

14.Jun.2022

Producer Prices: Core Pressures Ease Just a Touch

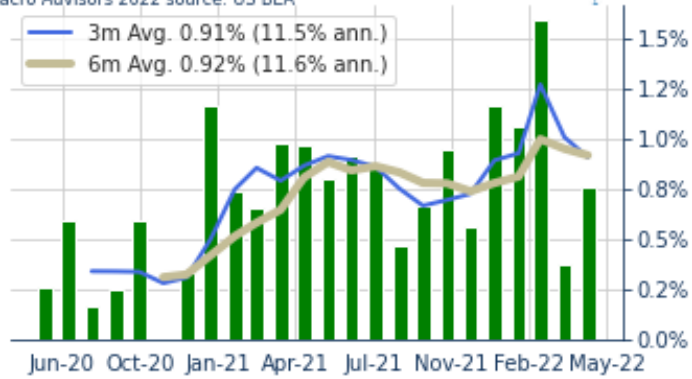
Bottom Line: Producer prices rose sharply again in May, led by final demand goods for the fifth consecutive month, as energy prices rose sharply. Truck transportation prices led a more modest increase at the core level, where PPI excluding energy and food was up 0.47% in May and revised lower for April to just 0.2%. While core PPI is still running hot at 7.5% and 8.4% annualized over the last three and six months, respectively, the April and May readings offer a hint of deceleration. Overall, price pressures at the producer level remained significant. Year-on-year readings have likely peaked for at least the next quarter, but it is too early to call a shift in the core price trends as we have seen two-month slowdowns like this before (August and September of last year saw similar readings to April and May and then core PPI re-accelerated sharply over the next six months).

Final Demand

May: +10.66%, consensus: +10.9%



Contingent Macro Advisors 2022 source: US BEA

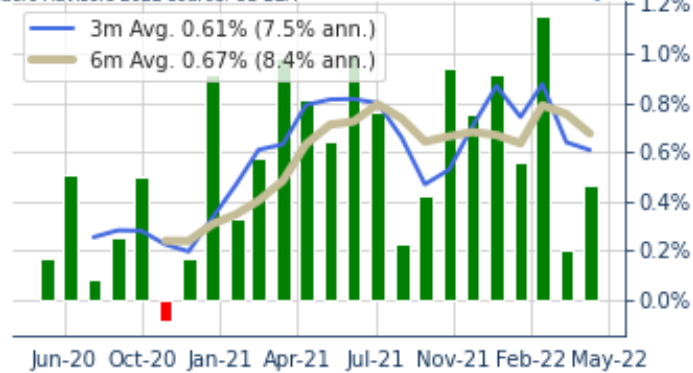


Final demand less food and energy

May: +8.32%, consensus: +8.6%



Contingent Macro Advisors 2022 source: US BEA



The PPI ROSE by 0.8% in May, compared with market expectations for an increase of 0.8%. Overall producer prices are 10.7% ABOVE the year-ago level.

