

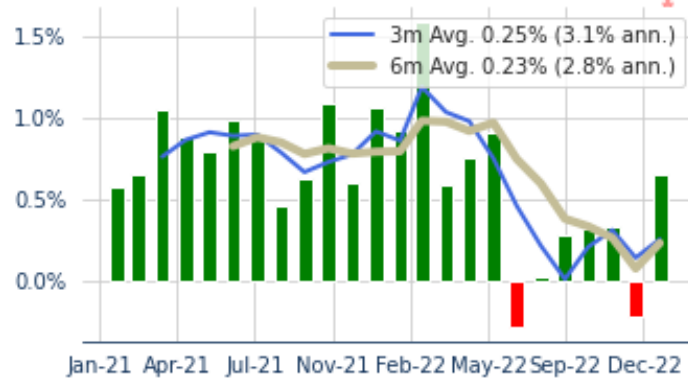
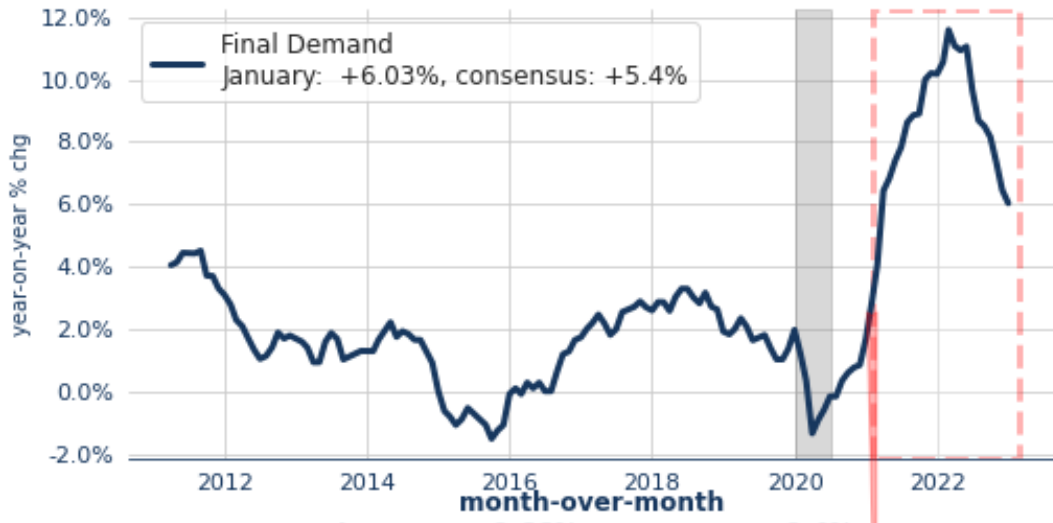
16.Feb.2023

## **Producer Prices: Pipeline Pressures Higher Again**

**Bottom Line:** Producer prices rose more than expected in January as energy prices rebounded. Core prices saw their biggest gains since last May. Goods prices, especially processed goods, rebounded as service prices continued to increase modestly. While trade, transportation and warehousing prices were only modestly higher and still trending lower, healthcare prices accelerated notably. We should note that, like in the CPI report, there were revisions to the seasonal factors, pushing up 2022's second half producer price readings. Core producer prices were no longer declining on a trend basis. **The 3-months that ended in January saw annualized price gains of 4.7%, above the six-month pace of 3.8%, suggesting the downtrend in producer prices had lost momentum and was settling into a 3.5-5% range, a concerning level of pipeline inflation.**

