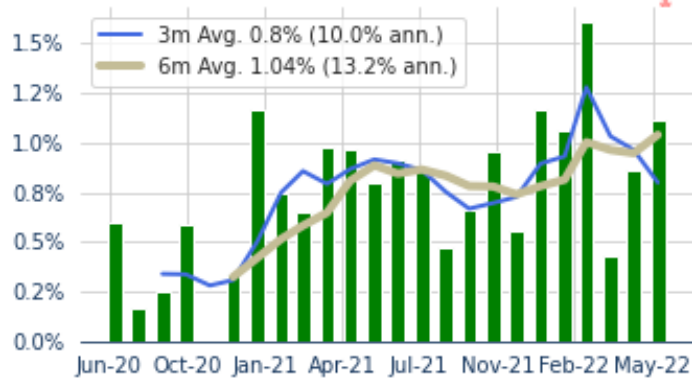


14.Jul.2022

## Producer Prices: No Let Up...Yet

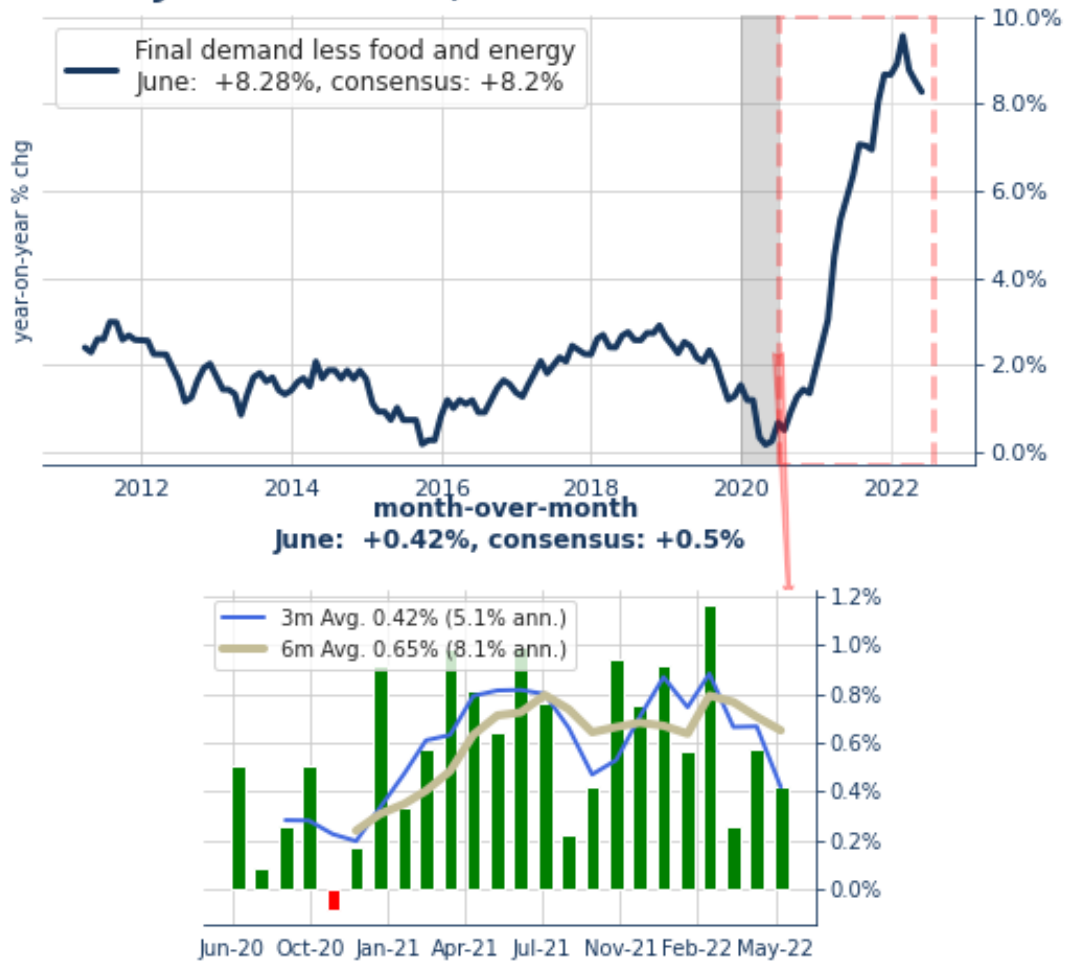
**Bottom Line:** Producer prices rose sharply again in June, led by goods for the sixth consecutive month, as energy prices rose sharply. Headline PPI was nearly 11.2% year-over-year, annualizing at 10% over the last three months. But "core", final demand less food and energy, was up just under 8.3% year-on-year, annualizing at a more modest 5.1% over the last three months. While goods-related producer price pressures remained historic, there was a silver lining on the services side. Services prices were running at just 3.5% annualized. And services less trade, transportation and warehousing (the services segment most tied to energy prices) were actually DOWN slightly on an annualized basis over the last three months. **Overall, price pressures at the producer level remained historic due to energy prices. However, core services metrics offered hope of notably lower inflation if and when goods supply chains and energy prices ease.**

