

13.Apr.2023

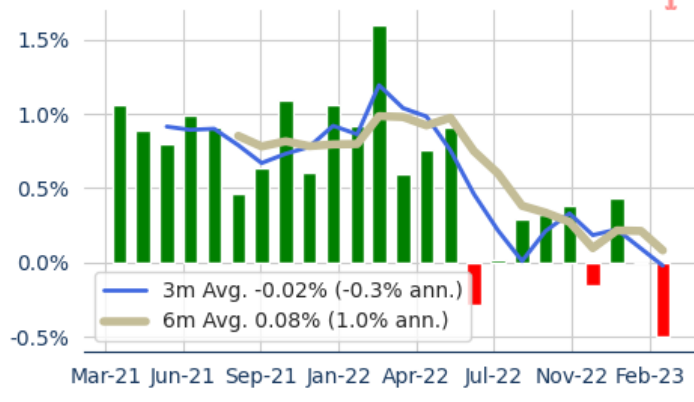
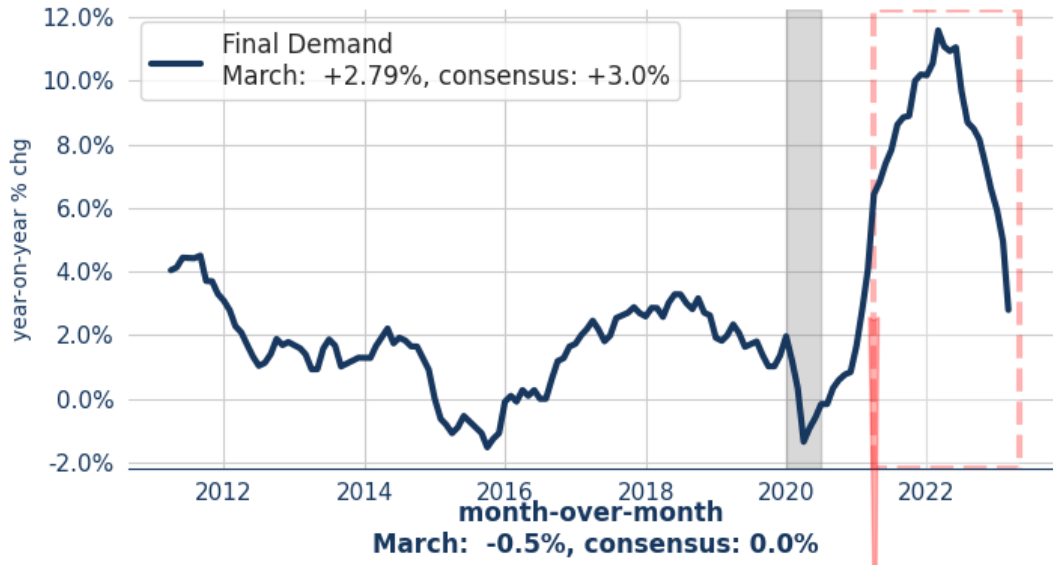
Producer Prices: Goods Lead Further Easing

Bottom Line: Producer prices fell for the third time in the last four months in March. With core prices lower, the report was well below expectations. While there were upward revisions to previously reported, the trend remained decidedly lower. Goods prices were sharply lower, while services prices continued the more modest declines we started to see early this year. That said, goods remained the driver of producer prices, with most of the decline in services due to lower prices for services related to goods transportation and warehousing.