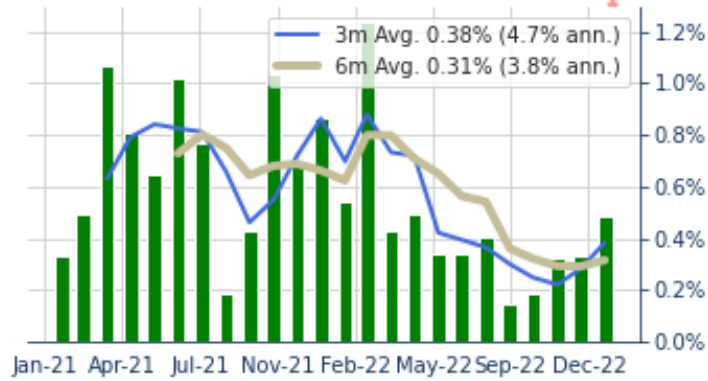
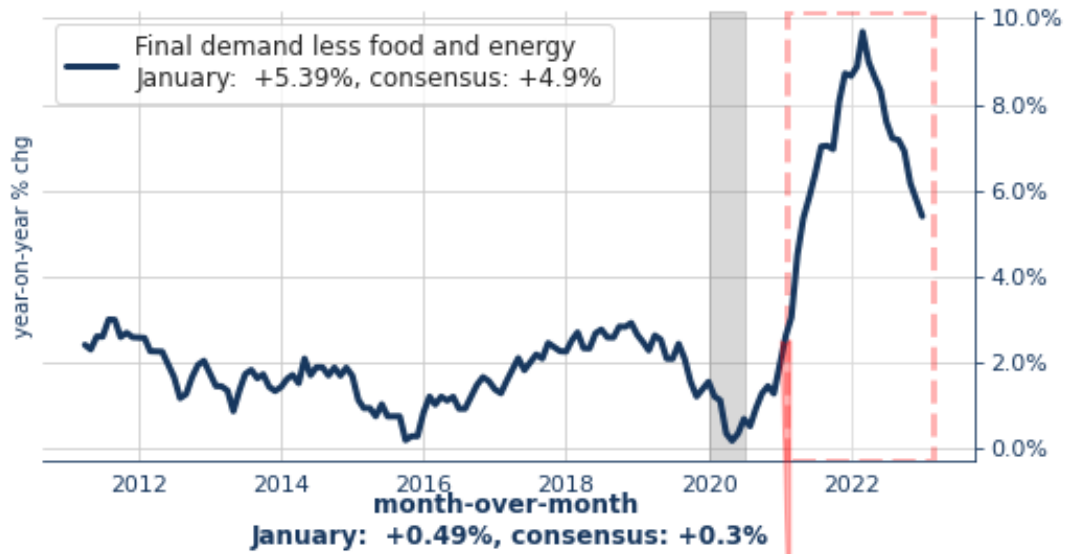
## Final Demand

**January: +6.03%, consensus: +5.4%**



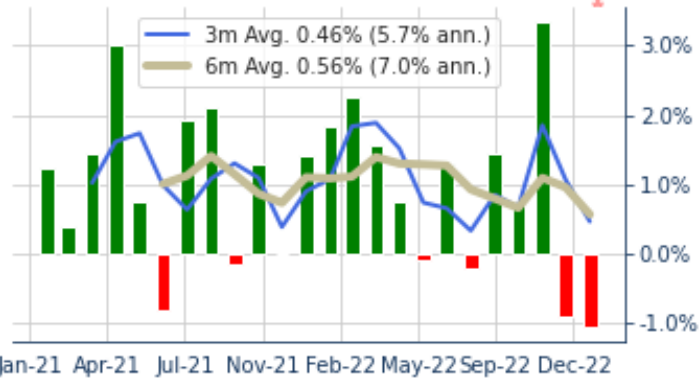
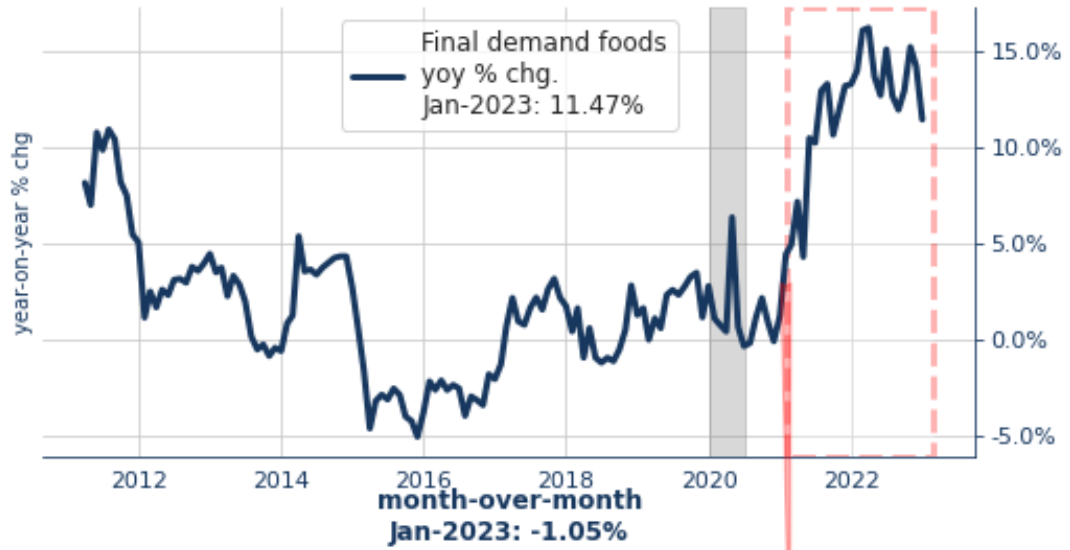
Contingent Macro Advisors 2023 source: US BEA