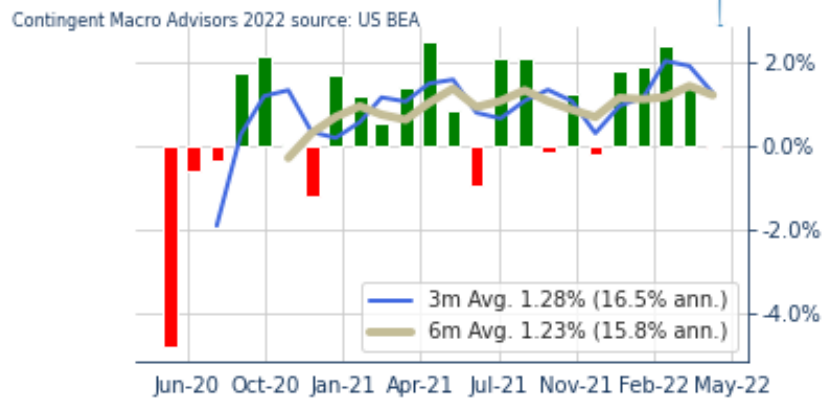
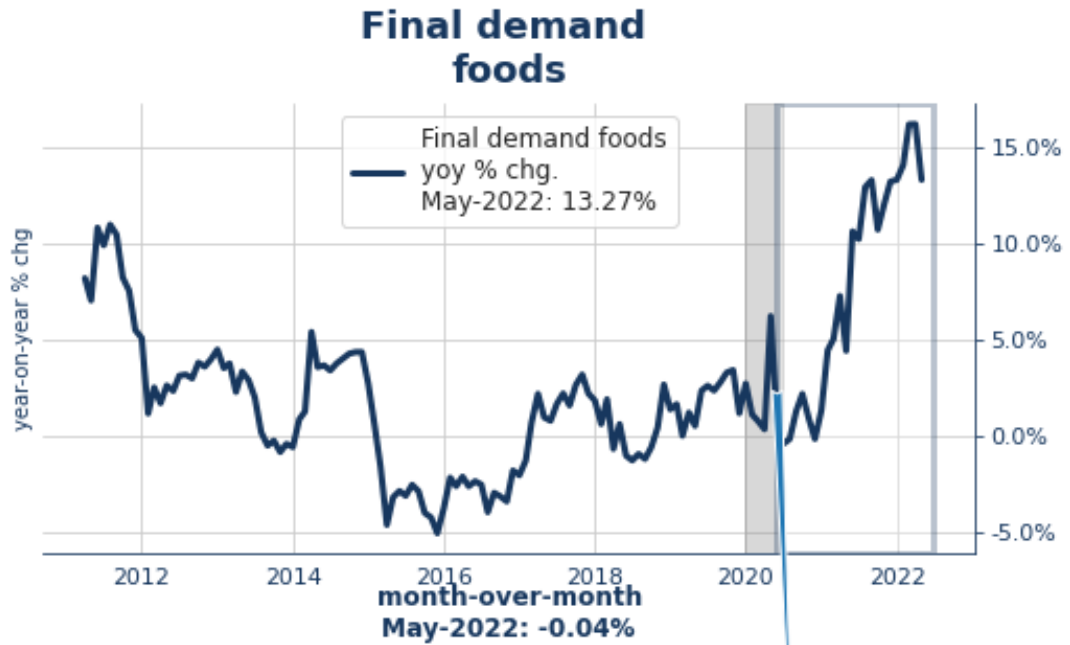
The Goods PPI ROSE by 1.4% in May and is now 16.4% ABOVE its year-ago level. Food prices fell by 0.0% but are now 13.3% ABOVE their year-ago level.

Meanwhile, energy prices rose by 5.0%. and are now 44.6% ABOVE their year-ago level. The Goods PPI less food and energy ROSE by 0.7%, and is now 9.7% ABOVE its year-ago level.

