

13.Jul.2023

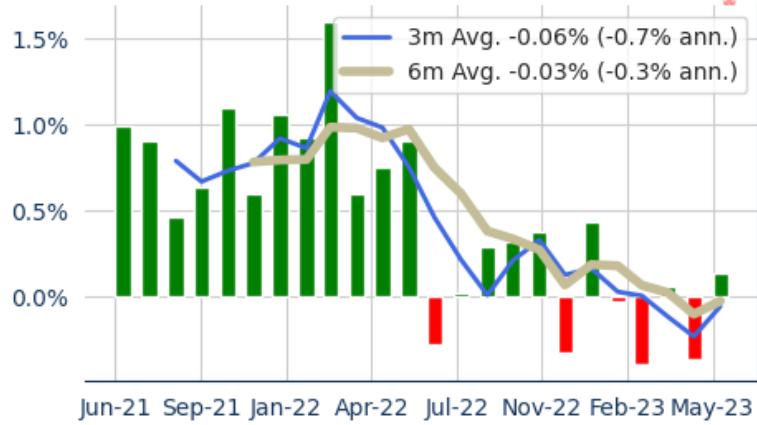
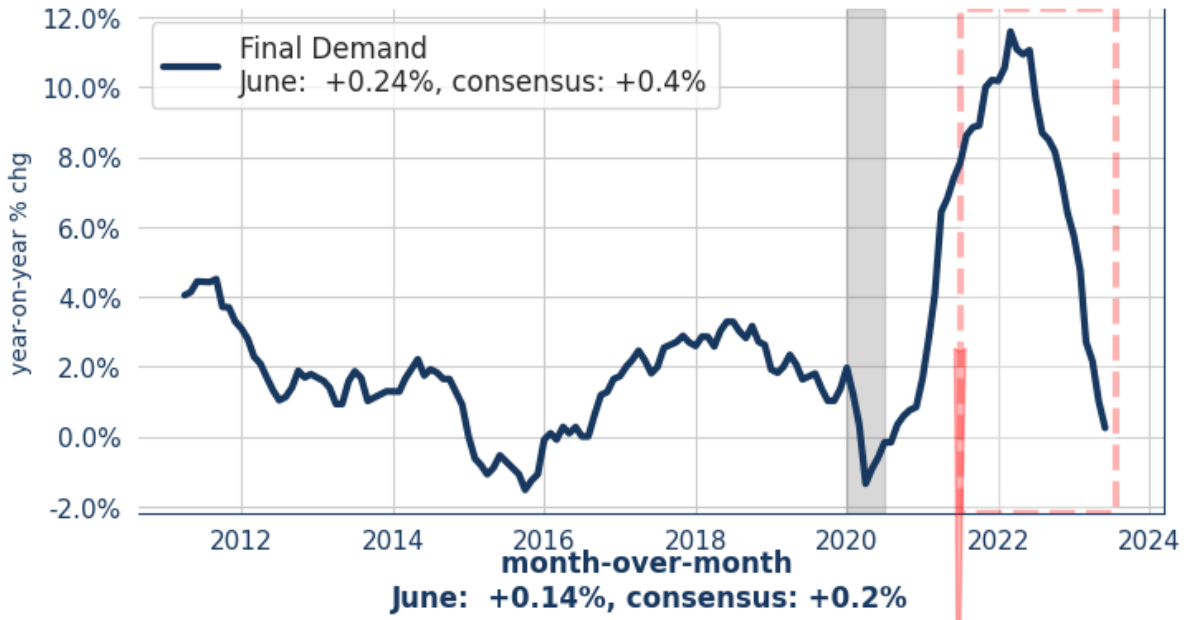
Producer Prices: Disinflation But Details Worth Watching

Bottom Line: Producer prices rose even less than expected again in June as pipeline inflation on the goods side of the economy continues to decelerate sharply. At the headline level, producer prices have seen deflation in the last three- and six months. Excluding food and energy, core prices rose just over 1.3% annualized in the last three- and six months. Disinflation appears to be bottoming at very low levels in the goods sector. Producer prices in the services sector remain tame, but there has been a slight uptrend in services outside of transportation and warehousing services that bear close watching.

