	-19.0%	-29.0%	-10.7%	2.3%	0.7%	2.9%	60%	(5.8)
Slaughter livestock	Yes	Yes	15.0%	3.1%	10.9%	12.0%	12.7%	1.3%	3.8%	65%	4.0
Slaughter poultry	Yes	Yes	-0.3%	6.9%	-5.2%	4.8%	11.2%	1.7%	3.6%	55%	1.9
Raw cotton	Yes	No	-18.5%	-22.0%	-7.0%	-11.0%	2.6%	-1.5%	1.2%	55%	(15.1)
Raw milk	Yes	Yes	10.1%	6.7%	-9.5%	12.9%	6.0%	-0.2%	2.4%	55%	4.2
Chicken eggs	Yes	Yes	85.0%	124.3%	-64.8%	39.6%	29.9%	10.2%	9.0%	55%	9.4
Hay, hayseeds & oilseeds	Yes	No	-20.0%	-22.9%	-16.5%	-7.9%	3.2%	-0.5%	2.9%	60%	(7.0)
Cereal & bakery products	Yes	No	-0.8%	-1.3%	1.6%	6.0%	5.1%	2.8%	3.2%	80%	(0.3)
Meats, poultry & fish	Yes	Yes	9.2%	3.1%	0.7%	0.0%	5.4%	1.4%	2.9%	70%	3.2
Dairy products	Yes	Yes	8.1%	7.5%	-7.2%	5.8%	3.7%	0.7%	2.3%	55%	3.5
Processed fruits & vegetables	Yes	No	1.1%	1.5%	9.6%	10.0%	7.0%	4.2%	4.0%	85%	0.3
Sugar & confectionery	Yes	Yes	9.8%	9.6%	6.4%	8.6%	5.5%	3.2%	3.4%	80%	2.9
Beverages & beverage materials	Yes	Yes	3.0%	2.1%	3.3%	6.0%	4.5%	2.8%	2.6%	100%	1.1
Fats & oils	Yes	No	-8.3%	-9.9%	-17.8%	-5.0%	6.1%	2.1%	2.6%	50%	(3.2)
Miscellaneous processed foods	Yes	Yes	2.8%	3.1%	-2.3%	7.2%	5.4%	2.9%	2.9%	75%	1.0
Prepared animal feeds	Yes	No	-4.5%	-8.4%	-6.5%	0.7%	4.3%	0.1%	3.4%	70%	(1.3)
Synthetic fibers	Yes	No	0.9%	-0.7%	-2.1%	2.4%	4.0%	2.5%	2.1%	50%	0.5
Processed yarns & threads	Yes	No	1.0%	-0.5%	-8.3%	2.6%	4.5%	2.2%	2.4%	60%	0.4
Greige fabrics	Yes	No	-0.4%	-0.8%	-0.4%	3.8%	3.8%	1.8%	2.0%	60%	(0.2)
Finished fabrics	Yes	No	0.4%	0.4%	-1.0%	3.5%	4.7%	2.8%	2.6%	75%	0.1
Apparel & other fabricated textile prods	Yes	Yes	1.7%	2.0%	2.5%	4.1%	3.2%	2.2%	1.9%	90%	1.0
Miscellaneous textile products/services	Yes	No	-3.6%	-2.4%	-7.8%	7.7%	7.6%	2.9%	2.1%	60%	(1.7)
Hides & skins, incl. cattle	No	#1	-12.9%	-18.8%	-8.0%	-19.9%	-7.2%	-12.6%	-3.8%	40%	#1
Leather	No	#1	-1.9%	-1.4%	1.7%	-5.5%	1.7%	-4.2%	-0.5%	55%	#1
Footwear	Yes	No	1.6%	1.8%	1.6%	5.8%	4.0%	2.9%	2.8%	90%	0.6
Other leather & related products	Yes	Yes	1.5%	1.9%	5.3%	4.0%	3.0%	2.4%	2.1%	100%	1.0
Gas fuels	No	#1	-22.0%	-21.0%	-54.4%	-21.4%	3.2%	-7.1%	-3.9%	50%	#1
Utility natural gas	Yes	No	-5.4%	-0.3%	-12.2%	2.3%	7.7%	2.6%	1.7%	60%	(3.1)
Crude petroleum (domestic production)	Yes	No	-4.8%	-27.8%	-8.9%	-2.3%	2.5%	-3.6%	2.1%	60%	(2.3)
Petroleum products, refined	Yes	No	-4.6%	-28.0%	-10.4%	-1.7%	4.9%	-1.5%	3.4%	60%	(1.3)
Asphalt & other petroleum & coal products, n.e.c.	Yes	No	-7.5%	-16.5%	-12.8%	-2.4%	1.2%	-1.1%	6.4%	55%	(1.2)
Industrial chemicals	Yes	No	1.3%	-0.3%	-8.5%	-3.9%	5.0%	0.3%	2.9%	50%	0.5
Paints & allied products	Yes	No	0.7%	-1.1%	-2.9%	6.6%	6.4%	3.8%	4.1%	80%	0.2
Drugs & pharmaceuticals	Yes	No	2.1%	2.1%	3.1%	2.6%	2.3%	3.8%	4.4%	100%	0.5
Fats & oils, inedible	Yes	Yes	10.6%	-5.3%	-19.8%	-2.3%	12.0%	3.9%	4.2%	55%	2.5
Agricultural chemicals & chemical products	Yes	No	-0.4%	-0.2%	-26.7%	-0.3%	5.8%	1.7%	3.4%	60%	(0.1)
Plastic resins & materials	Yes	No	0.2%	-2.8%	-6.5%	-6.1%	3.2%	0.0%	2.3%	65%	0.1
Other chemicals & allied products	Yes	No	1.3%	1.4%	2.6%	5.9%	4.6%	2.9%	3.0%	95%	0.4
Rubber & rubber products	Yes	No	2.1%	2.2%	0.2%	4.7%	4.6%	2.3%	3.0%	70%	0.7
Plastic products	Yes	No	0.9%	1.0%	-2.9%	3.7%	5.6%	3.1%	3.3%	75%	0.3
Lumber	Yes	Yes	6.2%	1.1%	-8.2%	-2.5%	4.1%	1.5%	0.7%	50%	8.4
Millwork	Yes	No	1.1%	1.0%	-3.3%	3.0%	6.2%	4.3%	3.0%	90%	0.4
Plywood	Yes	No	-5.2%	-3.8%	-4.5%	-0.6%	6.7%	2.4%	1.3%	50%	(4.1)
Other wood products	Yes	No	-4.0%	-3.9%	-3.2%	-1.5%	3.2%	2.5%	2.1%	75%	(1.9)
Logs, bolts, timber, pulpwood & wood chips	Yes	No	-1.3%	-3.1%	-4.8%	-1.0%	1.7%	0.7%	1.5%	70%	(0.9)
Prefabricated wood buildings & components	Yes	No	-0.7%	-0.1%	-0.5%	3.3%	6.9%	4.8%	3.2%	80%	(0.2)
Treated wood & contract wood preserving	Yes	No	-1.5%	-0.5%	3.0%	6.8%	5.5%	2.7%	2.5%	75%	(0.6)
Pulp, paper & paper products	Yes	Yes	4.5%	4.0%	-3.6%	4.1%	5.6%	2.9%	2.9%	75%	1.5
Building paper & building board mill prods.	Yes	No	-10.3%	-27.2%	-3.8%	-9.3%	7.8%	4.2%	1.6%	50%	(6.3)
Publications, printed matter & printing material	Yes	No	1.9%	2.1%	3.0%	7.7%	5.9%	3.5%		93%	0.5
Iron & steel	Yes	No	-10.7%	-9.7%	0.4%	-10.0%	6.5%	2.3%	2.7%	65%	(4.0)
Nonferrous metals	Yes	Yes	6.4%	7.9%	-1.4%	1.6%	7.2%	3.5%	4.3%	65%	1.5
Metal containers	Yes	No	1.0%	-0.7%	-4.9%	6.7%	6.2%	4.1%	3.3%	65%	0.3
Hardware	Yes	No	-0.3%	-0.5%	1.3%	4.3%	4.9%	3.2%	2.8%	90%	(0.1)
Plumbing fixtures & fittings	Yes	No	1.6%	1.6%	1.2%	4.5%	3.7%	3.0%	3.0%	100%	0.5
Heating equipment	Yes	No	2.2%	3.3%	2.2%	7.4%	7.4%	5.1%	4.3%	100%	0.5
Fabricated structural metal products	Yes	No	-1.4%	0.2%	2.1%	3.9%	8.9%	5.4%	3.9%	85%	(0.4)
Miscellaneous metal products	Yes	Yes	2.6%	3.1%	1.7%	5.5%	5.3%	3.2%	2.6%	85%	1.0
Agricultural machinery & equipment	Yes	No	0.2%	0.6%	1.4%	6.5%	6.1%	3.8%	3.3%	100%	0.1
Construction machinery & equipment	Yes	No	0.8%	2.5%	7.6%	7.2%	5.6%	3.6%	3.3%	100%	0.2
Metalworking machinery & equipment	Yes	Yes	2.9%	3.5%	5.1%	6.3%	4.7%	3.1%	2.5%	95%	1.1
General purpose machinery & equipment	Yes	Yes	3.2%	3.5%	5.2%	8.1%	6.7%	4.4%	3.8%	100%	1.0
Electronic computers & computer equipment	No	#1	2.4%	2.3%	253.8%	56.0%	31.9%	12.7%	2.9%	15%	#1
Special industry machinery & equipment	Yes	Yes	2.7%	3.0%	3.5%	6.2%	6.2%	3.8%	2.6%	95%	1.0
Electrical machinery & equipment	Yes	Yes	2.2%	2.5%	1.6%	4.1%	3.3%	1.9%	1.0%	60%	2.3
Miscellaneous instruments	Yes	Yes	3.3%	3.5%	4.8%	6.3%	4.5%	3.1%	2.4%	100%	1.3
Miscellaneous machinery	Yes	Yes	2.6%	3.0%	4.3%	5.0%	3.6%	2.2%	2.3%	85%	1.1
Household furniture	Yes	No	1.6%	0.0%	-1.1%	3.5%	4.6%	3.2%	2.7%	90%	0.6
Commercial furniture	Yes	Yes	2.9%	2.9%	1.4%	6.3%	6.3%	4.1%	3.3%	90%	1.0
Floor coverings	Yes	No	0.0%	-1.1%	-1.2%	0.6%	1.5%	1.3%	2.2%	80%	0.0
Household appliances	Yes	No	-1.4%	-1.2%	2.0%	3.5%	4.0%	2.4%	1.9%	70%	(0.7)
Home electronic equipment	No	#1	1.5%	1.6%	1.1%	3.9%	3.8%	2.1%	0.0%	50%	#1
Other household durable goods	Yes	No	1.0%	1.2%	1.9%	3.8%	4.5%	2.8%	2.2%	100%	0.5
Glass	Yes	Yes	2.0%	2.9%	1.9%	5.2%	4.6%	3.6%	2.3%	80%	1.3
Concrete ingredients & related products	Yes	Yes	6.7%	6.7%	8.6%	9.2%	7.0%	5.4%	4.7%	95%	1.4
Concrete products	Yes	Yes	3.7%	4.2%	7.3%	9.4%	7.2%	5.4%	4.4%	90%	1.0
Clay construction products ex. refractories	Yes	No	0.6%	1.1%	4.5%	5.1%	4.3%	2.7%	2.0%	80%	0.3
Refractories	Yes	No	1.2%	1.1%	2.0%	5.3%	4.7%	3.6%	4.0%	90%	0.3
Asphalt felts & coatings	Yes	No	0.1%	0.7%	2.6%	6.1%	7.0%	4.2%	5.4%	60%	0.0
Gypsum products	Yes	Yes	5.0%	4.9%	-1.7%	7.0%	8.5%	5.1%	4.1%	70%	1.2
Glass containers	Yes	Yes	7.5%	6.6%	6.9%	9.5%	7.1%	4.3%	3.6%	100%	2.1
Other nonmetallic minerals	Yes	No	3.2%	3.2%	3.8%	7.0%	5.1%	2.9%	3.9%	80%	0.8
Motor vehicles & equipment	Yes	TBD	0.4%	1.0%	1.0%	2.6%	2.5%	1.7%	1.4%	85%	0.7
Aircraft & aircraft equipment	Yes	Yes	3.3%	3.8%	3.5%	4.0%	2.9%	2.0%	2.4%	95%	1.4
Ships & boats	Yes	Yes	1.8%	2.2%	2.8%	3.8%	3.3%	2.4%	2.5%	100%	1.0
Railroad equipment	Yes	No	1.0%	1.0%	1.3%	1.8%	1.3%	1.0%	2.0%	80%	0.5
Transportation equipment, n.e.c.	Yes	No	-1.5%	-2.0%	2.0%	3.1%	3.2%	2.5%	1.8%	85%	(0.9)
Toys, sporting goods, small arms, etc.	Yes	Yes	3.0%	4.1%	4.8%	7.0%	6.1%	3.5%	2.6%	85%	1.2
Tobacco products, incl. stemmed & redried	Yes	Yes	9.2%	11.5%	10.4%	10.8%	9.4%	7.4%	6.1%	95%	1.5
Notions	Yes	No	-0.1%	1.7%	5.1%	6.1%	5.1%	3.1%	3.6%	95%	(0.0)
Photographic equipment & supplies	Yes	Yes	5.3%	6.5%	7.9%	7.2%	5.3%	3.5%	2.9%	70%	1.8
Mobile homes	Yes	No	1.5%	-0.7%	-3.5%	3.6%	8.2%	6.2%	4.7%	95%	0.3
Medical, surgical & personal aid devices	Yes	Yes	1.8%	2.5%	2.5%	3.0%	2.3%	1.6%	1.3%	100%	1.4
Other industrial safety equipment	Yes	Yes	3.4%	3.4%	3.1%	6.4%	5.5%	3.2%	2.4%	90%	1.4
Other miscellaneous products	Yes	Yes	4.5%	5.1%	3.3%	7.8%	6.2%	4.3%	3.1%	90%	1.4

