

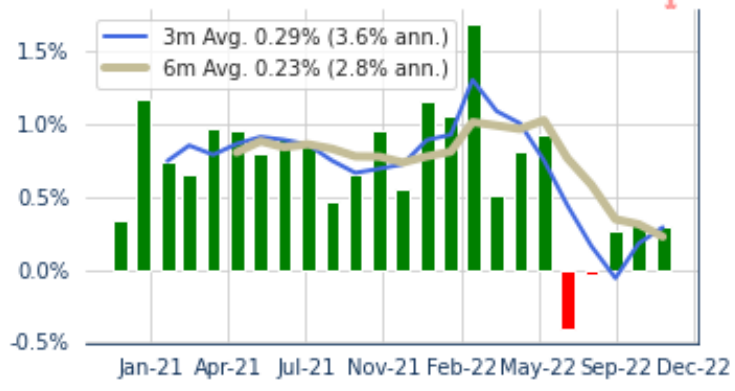
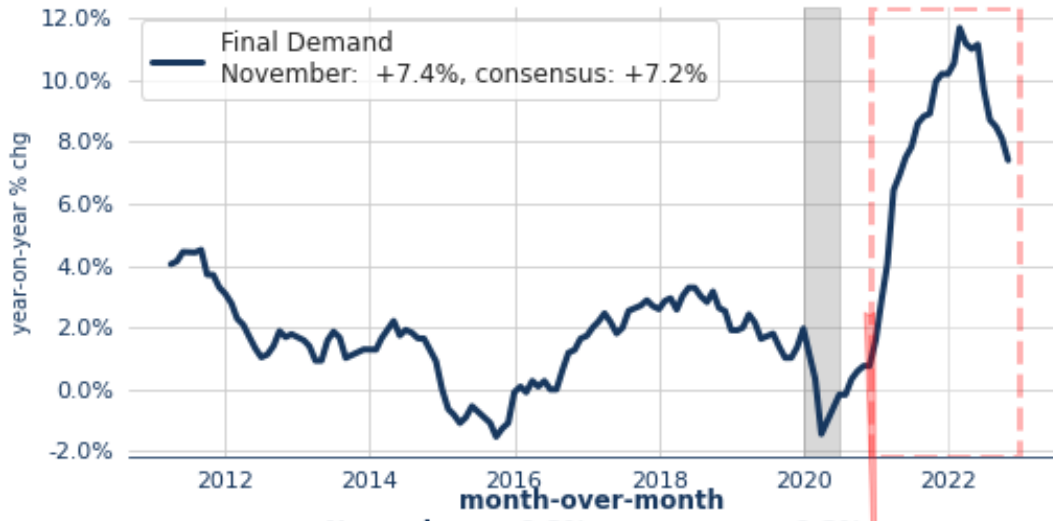
09.Dec.2022

Producer Prices: Pipeline Pressures Slow Less Than Expected

Bottom Line: Producer prices rose slightly more than expected, continuing a sharp deceleration in producer price pressures. However, the readings were stronger than expected and were revised higher for October. Final demand services led the increase, with about 1/3rd of that coming because of higher stock market prices -- investment management fees calculated based on assets under management jumped with the stock market gains in November. Goods prices continued to decelerate, with final demand goods rising just 0.1% after increasing 0.6% in October. And prices for intermediate finished goods moved DOWN for the fifth consecutive month. **While a touch stronger than expected, this report confirmed the continued correction in core goods prices and deceleration in services price inflation. Core PPI was running at just 2.7% annualized in the three months that ended in October, well below the pace of the last six- and 12-months, 3.5%, and 6.26%, respectively.**