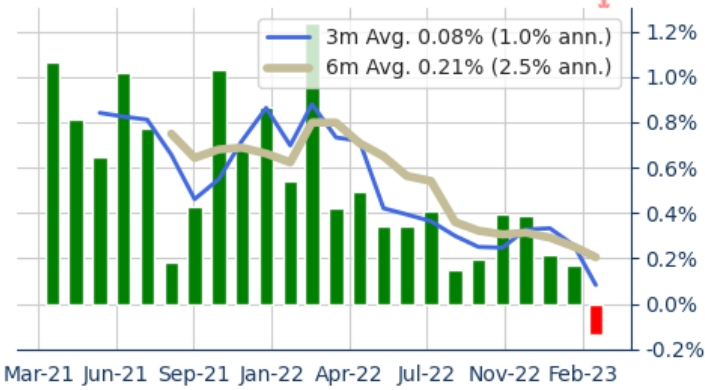
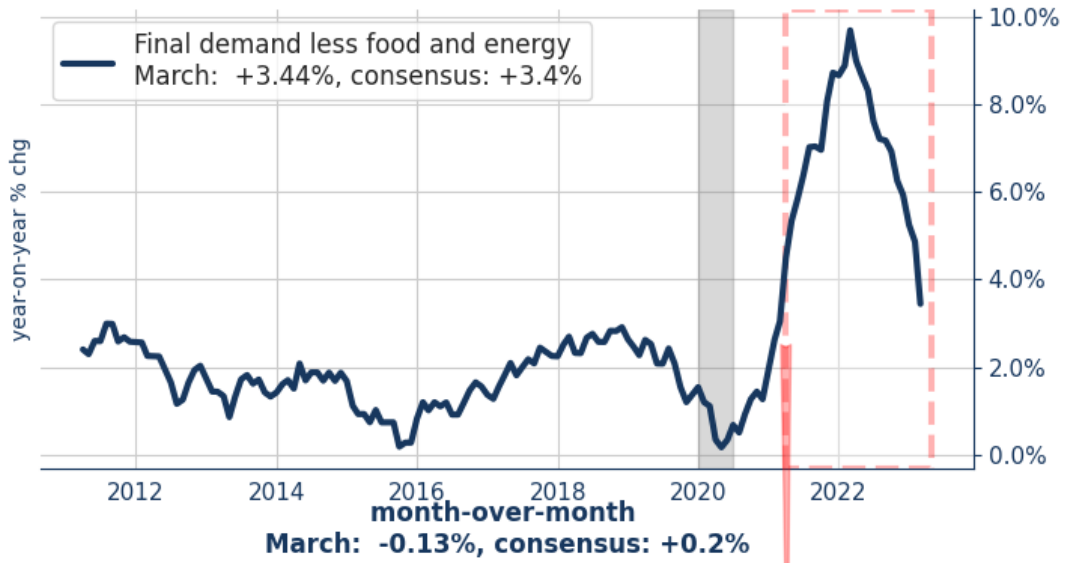
Overall, headline producer prices have decelerated sharply, down 0.3% over the last three months and 2.8% over the last twelve months, after gains of 6.6% in the calendar year 2022. Core producer prices were running at just 1% annualized in the three months that ended in March, down from just under 3.5% in the prior twelve.

While there will be volatility and lags for these kinds of readings to come through to consumer prices, the disinflationary trend in producer prices suggests we should continue to see a disinflationary trend in consumer prices.

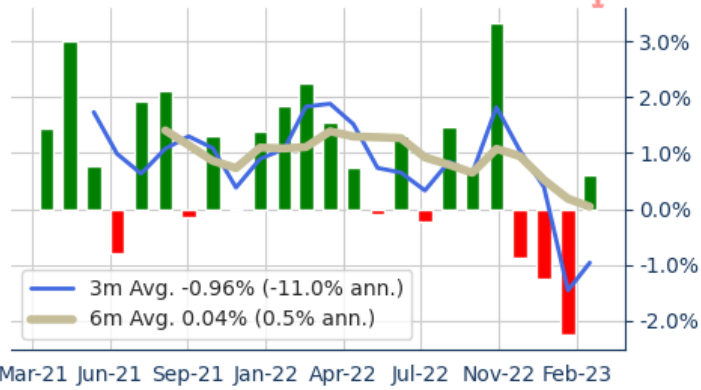
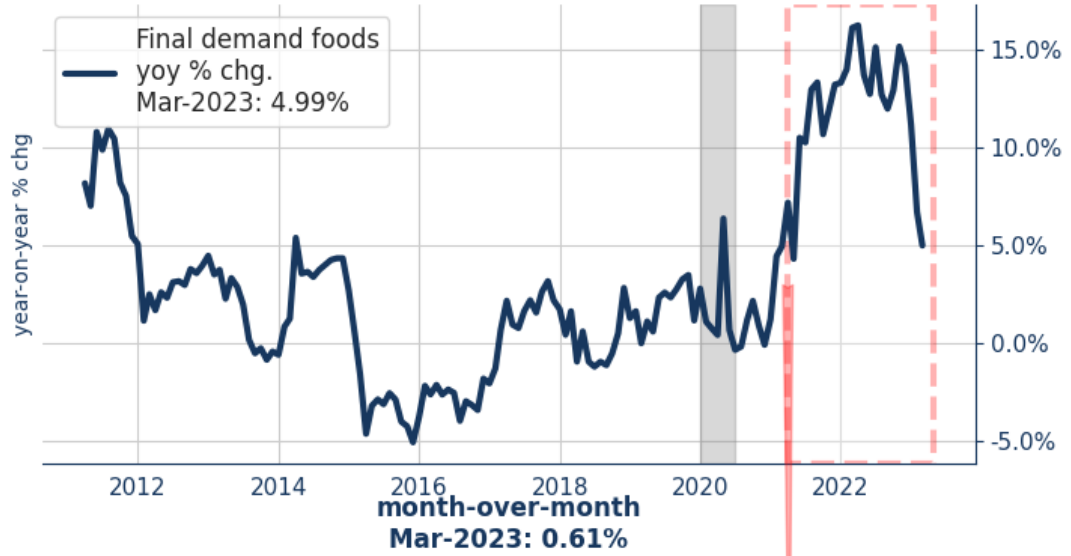
Final Demand March: +2.79%, consensus: +3.0%