Table 3. Top 2024 LIFO Election Candidates by BLS PPI Product Class

PPI Product Class Name	Good LIFO Candidate	2024 Top Election Candidate	2024 Inflation Rates: 9M Ended Sep. '24 (YTD)	2024 Inflation Rates: 12M Ended Sep. '24	Historical Average Annual Inflation Rates: 12M Ended Dec. '23	3 Year Average 9/24	5 Year Average 9/24	10 Year Average 9/24	20 Year Average 9/24	20 Year Inflation Frequency ('05 - '24)	Inflation Multiplier (2024 vs. 20Y Avg.)
Fresh fruits & melons	Yes	Yes	-5.1%	4.6%	1.3%	7.3%	5.8%	2.7%	2.0%	65%	2.3
Fresh & dry vegetables	Yes	Yes	4.3%	7.7%	-51.2%	2.3%	6.7%	4.3%	3.7%	55%	2.1
Tree nuts	Yes	No	0.0%	0.7%	-1.8%	2.8%	-3.3%	-0.8%		55%	(0.9)
Wheat	No	#1	-15.5%	-19.7%	-24.4%	-12.0%	4.8%	-1.4%	2.1%	40%	#1
Other grains	Yes	No	-17.2%	-18.7%	-30.9%	-10.7%	1.6%	1.4%	3.1%	60%	(6.1)
Rough rice	Yes	No	-10.6%	-20.2%	-0.5%	3.4%	5.7%	0.2%		58%	(115.6)
Slaughter cattle	Yes	Yes	13.8%	3.3%	12.6%	15.9%	13.5%	1.7%	4.1%	60%	3.3
Slaughter hogs	No	#1	59.2%	-0.1%	-39.6%	-5.5%	5.9%	-2.3%	0.7%	50%	#1
Slaughter lambs	Yes	No	3.8%	1.2%	22.6%	-5.1%	6.5%	1.5%	4.7%	80%	0.8
Feeder & replacement cattle	Yes	Yes	3.8%	4.5%	43.0%	12.0%	12.7%	1.3%	3.8%	65%	1.2
Slaughter chickens	Yes	Yes	0.7%	11.0%	1.6%	7.2%	12.8%	1.8%	3.8%	65%	2.9
Slaughter turkeys	Yes	No	-7.4%	-17.1%	-37.4%	-9.4%	2.3%	-0.5%	2.3%	70%	(7.3)
Slaughter ducks	Yes	No	0.3%	0.0%	0.0%	3.9%	3.3%	2.2%	3.8%	90%	0.0
Hay & hayseeds	Yes	Yes	3.2%	-13.1%	-37.9%	-7.4%	1.4%	-0.4%	3.5%	60%	1.0
Oilseeds	Yes	No	-23.1%	-24.5%	-12.4%	-8.0%	3.5%	-0.4%	2.8%	55%	(8.6)
Bakery products	Yes	No	0.6%	0.8%	3.4%	6.5%	4.3%	2.9%	3.1%	95%	0.3
Flour & flour base mixes & doughs	Yes	No	-1.1%	-1.3%	-4.0%	4.8%	6.6%	2.3%	3.4%	65%	(0.4)
Milled rice & byproducts	Yes	No	-1.0%	-4.3%	-3.9%	6.1%	6.2%	2.7%	3.9%	70%	(1.1)
Cereal & pasta products	Yes	No	-3.5%	-5.1%	3.4%	5.6%	5.0%	2.7%	3.0%	75%	(1.7)
Meats	Yes	Yes	6.8%	2.9%	7.0%	0.2%	6.1%	1.5%	3.2%	75%	2.1
Processed poultry	Yes	Yes	18.6%	5.3%	-11.2%	-0.1%	4.7%	1.1%	2.1%	65%	2.5
Unprocessed & prepared seafood	Yes	No	-0.4%	-2.1%	-2.8%	-0.1%	3.1%	2.1%	3.5%	65%	(0.6)
Fluid milk products	Yes	Yes	5.0%	7.5%	-0.9%	8.4%	5.2%	1.9%	3.2%	55%	2.3
Butter	Yes	Yes	21.3%	17.4%	-7.4%	21.7%	7.3%	0.9%	3.0%	50%	7.1
Natural, processed & imitation cheese	Yes	Yes	10.1%	5.5%	-9.3%	5.2%	2.6%	-0.2%	1.7%	50%	6.0
Ice cream & frozen desserts	Yes	No	0.9%	1.4%	1.8%	5.6%	3.8%	2.5%	2.7%	90%	0.5
Dry, condensed & evaporated milk products	Yes	Yes	9.8%	12.8%	-19.0%	-2.4%	2.1%	-1.3%	1.3%	70%	9.9
Canned fruits & juices	Yes	Yes	3.9%	4.5%	11.4%	10.3%	7.2%	4.1%	4.1%	80%	1.1
Frozen fruits, juices & ades	Yes	Yes	16.0%	24.5%	19.4%	12.8%	9.6%	5.1%	5.3%	70%	4.6
Canned vegetables & juices	Yes	No	-1.6%	-0.2%	5.1%	9.7%	7.2%	3.8%	3.2%	80%	(0.1)
Frozen vegetables	Yes	No	0.2%	-2.0%	12.4%	12.0%	8.1%	4.8%	4.3%	90%	(0.5)
Dried & dehydrated food	Yes	No	-3.9%	-4.6%	6.9%	5.6%	3.6%	3.3%	3.8%	85%	(1.2)
Raw cane sugar & sugar cane mill products & byproducts	Yes	No	-4.3%	-1.2%	12.6%	9.7%	8.3%	4.7%	3.9%	65%	(0.3)
Refined sugar products & byproducts	Yes	Yes	11.5%	13.1%	9.3%	10.8%	8.5%	4.7%	4.0%	70%	3.3
Confectionery materials	Yes	Yes	26.7%	24.3%	18.6%	18.5%	12.0%	7.1%	4.9%	80%	4.9
Confectionery end products	Yes	Yes	5.4%	5.2%	2.1%	5.1%	2.6%	1.5%	2.7%	80%	1.9
Alcoholic beverages	Yes	No	-0.3%	0.2%	1.5%	3.1%	1.9%	1.3%	1.8%	85%	0.1
Soft drinks	Yes	Yes	6.3%	3.8%	4.0%	8.0%	6.6%	4.3%	3.2%	100%	1.2
Packaged beverage materials	Yes	Yes	5.9%	4.9%	6.8%	10.6%	6.6%	2.9%	3.6%	70%	1.4
Other beverage materials	Yes	No	-0.4%	-1.1%	5.2%	7.7%	6.7%	4.4%	3.7%	90%	(0.3)
Shortening, cooking oil & margarine	No	#1	-2.5%	-4.6%	-9.7%	0.1%	8.1%	3.2%	2.9%	45%	#1
Other oilseed processing	Yes	No	-12.7%	-11.7%	-24.8%	-8.3%	5.6%	1.4%		58%	(8.1)
Corn oil, crude & refined	Yes	No	-14.6%	-22.8%	-20.6%	-10.0%	14.5%	2.1%		50%	(1.0)
Canned jams, jellies & preserves	Yes	No	0.6%	0.5%	2.0%	6.6%	4.2%	2.9%	2.8%	85%	0.2
Pickles & other pickled products, including horseradish	Yes	No	0.6%	-0.6%	-1.4%	6.8%	5.1%	3.4%	2.7%	80%	(0.2)
Specialty canning	Yes	No	-6.3%	-1.5%	8.2%	8.3%	5.9%	3.4%	3.1%	85%	(0.5)
Frozen specialty food	Yes	No	1.0%	1.6%	3.2%	7.0%	5.0%	2.1%	2.2%	70%	0.7
Prepared sauces, except tomato	Yes	Yes	1.2%	2.4%	12.4%	9.3%	5.9%	3.3%	2.6%	85%	1.0
Other miscellaneous processed foods	Yes	No	2.2%	2.1%	1.3%	6.3%	5.0%	3.2%	3.0%	85%	0.7
Soybean cake, meal & other byproducts	Yes	No	-9.9%	-9.2%	-0.6%	-0.4%	1.3%	-5.3%	2.1%	55%	(4.4)
Formula feeds	Yes	No	-4.6%	-7.2%	-10.8%	-0.8%	3.9%	1.1%	3.5%	70%	(2.1)
Miscellaneous feedstuffs	Yes	No	-2.9%	-8.9%	-5.4%	1.9%	5.6%	1.9%	3.8%	65%	(2.4)
Unprocessed filament yarns	Yes	No	0.9%	-0.7%	-2.1%	2.5%	4.0%	2.5%	2.1%	55%	(0.4)
Yarns	Yes	No	1.0%	-0.6%	-8.5%	2.7%	4.6%	2.3%	2.4%	65%	(0.2)
Greige broadwoven fabrics	Yes	No	-0.4%	0.0%	3.8%	4.6%	4.0%	2.2%	2.2%	70%	(0.0)
Greige knit fabrics	Yes	No	-0.6%	-1.3%	-1.4%	3.1%	3.4%	1.4%	2.7%	65%	(0.5)
Tire cord & tire fabric	No	#1	-0.5%	-3.0%	-11.8%			0.5%	1.3%	47%	#1
Finished broadwoven fabrics	Yes	No	2.2%	2.2%	-7.2%	-0.4%	6.1%	3.0%	3.1%	70%	0.7
Woven & braided narrow fabrics	Yes	Yes	-3.3%	3.7%	7.0%	5.5%	6.1%	4.2%	3.7%	100%	1.0
Nonwoven fabrics & felts	Yes	No	-1.3%	-1.8%	-3.6%	1.7%	2.9%	1.8%	2.1%	55%	(0.9)