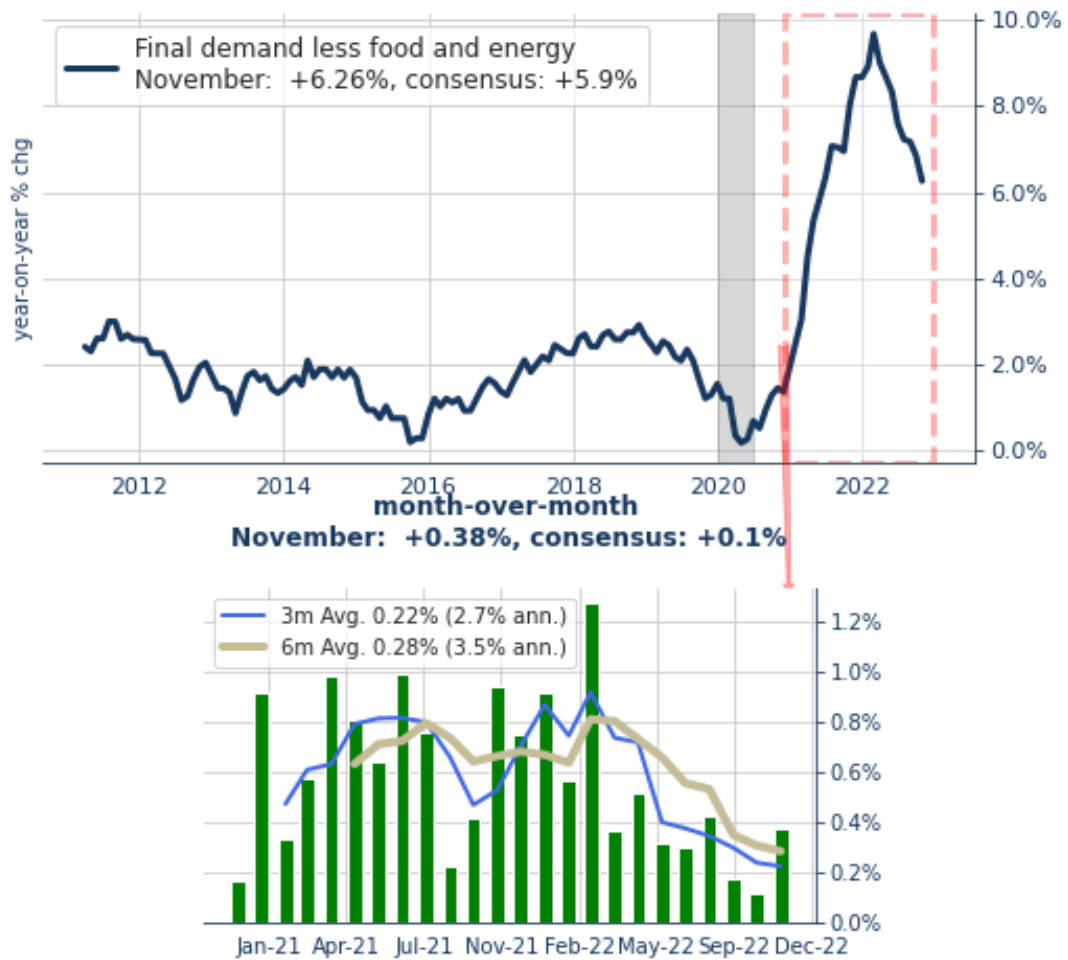
Final Demand

November: +7.4%, consensus: +7.2%



Contingent Macro Advisors 2022 source: US BEA

Final demand less food and energy November: +6.26%, consensus: +5.9%



Contingent Macro Advisors 2022 source: US BEA

The PPI ROSE by 0.3% in November, compared with market expectations for an increase of 0.2%. Overall producer prices are 7.4% ABOVE the year-ago level.