## Final demand less food and energy January: +5.39%, consensus: +4.9%

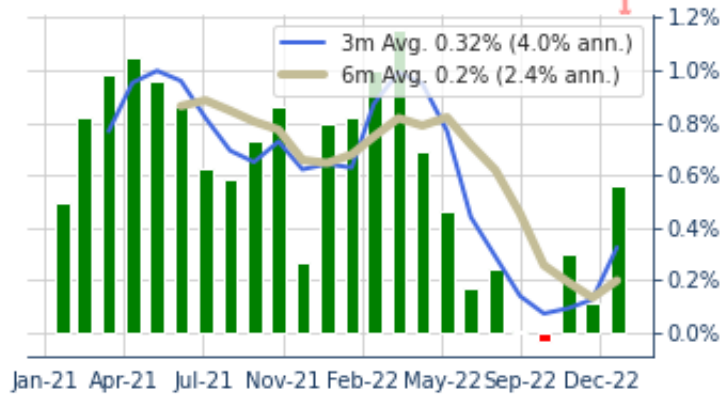
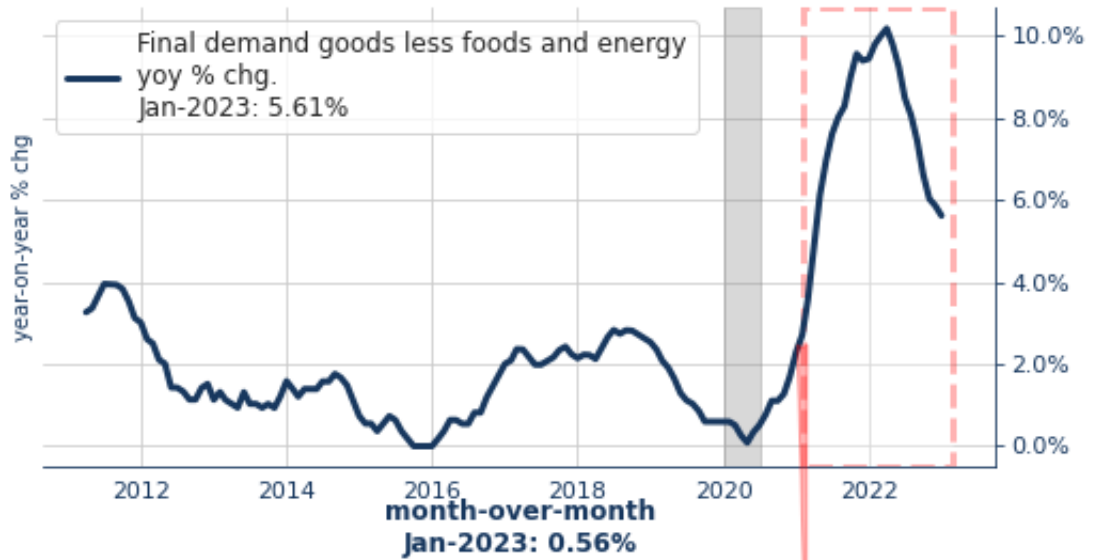