Coated fabrics, not rubberized	Yes	No	0.6%	0.2%	3.1%	6.3%	4.9%	2.9%	3.2%	85%	0.1
Screen printed textile materials, embroideries & lace goods	Yes	No	1.3%	1.0%	1.3%	5.4%	4.8%	3.1%	1.9%	85%	0.5
Knit fabrics, finished in knitting mills	Yes	No	0.7%	1.0%	1.2%	8.3%	6.7%	3.8%	2.8%	80%	0.4
Apparel	Yes	Yes	1.8%	1.3%	0.7%	2.7%	1.9%	1.4%	1.2%	80%	1.0
Textile house furnishings	Yes	No	1.5%	1.5%	0.1%	3.2%	1.9%	1.4%	2.1%	90%	0.8
Industrial & other fabricated products	Yes	Yes	1.7%	2.7%	4.8%	5.7%	5.2%	3.1%	2.7%	90%	1.0
Finished & unfinished leather	No	#1	-1.9%	-1.4%	1.7%	-5.5%	1.7%	-4.2%	-0.5%	55%	#1
Men's nonathletic footwear	Yes	No	1.8%	1.9%	2.1%	7.0%	4.8%	3.2%	3.1%	100%	0.6
Women's nonathletic footwear	Yes	Yes	2.3%	2.7%	1.2%	3.4%	2.2%	2.1%	2.2%	75%	1.3
Other footwear including slippers	Yes	No	1.6%	0.0%	1.6%	5.8%	4.0%	3.7%	2.9%	76%	0.6
Luggage & small leather goods	Yes	Yes	1.6%	2.1%	7.4%	3.9%	2.7%	2.2%	2.1%	90%	1.0
Leather & leather-like goods, n.e.c.	Yes	No	1.4%	1.6%	2.9%	4.2%	3.5%	2.7%	2.3%	100%	0.7
Coal	Yes	Yes	4.4%	0.7%	-1.8%	14.9%	7.8%	4.1%	4.9%	70%	1.0
Natural gas	No	#1	-33.3%	-24.6%	-62.8%	-28.8%	-2.1%	-9.4%	-6.0%	50%	#1
Liquefied petroleum gas	No	#1	-1.4%	-16.1%	-24.9%	-12.1%	7.7%	-5.7%	-1.6%	55%	#1
Residential natural gas	Yes	No	-2.8%	1.5%	-9.7%	2.8%	6.6%	2.9%	2.1%	55%	0.7
Commercial natural gas	Yes	No	-9.9%	-0.5%	-16.9%	0.6%	5.7%	2.3%	1.2%	55%	(0.4)
Industrial natural gas	No	#1	-13.7%	-7.5%	-16.2%	0.3%	7.0%	1.1%	0.1%	60%	#1
Natural gas to electric power	Yes	No	-5.5%	-1.3%	-12.7%	2.5%	10.1%	2.6%	1.6%	55%	(0.8)
Gasoline	Yes	Yes	6.3%	-26.2%	-4.8%	-2.4%	4.0%	-2.5%	2.7%	55%	2.4
Kerosene & jet fuels	Yes	No	-15.7%	-33.6%	-10.6%	2.7%	2.6%	-2.7%	3.2%	65%	(10.5)
Light fuel oils	Yes	No	-15.9%	-36.0%	-18.4%	-4.8%	5.2%	-0.8%	3.4%	70%	(10.5)
Residual fuels (heavy fuel oils & other residual fuels)	Yes	Yes	5.2%	-1.0%	-2.1%	3.7%	7.0%	-2.1%	3.8%	50%	1.4
Finished lubricants	Yes	No	-0.8%	-0.1%	-0.3%	8.0%	6.8%	4.1%	6.4%	65%	(0.0)
Lubricating oil base stocks	Yes	No	-12.5%	2.7%	-12.7%	-2.4%	6.4%	-0.3%	3.4%	50%	(3.7)
Basic inorganic chemicals	Yes	No	-1.9%	-4.5%	-12.4%	4.7%	4.3%	2.3%	5.1%	55%	(0.9)
Basic organic chemicals	Yes	Yes	2.1%	0.6%	-7.7%	-5.1%	5.2%	0.0%	2.4%	50%	0.9
Prepared paint	Yes	No	0.7%	0.2%	-2.2%	7.1%	6.9%	4.2%	4.4%	85%	0.0
Paint materials	Yes	No	1.4%	-5.9%	-5.4%	5.9%	5.2%	2.7%	3.2%	80%	(1.8)
Allied & miscellaneous paint products	Yes	No	-1.7%	-1.4%	-2.3%	3.4%	4.7%	2.4%	3.9%	80%	(0.4)
Medicinal & botanical chemicals, drugs & other products	Yes	Yes	4.7%	5.5%	0.8%	2.6%	1.4%	1.0%	1.9%	70%	2.9
Biological products, including diagnostics	Yes	Yes	2.6%	2.9%	5.1%	4.2%	4.0%	2.8%	3.1%	95%	1.0
Pharmaceutical preparations	Yes	No	1.7%	1.5%	2.4%	2.0%	1.9%	4.1%	4.9%	100%	0.3
Mixed fertilizers	Yes	No	2.0%	1.6%	-10.1%	4.9%	8.2%	3.4%	3.7%	60%	0.4
Fertilizer materials	Yes	Yes	-2.0%	6.9%	-32.2%	-4.8%	7.9%	0.8%	3.8%	60%	1.8
Other agricultural chemicals	Yes	No	0.2%	-7.5%	-27.1%	3.0%	2.5%	1.6%	2.0%	70%	(3.8)
Thermoplastic resins & plastics materials	Yes	No	0.9%	-1.1%	-5.3%	-6.7%	3.5%	-0.1%	2.3%	65%	(0.5)
Thermosetting resins & plastics materials	Yes	No	-4.6%	-13.4%	-14.2%	-2.0%	1.1%	0.4%	1.8%	75%	(7.7)
Soaps & detergents	Yes	No	1.6%	1.3%	7.9%	7.6%	5.6%	3.2%	2.9%	85%	0.4
Polish & other sanitation goods	Yes	No	1.0%	0.9%	2.2%	3.9%	3.3%	3.0%	2.6%	90%	0.4
Cosmetics & other toilet preparations	Yes	Yes	1.2%	1.5%	4.8%	4.3%	2.8%	1.7%	1.6%	85%	1.0
Misc. chemical prod. & preparations	Yes	No	1.2%	1.5%	0.1%	6.4%	5.3%	3.4%	3.9%	95%	0.4
Synthetic rubber	Yes	Yes	11.6%	12.8%	-7.4%	0.3%	3.9%	1.1%	3.1%	60%	4.2
Tires, tubes, tread, & repair materials	Yes	No	-0.4%	-0.6%	2.1%	5.9%	5.0%	2.4%	3.2%	75%	(0.2)
Miscellaneous rubber products	Yes	No	0.8%	0.8%	1.7%	5.3%	4.6%	2.7%	3.0%	85%	0.3
Plastic construction products	Yes	No	-0.2%	-0.9%	-2.8%	4.0%	8.4%	5.0%	4.3%	80%	(0.2)
Unsupported plastic film, sheet & other shapes	Yes	Yes	1.3%	3.9%	-7.0%	1.7%	4.5%	2.4%	3.1%	75%	1.3
Laminated plastic sheets, rods & tubes	Yes	No	1.9%	1.9%	4.1%	7.1%	5.4%	3.2%	2.8%	89%	0.7
Parts for manufacturing from plastics	Yes	No	1.4%	1.0%	-3.4%	2.7%	3.4%	2.0%	2.2%	75%	0.5
Other plastic products	Yes	Yes	3.0%	3.2%	0.7%	5.0%	5.3%	2.9%	3.6%	75%	1.0
Plastic packaging products	Yes	No	0.3%	-0.7%	-4.7%	2.3%	4.8%	2.3%		53%	(0.3)
Consumer, institutional & commercial products, n.e.c.	Yes	No	1.1%	1.1%	-0.3%	7.3%	7.4%	4.3%		65%	0.3
Softwood lumber	Yes	Yes	6.2%	-2.2%	-15.0%	-2.2%	3.4%	1.9%	1.5%	60%	4.1
Hardwood lumber	Yes	Yes	6.2%	6.3%	4.2%	-3.7%	5.0%	0.8%	1.4%	55%	4.7
General millwork	Yes	Yes	2.2%	2.7%	-0.7%	4.8%	5.7%	3.8%	2.8%	90%	1.0
Prefabricated structural members	Yes	No	-2.4%	-3.9%	-10.3%	-2.2%	9.0%	6.7%	4.1%	65%	(1.0)
Softwood veneer & plywood	No	#1	-8.7%	-6.3%	-3.2%	-2.2%	8.0%	1.4%	0.6%	40%	#1
Hardwood veneer & plywood	Yes	No	-0.5%	-0.5%	-6.1%	1.8%	4.8%	3.8%		76%	(0.1)
Wood pallets & pallet containers	Yes	No	-5.7%	-9.4%	-12.5%	-5.2%	3.4%	3.2%	2.9%	75%	(3.3)
Wood boxes	Yes	No	-18.7%	-7.6%	12.5%	-4.9%	0.5%	0.8%	1.4%	85%	(5.5)
Miscellaneous wood products	Yes	Yes	0.7%	3.6%	7.1%	4.2%	4.1%	2.5%	2.1%	85%	1.7
Wood pulp	Yes	Yes	14.8%	38.4%	-21.5%	3.8%	9.7%	2.5%	2.6%	55%	14.5