Overall, producer prices continue to show disinflationary trends that will likely garner headlines. However, there is a modest reacceleration in pipeline inflation for services sectors that will likely support overall producer prices over the remainder of the year.

Final Demand

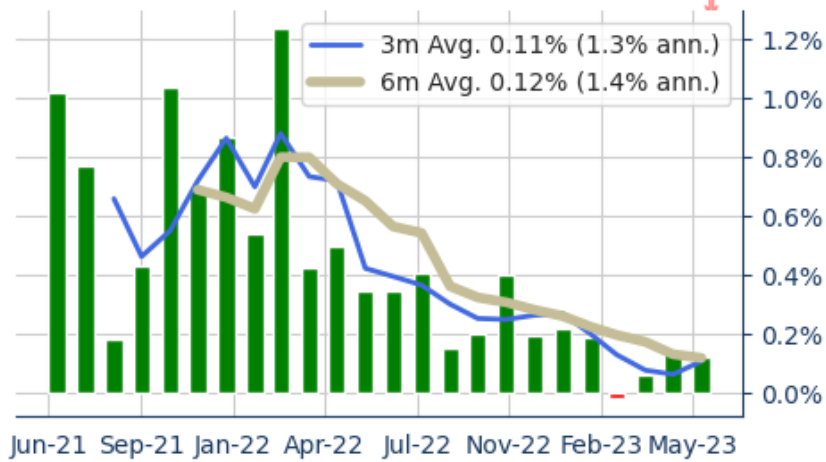
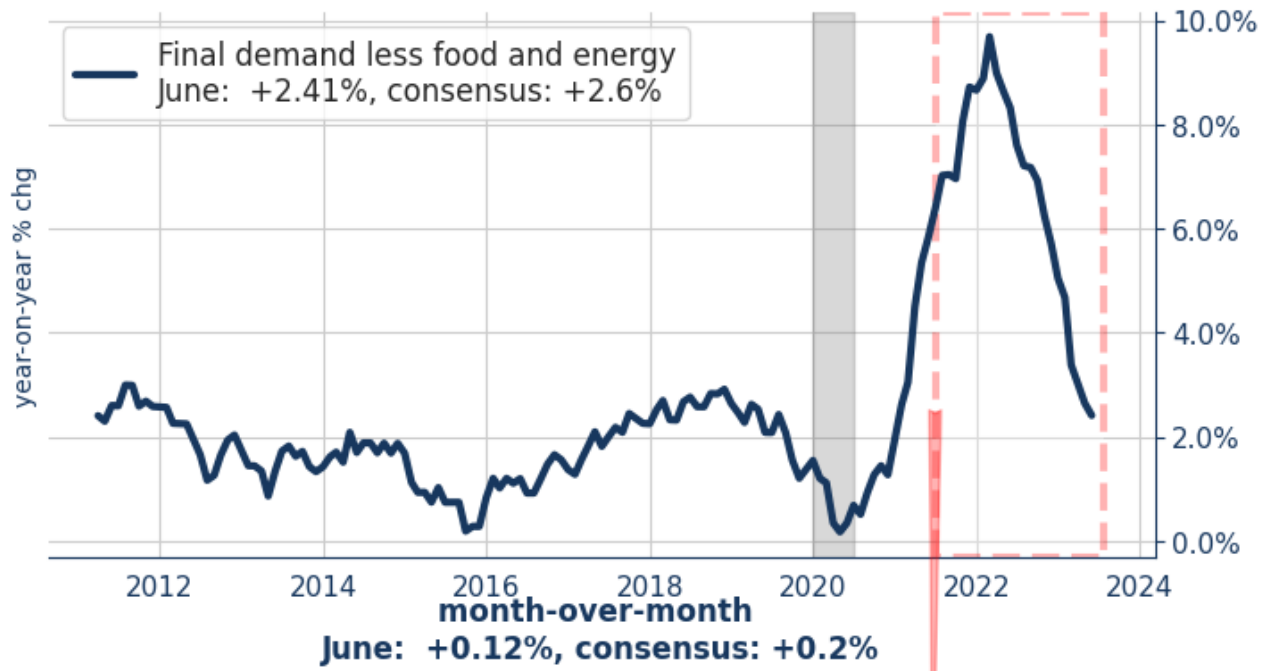
June: +0.24%, consensus: +0.4%