## Final Demand June: +11.19%, consensus: +10.7%



Contingent Macro Advisors 2022 source: US BEA

## Final demand less food and energy June: +8.28%, consensus: +8.2%



Contingent Macro Advisors 2022 source: US BEA

**The PPI** ROSE by 1.1% in June, compared with market expectations for an increase of 0.8%. Overall producer prices are 11.2% ABOVE the year-ago level.

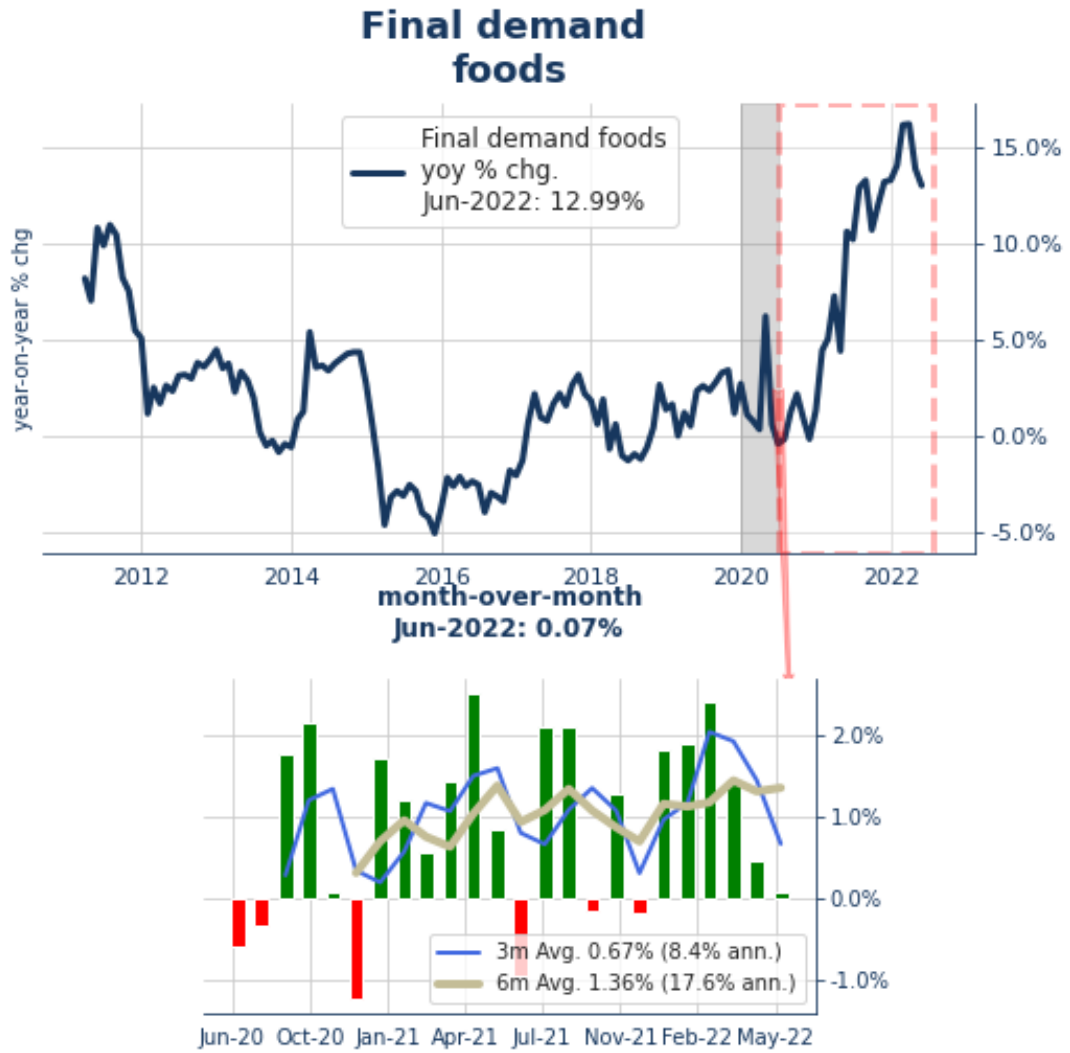
**The Goods PPI** ROSE by 2.4% in June and is now 17.7% ABOVE its year-ago level. Food prices rose by 0.1% and are now 13.0% ABOVE their year-ago level.