Table 3. Top 2024 LIFO Election Candidates by BLS PPI Product Class, Continued

PPI Product Class Name	Good LIFO Candidate	2024 Top Election Candidate	2024 Inflation Rates: 9M Ended Sep. '24 (YTD)	2024 Inflation Rates: 12M Ended Sep. '24	Historical Average Annual Inflation Rates: 12M Ended Dec. '23	3 Year Average 9/24	5 Year Average 9/24	10 Year Average 9/24	20 Year Average 9/24	20 Year Inflation Frequency ('05 - '24)	Inflation Multiplier (2024 vs. 20Y Avg.)
Recyclable paper	Yes	Yes	49.9%	59.0%	28.0%	-9.1%	19.6%	1.7%	2.5%	50%	20.2
Paper	Yes	No	2.1%	1.6%	-1.8%	4.1%	4.7%	2.7%	2.6%	60%	0.6
Paperboard	Yes	Yes	4.1%	2.0%	-8.4%	3.4%	5.4%	3.2%	3.2%	55%	1.3
Converted paper & paperboard products	Yes	Yes	3.1%	1.8%	-2.5%	5.7%	5.2%	3.1%	3.0%	80%	1.0
Pressure-sensitive products	Yes	No	0.7%	-0.2%	-2.1%	4.8%	4.8%	2.8%	2.6%	63%	(0.1)
Hardboard, particleboard & fiberboard prods.	Yes	No	-10.3%	-27.2%	-3.8%	-9.3%	7.8%	4.2%	1.5%	50%	(6.7)
Books printing	Yes	No	2.1%	3.7%	6.1%	11.8%	8.9%	4.9%		75%	0.7
Manifold business forms printing	Yes	Yes	6.6%	6.6%	0.0%	2.9%		2.8%		81%	2.3
Commercial printing	Yes	No	1.9%	2.0%	2.9%	8.0%	5.9%	3.4%	2.7%	75%	0.6
Blankbooks, binders & bookbinding work	Yes	No	2.4%	2.4%	2.6%	5.5%	6.9%	4.8%	2.7%	100%	0.5
Services for the printing trade	No	#1	0.1%	0.1%	1.0%	1.8%		0.9%		45%	#1
Iron ores	Yes	Yes	3.4%	1.9%	-4.7%	2.9%	7.9%	4.9%	3.8%	70%	1.0
Iron & steel scrap	Yes	No	-16.4%	-5.8%	15.7%	-8.7%	7.1%	-0.6%	2.2%	65%	(2.6)
Foundry & forge shop products	Yes	No	1.0%	0.7%	2.0%	5.8%	5.8%	2.9%	3.3%	75%	0.2
Steel mill products	Yes	No	-11.7%	-13.1%	-3.5%	-13.1%	6.4%	3.1%	2.7%	60%	(4.9)
Nonferrous metal ores	Yes	Yes	6.6%	13.7%	3.9%		9.2%	6.0%	8.3%	75%	1.6
Primary nonferrous metals	Yes	Yes	11.7%	9.8%	-2.1%	0.7%	7.6%	3.0%	3.5%	60%	2.8
Nonferrous scrap	Yes	Yes	4.5%	8.1%	-5.3%	-3.0%	6.8%	1.9%	4.9%	65%	1.7
Secondary nonferrous metals	Yes	Yes	9.3%	8.0%	-4.6%	3.4%	7.1%	3.5%	4.6%	65%	1.7
Nonferrous mill shapes	Yes	Yes	6.4%	5.7%	-0.2%	0.9%	6.0%	3.1%	2.8%	55%	2.0
Nonferrous wire & cable	Yes	Yes	6.2%	5.6%	-4.1%	3.8%	8.6%	3.8%	4.6%	55%	1.2
Nonferrous forge shop products	Yes	Yes	2.8%	6.3%	7.7%	6.7%	5.4%	3.1%	2.0%	53%	3.2
Nonferrous foundry shop products	Yes	Yes	4.4%	4.7%	2.1%	6.6%	6.4%	3.1%	3.3%	75%	1.4
Metal cans & can components	Yes	No	0.7%	-0.6%	-5.1%	7.9%	5.5%	3.6%	3.1%	70%	(0.2)
Barrels, drums, pails & other metal containers	Yes	No	1.9%	-0.9%	-3.8%	2.9%	8.9%	6.2%	4.2%	75%	(0.2)
Hardware, n.e.c.	Yes	No	-0.6%	-1.0%	0.7%	4.5%	5.8%	3.6%	3.1%	95%	(0.3)
Hand & edge tools	Yes	No	0.3%	0.4%	2.8%	4.2%	3.6%	2.6%	2.5%	95%	0.2
Plumbing fixture fittings & trim	Yes	No	1.8%	1.8%	1.7%	4.4%	3.8%	3.3%	3.2%	100%	0.6
Steam & hot water equipment	Yes	Yes	6.5%	6.5%	8.9%	12.0%	8.7%	5.2%	4.9%	95%	1.3
Furnaces & heaters, including parts	Yes	No	0.6%	2.7%	0.2%	8.3%	7.0%	4.6%	3.5%	85%	0.8
Other heating equipment, non-electric, including parts	Yes	No	1.8%	3.0%	4.7%	10.4%	8.4%	5.4%	4.1%	100%	0.7
Domestic heating stoves	Yes	No	2.0%	2.0%	1.7%	6.6%	5.5%	4.1%	3.7%	85%	0.5
Domestic water heaters	Yes	No	3.5%	3.5%	0.2%	2.5%	7.1%	5.5%	5.7%	80%	0.6
Metal doors, sash & trim	Yes	No	0.8%	0.7%	1.7%	9.1%	10.1%	6.7%	4.6%	90%	0.2
Metal tanks	Yes	Yes	14.5%	14.2%	2.0%	10.4%	12.6%	6.5%	4.6%	75%	3.1
Sheet metal products	Yes	No	1.0%	1.1%	0.4%	4.3%	8.1%	4.9%	3.3%	70%	0.3
Structural, architectural & pre-engineered metal products	Yes	No	-7.8%	-4.8%	2.3%	1.0%	8.1%	4.9%	3.5%	80%	(1.3)
Heat exchangers & steam condensers	Yes	Yes	8.2%	9.7%	2.7%	8.8%	7.9%	5.5%	4.4%	95%	2.2
Prefabricated metal buildings	Yes	No	-1.5%	-1.4%	7.2%	0.7%	9.2%	6.0%	5.1%	75%	(0.3)
Bolts, nuts, screws, rivets & washers	Yes	Yes	6.1%	7.7%	5.9%	11.7%	9.6%	5.8%	4.5%	90%	1.7
Lighting fixtures	Yes	No	1.7%	1.9%	3.0%	4.6%	4.1%	3.3%	2.5%	100%	0.7
Ammunition, except for small arms	Yes	No	0.0%	1.8%	-1.3%		3.6%	2.0%	3.0%	72%	0.6
Ordnance & ordnance accessories, n.e.c.	Yes	No	0.0%	0.0%	11.9%	8.8%	7.0%	1.1%	2.3%	58%	0.0
Fabricated ferrous wire products	Yes	Yes	4.9%	3.0%	-11.7%	4.1%	6.3%	4.6%	4.0%	75%	1.2
Other miscellaneous metal products	Yes	Yes	2.0%	2.6%	2.6%	5.0%	4.8%	2.7%	2.3%	80%	1.2
Tractors & attachments, ex. parts	Yes	Yes	1.8%	3.7%	9.4%	7.6%	5.3%	3.6%	3.2%	95%	1.1
Power cranes, draglines & shovels (excavators)	Yes	No	0.4%	0.4%	8.3%	7.9%	5.8%	3.5%	2.9%	95%	0.1
Mixers, pavers & related equipment (excluding parts)	Yes	No	0.4%	1.2%	9.7%	10.3%	8.5%	5.6%	4.2%	90%	0.3
Off-highway, equipment, ex. parts	Yes	Yes	3.2%	3.2%	6.5%	7.8%	5.6%	3.6%	3.6%	100%	1.0