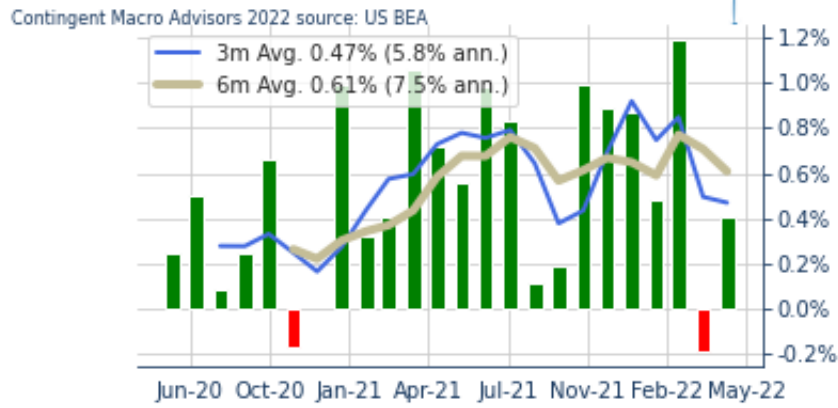
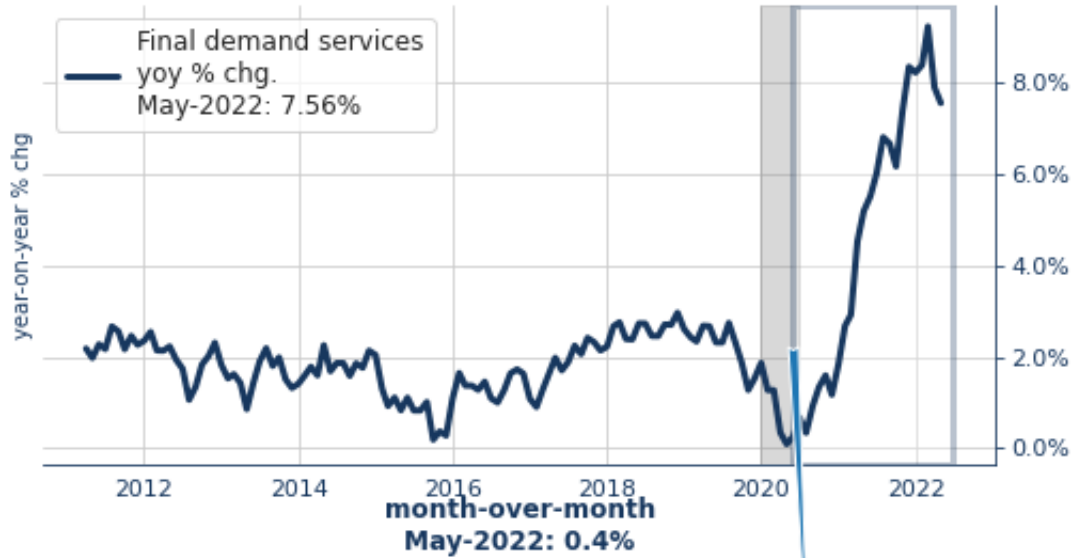
The Services PPI ROSE by 0.4% in May and is now 7.6% ABOVE its year-ago level.

The Core PPI ROSE by 0.5%, compared with market expectations for an increase of

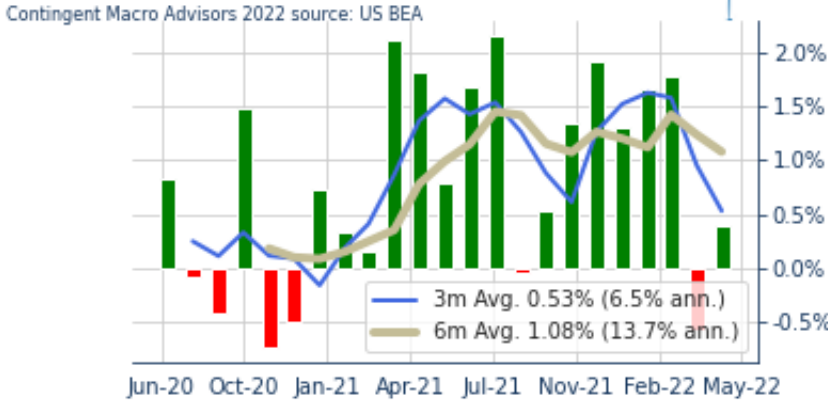
0.6%. Core producer prices are now 8.3% ABOVE their year-ago level.



