

11.May.2023

Producer Prices: Further Easing

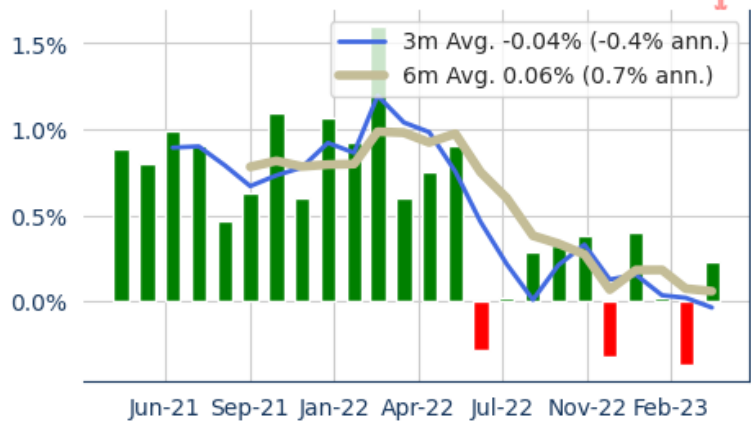
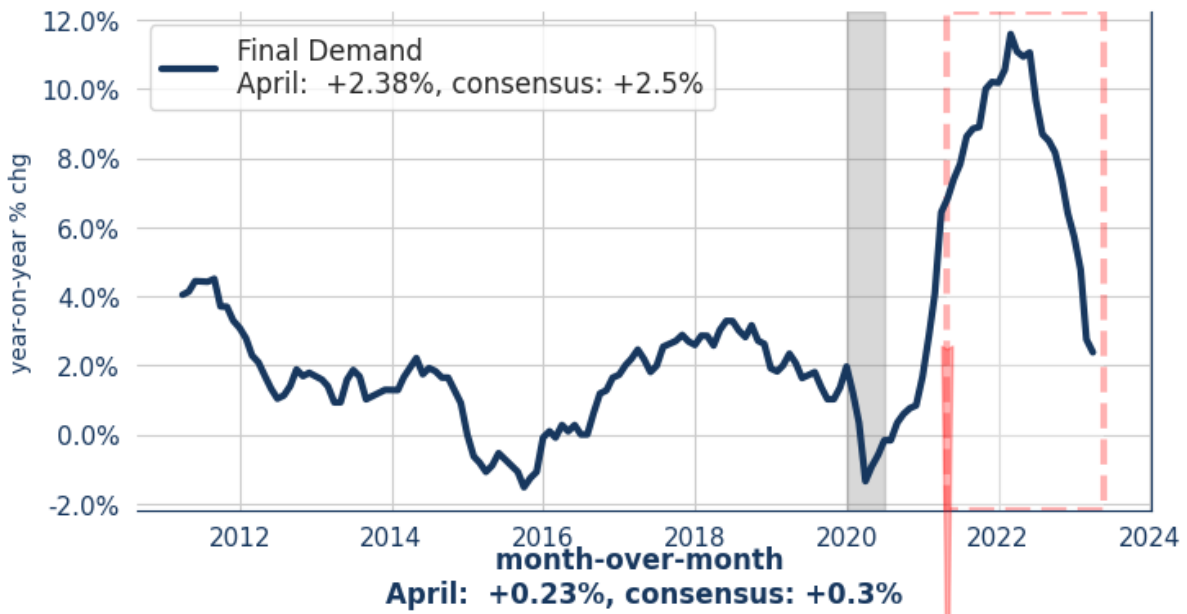
Bottom Line: PPI rose modestly in April, as expected, at both the headline and core level as energy and most commodity-related prices rebounded. Still, the rebound was modest, and trends remained firmly toward decelerating price pressures. Final demand services have seen annualized price gains over the last three- and six months of 1.8% and 2.2%, respectively. Margins in transportation and warehousing, a major driver of pipeline inflation for consumer goods, eased sharply again.

Overall, headline producer prices have decelerated sharply, down 0.4% over the last three months and up just 0.7% over the last twelve months, after gains of 6.6% in the calendar year 2022. Core producer prices were running at just 1.9% annualized in the three months that ended in April, 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