Contingent Macro Advisors 2023 source: US BEA

## Final demand foods

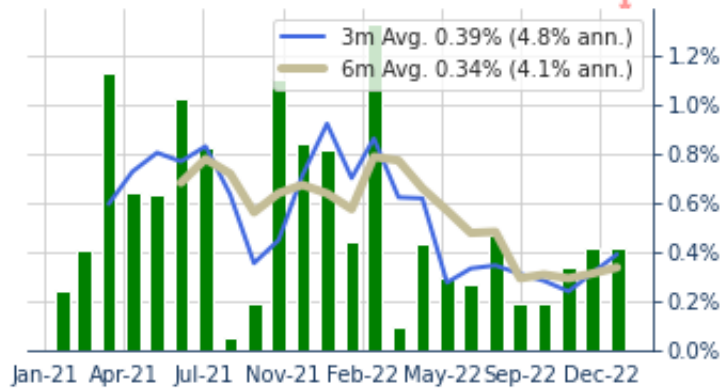
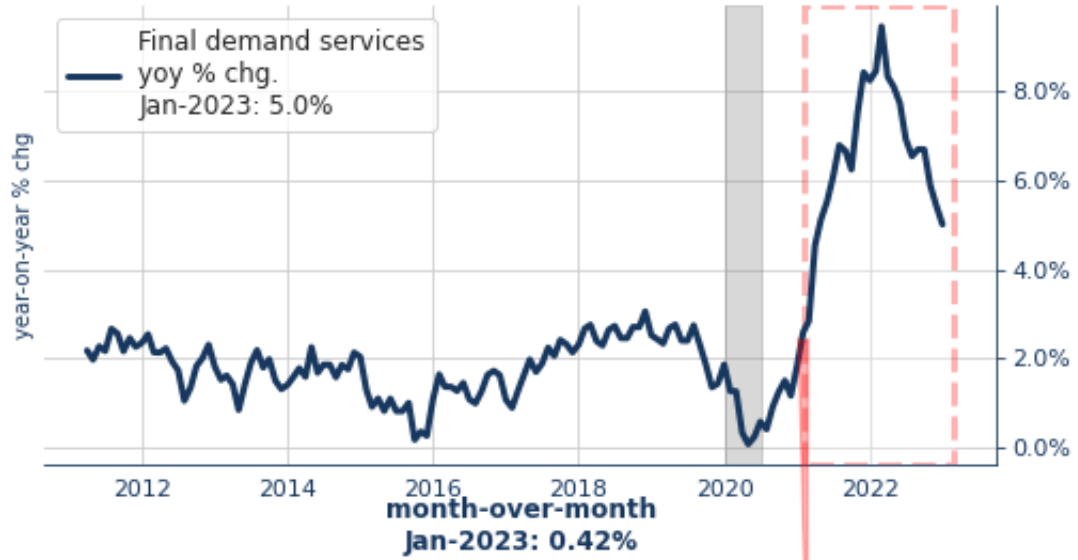


## Final demand goods less foods and energy



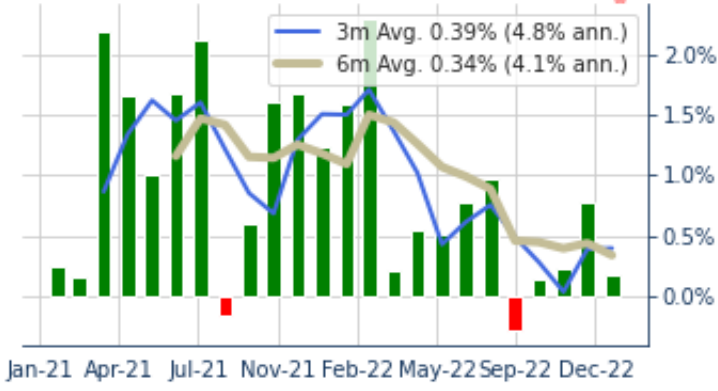
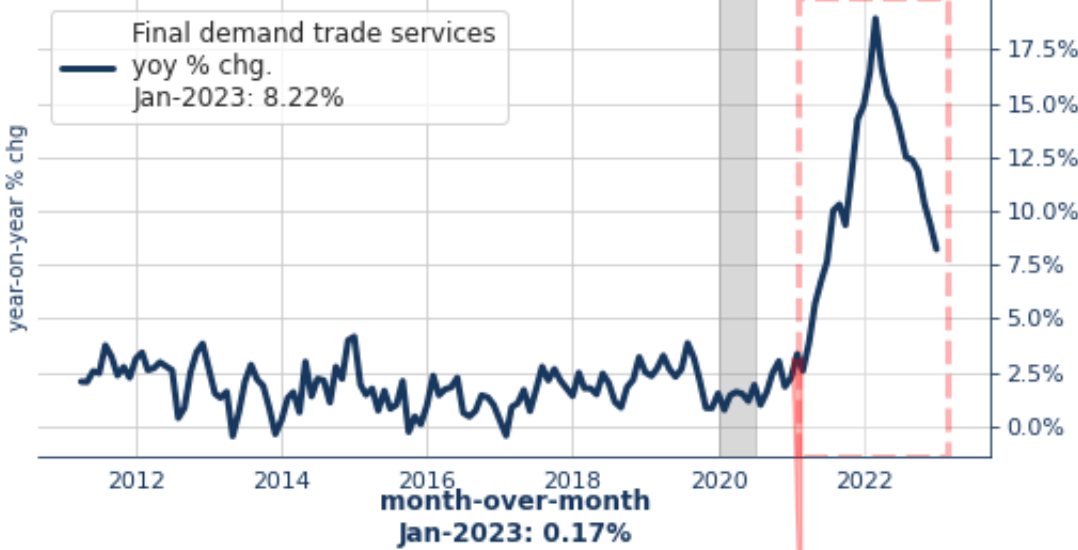
Contingent Macro Advisors 2023 source: US BEA