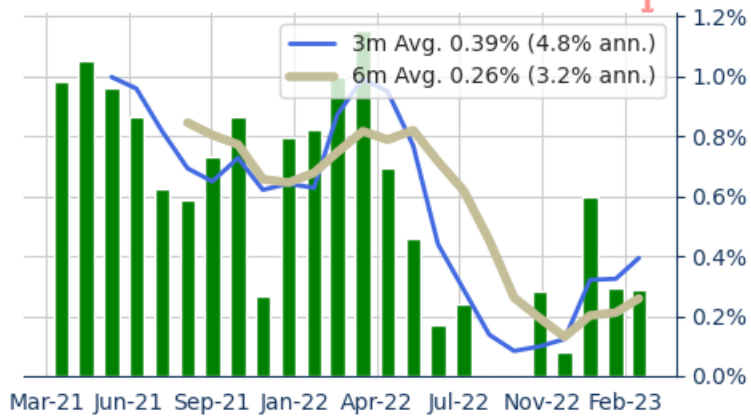
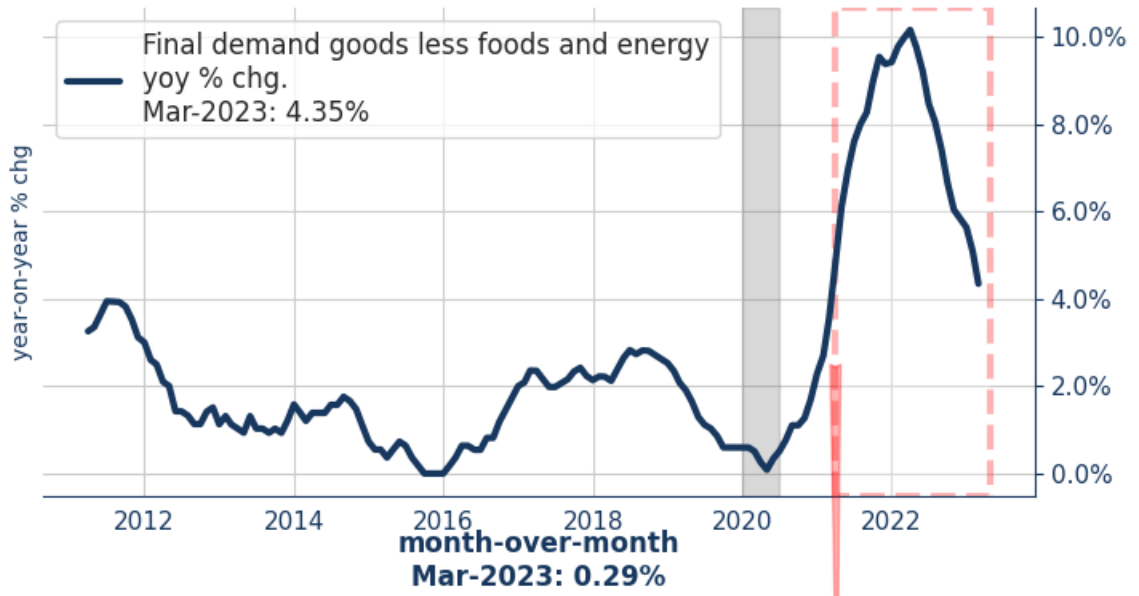
Final demand less food and energy March: +3.44%, consensus: +3.4%



Final demand foods

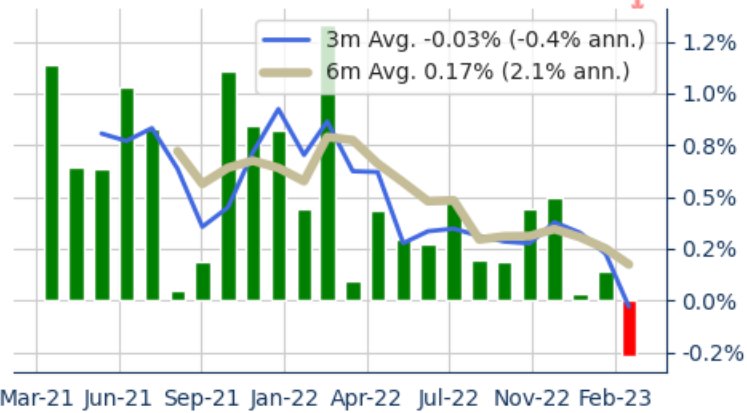
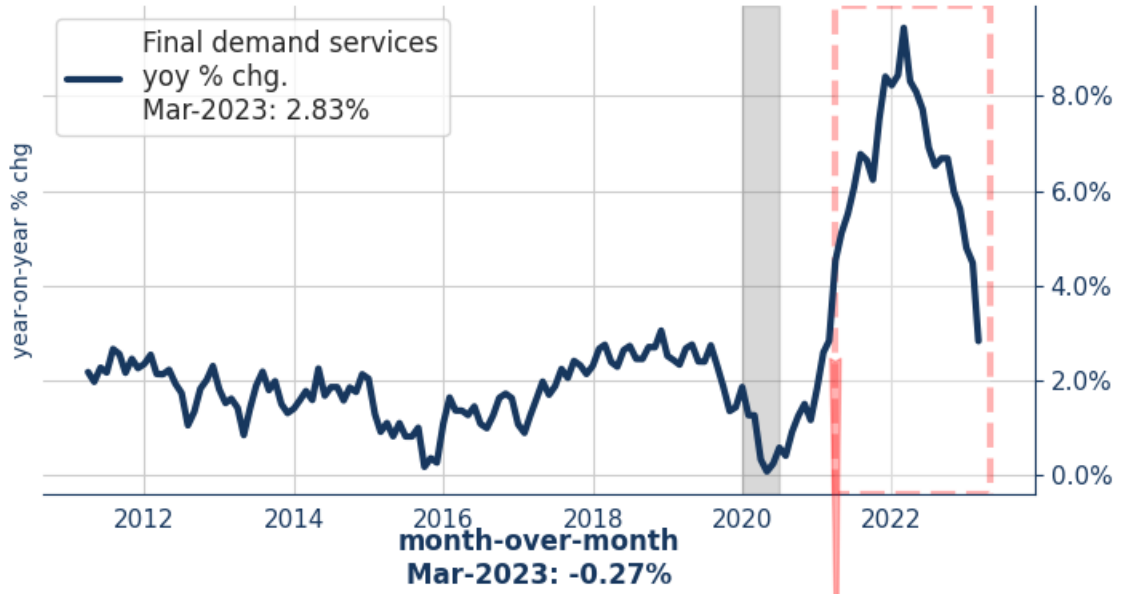