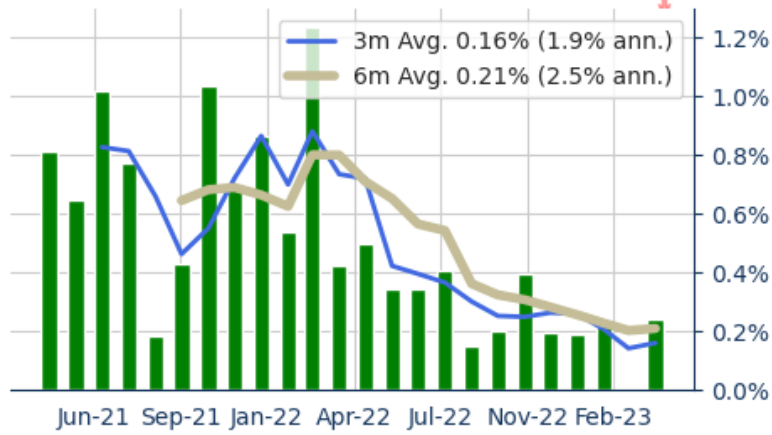
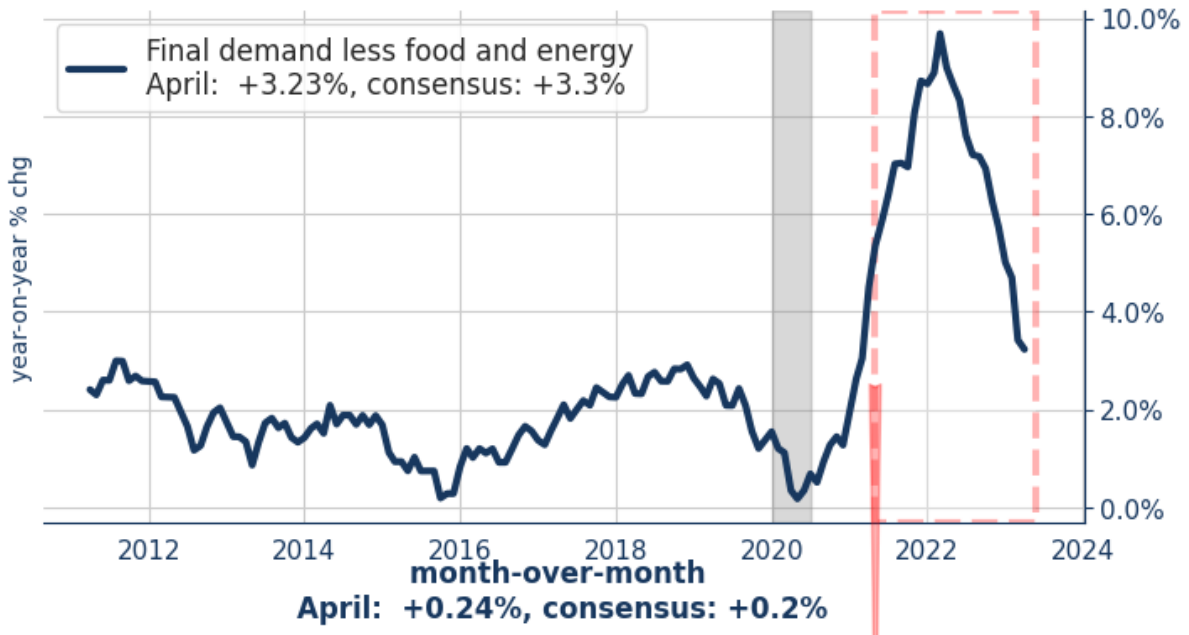
April: +2.38%, consensus: +2.5%



Contingent Macro Advisors 2023 source: US BEA

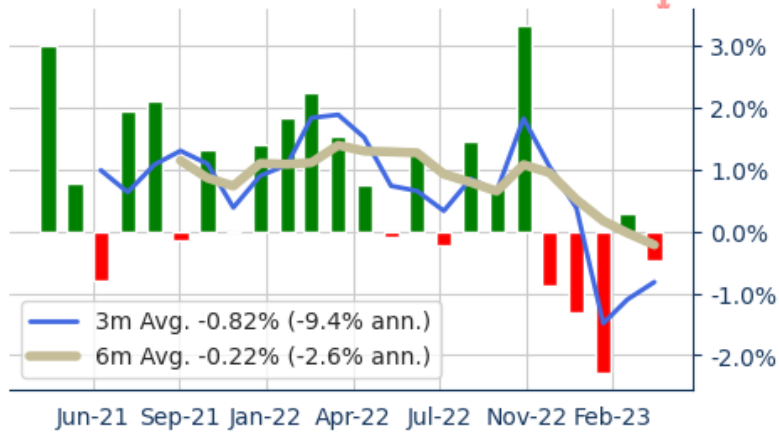
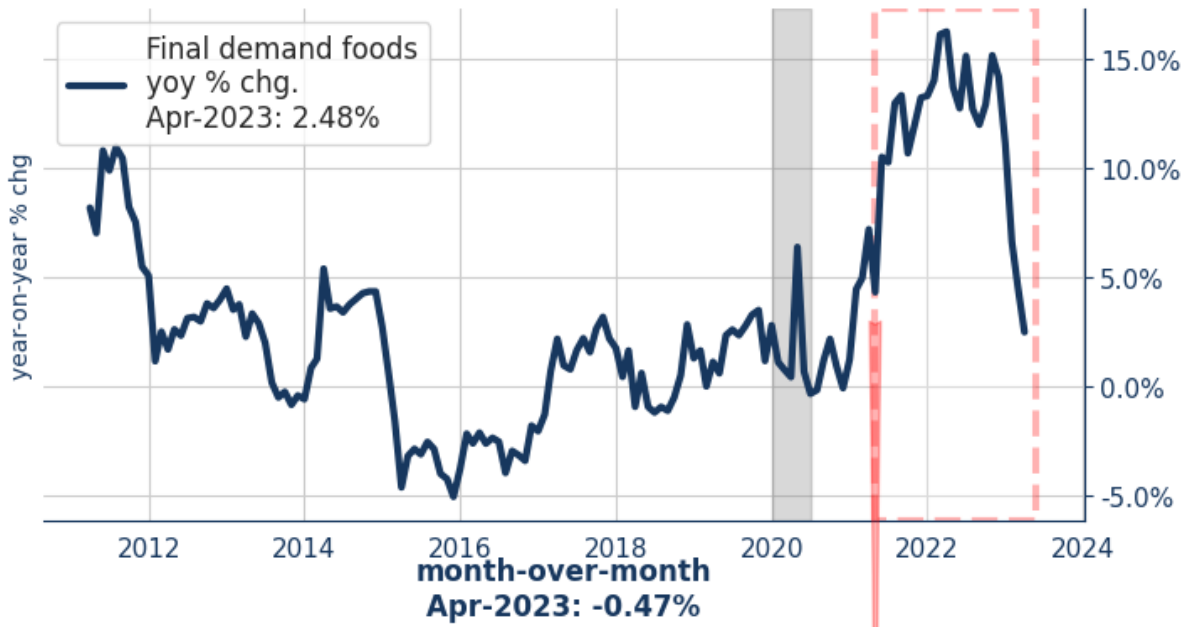
Final demand less food and energy