Misc. construction machinery & equipment	Yes	No	-0.1%	1.3%	3.3%	4.9%	5.0%	3.4%		94%	(0.0)
Parts for construction machinery & equipment	Yes	Yes	0.0%	10.8%	13.0%	10.3%	7.3%	4.3%		100%	1.0
Power-driven handtools, including parts & attachments	Yes	Yes	2.7%	2.8%	11.6%	8.5%	6.5%	4.1%	2.6%	90%	1.1
Welding machines & equipment	Yes	Yes	3.7%	3.7%	2.7%	5.5%	5.5%	4.1%	3.9%	95%	1.0
Industrial process furnaces & ovens	Yes	Yes	4.1%	3.9%	5.0%	7.1%	6.2%	3.9%	3.0%	95%	1.4
Cutting tools & accessories	Yes	Yes	3.4%	5.5%	4.8%	5.7%	3.9%	2.7%	2.4%	100%	1.4
Abrasive products	Yes	No	2.2%	2.7%	2.6%	6.7%	5.4%	3.7%	3.5%	100%	0.6
Metal cutting machine tools	Yes	No	0.5%	0.4%	2.9%	2.9%	2.8%	1.8%	2.2%	95%	0.2
Metal forming machine tools	Yes	No	1.8%	1.8%	12.4%	6.8%	4.9%	3.3%	2.8%	90%	0.6
Tools, dies, jigs, fixtures & ind. molds	Yes	Yes	3.6%	4.9%	5.5%	6.3%	4.2%	2.5%	1.6%	75%	2.2
Metalworking machinery n. e. c.	Yes	No	1.5%	1.5%	8.6%		4.4%	2.7%	2.1%	94%	0.7
Pumps, compressors & equipment	Yes	Yes	4.1%	4.5%	6.2%	9.0%	6.9%	4.4%	4.0%	100%	1.0
Elevators, escalators & other lifts	Yes	Yes	2.8%	2.6%	5.1%	8.4%	6.0%	4.3%	3.0%	85%	1.0
Fluid power equipment	Yes	Yes	6.1%	6.7%	10.8%	10.3%	7.7%	4.8%	4.1%	100%	1.5
Industrial material handling equipment	Yes	Yes	3.7%	4.2%	3.3%	7.2%	6.5%	4.3%	3.9%	95%	1.1
Mechanical power transmission equipment	Yes	Yes	2.8%	3.8%	3.4%	7.4%	6.2%	3.9%	3.7%	90%	1.0
Scales & balances	Yes	No	1.1%	1.2%	4.1%	5.5%	5.7%	4.6%	3.5%	100%	0.3
Air purification equip. & fans/blowers	Yes	No	1.6%	1.5%	2.0%	4.9%	5.0%	3.6%	3.2%	95%	0.5
Air conditioning & refrigeration equip	Yes	No	2.2%	2.1%	3.9%	10.0%	8.2%	5.3%	3.9%	95%	0.6
Miscellaneous general purpose equipment	Yes	No	1.9%	2.4%	4.8%	6.3%	5.3%	3.7%	3.7%	100%	0.5
Electronic computers	No	#1	6.3%	5.0%	471.0%	88.2%	46.1%	17.3%	0.0%	15%	#1
Computer storage devices	No	#1	-0.3%	1.2%	-5.6%	-1.8%	2.3%	-0.1%	-4.4%	25%	#1
Computer peripheral equipment & parts	No	#1	0.1%	0.1%	1.0%	2.4%	0.9%	-0.8%	-0.5%	35%	#1
Food products machinery	Yes	Yes	2.5%	4.4%	5.3%	7.3%	5.7%	3.9%	3.5%	100%	1.2
Textile machinery & equipment	Yes	No	0.0%	0.0%	-0.1%	1.9%	1.5%	0.5%	0.7%	65%	0.0
Sawmill & woodworking machinery	Yes	No	2.5%	2.4%	6.7%	7.0%	6.3%	5.2%	3.9%	95%	0.6
Paper industries machinery	Yes	Yes	1.9%	2.1%	4.6%	5.8%	4.4%	2.8%	2.5%	100%	1.0
Printing trades machinery & equipment	Yes	Yes	0.3%	3.2%	3.8%	3.0%	2.4%	1.5%	1.3%	75%	2.5
Other special industry machinery	Yes	Yes	4.1%	3.8%	2.8%	5.9%	7.8%	4.3%	2.3%	80%	1.8
Packing, packaging & bottling machinery & parts	Yes	Yes	5.3%	6.0%	7.9%	9.5%	6.2%	4.1%	3.5%	95%	1.5
Service industry machinery & parts	Yes	No	0.7%	0.8%	1.8%	5.5%	5.0%	3.3%	2.9%	100%	0.2
Wiring devices	Yes	No	-1.3%	-1.6%	4.1%	6.1%	8.7%	4.6%	3.7%	90%	(0.3)
Integrating & measuring instruments	Yes	Yes	1.7%	3.4%	5.4%	3.9%	2.4%	1.1%	1.2%	65%	1.4
Motors, generators, motor generator sets	Yes	No	2.0%	1.7%	5.0%	8.1%	6.1%	3.4%	3.5%	90%	0.6
Transformers & power regulators	Yes	No	0.8%	2.6%	0.6%	10.5%	11.0%	5.8%	5.4%	80%	0.2
Switchgear, switchboard, industrial controls equipment	Yes	Yes	5.6%	7.6%	5.2%	10.8%	8.2%	4.8%	3.8%	90%	1.5
Communications & related equipment	Yes	Yes	5.1%	5.1%	1.9%	3.8%	3.4%	2.5%	1.5%	80%	3.5
Electric lamp bulbs, tubes & components	No	#1	0.0%	0.9%	7.6%	5.0%		-1.7%	-0.8%	45%	#1
Electronic components & accessories	No	#1	0.3%	0.6%	-0.7%	1.7%	0.7%	-0.1%	-1.3%	25%	#1
Miscellaneous electrical machinery & equipment	Yes	No	0.9%	0.7%	0.8%	3.3%	2.3%	1.7%	1.1%	70%	0.8
Automatic environmental controls	Yes	No	1.6%	1.5%	5.4%	4.7%	3.7%	3.0%	2.1%	90%	0.8
Industrial process control instruments	Yes	Yes	4.0%	5.0%	4.0%	7.5%	5.5%	3.3%	3.0%	100%	1.3
Fluid meters & counting devices	Yes	Yes	2.8%	3.3%	9.6%	7.8%	5.7%	4.2%	3.4%	100%	1.0
Engineering & scientific instruments	Yes	Yes	4.3%	4.1%	3.2%	6.6%	4.6%	3.5%	2.8%	100%	1.5
Measuring instruments & lenses	Yes	Yes	2.8%	3.0%	4.3%	4.9%	3.4%	2.4%	1.7%	95%	1.6
Measuring & controlling devices, n.e.c.	Yes	Yes	2.8%	3.1%	4.8%	7.1%	4.7%	3.1%	2.0%	80%	1.4
Oil field & gas field machinery	Yes	Yes	3.9%	4.1%	2.1%	5.6%	3.5%	1.9%	3.0%	75%	1.3
Mining machinery & equipment	Yes	Yes	4.3%	8.4%	9.9%	10.5%	8.6%	5.9%	5.2%	100%	1.6
Internal combustion engines	Yes	Yes	2.8%	3.0%	6.3%	5.7%	3.8%	2.0%	1.7%	85%	1.7
Machine shop products	Yes	Yes	2.1%	1.9%	3.3%	4.0%	3.0%	2.1%	2.2%	95%	1.0
Turbines & turbine generator sets	Yes	Yes	2.4%	3.5%	6.6%	4.2%	3.6%	1.7%	2.5%	74%	1.4
Parts & accesories for turbines & turbine generators	Yes	No	0.3%	0.3%	0.6%	6.3%	4.0%			75%	0.1