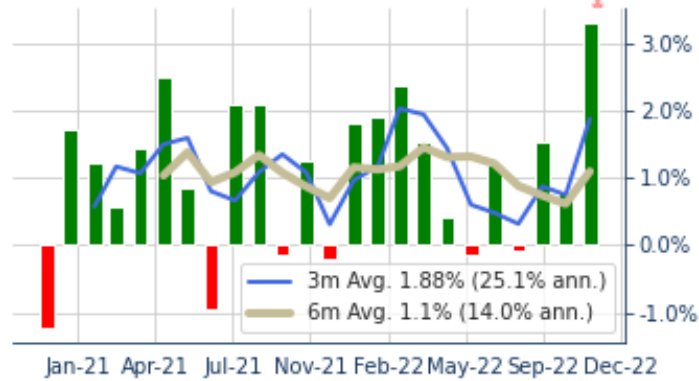
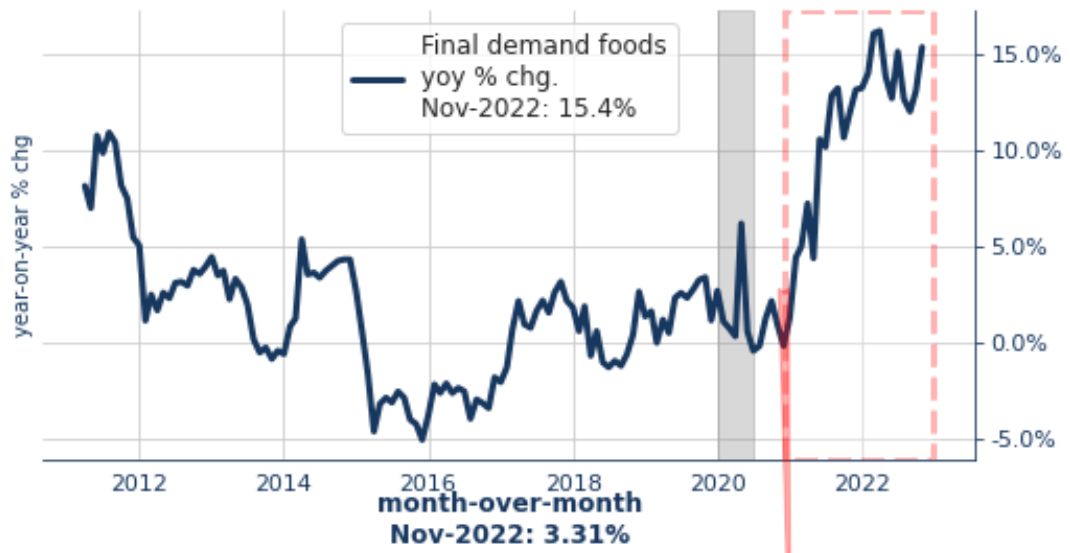
The Goods PPI ROSE by 0.1% in November and is now 9.6% ABOVE its year-ago level. Food prices rose by 3.3% and are now 15.4% ABOVE their year-ago level.

Meanwhile, energy prices fell by 3.3%. but are now 16.0% ABOVE their year-ago level. The Goods PPI less food and energy ROSE by 0.3%, and is now 6.2% ABOVE its year-ago level.

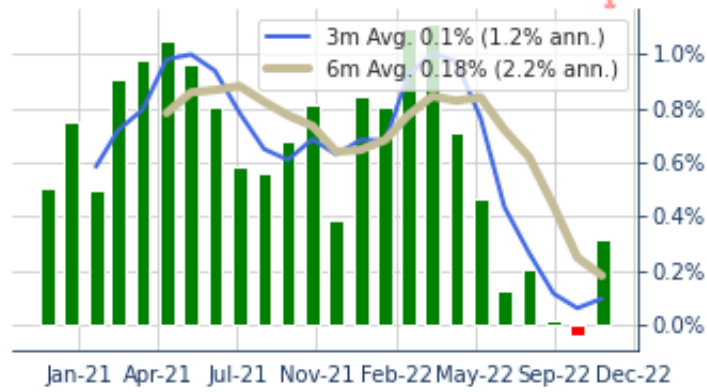
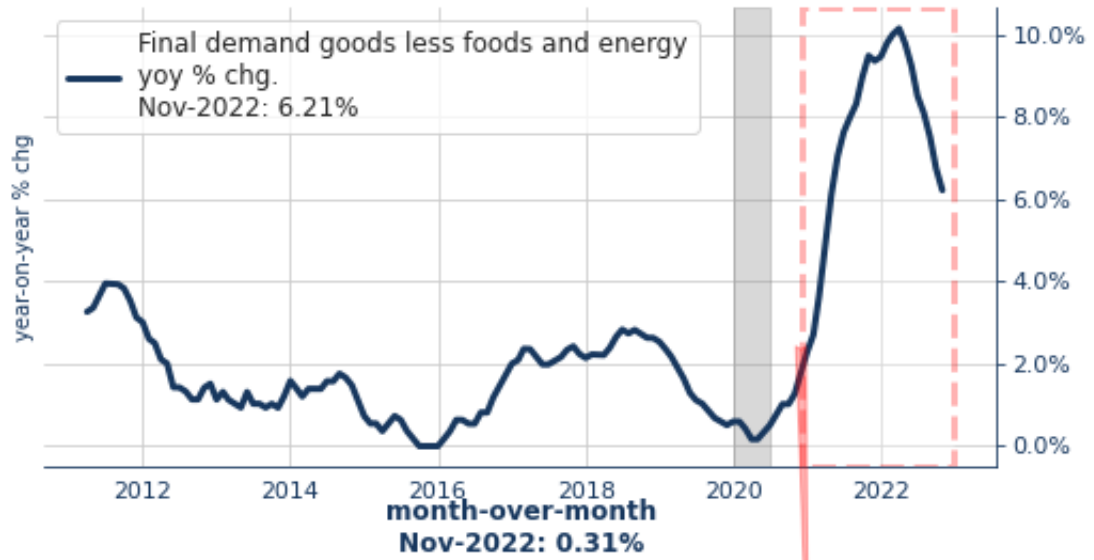
The Services PPI ROSE by 0.4% in November and is now 5.9% ABOVE its year-ago level.