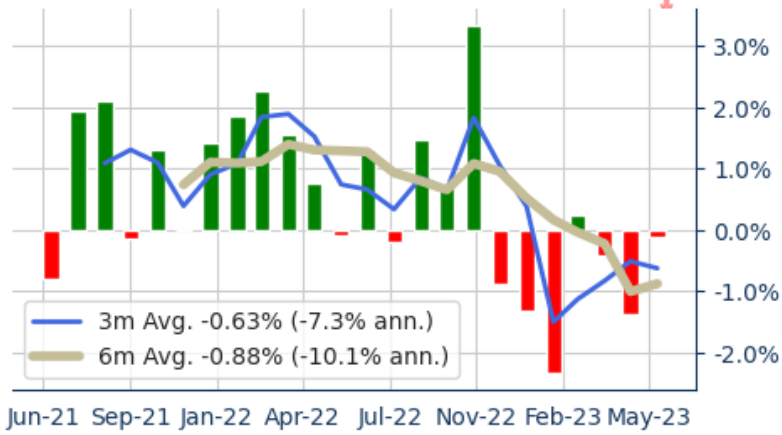
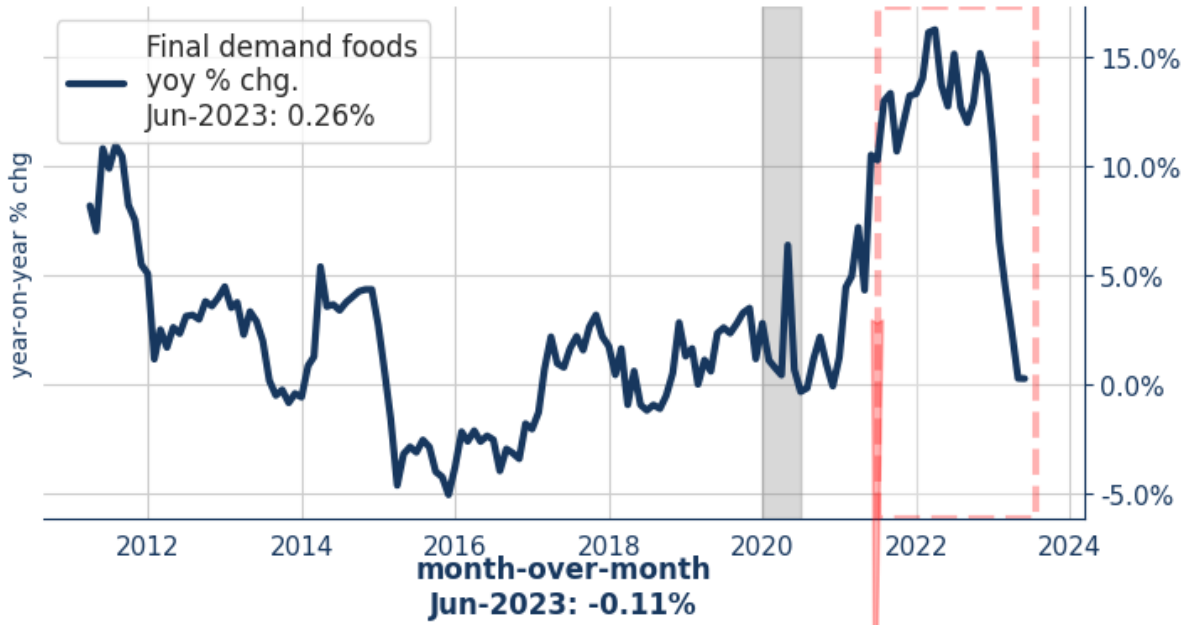
Contingent Macro Advisors 2023 source: US BEA