Table 3. Top 2024 LIFO Election Candidates by BLS PPI Product Class, Continued

PPI Product Class Name	Good LIFO Candidate	2024 Top Election Candidate	2024 Inflation Rates: 9M Ended Sep. '24 (YTD)	2024 Inflation Rates: 12M Ended Sep. '24	Historical Average Annual Inflation Rates: 12M Ended Dec. '23	3 Year Average 9/24	5 Year Average 9/24	10 Year Average 9/24	20 Year Average 9/24	20 Year Inflation Frequency ('05 - '24)	Inflation Multiplier (2024 vs. 20Y Avg.)
Metal household furniture	Yes	No	-2.4%	-2.6%	-4.0%	0.0%	5.0%	3.7%	2.5%	70%	(1.0)
Wood household furniture	Yes	Yes	5.4%	0.8%	2.4%	5.9%	5.6%	3.5%	3.0%	100%	1.8
Upholstered household furniture	Yes	Yes	2.5%	0.5%	-2.5%	5.3%	5.4%	3.3%	2.7%	90%	1.0
Bedding	Yes	No	-0.2%	-0.9%	0.3%	1.4%	3.4%	3.0%	2.6%	70%	(0.4)
Metal porch, lawn, outdoor & casual furniture	Yes	No	1.7%	1.2%	-4.3%	5.7%	5.7%	4.1%	4.3%	85%	0.3
Wood office furniture & store fixtures	Yes	Yes	3.7%	3.4%	2.5%	6.7%	5.9%	3.7%	2.8%	100%	1.2
Nonwood furniture & store fixtures	Yes	Yes	3.2%	2.8%	-0.5%	5.2%	6.2%	4.3%	3.5%	80%	1.0
Public building furniture	Yes	No	-0.1%	3.4%	5.0%	8.7%	7.3%	4.9%	4.0%	95%	0.8
Commercial furniture & fixtures, n.e.c.	Yes	No	0.0%	0.8%	2.9%	7.0%	6.9%	4.6%	3.3%	90%	0.2
Carpets & rugs	Yes	No	-0.2%	-1.5%	-1.7%	0.4%	1.4%	1.3%	2.1%	80%	(0.7)
Resilient floor coverings	Yes	No	1.2%	1.2%	1.4%	2.2%	1.8%	1.3%	2.6%	88%	0.5
Major appliances	Yes	No	-1.6%	-1.5%	1.8%	3.2%	4.1%	2.6%	2.0%	75%	(0.7)
Household vacuum cleaners, incl. parts & attachments	Yes	Yes	1.0%	2.1%	6.2%	7.5%		2.1%	1.4%	59%	1.5
Electric housewares & fans	Yes	No	-0.9%	-0.4%	1.2%	4.1%	3.2%	1.1%	1.5%	80%	(0.2)
Portable residential lighting fixtures	Yes	No	0.0%	0.4%	5.5%	5.5%	5.1%	4.1%	3.3%	85%	0.1
Speakers & commercial sound equipment	Yes	Yes	3.1%	3.5%	2.5%	5.3%	4.8%	2.4%	1.6%	75%	2.1
Other home electronic equipment	Yes	No	0.0%	0.0%	-0.1%	2.5%	2.7%	1.8%	0.7%	58%	0.0
Vitreous china, fine earthenware & other pottery products	Yes	No	0.1%	0.1%	1.9%	3.6%	4.1%	3.1%	2.6%	100%	0.1
Mirrors (decorated & undecorated)	Yes	No	-0.3%	-1.2%	8.4%	-5.4%	3.1%	2.9%	1.9%	78%	(0.6)
Lawn/garden equipment	Yes	Yes	1.3%	1.9%	1.2%	5.2%	4.1%	2.5%	1.5%	75%	1.3
Cutlery, flatware (except precious), razors & razor blades	Yes	No	0.6%	0.5%	-1.8%	3.5%	3.1%	1.6%	2.1%	85%	0.2
Metal kitchen utensil, pots & pans	Yes	No	0.9%	1.1%	1.3%	4.5%	4.2%	3.2%	2.6%	90%	0.4
Window shades, blinds & accessories	Yes	No	2.2%	2.2%	0.6%	10.7%	8.9%	5.0%	3.6%	85%	0.6
Flat glass	Yes	Yes	2.0%	3.2%	1.2%	5.6%	4.9%	3.8%	2.4%	80%	1.3
Other finished glassware	Yes	Yes	1.9%	2.0%	4.3%	4.0%	3.4%	3.1%	1.9%	80%	1.1
Construction sand, gravel & crushed stone	Yes	Yes	7.2%	7.3%	8.6%	9.3%	7.2%	5.5%	5.1%	100%	1.4
Cement, hydraulic	Yes	Yes	5.5%	5.0%	8.4%	8.9%	6.4%	5.3%	4.0%	90%	1.2
Concrete block & brick	Yes	Yes	4.0%	6.4%	10.2%	9.5%	7.2%	4.9%	4.0%	90%	1.6
Concrete pipe	Yes	Yes	3.8%	-1.8%	7.4%	12.7%	9.1%	5.6%	4.3%	80%	1.0
Ready-mix concrete	Yes	Yes	4.6%	5.2%	7.3%	9.2%	6.7%	5.2%	4.4%	90%	1.2
Precast concrete products	Yes	No	2.2%	2.1%	5.8%	7.7%	7.2%	5.4%	4.3%	95%	0.5
Prestressed concrete products	Yes	No	-1.6%	2.3%	5.4%	11.6%	8.9%	6.3%	4.1%	74%	0.5
Brick & structural clay tile	Yes	Yes	4.6%	4.9%	0.5%	7.1%	5.6%	3.5%	2.3%	80%	2.1
Clay floor & wall tile, glazed & unglazed	Yes	No	-4.3%	-3.5%	9.4%	2.6%	2.6%	1.5%	1.3%	80%	(2.8)
Structural clay products, n.e.c.	Yes	Yes	5.6%	5.8%	5.9%	7.0%	5.9%	4.7%	4.0%	95%	1.5
Clay refractories	Yes	No	2.0%	2.0%	1.2%	3.1%	4.9%	3.3%	4.3%	90%	0.5
Nonclay refractories	Yes	No	-1.0%	-1.2%	3.9%	7.0%	4.5%	3.7%	3.7%	90%	(0.3)
Prepared asphalt & tar roofing & siding products	Yes	No	0.6%	1.3%	2.8%	6.5%	7.6%	5.0%	5.8%	65%	0.2
Roofing asphalts, pitches, coatings & cement	Yes	No	-2.3%	-2.1%	1.9%	2.9%	3.0%	-0.6%	2.9%	65%	(0.7)
Insulation materials	Yes	Yes	7.5%	7.3%	1.7%	7.5%	8.2%	4.4%	3.6%	85%	2.0
Paving mixtures & blocks	Yes	No	2.7%	2.3%	2.5%	7.4%	4.3%	2.1%	5.1%	70%	0.4
Cut stone & stone products	Yes	No	2.1%	2.1%	2.2%	7.0%	6.6%	4.5%	2.7%	80%	0.8
Gaskets, packing & sealing devices	Yes	Yes	3.3%	3.6%	2.8%	5.7%	4.7%	2.9%	2.6%	95%	1.4
Nonmetallic minerals & products, n.e.c.	Yes	No	1.9%	2.6%	8.3%	7.1%	4.4%	2.8%	3.7%	90%	0.7
Motor vehicles	Yes	TBD	0.3%	0.9%	0.5%	2.1%	2.0%	1.6%	1.3%	85%	0.7
Motor vehicles parts	Yes	No	0.6%	1.0%	1.6%	2.4%	2.4%	1.3%	1.2%	80%	0.8
Truck & bus bodies	Yes	Yes	1.1%	3.6%	5.2%	7.9%	6.2%	4.3%	3.3%	95%	1.1
Truck trailers	Yes	No	-0.1%	-0.4%	-3.2%	8.6%	7.5%	5.2%	4.0%	80%	(0.1)
Motor homes, built on purchased chassis	Yes	No	0.2%	0.3%	1.2%	2.0%	2.5%	2.1%	1.3%	90%	0.3
Travel trailers & campers	Yes	No	-0.3%	-0.4%	0.6%	5.0%	6.5%	4.7%	3.7%	95%	(0.1)
Aircraft	Yes	Yes	3.6%	3.9%	3.3%	4.2%	3.0%	2.1%	2.6%	95%	1.5
Aircraft engine & engine parts	Yes	Yes	2.7%	3.9%	3.2%	3.6%	2.7%	1.7%	2.4%	100%	1.6
Other aircraft parts & equipment	Yes	Yes	2.8%	3.3%	4.4%	3.6%	2.7%	1.7%	1.8%	90%	1.9
Ships	Yes	Yes	1.6%	2.1%	2.5%	2.7%	2.3%	1.4%	1.9%	85%	1.1
Boats	Yes	No	2.0%	2.5%	3.2%	5.9%	5.5%	4.2%	3.4%	100%	0.7
Railroad cars & locomotives	Yes	No	0.4%	1.0%	0.9%	1.8%	1.3%	1.0%	2.0%	100%	0.5
Railway maintenance of way equipment & parts	Yes	Yes	2.3%	2.4%	2.3%	1.8%	1.3%	1.8%	1.8%	100%	1.3
Toys, games & children's vehicles	Yes	No	0.6%	0.6%	1.1%	2.1%	2.8%	1.8%	1.8%	90%	0.3
Sporting & athletic goods	Yes	Yes	3.4%	5.3%	7.8%	10.9%	9.1%	5.0%	2.9%	75%	1.8
Small arms & ammunition	Yes	Yes	2.7%	2.7%	0.3%	1.8%	2.0%	1.6%	2.8%	90%	1.0
Cigarettes, excluding electronic	Yes	Yes	9.9%	12.5%	11.5%	11.7%	10.1%	8.0%	6.5%	100%	1.9
Stemmed & redried tobacco	No	#1	5.8%	5.8%	-0.8%	3.0%	2.1%	0.5%	0.3%	50%	#1
Other tobacco products	Yes	Yes	5.0%	6.1%	5.7%	6.7%	6.1%	5.1%		94%	1.2
Fasteners, zippers, buttons, needles, pins & buckles	Yes	No	-0.1%	1.7%	5.1%	6.1%	5.1%	3.0%	3.7%	95%	0.5
Photographic supplies	Yes	Yes	5.2%	6.7%	9.8%	8.2%	5.5%	3.8%	3.2%	70%	2.1
Manufactured homes (mobile homes)	Yes	No	1.5%	-0.7%	-3.5%	3.6%	8.2%	6.2%	4.6%	95%	(0.1)
Surgical & medical instruments	Yes	Yes	2.0%	2.7%	1.9%	2.7%	1.8%	1.2%	0.7%	70%	3.8
Medical & surgical appliances & supplies	Yes	Yes	1.2%	1.9%	2.7%	2.9%	2.5%	1.5%	1.2%	90%	1.5
Ophthalmic goods	Yes	Yes	3.4%	3.4%	5.7%	4.9%	3.9%	2.5%	2.1%	85%	1.6
Dental equipment & supplies	Yes	No	1.6%	3.3%	3.4%	3.8%	3.3%	3.8%	4.3%	95%	0.8
Personal safety equipment & clothing	Yes	Yes	3.4%	3.4%	3.1%	6.4%	5.5%	3.2%	2.4%	90%	1.4
Burial caskets	Yes	No	1.6%	1.4%	2.8%	5.7%	4.5%	4.2%	4.6%	95%	0.3
Musical instruments	Yes	No	1.5%	1.9%	2.6%	4.4%	3.8%	2.8%	2.5%	90%	0.7
Jewelry & jewelry products	Yes	Yes	5.2%	7.4%	4.1%	6.1%	5.3%	3.7%	3.8%	75%	1.9
Pens, pencils & marking devices	Yes	Yes	2.3%	2.2%	3.3%	5.2%	3.7%	2.6%	2.0%	100%	1.1
Brooms & brushes	Yes	Yes	3.2%	4.2%	2.7%	4.3%	3.3%	2.2%	2.1%	95%	2.0
Miscellaneous products, n.e.c.	Yes	Yes	5.1%	5.5%	3.3%	9.4%	7.2%	5.0%	3.2%	85%	1.7
Reproduction of audio & video media & software	Yes	No	1.0%	0.5%	1.4%	6.4%	6.1%	4.3%	3.1%	100%	0.2