The Core PPI ROSE by 0.4%, compared with market expectations for an increase of 0.2%. Core producer prices are now 6.3% ABOVE their year-ago level.

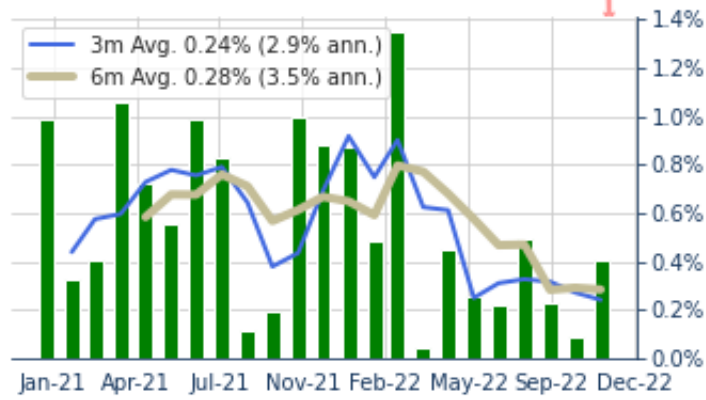
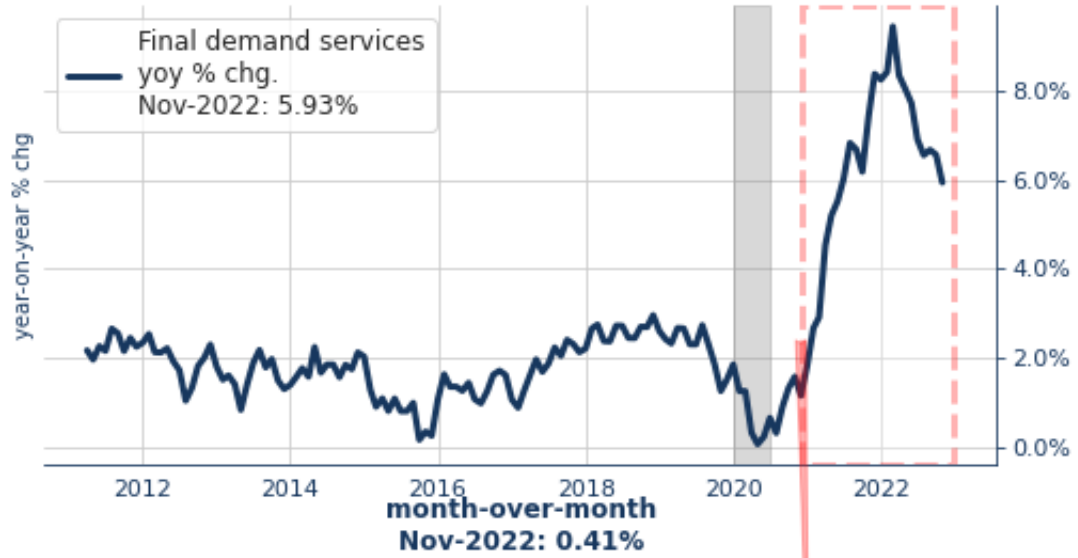
Final demand foods