Meanwhile, energy prices rose by 10.0%. and are now 54.1% ABOVE their year-ago level. **The Goods PPI less food and energy** ROSE by 0.5% and is now 9.1% ABOVE its year-ago level.

**The Services PPI** ROSE by 0.4% in June and is now 7.7% ABOVE its year-ago level.

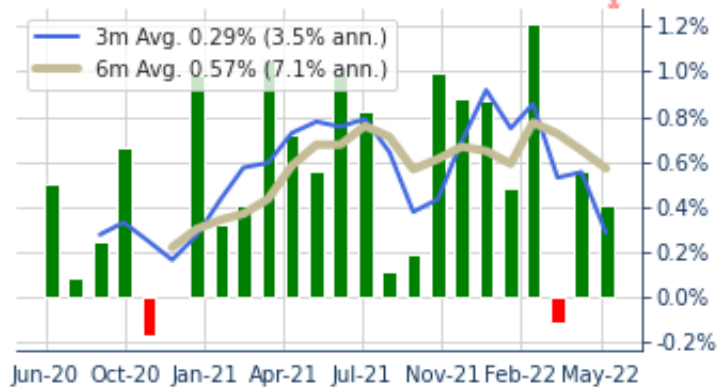
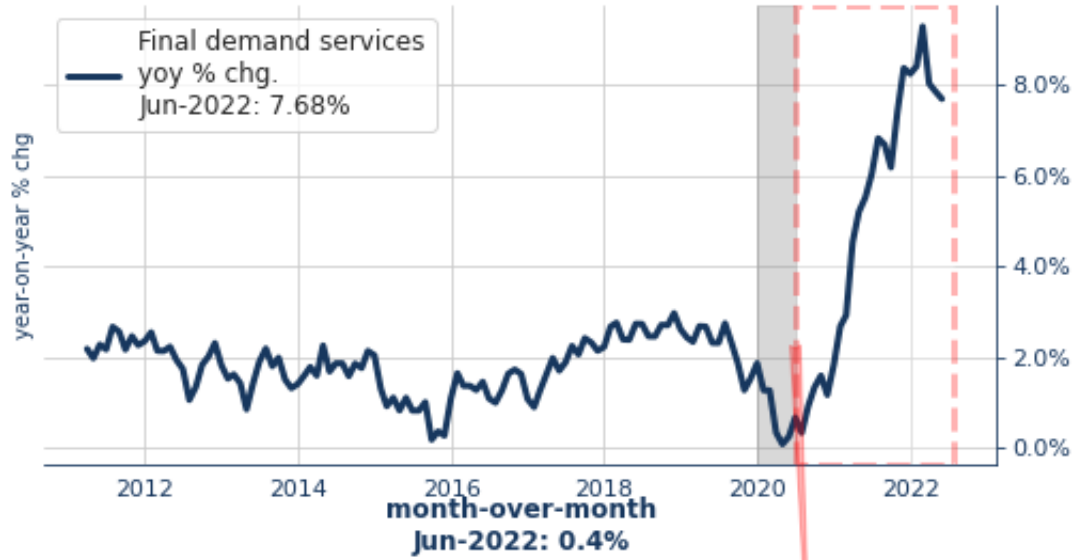
**The Core PPI** ROSE by 0.4%, compared with market expectations for an increase of