Final demand less food and energy

June: +2.41%, consensus: +2.6%

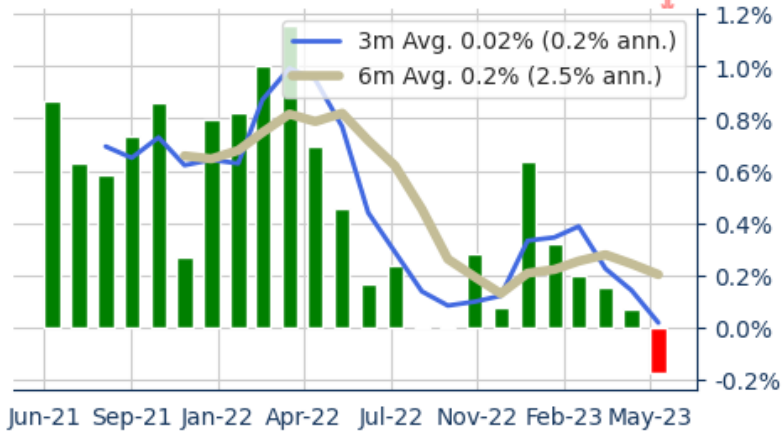
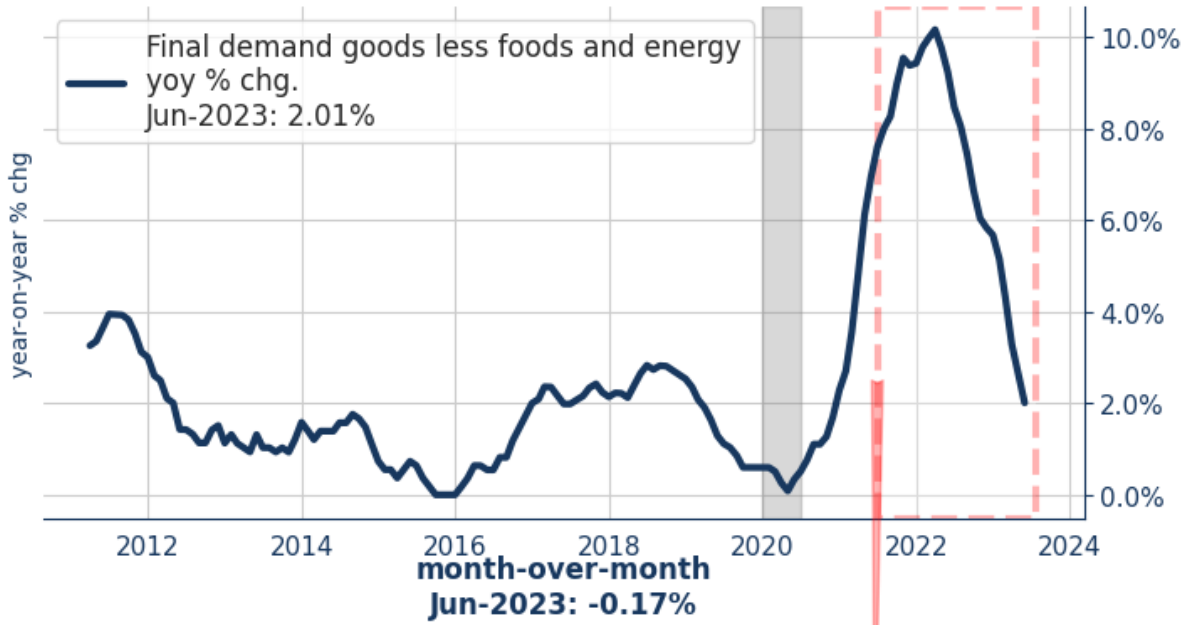