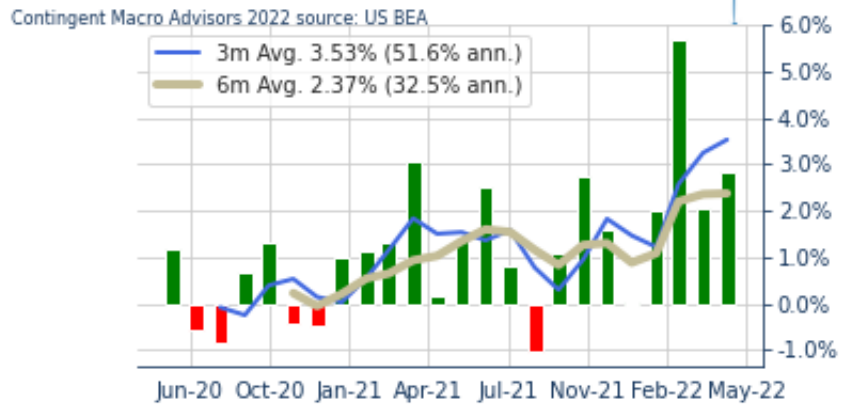
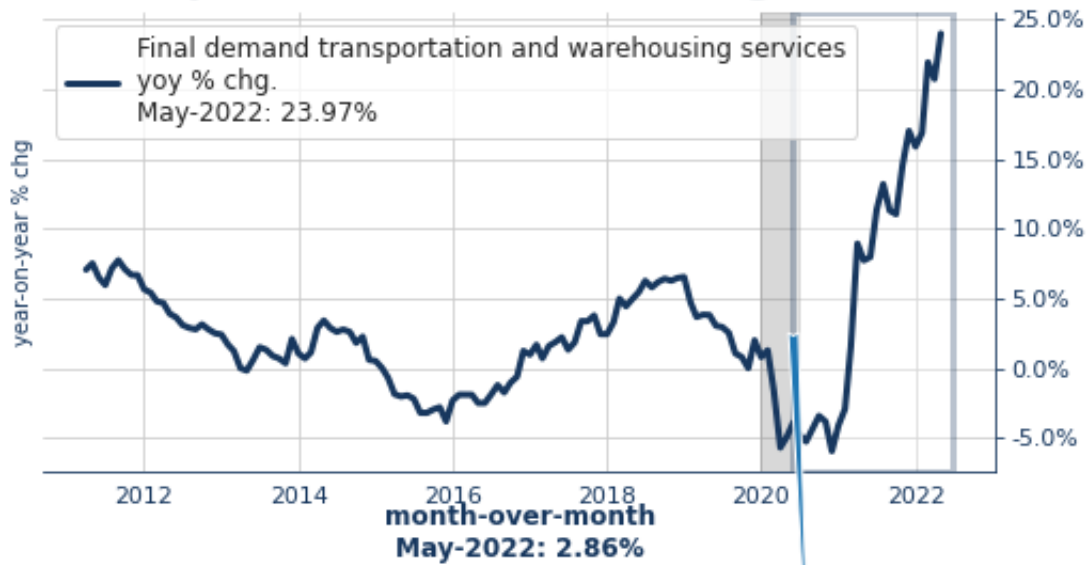
Final demand services