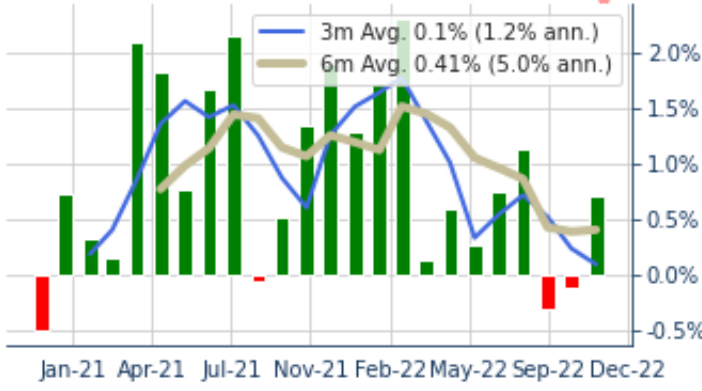
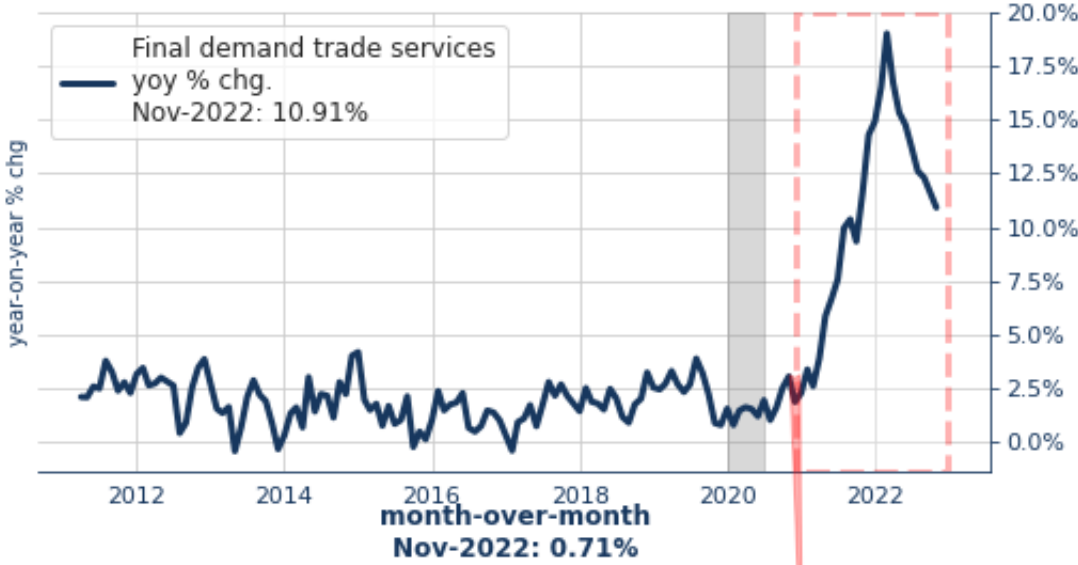
Final demand goods less foods and energy