0.5%. Core producer prices are now 8.3% ABOVE their year-ago level.

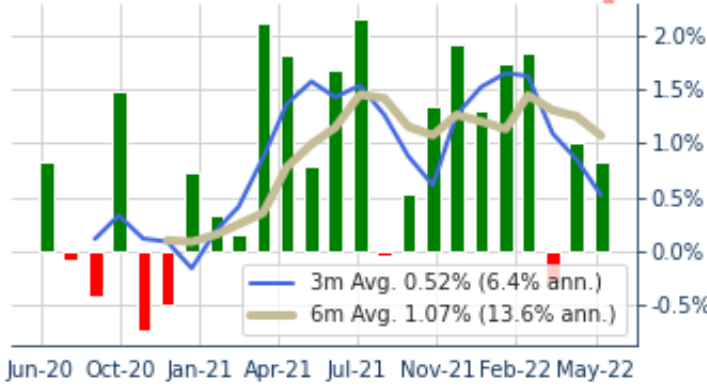
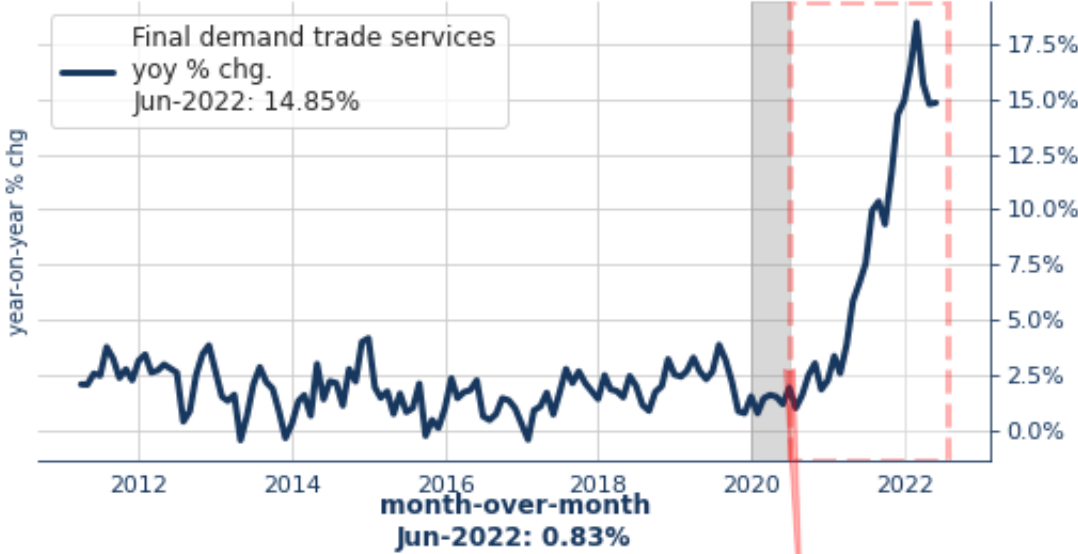