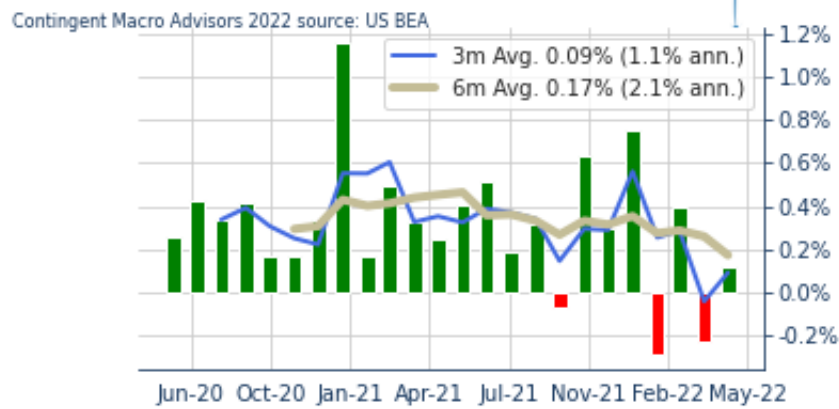
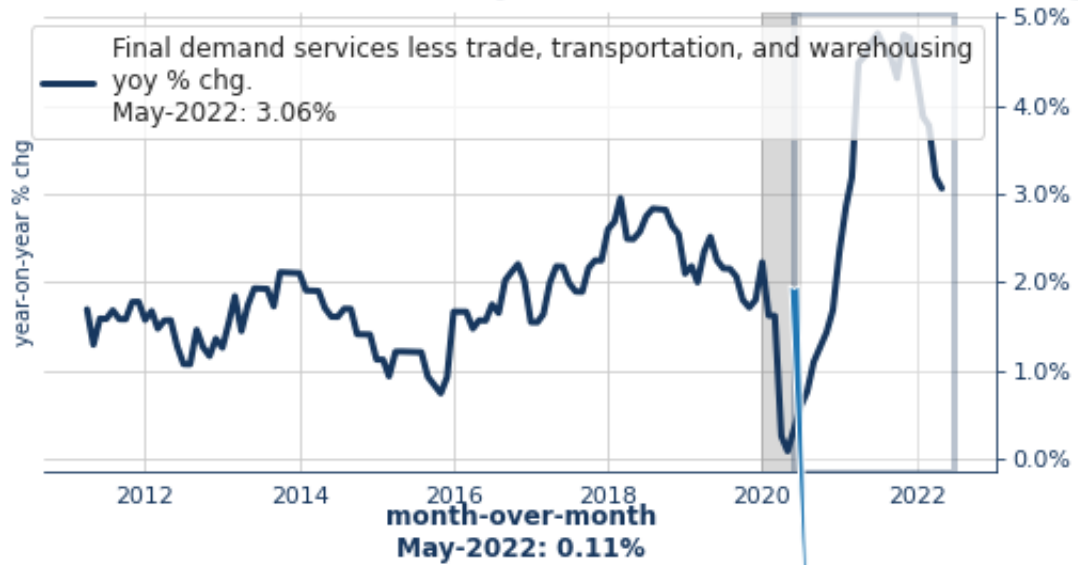
Final demand trade services



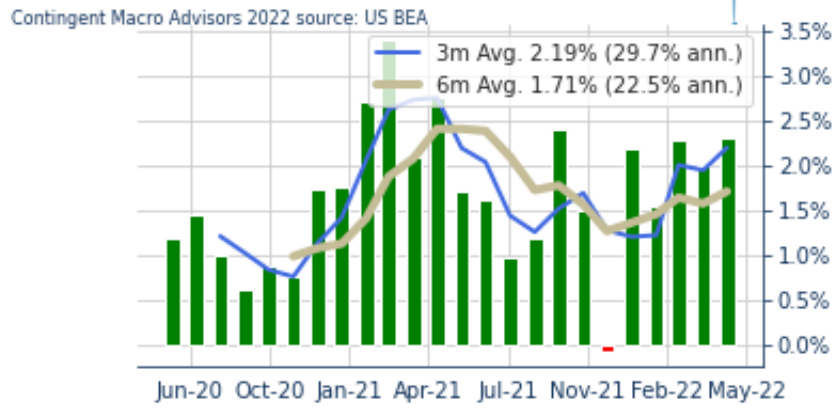
Final demand transportation and warehousing services



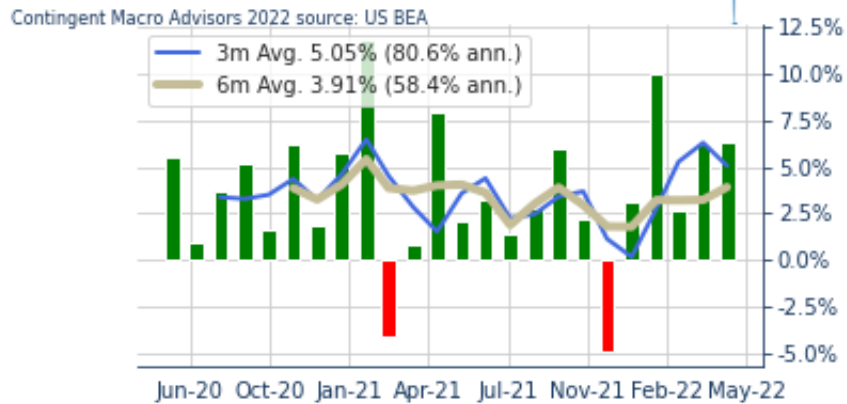
Final demand services less trade, transportation, and warehousing