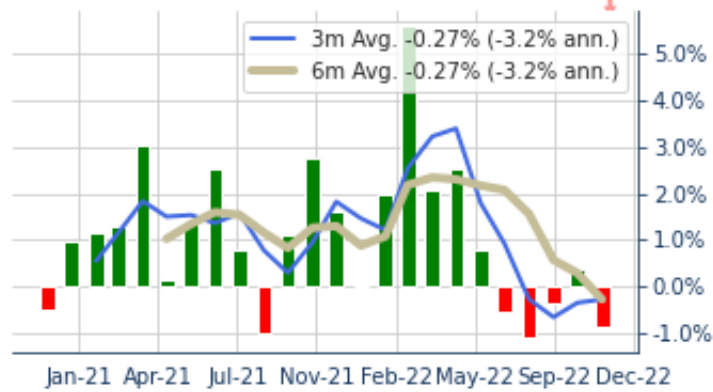
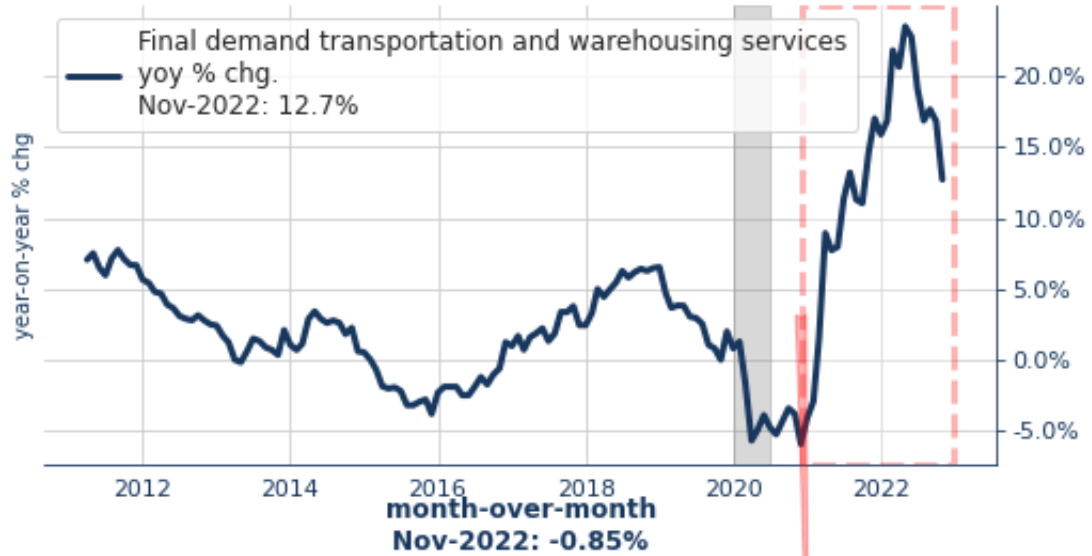
Final demand services



Final demand trade services

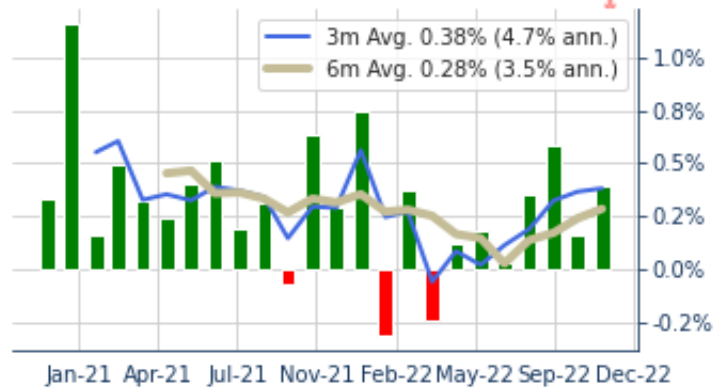
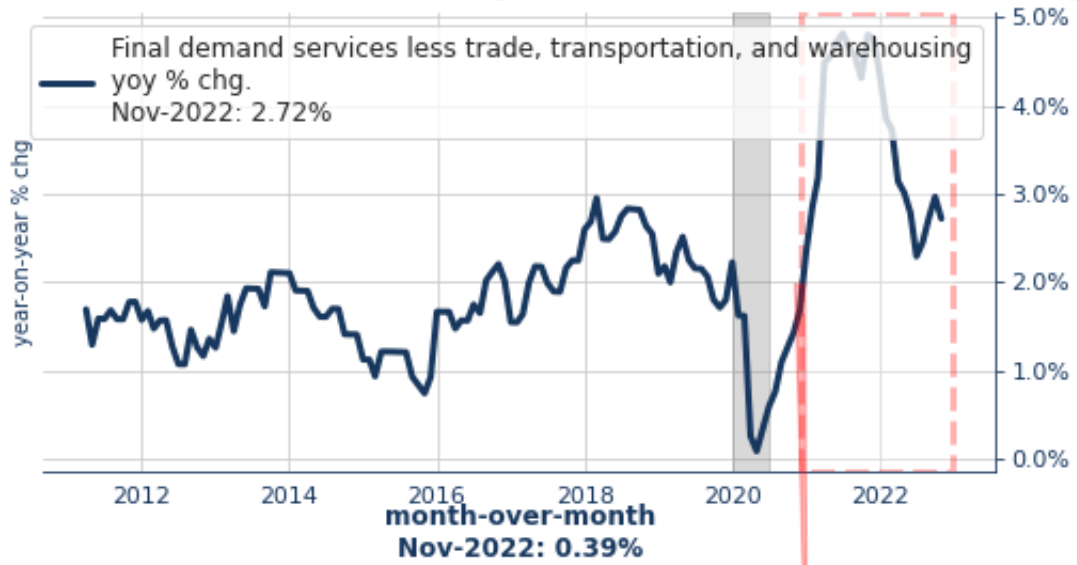