Contingent Macro Advisors 2022 source: US BEA

## Final demand services

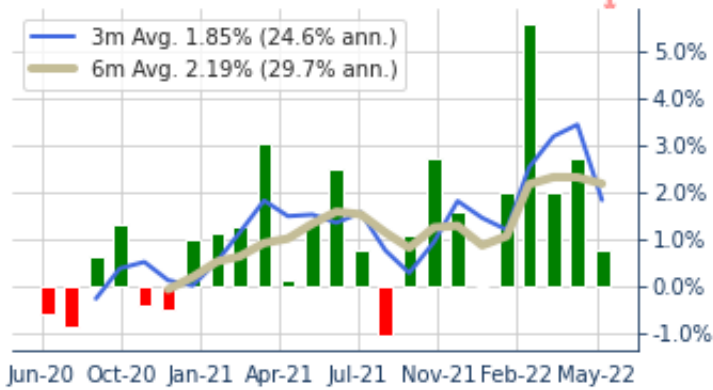
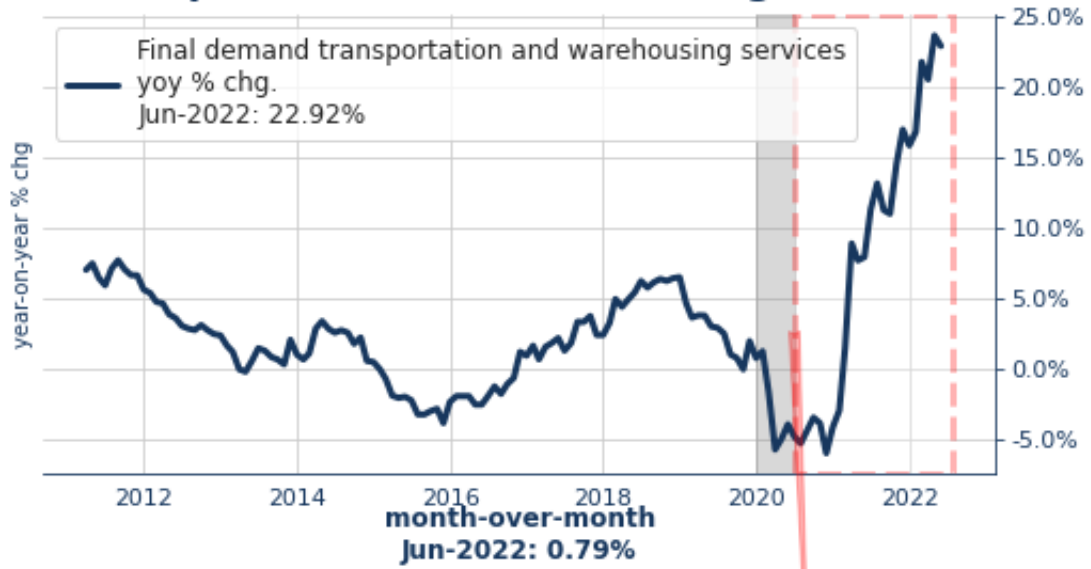