Final demand goods less foods and energy

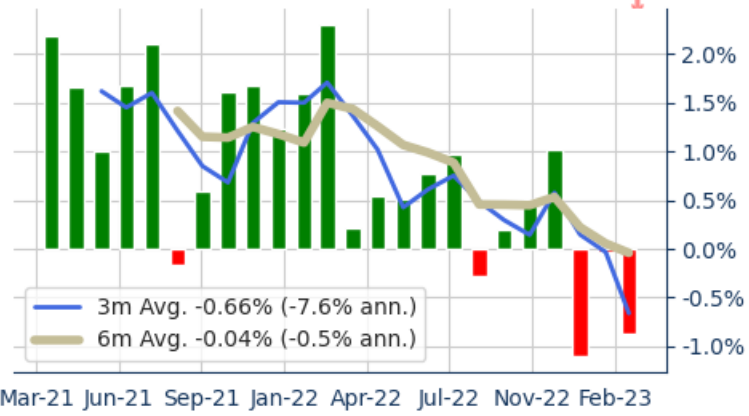
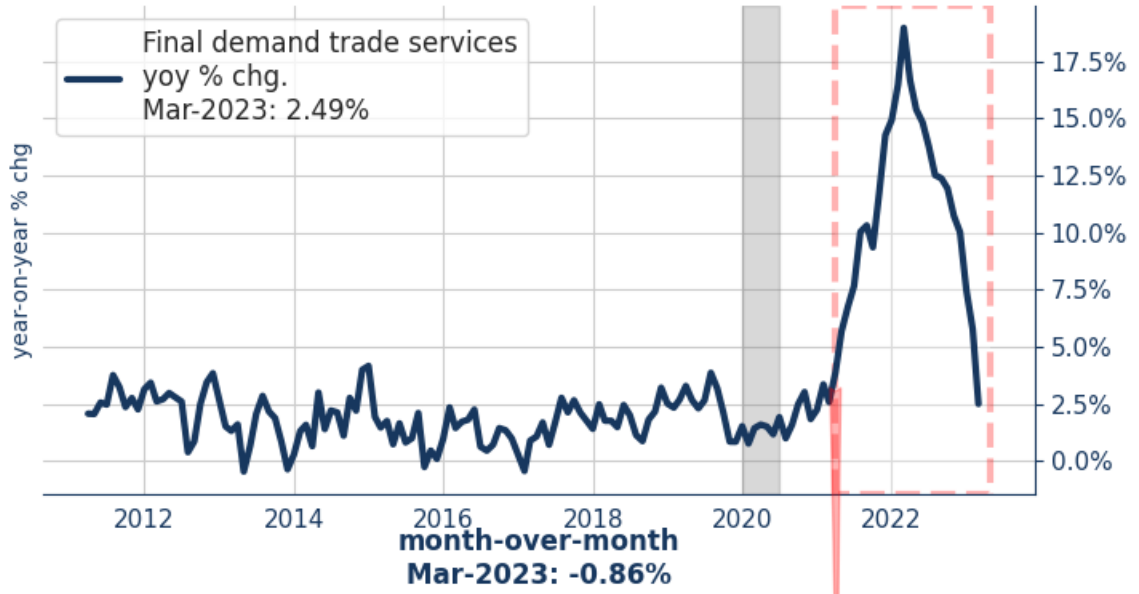