Final demand transportation and warehousing services

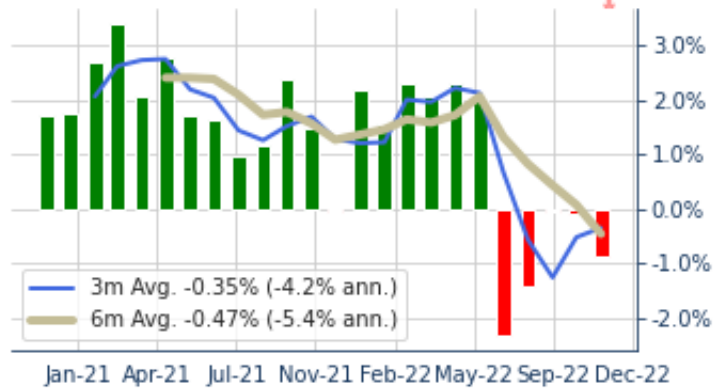
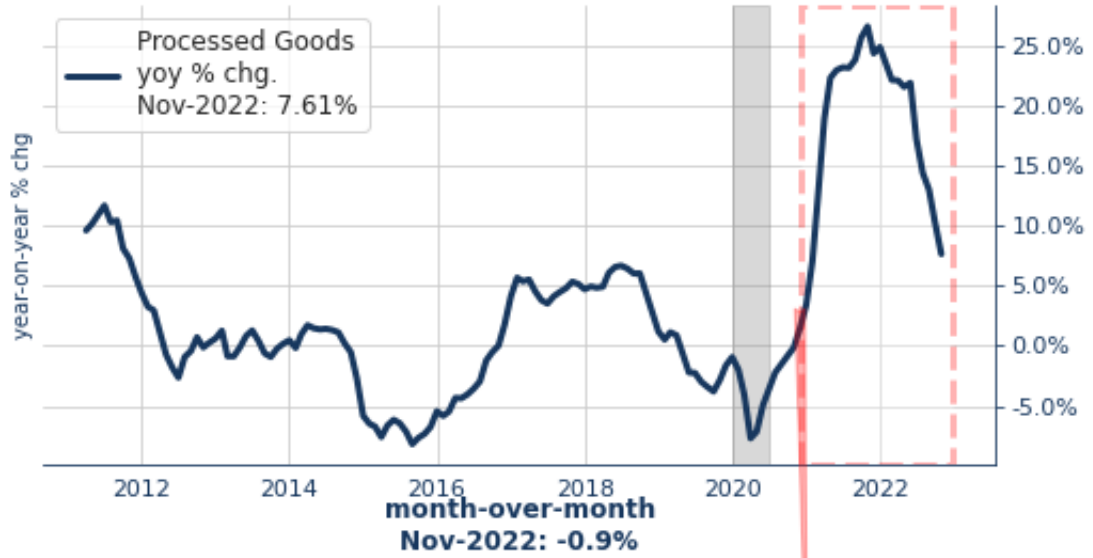