April: +3.23%, consensus: +3.3%



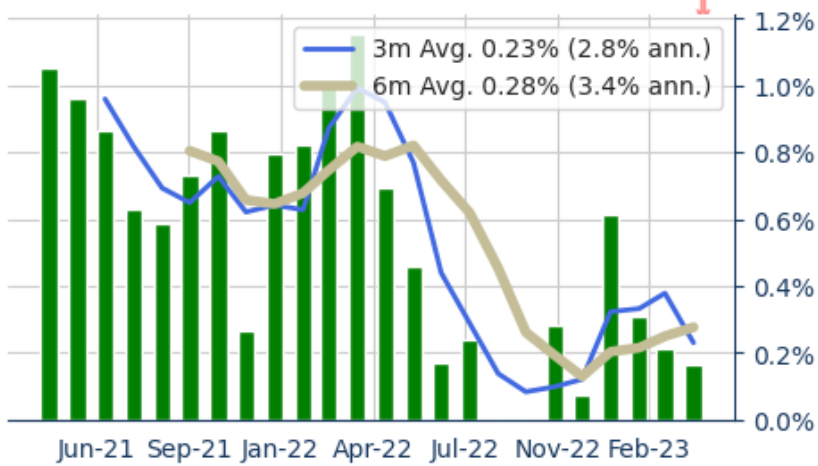
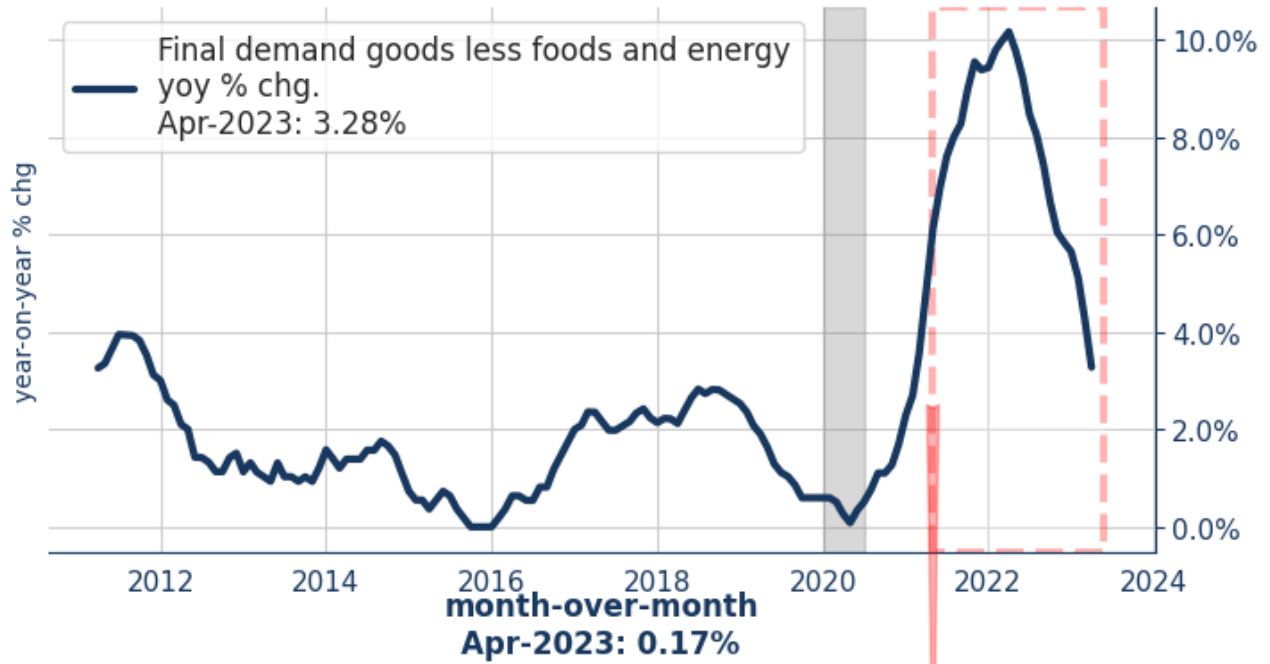
Contingent Macro Advisors 2023 source: US BEA

Final demand foods



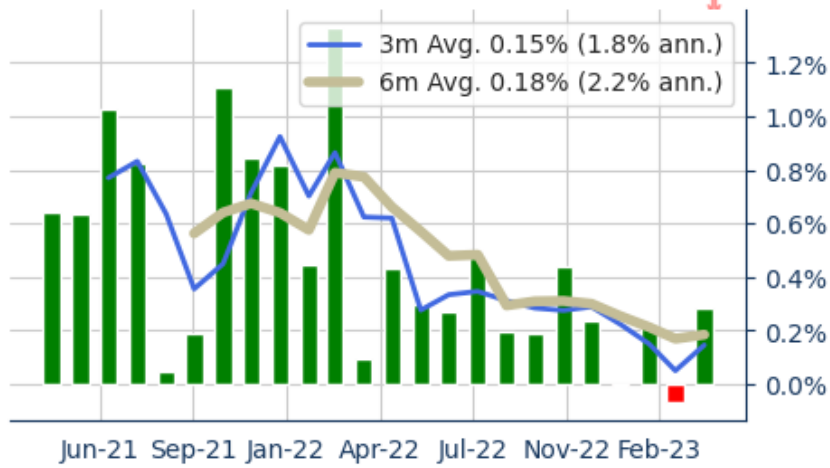
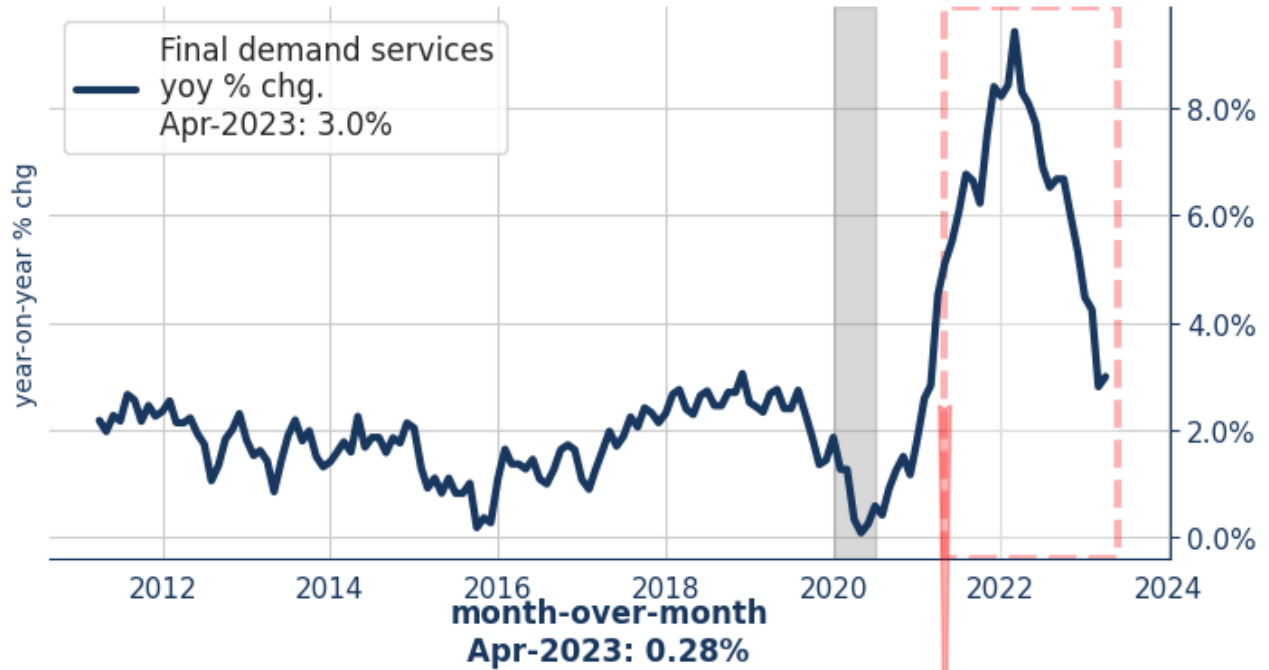
Contingent Macro Advisors 2023 source: US BEA