## Final demand services



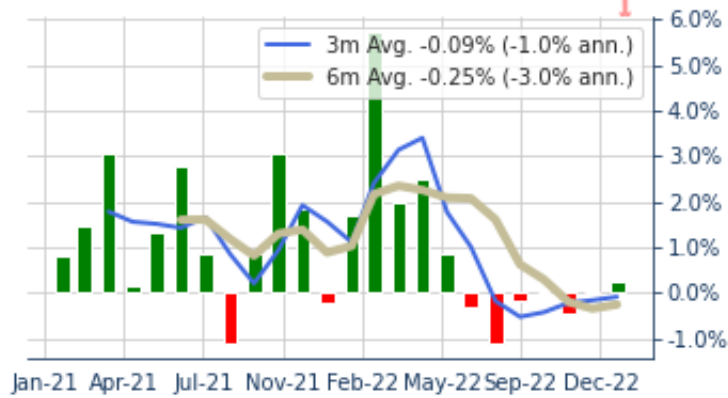
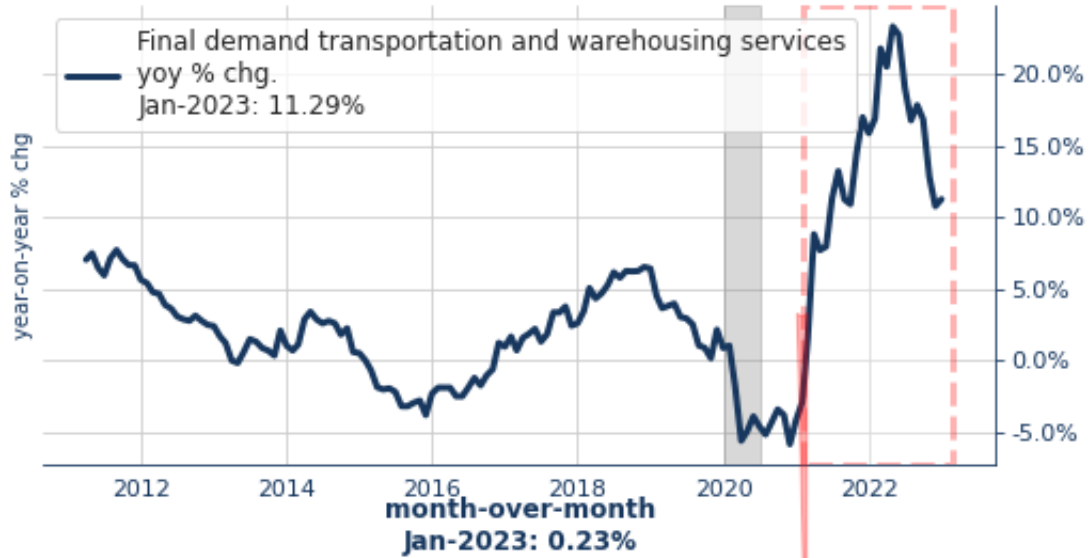
Contingent Macro Advisors 2023 source: US BEA