Does the Timing of the LIFO Election Matter?

Although LIFO can create meaningful short and long term tax benefits, there are many considerations that should be made prior to and during the implementation process. Most importantly, the timing of adopting LIFO is key for the following reasons:

- For tax purposes, LIFO must be applied prospectively (beginning in year LIFO is adopted), and the tax benefits are directly tied to the amount of inflation measured in the year of adoption (high inflation that recently occurred in a prior period can't be applied in the LIFO election period)
- The size of the first year tax benefit is primarily dependent on the amount of inflation measured in the year the LIFO election is made, so the higher the inflation measured in the election year, the bigger the LIFO tax benefit will be
- Higher tax benefits are being forfeited when electing during a low inflation period instead of doing so during a period where inflation was greater than or equal to historical levels

How is a Good LIFO Candidate & Top LIFO Election Candidate Determined?

LIFOPro uses proprietary inflation metrics and a standard grading system to establish whether or not LIFO is a preferable method for a company or given industry. From this grading system, a determination can be made regarding if a company is a good LIFO candidate, and subsequent recommendations are also provided regarding the proper timing of when to elect LIFO. Our grading system & scoring criteria is organized as follows:

- **Historical Preferability (Good LIFO candidate criteria):** These criteria use past pricing metrics sourced from the Bureau of Labor Statistics Consumer/Producer Price Indexes (BLS CPI/PPI) to establish preferability as of the time of exploring a LIFO election. These are also called our "good LIFO candidate" criteria, which are as follows:
    - **Inflation level - How much inflation has there been historically?**
        - The inflation level is the most fundamental metric used to establish LIFO as a preferable method because higher the historical inflation level, the higher the likelihood that LIFO will create a material tax benefit and be more clearly reflective of income than other non-LIFO methods in the future.
        - LIFOPro's inflation level requirement is to have a long-term average annual inflation rate of 1% or more. Auto dealers and supermarkets (predominant users of LIFO) have 20 year average annual inflation rates of around 1% - 2%, which is more than sufficient to establish preferability because over a 20 year period, there will have been 20% - 40% cumulative inflation, and in most cases, inflation at this level will yield material long-term LIFO tax benefits.
    - **Inflation frequency - How often has inflation occurred historically?**
        - Inflation frequency is another key metric used to establish LIFO as a preferable method because the more often there has been inflation in the past, the higher the likelihood that LIFO will be most clearly reflective of income & create a tax benefit in the future
        - Inflation frequency is a key LIFO risk assessment metric because there is an inverse relationship between the amount of LIFO risk and inflation frequency rate. More specifically, the lower the inflation frequency rate, the higher amount of LIFO risk. Conversely, the higher inflation frequency rate, the lower the risk. Certain industries have 20 year inflation frequency rates of 100% (inflation measured in all of the last 20 years), meaning there is little or no LIFO risk in these areas.
        - LIFOPro's inflation frequency requirement is to have a rate of greater than or equal to 50% over the last 20 years (inflation measured in 10 or more of the last 20 years)
    - Both historical preferability criteria must be met for LIFO to be a preferable method and for a company/industry to be a good LIFO candidate. LIFO is not a preferable method and a company/industry is not a good LIFO candidate if neither or only one of the two historical preferability criteria is met.
- **Present Preferability (Current year LIFO election candidate):** These criteria provide the basis of recommending either a current year LIFO election, or deferring the LIFO election to a later period, which are as follows:
    - Both historical preferability criteria met
    - **Current year vs. Historical average inflation multiplier – Is the current period inflation rate greater/less than or equal to the historical average inflation rate?**
        - Inflation multiplier is calculated by taking the quotient of the Current year inflation rate and the Historical average annual inflation rate
        - Current year inflation rate uses the higher of the following two options:
            - Year to date inflation: For a December year end, the year to date inflation rate at the time of this publication is 9 months ended September 2024 PPI (Sep. '24 ÷ Dec. '23) since the last BLS release was September PPI.