Final demand goods less foods and energy



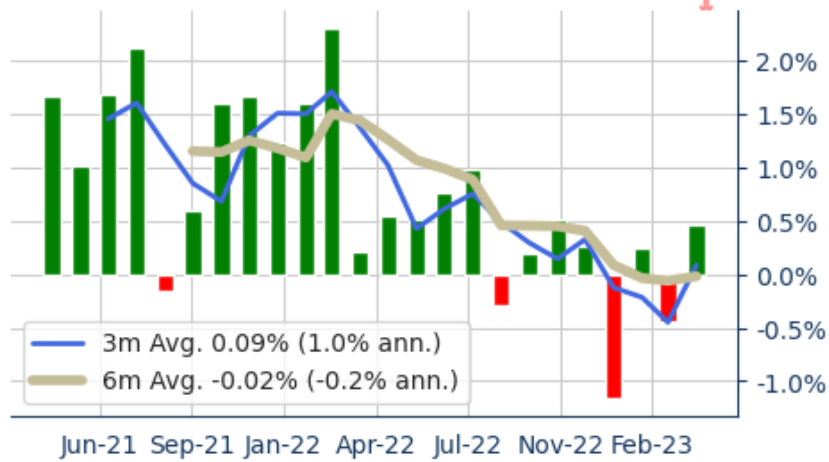
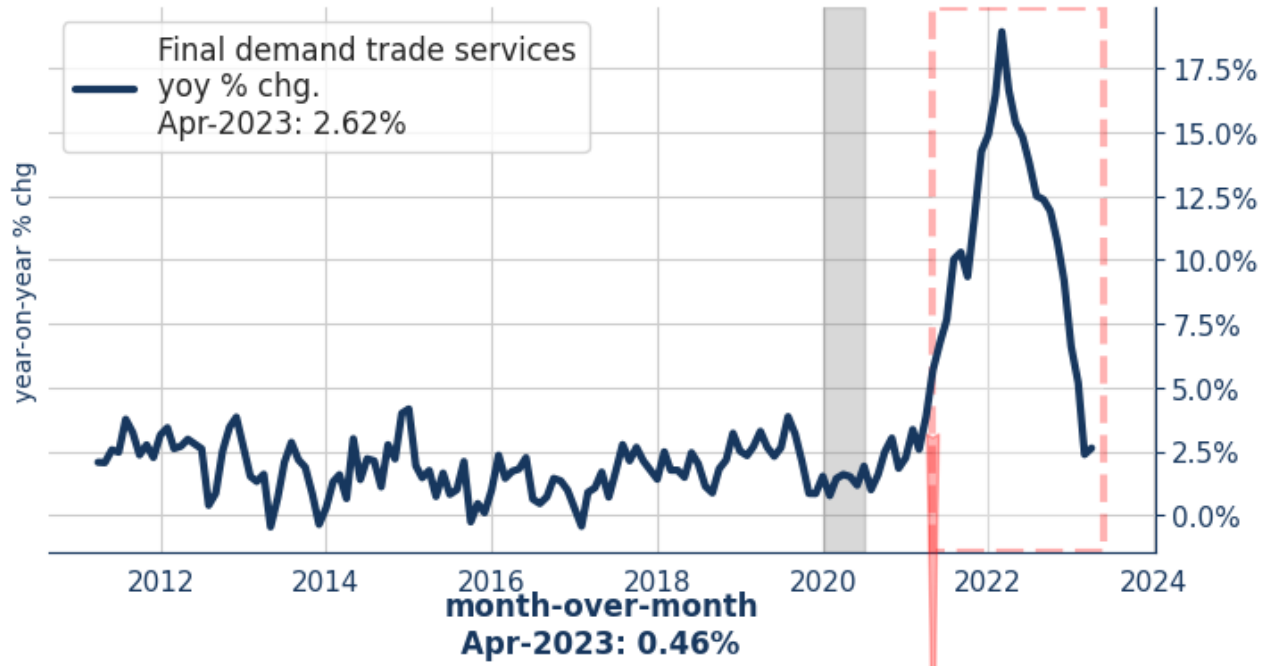
Contingent Macro Advisors 2023 source: US BEA