Contingent Macro Advisors 2022 source: US BEA

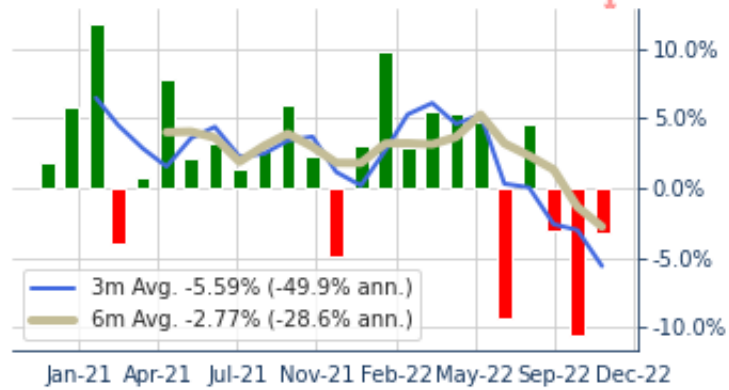
Final demand services less trade, transportation, and warehousing



Processed Goods



Unprocessed Goods



Contingent Macro Advisors 2022 source: US BEA

US Producer Price Inflation	Nov-22	Oct-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
Final Demand	0.30%	0.31%	3.56%	2.76%	7.40%	10.18%	0.76%	4.65%
Final demand less food and energy	0.38%	0.12%	2.72%	3.46%	6.26%	8.67%	1.35%	4.22%
Final demand goods	0.10%	0.59%	4.21%	0.65%	9.64%	13.69%	-0.09%	5.58%
Final demand goods less foods and energy	0.31%	-0.04%	1.18%	2.21%	6.21%	9.35%	1.78%	4.29%
Final demand services	0.41%	0.09%	2.93%	3.46%	5.93%	8.36%	1.17%	4.07%
Final demand trade services	0.71%	-0.10%	1.18%	5.02%	10.91%	14.30%	1.83%	6.35%

Final demand transportation and warehousing services	-0.85%	0.38%	-3.23%	-3.23%	12.70%	17.00%	-5.95%	6.50%
Final demand construction	0.15%	2.80%	13.46%	19.09%	18.98%	12.17%	1.16%	9.45%

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	Nov-22	Oct-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
Processed Goods	-0.90%	-0.11%	-4.19%	-5.55%	7.61%	24.31%	1.42%	7.46%
Unprocessed Goods	-3.16%	-10.51%	-50.27%	-30.23%	3.00%	39.75%	1.33%	9.37%
Motor Vehicles	0.36%	-0.22%	1.06%	2.75%	4.38%	2.50%	0.70%	1.69%
Pharmaceutical	0.15%	0.21%	2.51%	3.29%	2.24%	1.33%	1.81%	2.51%
Chemicals	-1.09%	-0.84%	-13.03%	-14.61%	1.27%	39.84%	-2.79%	6.00%
Lumber	-2.47%	-3.73%	-33.36%	-49.03%	-8.88%	18.98%	38.86%	4.67%
Steel Mill Products	-2.97%	-5.49%	-46.35%	-40.61%	-26.60%	128.05%	5.23%	15.25%
Outpatient healthcare	0.10%	-0.28%	-0.40%	0.60%	1.37%	3.20%	2.30%	2.20%
Inpatient healthcare	0.20%	0.77%	4.99%	5.30%	4.44%	2.70%	3.63%	3.46%
Food and alcohol retailing	0.13%	2.76%	22.56%	27.82%	20.86%	8.39%	-0.66%	6.97%
Apparel and jewelry retailing	3.46%	-1.06%	14.55%	1.47%	2.07%	16.64%	-3.38%	2.60%
Airline passenger services	-5.69%	2.93%	-12.08%	-3.19%	18.26%	21.77%	-24.62%	3.60%
Inv Mgmt & Brokerage	11.33%	3.93%	66.17%	41.24%	19.13%	8.43%	3.47%	6.57%
Business Loans	14.15%	1.35%	131.93%	155.05%	71.23%	14.17%	-12.04%	16.16%
Legal Services	0.39%	0.43%	6.59%	4.89%	4.94%	4.20%	4.28%	4.33%
Truck Transport	1.05%	-0.62%	-1.00%	-6.11%	11.14%	17.90%	2.23%	8.30%
Machinery & Equip. Wholesaling	1.27%	-0.57%	7.49%	3.56%	11.01%	14.77%	3.06%	7.24%

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.