Processed Goods



Unprocessed Goods



US Producer Price Inflation	May-22	Apr-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
Final Demand	0.76%	0.38%	11.45%	11.58%	10.66%	10.18%	0.76%	4.24%
Final demand less food and energy	0.47%	0.21%	7.53%	8.40%	8.32%	8.67%	1.35%	3.73%
Final demand goods	1.44%	1.26%	22.42%	19.24%	16.40%	13.69%	-0.09%	5.48%
Final demand goods less foods and energy	0.66%	1.10%	11.97%	10.18%	9.67%	9.35%	1.78%	4.01%
Final demand services	0.40%	-0.18%	5.77%	7.53%	7.56%	8.36%	1.17%	3.56%
Final demand trade services	0.40%	-0.58%	6.48%	13.64%	13.61%	14.30%	1.83%	5.32%

Final demand transportation and warehousing services	2.86%	2.05%	51.43%	32.30%	23.97%	17.00%	-5.95%	7.05%
Final demand construction	0.38%	3.72%	20.50%	19.09%	19.00%	12.17%	1.16%	7.01%

Month-over-month % change for most recent months, followed by annualized % changes for periods noted. 5- and 10-year are simple averages of annual % changes.

US PPI - Details	May-22	Apr-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
Processed Goods	2.30%	2.00%	29.75%	22.46%	21.44%	24.31%	1.42%	8.24%
Unprocessed Goods	6.33%	6.15%	80.35%	56.47%	48.91%	39.75%	1.33%	15.67%
Motor Vehicles	0.34%	0.93%	7.14%	5.71%	3.71%	2.50%	0.70%	1.37%
Pharmaceutical	0.11%	0.24%	2.03%	1.26%	1.39%	1.33%	1.81%	2.16%
Chemicals	2.59%	1.22%	34.07%	16.01%	18.37%	39.84%	-2.79%	7.65%
Lumber	1.09%	-11.96%	-26.16%	62.96%	-14.29%	18.98%	38.86%	14.56%
Steel Mill Products	10.67%	2.62%	30.64%	-9.15%	32.91%	128.05%	5.23%	25.77%
Outpatient healthcare	0.05%	0.05%	0.44%	2.16%	2.27%	3.20%	2.30%	2.13%
Inpatient healthcare	0.20%	-0.14%	1.27%	3.13%	3.10%	2.70%	3.63%	2.81%
Food and alcohol retailing	1.17%	-0.64%	2.46%	11.60%	11.81%	8.39%	-0.66%	3.58%
Apparel and jewelry retailing	2.70%	-1.39%	2.81%	1.10%	6.82%	16.64%	-3.38%	2.27%
Airline passenger services	2.89%	2.47%	88.21%	42.95%	28.75%	21.77%	-24.62%	3.86%
Inv Mgmt & Brokerage	5.53%	-0.40%	1.94%	0.76%	3.28%	8.43%	3.47%	2.39%
Business Loans	0.86%	5.84%	36.62%	15.60%	16.43%	14.17%	-12.04%	2.70%
Legal Services	-0.18%	-0.21%	-0.08%	3.44%	3.84%	4.20%	4.28%	3.58%
Truck Transport	2.88%	1.69%	46.26%	33.49%	25.82%	17.90%	2.23%	9.43%
Machinery & Equip. Wholesaling	1.12%	-1.29%	0.38%	17.14%	17.03%	14.77%	3.06%	6.56%

Month-over-month % change for most recent months, followed by annualized % changes for periods noted. 5- and 10-year are simple averages of annual % changes.