# Final demand trade services



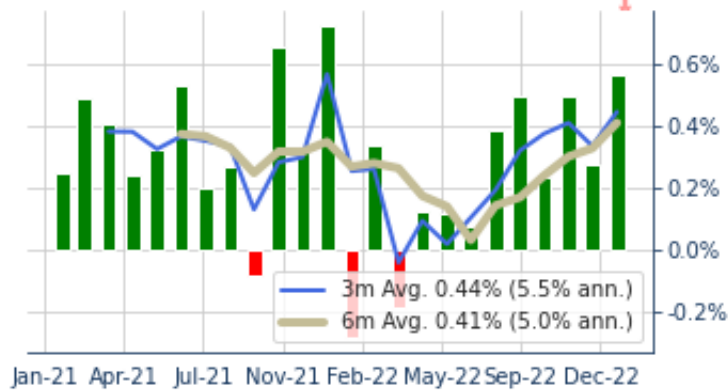
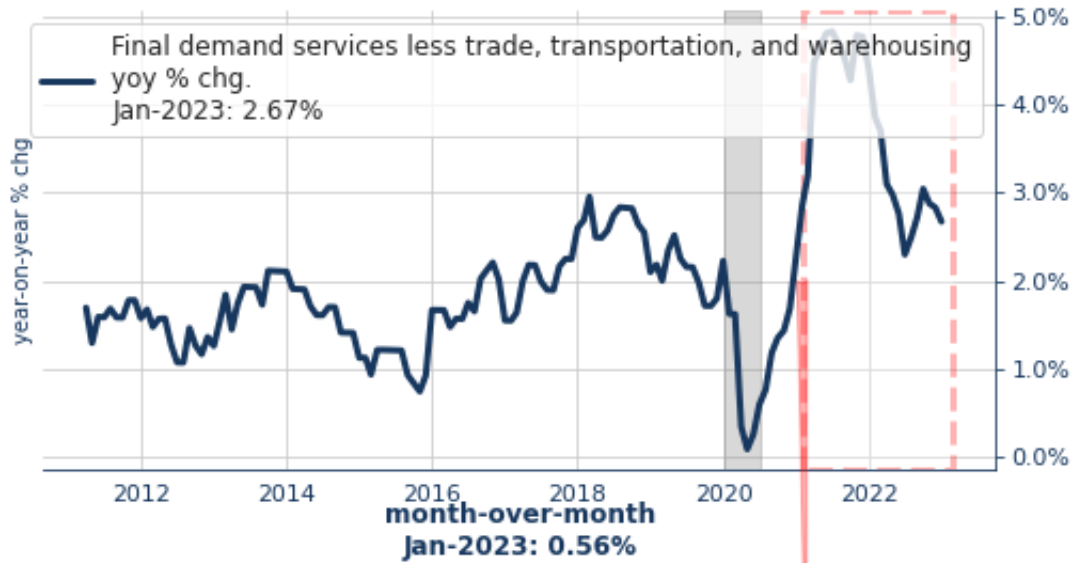
Contingent Macro Advisors 2023 source: US BEA