Contingent Macro Advisors 2023 source: US BEA

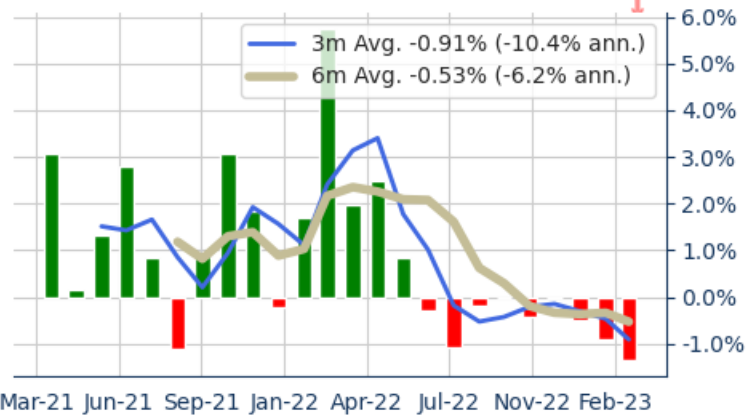
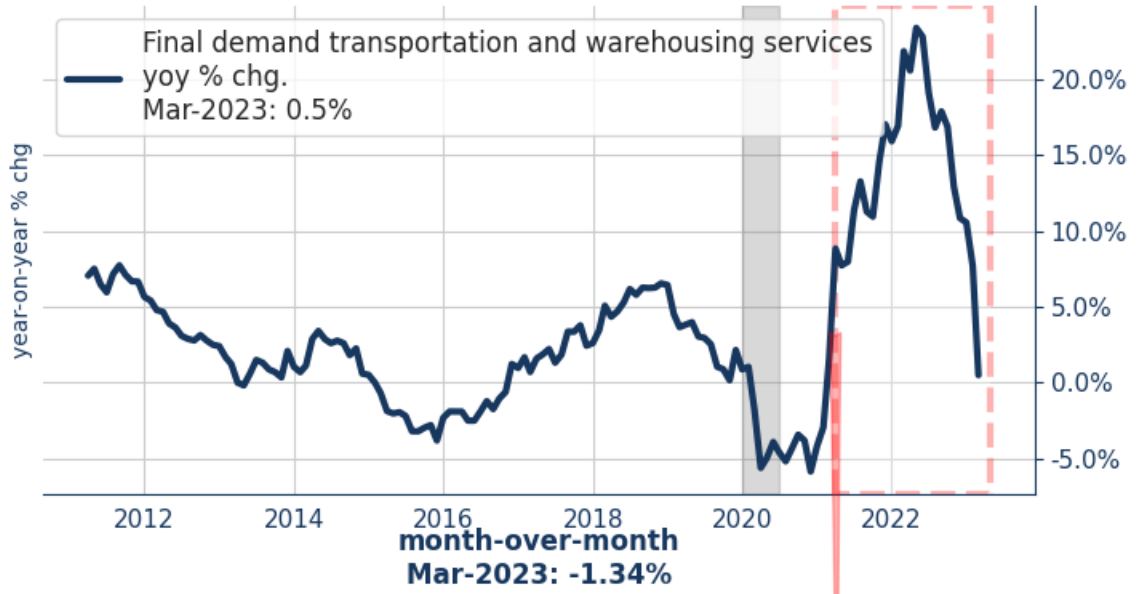
Final demand services



Final demand trade services

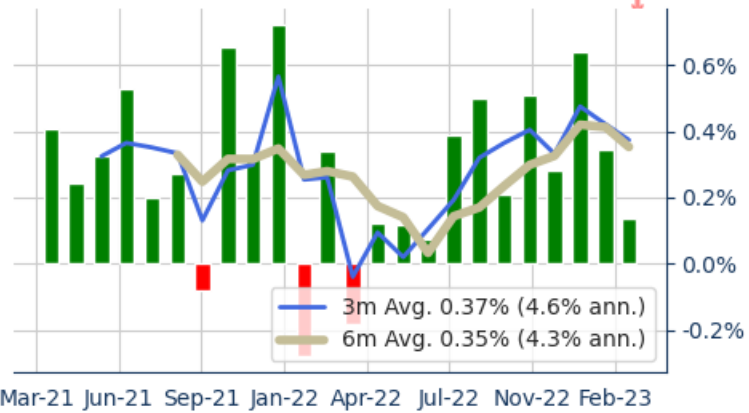
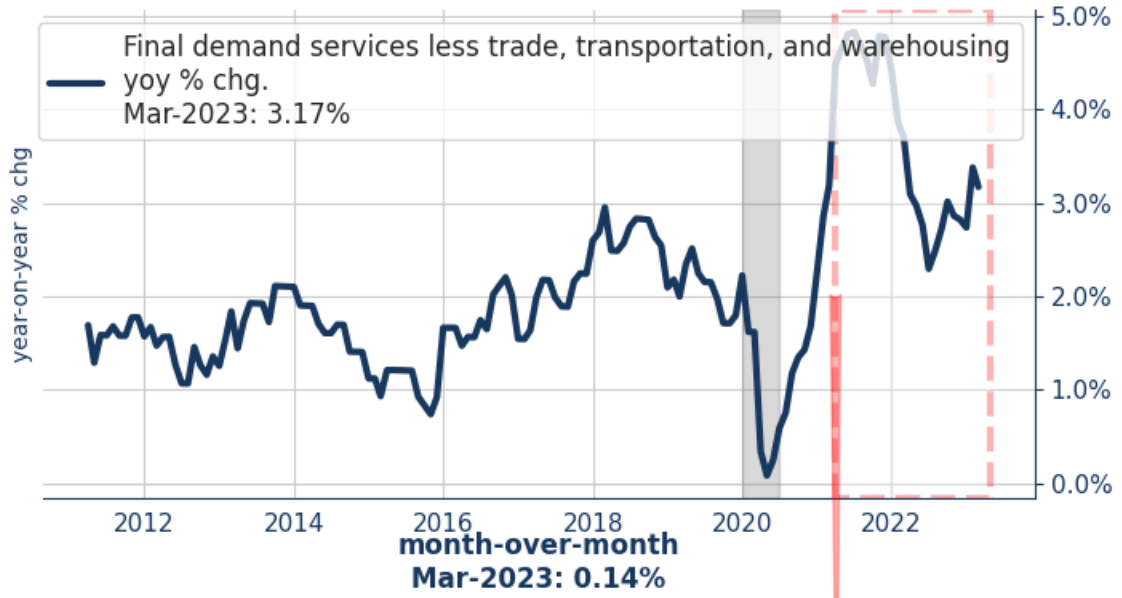