Final demand foods



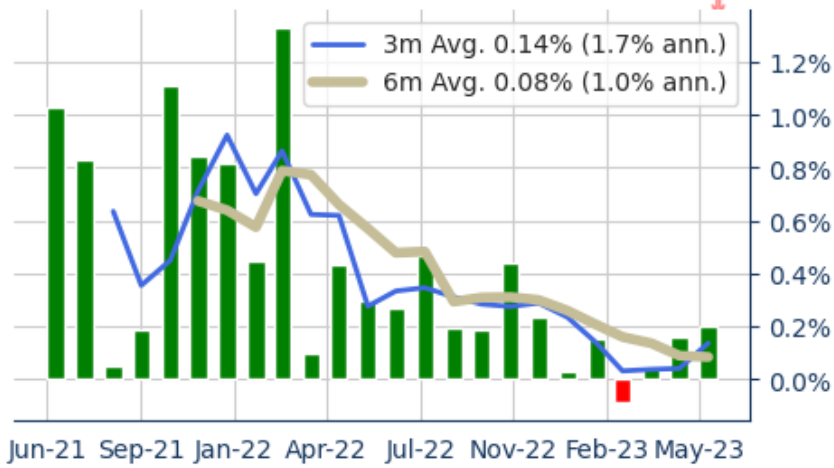
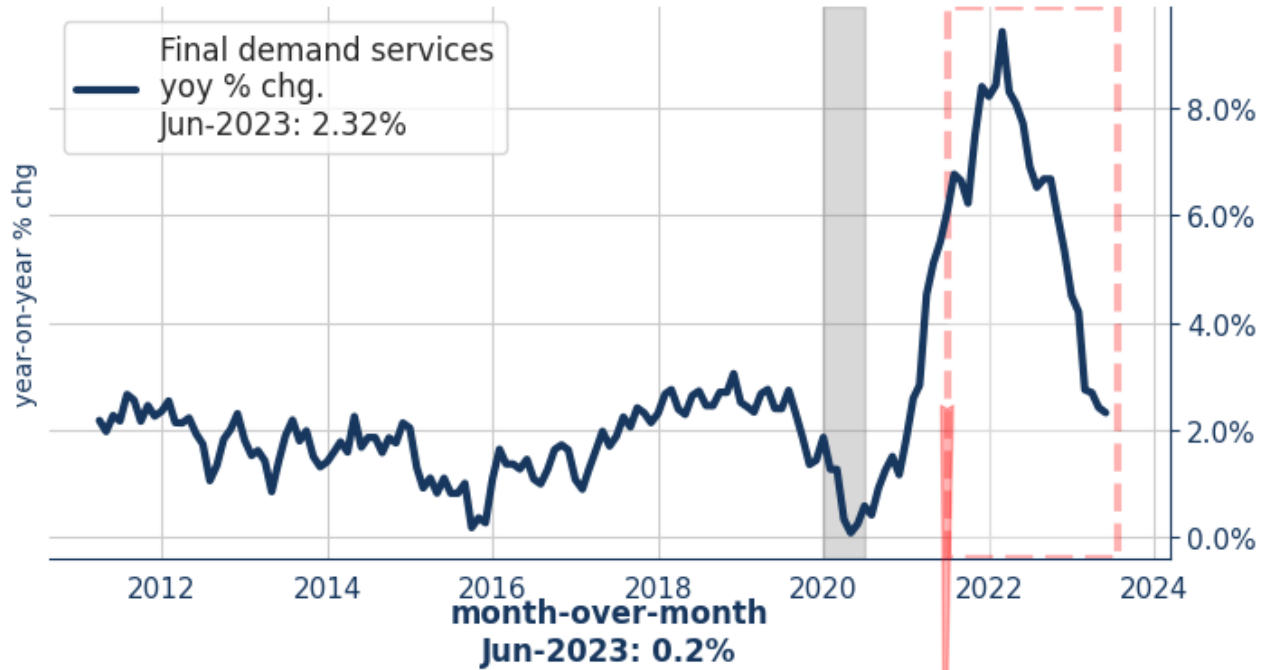
Contingent Macro Advisors 2023 source: US BEA