Final demand services



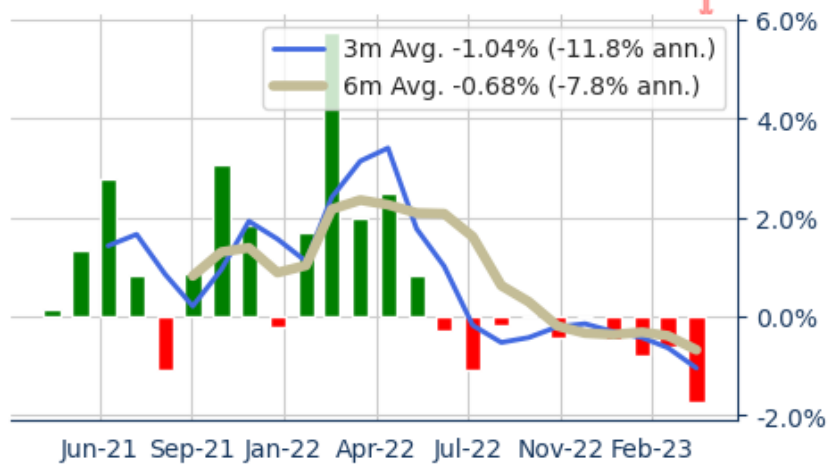
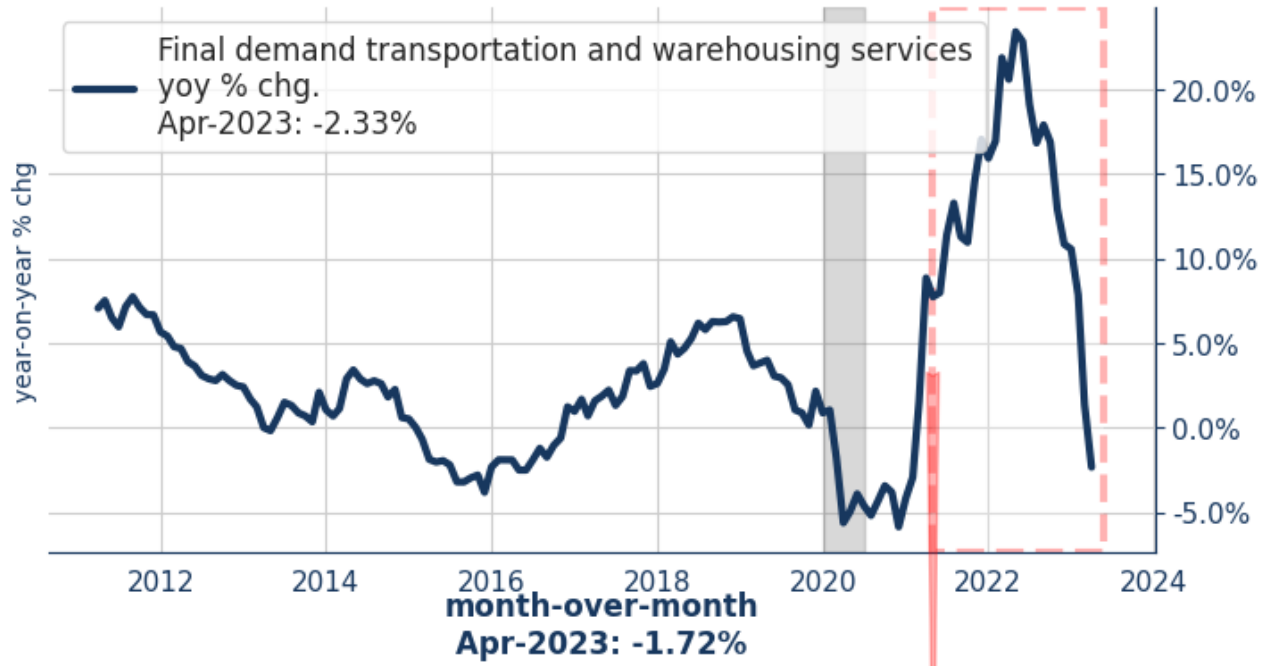
Contingent Macro Advisors 2023 source: US BEA

