Overview of Index Methodology: Security Brokers, Dealers and Investment Banking Companies – SIC 6211

U.S Bureau of Labor Statistics
Producer Price Index Program

The SIC 6211 index measures changes in the revenue received by securities brokers, dealers, and investment bank companies. Prices in these indexes generally consist of straight brokerage fees, price spreads, or deal percentages. These numbers are provided each month by brokers, dealers, stock underwriters, and investment bankers.

The services for which price indexes are available include:

- Brokerage services, exchange listed equities
- Brokerage services, all other securities
- Dealer transactions, market making in over-the counter equities
- Dealer transactions, debt securities and all other trading
- Investment banking services
- Other securities related services including margin lending and mutual fund sales

Each of the above listed services is a significant component of the SIC 6211 index. Price movements in the 6211 indexes are based on changes in the amount of revenue a company receives for a particular trade or deal. Index changes include changes in revenue due to price movement in the particular equity described when the revenue received is a percentage of the value of the trade.

The description of equity trades and investment banking deals have been held constant. In particular, numbers of shares and other price determining factors have been held constant over time. The only descriptors that are changed are those that are adjusted to reflect inflation, growth in a particular industry, or changes in a market. Specifically, the value of bond trades are adjusted using the Lehman Brothers Bond Indexes. Also, the value of most investment banking services are adjusted for inflation using the GDP chain type price index. The exception to this is that the value of initial public offerings are adjusted for growth in the particular industry using Barron's Market Laboratory/Industry Groups. This has been done in order to ensure that the price for each transaction is based on a current value for that transaction.

The price index for OTC dealer transactions is an average price computed from NASDAQ supplied data showing the spreads for every exchange traded stock for the final transaction on each of three different trading days each month. To calculate the spread, the current bid and ask prices are compared. Any trades done for a dealer's own account are not considered output of the industry and, therefore, are out of scope of the Producer Price Index.