# Final demand transportation and warehousing services

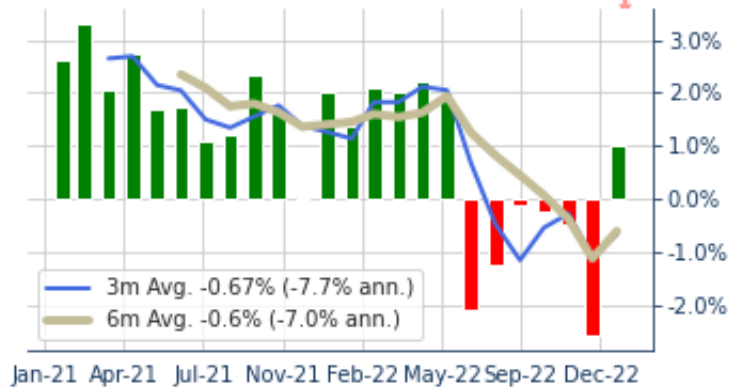
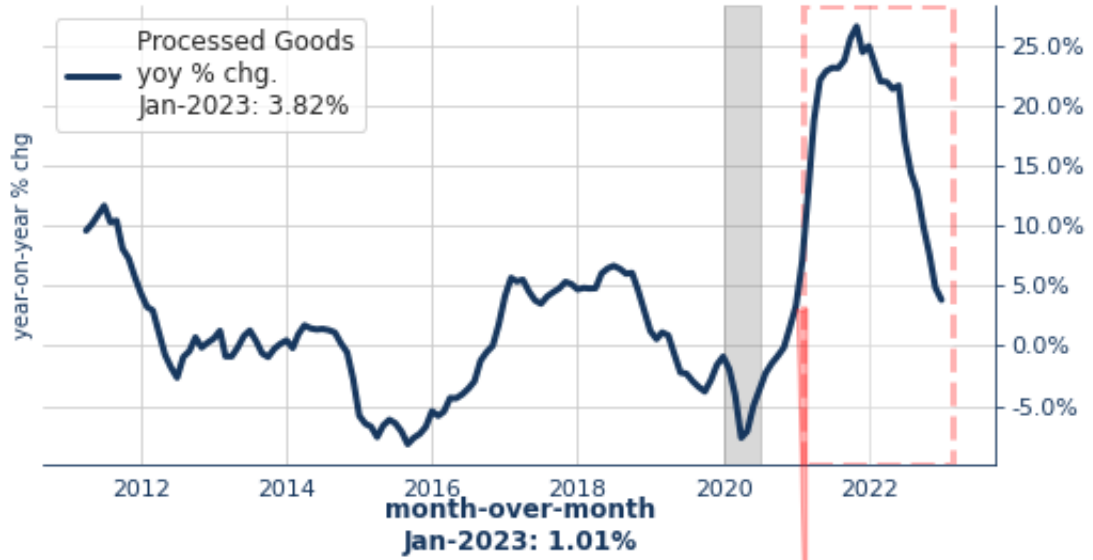




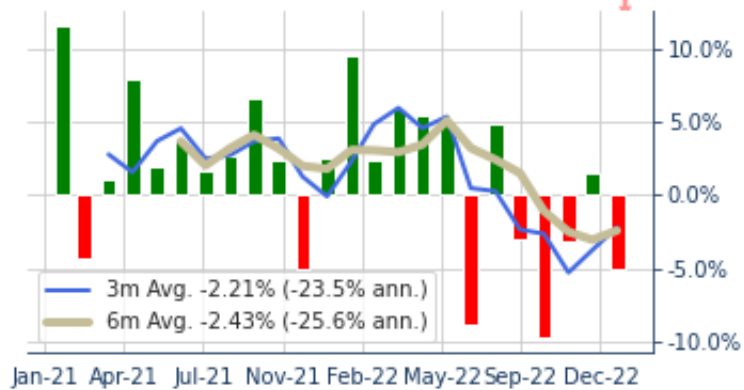
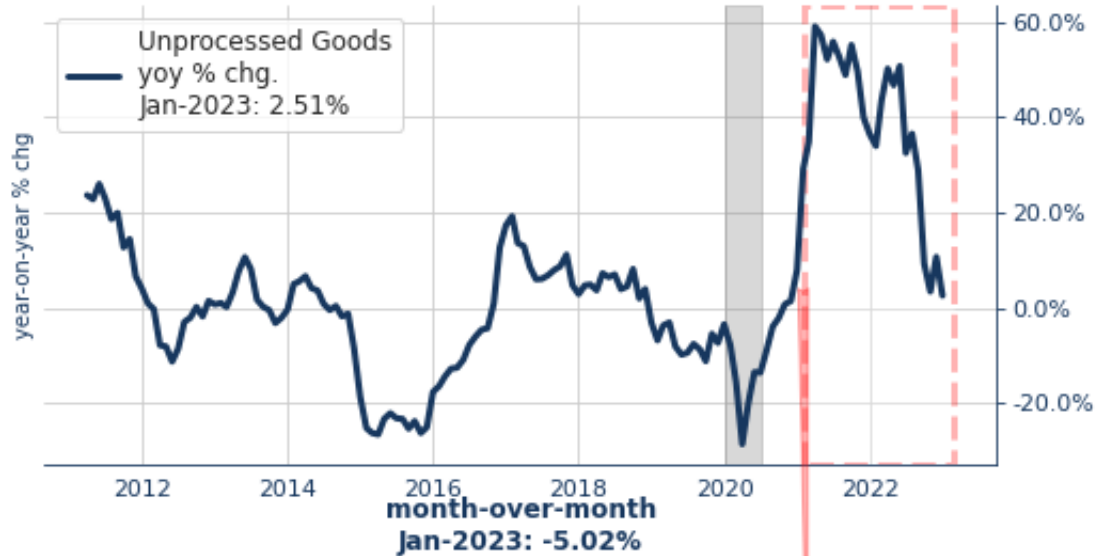
# Final demand services less trade, transportation, and warehousing