Final demand transportation and warehousing services



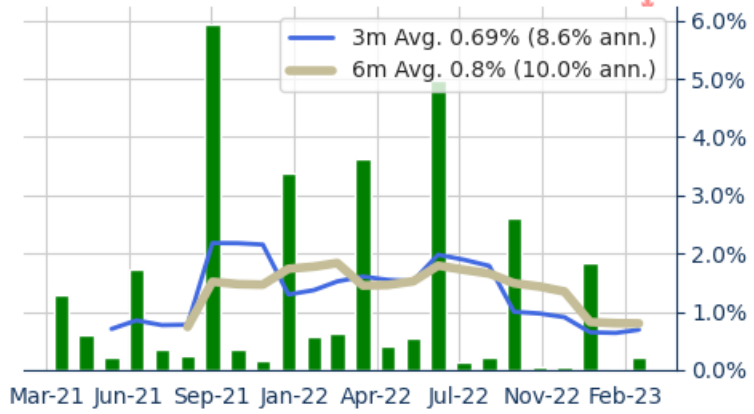
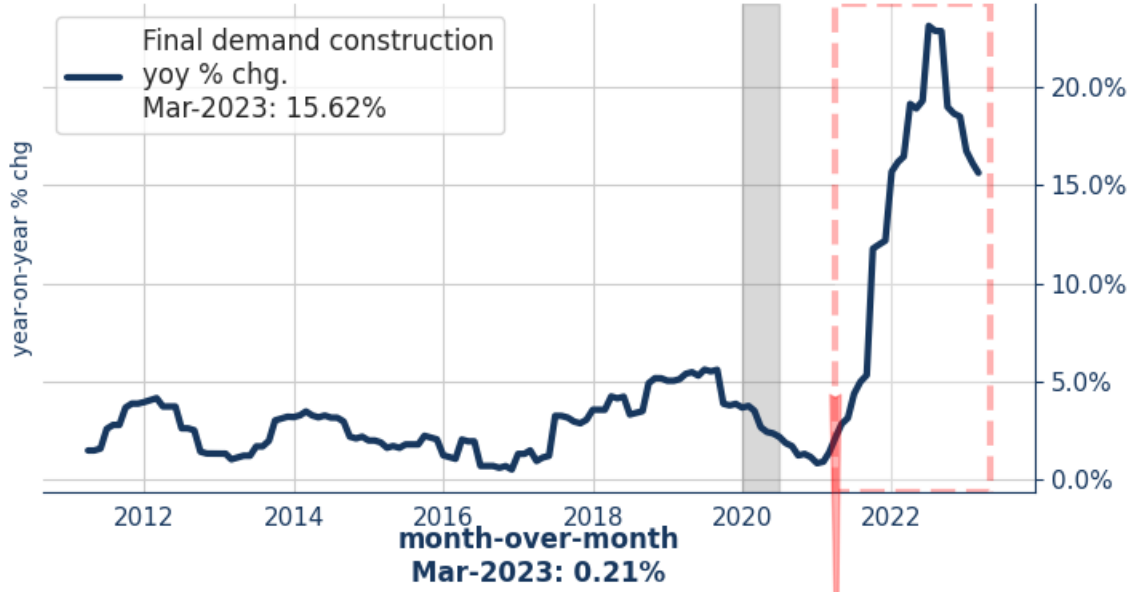
Contingent Macro Advisors 2023 source: US BEA