# Final demand trade services

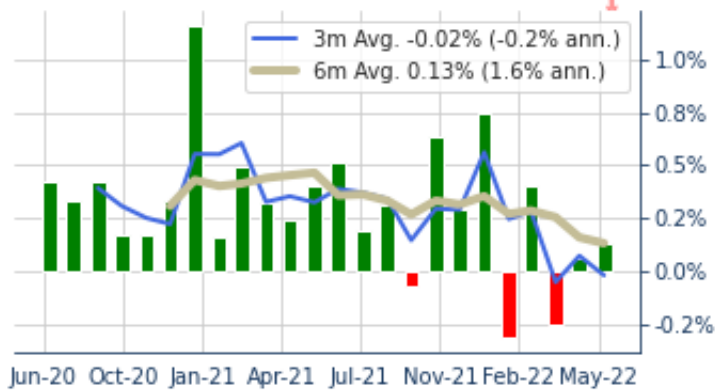
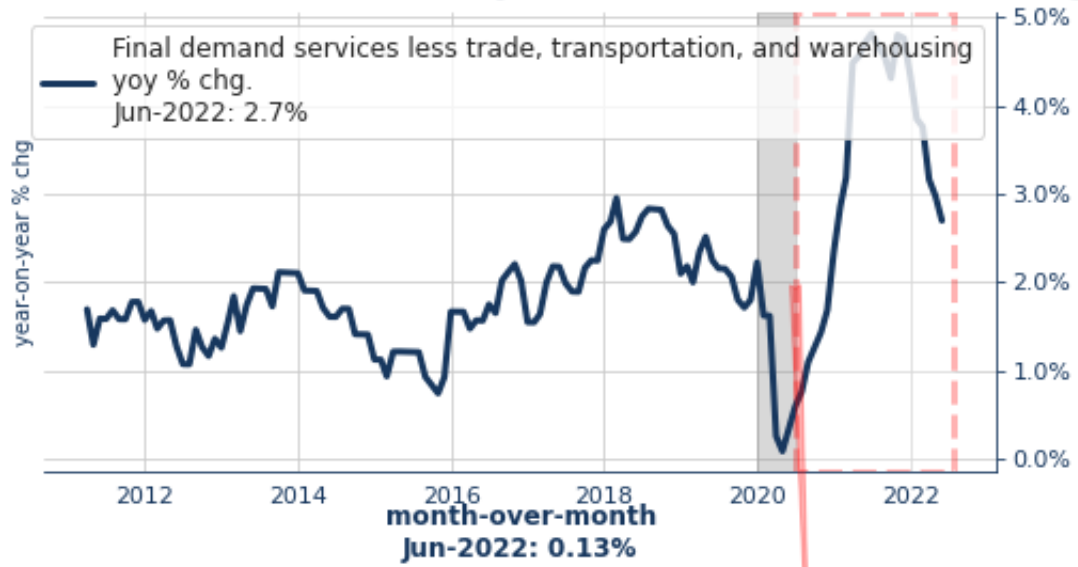