# Processed Goods



## Unprocessed Goods



Contingent Macro Advisors 2023 source: US BEA

US Producer Price Inflation	Jan-23	Dec-22	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
<b>Final Demand</b>	<b>0.66%</b>	<b>-0.22%</b>	<b>3.09%</b>	<b>2.80%</b>	<b>6.03%</b>	<b>6.46%</b>	<b>10.20%</b>	<b>4.14%</b>
<b>Final demand less food and energy</b>	<b>0.49%</b>	<b>0.33%</b>	<b>4.69%</b>	<b>3.84%</b>	<b>5.39%</b>	<b>5.78%</b>	<b>8.72%</b>	<b>3.73%</b>
Final demand goods	1.18%	-1.44%	0.19%	0.24%	7.59%	7.84%	13.94%	5.15%
Final demand goods less foods and energy	0.56%	0.11%	3.95%	2.39%	5.61%	5.85%	9.38%	3.82%
Final demand services	0.42%	0.42%	4.80%	4.12%	5.00%	5.42%	8.41%	3.55%
Final demand trade services	0.17%	0.78%	4.82%	4.09%	8.22%	9.38%	14.26%	5.71%

Final demand transportation and warehousing services	0.23%	-0.02%	-1.03%	-3.03%	11.29%	10.80%	17.02%	5.00%
Final demand construction	1.65%	0.04%	7.35%	9.96%	16.55%	18.53%	12.17%	8.40%

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	Jan-23	Dec-22	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
<b>Processed Goods</b>	<b>1.01%</b>	<b>-2.55%</b>	<b>-7.84%</b>	<b>-7.07%</b>	<b>3.82%</b>	<b>4.85%</b>	<b>24.44%</b>	<b>6.33%</b>
<b>Unprocessed Goods</b>	<b>-5.02%</b>	<b>1.52%</b>	<b>-23.90%</b>	<b>-26.57%</b>	<b>2.51%</b>	<b>10.62%</b>	<b>39.89%</b>	<b>7.59%</b>
Motor Vehicles	0.60%	0.26%	4.66%	3.36%	4.71%	4.64%	2.59%	1.72%
Pharmaceutical	0.79%	-0.29%	2.55%	2.56%	2.77%	1.85%	1.34%	1.55%
Chemicals	-1.51%	-0.42%	-11.53%	-24.00%	-1.60%	0.14%	39.84%	5.23%
Lumber	-2.99%	-5.95%	-37.44%	-35.74%	-34.27%	-23.73%	18.92%	4.37%
Steel Mill Products	-2.32%	-3.35%	-30.00%	-41.74%	-30.14%	-29.78%	128.05%	7.66%
Outpatient healthcare	0.44%	0.04%	2.67%	0.95%	1.35%	1.69%	3.27%	1.99%
Inpatient healthcare	0.38%	0.37%	4.35%	4.35%	3.97%	4.74%	2.61%	2.91%
Food and alcohol retailing	-0.31%	-0.23%	-5.08%	7.61%	15.66%	17.30%	8.38%	5.50%
Apparel and jewelry retailing	3.32%	2.94%	27.86%	18.30%	2.89%	0.15%	16.76%	3.62%
Airline passenger services	2.91%	3.36%	10.46%	9.12%	28.31%	17.03%	21.95%	3.41%
Inv Mgmt & Brokerage	0.12%	0.38%	59.02%	57.97%	22.53%	21.80%	8.43%	4.69%
Business Loans	11.87%	-1.26%	148.71%	138.63%	83.21%	70.74%	14.17%	13.86%
Legal Services	1.60%	0.29%	9.67%	8.11%	5.71%	4.90%	4.24%	4.26%
Truck Transport	-1.22%	-1.54%	-7.61%	-10.27%	4.88%	8.39%	17.90%	5.81%
Machinery & Equip. Wholesaling	-0.53%	1.43%	12.12%	4.61%	7.18%	10.22%	14.77%	6.58%

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.