Final demand trade services



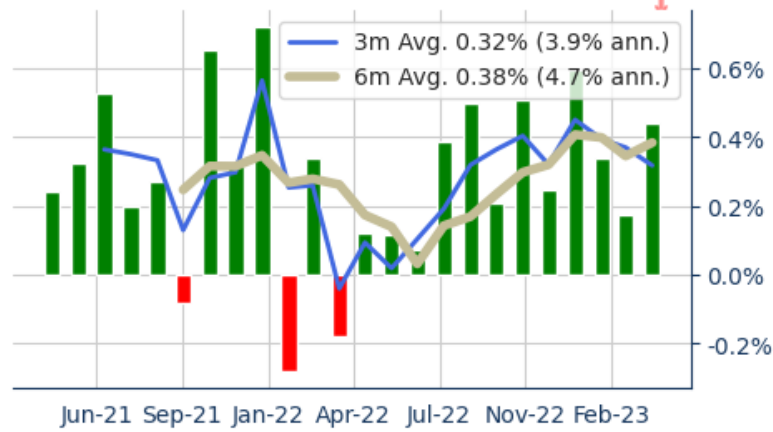
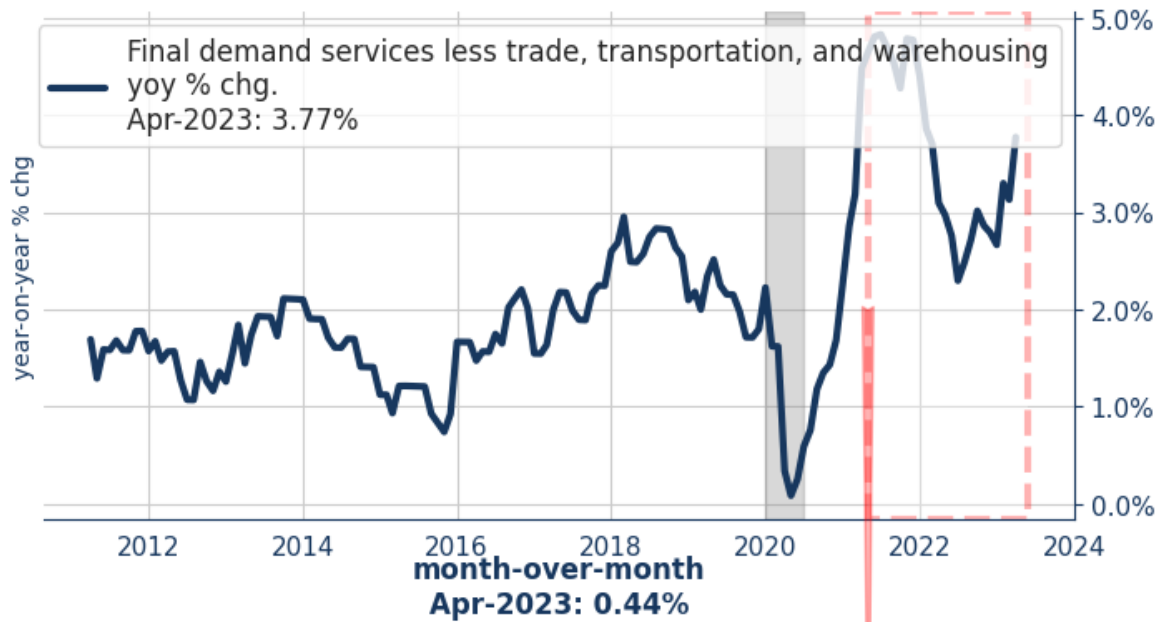
Contingent Macro Advisors 2023 source: US BEA

Final demand transportation and warehousing services



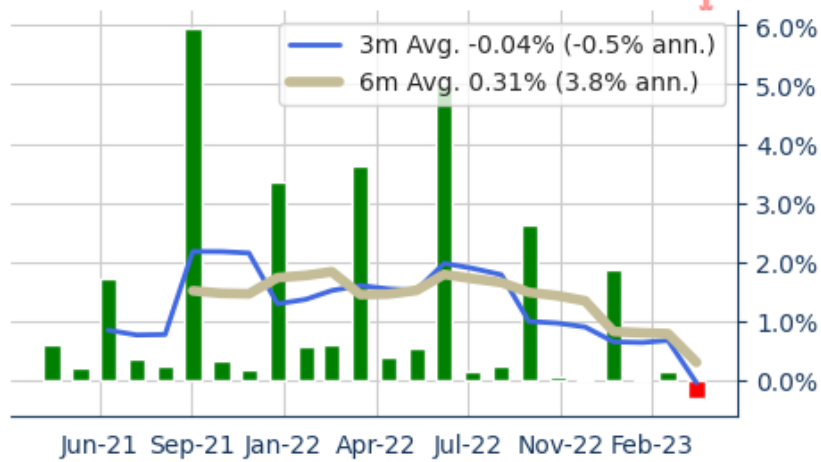
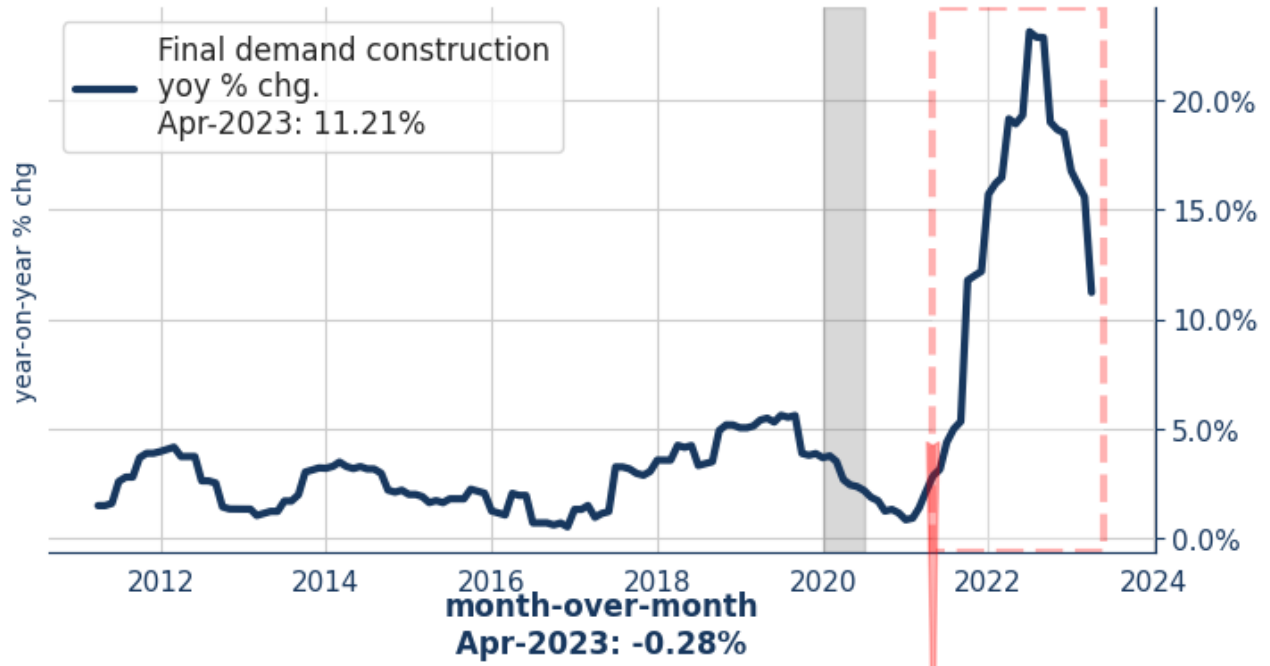
Contingent Macro Advisors 2023 source: US BEA