Final demand services less trade, transportation, and warehousing



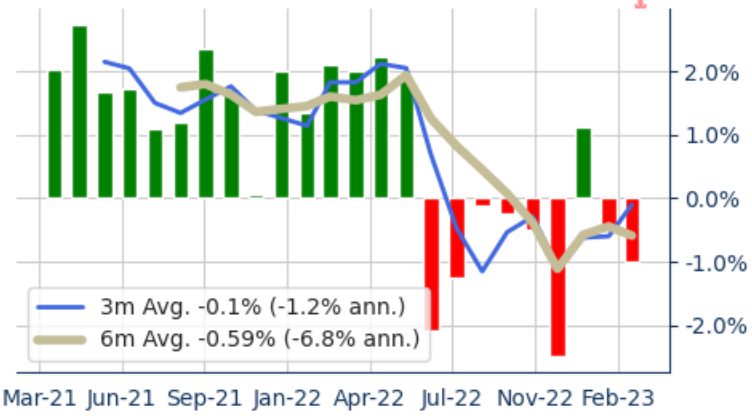
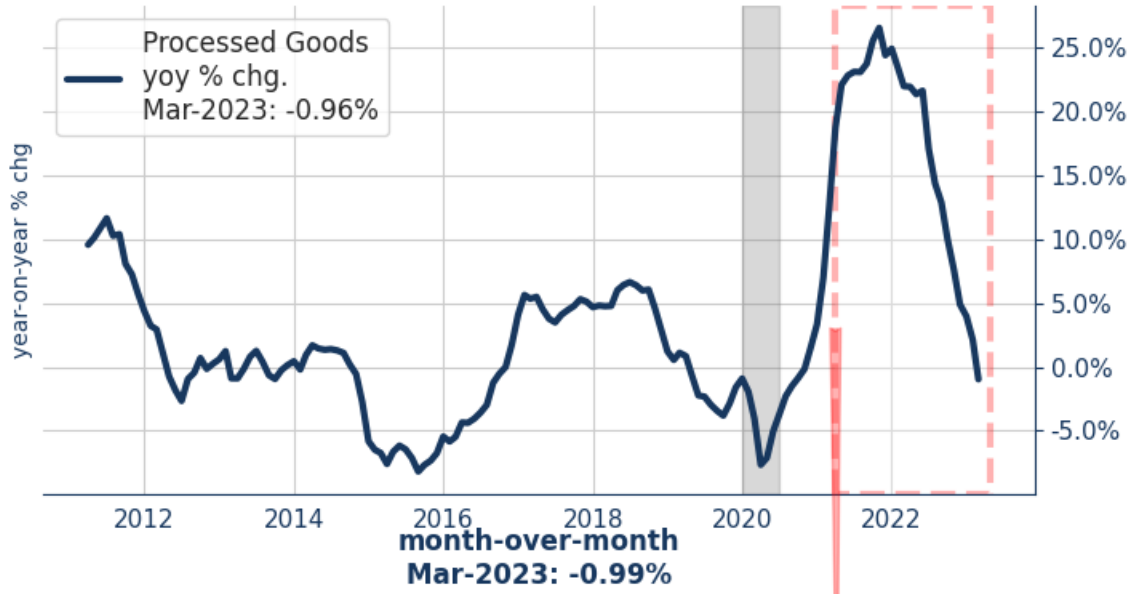
Contingent Macro Advisors 2023 source: US BEA

Final demand construction

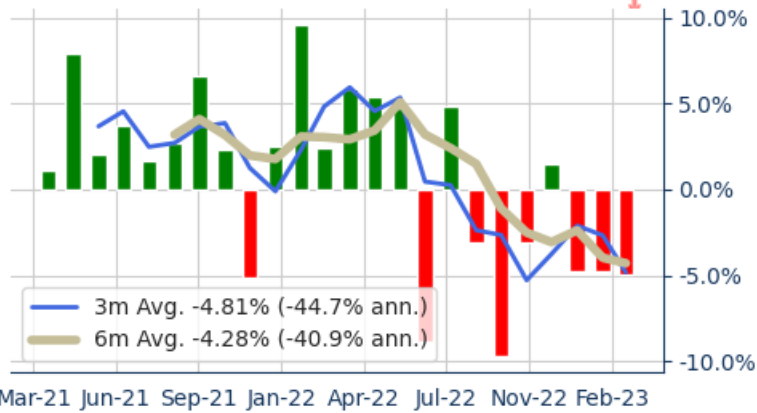
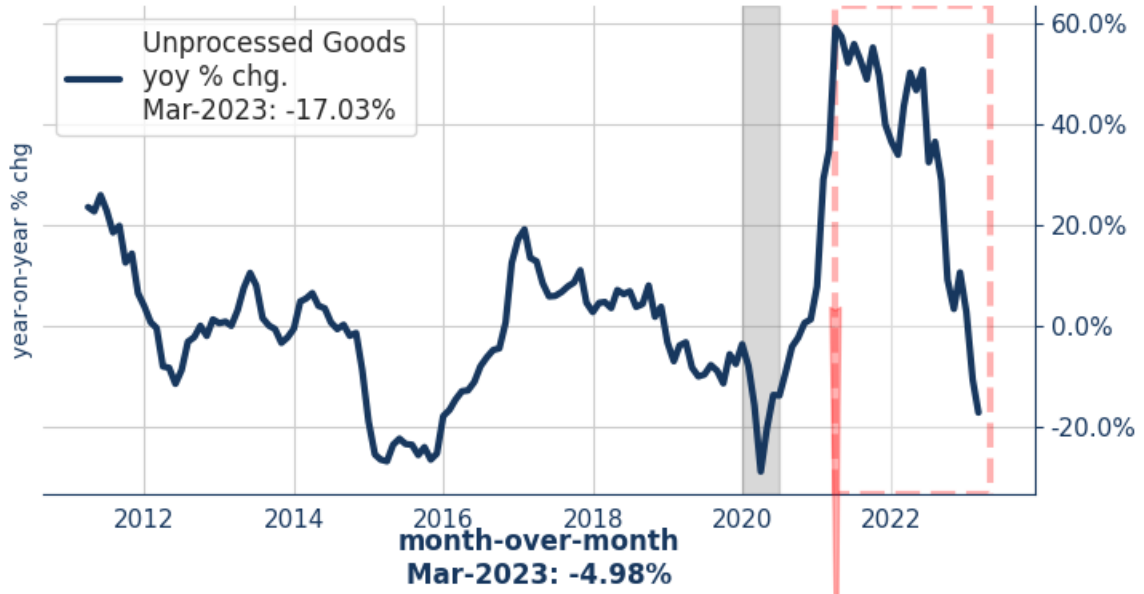