        - 1 Year inflation: For a December year end, the 1 year inflation at the time of this publication is 12M ended September 2024 PPI since the last BLS release was September PPI
    - Historical average annual inflation rate computed using the BLS PPI 20 year average annual inflation rate as of September 2024 (if available; 3/5/10 year average annual inflation rates used for BLS PPIs that have existed for less than 20 years)
    - LIFOPro's inflation multiplier requirement is to have an inflation multiplier of greater than or equal to 1. For example, if there's 5% inflation in 2024 & a 20 year average annual inflation rate of 2%, the inflation multiplier would be 2.5, and a current year LIFO election would be recommended.
- Both present preferability criteria must be met for a current period LIFO election to be recommended. If the inflation multiplier is less than 1, a LIFO election recommendation is deferred to the next period where the inflation multiplier is greater than or equal to 1.

Make Electing LIFO Easy

Electing LIFO can be a lot easier than you think with the help of the experts at LIFOPro. Our complimentary benefit analysis lowers the barriers to LIFO entry. We do all the heavy lifting required to perform comprehensive analysis. We take the guesswork out of determining who is or is not a good LIFO candidate, when the LIFO election should be made, and which submethods should be used. Best of all, we serve as a LIFO subject matter expert for both companies and CPA firms, meaning all parties can count on us for all their LIFO needs! Schedule a call today with the LIFOPro team to learn more about LIFO & our benefit analysis & outsourcing solutions or download our content below to learn more.

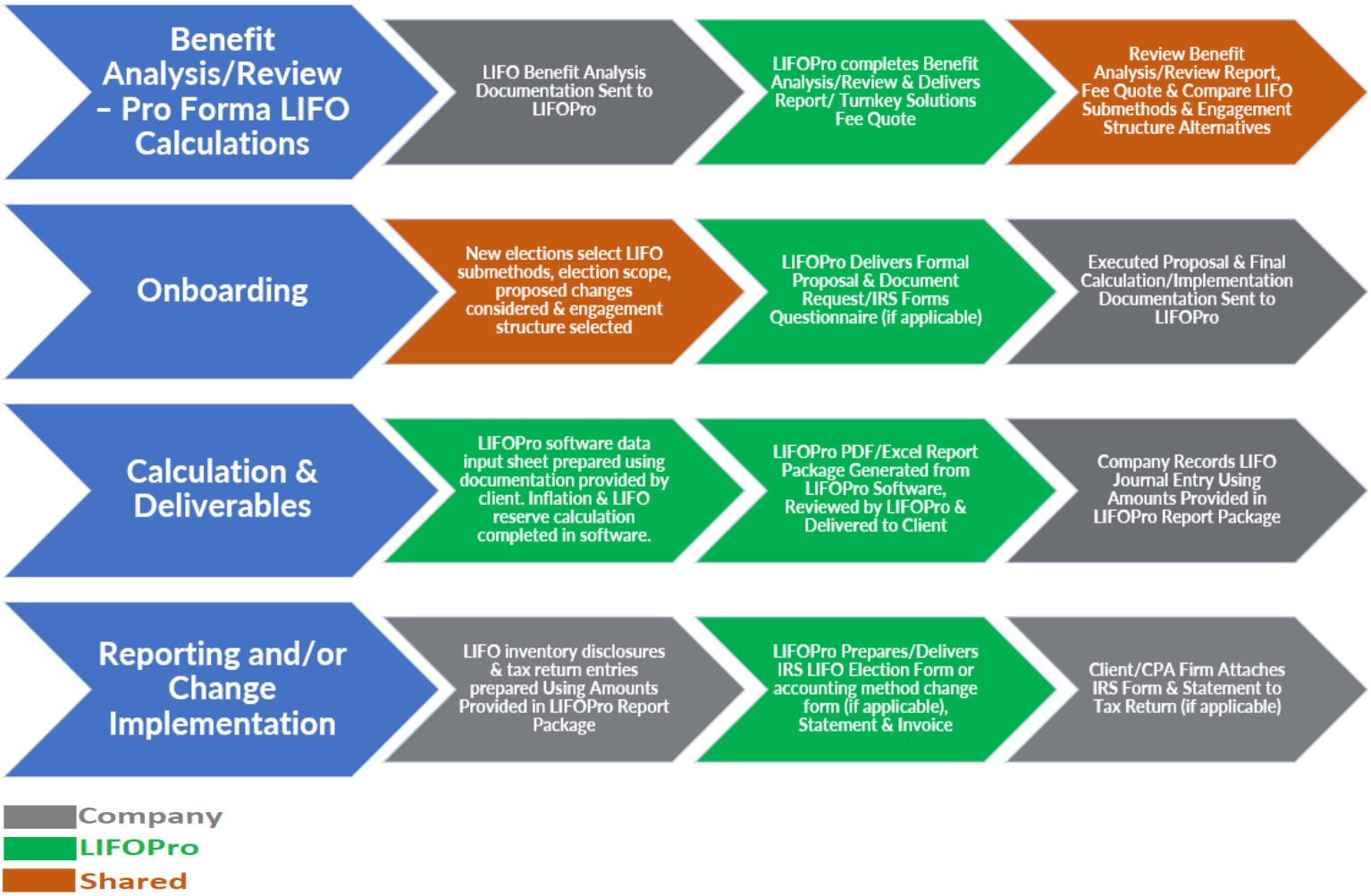
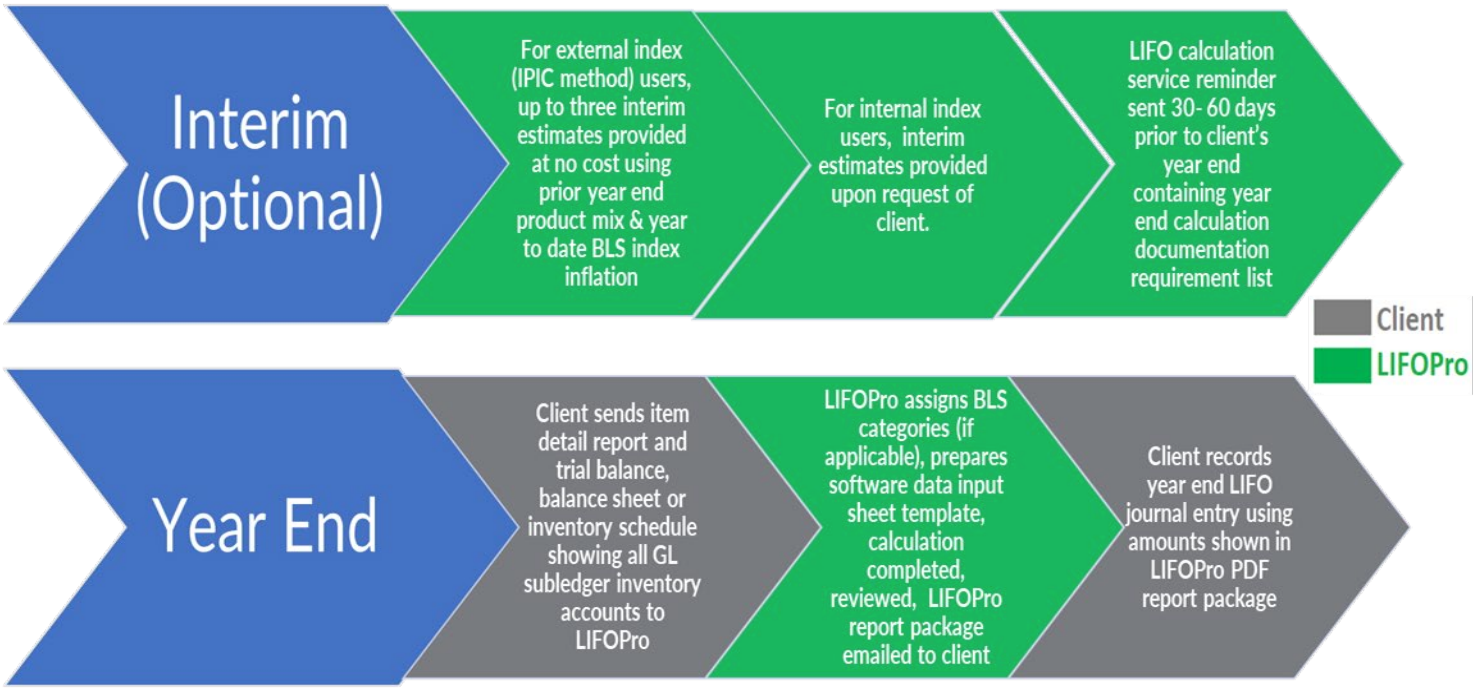
- Schedule a discovery call with LIFOPro
- How LIFO Works & LIFOPro's Offerings
- LIFOPro's Election Benefit Analysis
- LIFO Tax Savings Calculator

Get a Free LIFO Election Benefit Analysis Today

Are you a company not on LIFO, but are interested in scoping out a potential election and want to obtain a cost/benefit analysis? Contact LIFOPro to obtain your complimentary LIFO election benefit analysis today! Minimal documentation and work is required to obtain your free benefit analysis, and we also include a fee quote for outsourcing all the LIFO related work to us. Download the applicable questionnaire today! LIFOPro delivers your benefit analysis and fee quote within 1 week of receipt of the required documents.

LIFO Election Benefit Analysis Questionnaire: Non Auto Dealers
LIFO Election Benefit Analysis Questionnaire: Auto Dealers

LIFOPro's Turnkey Outsourcing Solution Process Flow: LIFO Onboarding & Implementation - Election Year



LIFOPro's Turnkey Outsourcing Solution Process Flow: Recurring Annual Engagement