Final demand services less trade, transportation, and warehousing



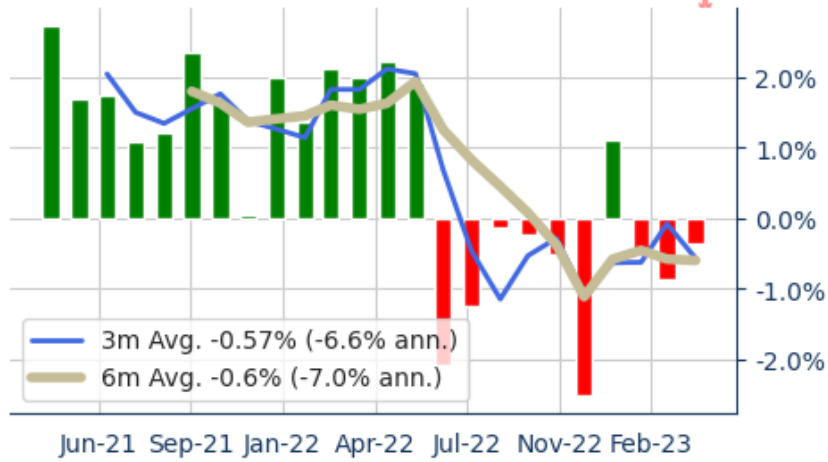
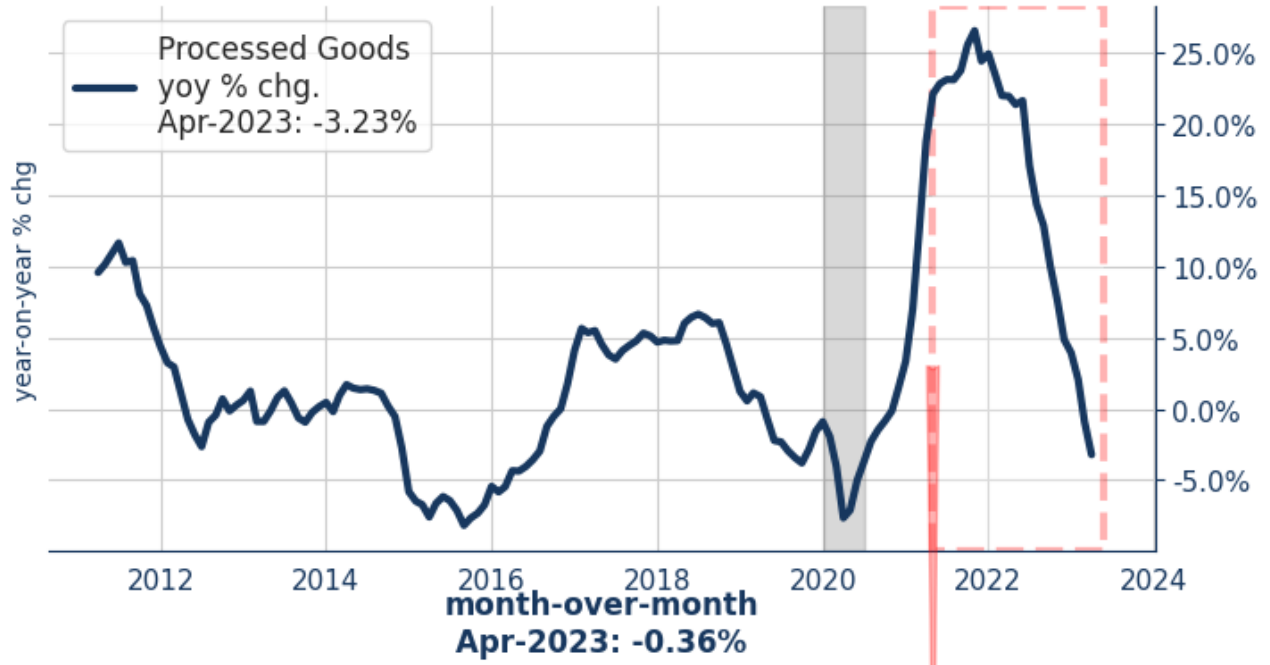
Contingent Macro Advisors 2023 source: US BEA