Contingent Macro Advisors 2022 source: US BEA

# Final demand transportation and warehousing services



# Final demand services less trade, transportation, and warehousing

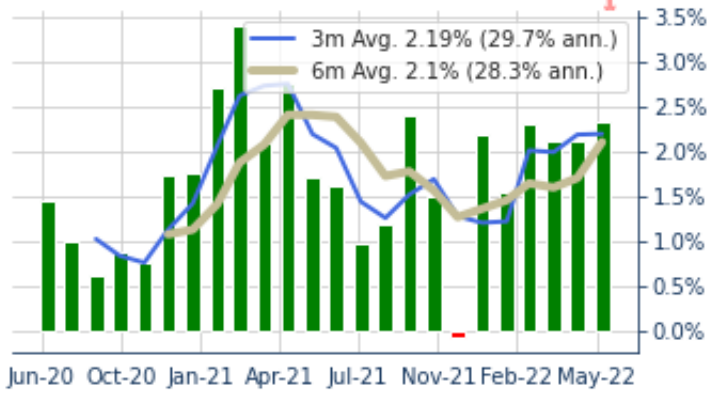




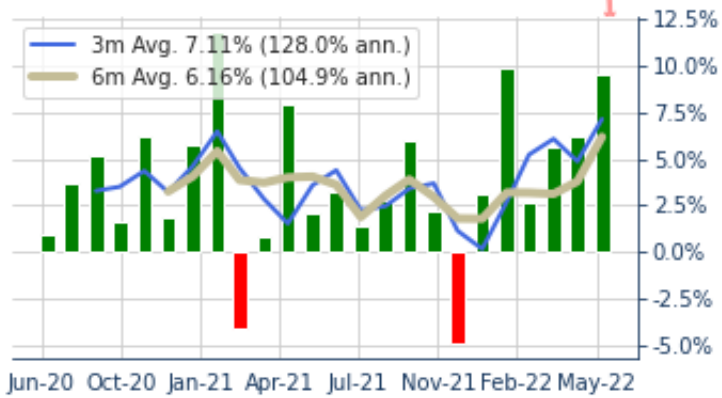
# Processed Goods



month-over-month  
Jun-2022: 2.33%



## Unprocessed Goods



Contingent Macro Advisors 2022 source: US BEA

US Producer Price Inflation	Jun-22	May-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
<b>Final Demand</b>	<b>1.11%</b>	<b>0.86%</b>	<b>10.01%</b>	<b>13.18%</b>	<b>11.19%</b>	<b>10.18%</b>	<b>0.76%</b>	<b>4.55%</b>
<b>Final demand less food and energy</b>	<b>0.42%</b>	<b>0.57%</b>	<b>5.13%</b>	<b>8.07%</b>	<b>8.28%</b>	<b>8.67%</b>	<b>1.35%</b>	<b>3.87%</b>
Final demand goods	2.44%	1.43%	22.65%	25.28%	17.73%	13.69%	-0.09%	6.10%
Final demand goods less foods and energy	0.45%	0.63%	9.10%	10.25%	9.09%	9.35%	1.78%	4.11%
Final demand services	0.40%	0.56%	3.48%	7.07%	7.68%	8.36%	1.17%	3.72%
Final demand trade services	0.83%	1.01%	6.35%	13.55%	14.85%	14.30%	1.83%	5.80%

Final demand transportation and warehousing services	0.79%	2.74%	24.52%	29.51%	22.92%	17.00%	-5.95%	7.20%
Final demand construction	0.55%	0.34%	19.35%	19.56%	19.18%	12.17%	1.16%	7.11%

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	Jun-22	May-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
<b>Processed Goods</b>	<b>2.33%</b>	<b>2.13%</b>	<b>29.72%</b>	<b>28.32%</b>	<b>22.13%</b>	<b>24.31%</b>	<b>1.42%</b>	<b>8.89%</b>
<b>Unprocessed Goods</b>	<b>9.46%</b>	<b>6.23%</b>	<b>127.67%</b>	<b>104.09%</b>	<b>58.55%</b>	<b>39.75%</b>	<b>1.33%</b>	<b>18.77%</b>
Motor Vehicles	0.41%	0.50%	7.59%	7.11%	3.72%	2.50%	0.70%	1.49%
Pharmaceutical	0.19%	0.13%	2.32%	1.41%	1.46%	1.33%	1.81%	2.21%
Chemicals	0.99%	2.76%	21.58%	23.14%	17.48%	39.84%	-2.79%	8.00%
Lumber	-16.40%	0.72%	-69.80%	-13.87%	-27.44%	18.98%	38.86%	8.79%
Steel Mill Products	-1.80%	10.71%	55.16%	-12.64%	22.40%	128.05%	5.23%	24.98%
Outpatient healthcare	0.62%	0.07%	3.02%	3.35%	2.69%	3.20%	2.30%	2.28%
Inpatient healthcare	0.42%	0.18%	1.84%	3.43%	3.37%	2.70%	3.63%	2.91%
Food and alcohol retailing	3.77%	1.62%	25.65%	18.77%	16.83%	8.39%	-0.66%	4.74%
Apparel and jewelry retailing	-0.84%	2.58%	1.72%	-0.99%	6.09%	16.64%	-3.38%	2.21%
Airline passenger services	3.96%	3.88%	48.64%	43.67%	30.66%	21.77%	-24.62%	4.96%
Inv Mgmt & Brokerage	-4.40%	5.34%	1.19%	-5.78%	-1.30%	8.43%	3.47%	1.38%
Business Loans	7.60%	0.72%	72.53%	36.57%	19.82%	14.17%	-12.04%	4.35%
Legal Services	0.03%	-0.18%	-1.45%	2.58%	3.66%	4.20%	4.28%	3.58%
Truck Transport	-0.41%	2.31%	15.31%	28.55%	23.41%	17.90%	2.23%	9.11%
Machinery & Equip. Wholesaling	1.56%	0.87%	4.92%	14.01%	19.37%	14.77%	3.06%	6.97%

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.