Contingent Macro Advisors 2023 source: US BEA

Processed Goods



Unprocessed Goods



Contingent Macro Advisors 2023 source: US BEA

US Producer Price Inflation	Mar-23	Feb-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
Final Demand	-0.50%	-0.00%	-0.28%	0.96%	2.79%	6.59%	10.20%	4.00%
Final demand less food and energy	-0.13%	0.17%	1.00%	2.49%	3.44%	5.93%	8.72%	3.70%
Final demand goods	-1.05%	-0.31%	-0.45%	-1.55%	2.10%	7.87%	13.94%	4.83%
Final demand goods less foods and energy	0.29%	0.29%	4.83%	3.15%	4.35%	5.85%	9.38%	3.97%
Final demand services	-0.27%	0.14%	-0.37%	2.09%	2.83%	5.62%	8.41%	3.48%
Final demand	-0.86%	-0.02%	-7.66%	-0.53%	2.49%	10.01%	14.26%	5.30%

trade services								
Final demand transportation and warehousing services	-1.34%	-0.91%	-10.40%	-6.18%	0.50%	10.84%	17.02%	4.27%
Final demand construction	0.21%	0.03%	8.59%	9.97%	15.62%	18.48%	12.17%	8.51%

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	Mar-23	Feb-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
Processed Goods	-0.99%	-0.43%	-1.27%	-6.89%	-0.96%	4.89%	24.44%	6.00%
Unprocessed Goods	-4.98%	-4.75%	-44.69%	-41.27%	-17.03%	10.67%	39.89%	5.06%
Motor Vehicles	0.49%	0.00%	4.22%	3.00%	4.17%	4.64%	2.59%	1.82%
Pharmaceutical	0.03%	0.46%	4.72%	2.42%	2.62%	1.87%	1.34%	1.63%
Chemicals	0.41%	-2.00%	-6.09%	-11.48%	-7.60%	-0.71%	39.84%	5.00%
Lumber	-3.03%	-1.24%	-27.31%	-32.49%	-39.98%	-23.82%	18.92%	3.17%
Steel Mill Products	1.23%	2.45%	5.32%	-20.04%	-15.09%	-29.81%	128.05%	8.68%
Outpatient healthcare	0.27%	0.48%	4.61%	2.47%	1.97%	1.73%	3.27%	2.15%
Inpatient healthcare	0.65%	0.28%	5.90%	5.70%	4.72%	4.63%	2.61%	3.13%
Food and alcohol retailing	1.94%	2.99%	16.10%	12.15%	18.41%	17.69%	8.38%	6.64%
Apparel and jewelry retailing	-0.64%	0.32%	6.71%	7.14%	2.82%	0.24%	16.76%	3.26%
Airline passenger services	1.34%	-1.54%	9.29%	7.60%	11.80%	16.91%	21.95%	3.23%
Inv Mgmt & Brokerage	-0.20%	4.38%	19.54%	48.87%	31.53%	21.75%	8.43%	5.77%
Business Loans	-6.95%	6.39%	50.26%	59.32%	85.68%	71.01%	14.17%	13.57%
Legal Services	0.30%	1.13%	12.76%	8.57%	6.48%	4.90%	4.24%	4.60%
Truck Transport	-2.91%	-0.95%	-21.87%	-14.27%	-6.72%	8.55%	17.90%	4.60%
Machinery & Equip. Wholesaling	-2.73%	-1.21%	-18.49%	-0.42%	0.00%	12.38%	14.77%	5.89%

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.