Final demand construction



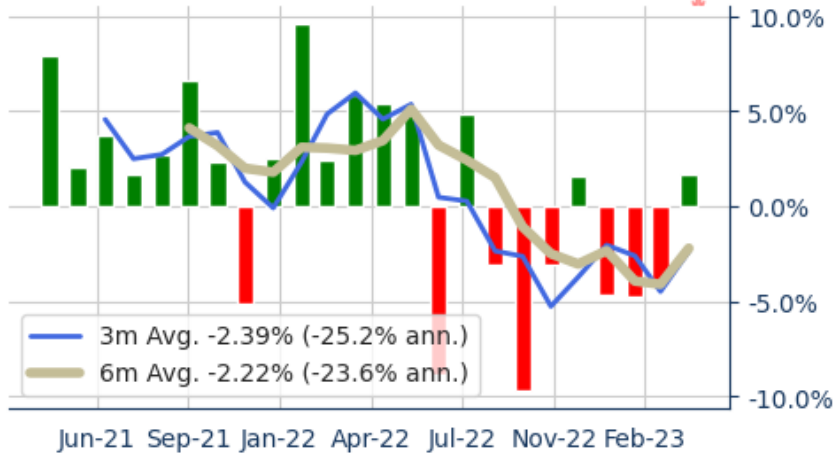
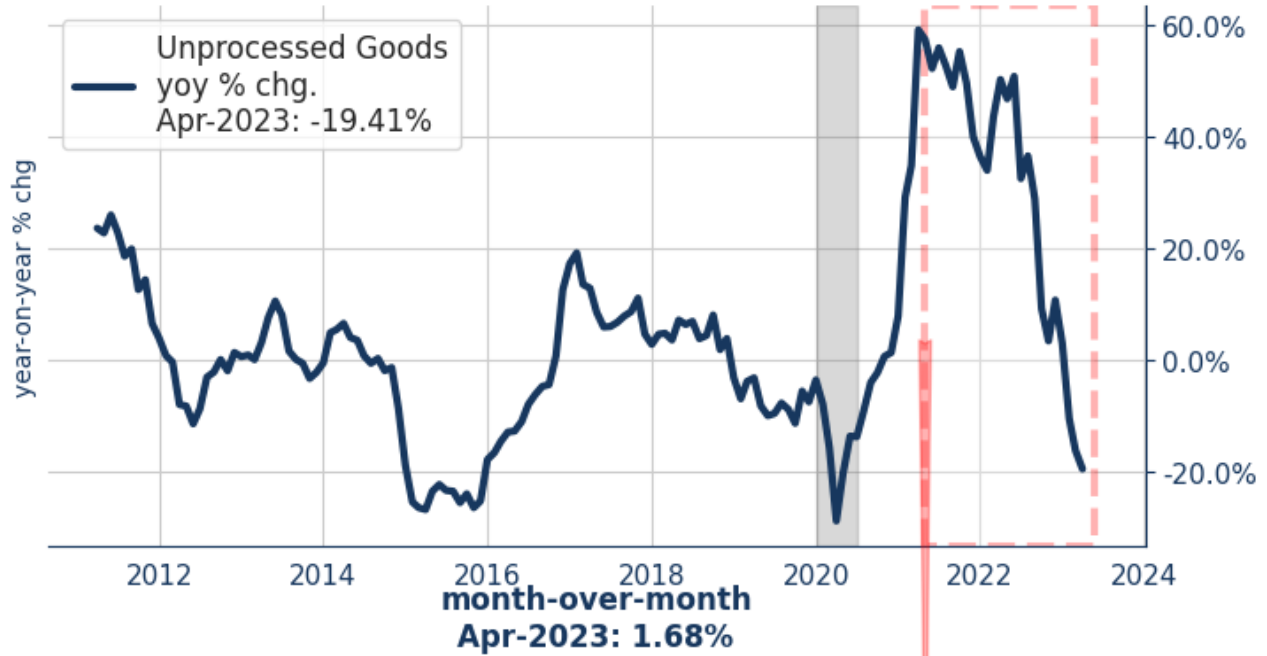
Contingent Macro Advisors 2023 source: US BEA

Processed Goods



Contingent Macro Advisors 2023 source: US BEA

Unprocessed Goods



Contingent Macro Advisors 2023 source: US BEA

US Producer Price Inflation	Apr-23	Mar-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
Final Demand	0.23%	-0.37%	-0.44%	0.70%	2.38%	6.41%	10.20%	4.04%
Final demand less food and energy	0.24%	0.00%	1.92%	2.52%	3.23%	5.72%	8.72%	3.75%
Final demand goods	0.17%	-1.05%	-4.99%	-2.27%	0.77%	7.87%	13.94%	4.85%
Final demand goods less foods and energy	0.17%	0.21%	2.80%	3.37%	3.28%	5.84%	9.38%	4.00%
Final demand services	0.28%	-0.06%	1.76%	2.23%	3.00%	5.34%	8.41%	3.54%

Final demand trade services	0.46%	-0.44%	1.04%	-0.25%	2.62%	9.18%	14.26%	5.39%
Final demand transportation and warehousing services	-1.72%	-0.63%	-11.84%	-7.84%	-2.33%	10.84%	17.02%	4.06%
Final demand construction	-0.28%	0.15%	-0.45%	3.74%	11.21%	18.47%	12.17%	8.42%

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	Apr-23	Mar-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
Processed Goods	-0.36%	-0.87%	-6.62%	-7.05%	-3.23%	4.86%	24.44%	5.91%
Unprocessed Goods	1.68%	-4.08%	-25.55%	-23.98%	-19.41%	10.74%	39.89%	5.76%
Motor Vehicles	-0.27%	0.36%	0.52%	2.52%	3.13%	4.67%	2.59%	1.75%
Pharmaceutical	0.22%	0.03%	2.86%	2.64%	2.75%	1.87%	1.34%	1.70%
Chemicals	0.49%	-0.24%	-5.62%	-7.87%	-8.59%	-1.01%	39.84%	5.00%
Lumber	3.37%	-2.94%	-3.76%	-23.53%	-31.94%	-23.82%	18.92%	3.96%
Steel Mill Products	3.59%	0.92%	30.77%	-4.58%	-14.81%	-29.81%	128.05%	9.54%
Outpatient healthcare	0.50%	0.24%	4.62%	2.83%	1.91%	1.53%	3.27%	2.16%
Inpatient healthcare	0.33%	0.66%	5.47%	5.54%	5.33%	4.63%	2.61%	3.24%
Food and alcohol retailing	-2.00%	1.48%	10.18%	1.21%	14.60%	17.69%	8.38%	6.00%
Apparel and jewelry retailing	-1.80%	0.88%	-11.02%	4.51%	1.26%	0.20%	16.76%	2.69%
Airline passenger services	-2.92%	0.77%	-12.18%	-2.84%	6.29%	16.91%	21.95%	2.51%
Inv Mgmt & Brokerage	-0.39%	-0.30%	15.99%	36.39%	31.58%	21.75%	8.43%	5.68%
Business Loans	3.38%	-6.74%	10.57%	66.25%	81.87%	71.01%	14.17%	14.77%
Legal Services	0.19%	0.30%	6.31%	7.97%	6.65%	4.90%	4.24%	4.63%
Truck Transport	-1.72%	-1.37%	-15.06%	-12.91%	-8.57%	8.55%	17.90%	4.57%
Machinery & Equip.	-0.26%	1.31%	3.50%	5.08%	2.19%	9.97%	14.77%	6.48%

Wholesaling

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.