Final demand goods less foods and energy



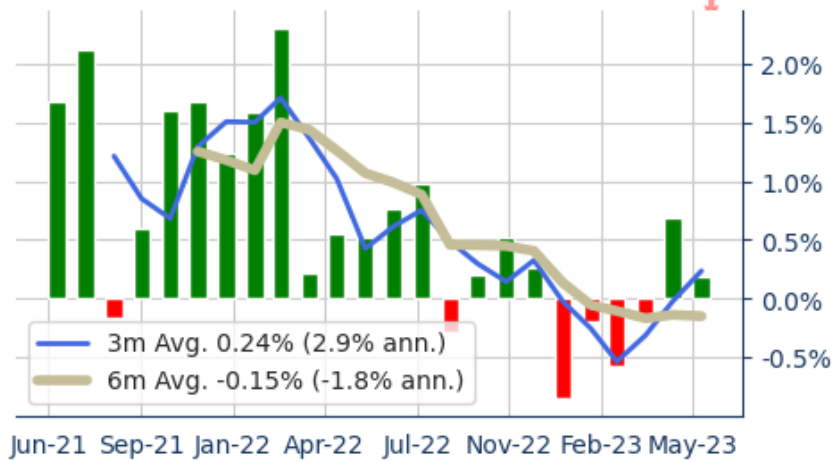
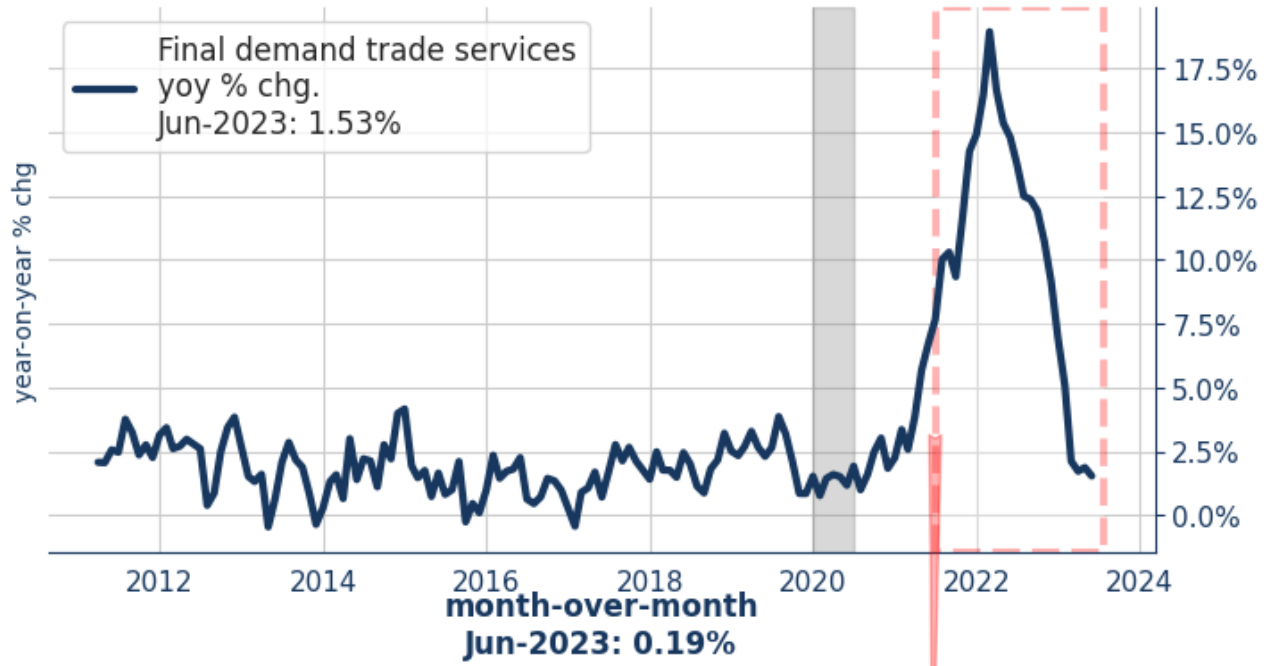
Contingent Macro Advisors 2023 source: US BEA

Final demand services



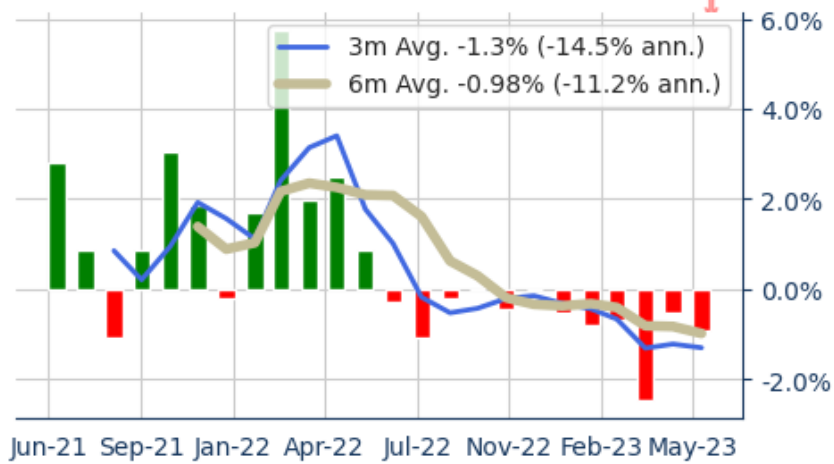
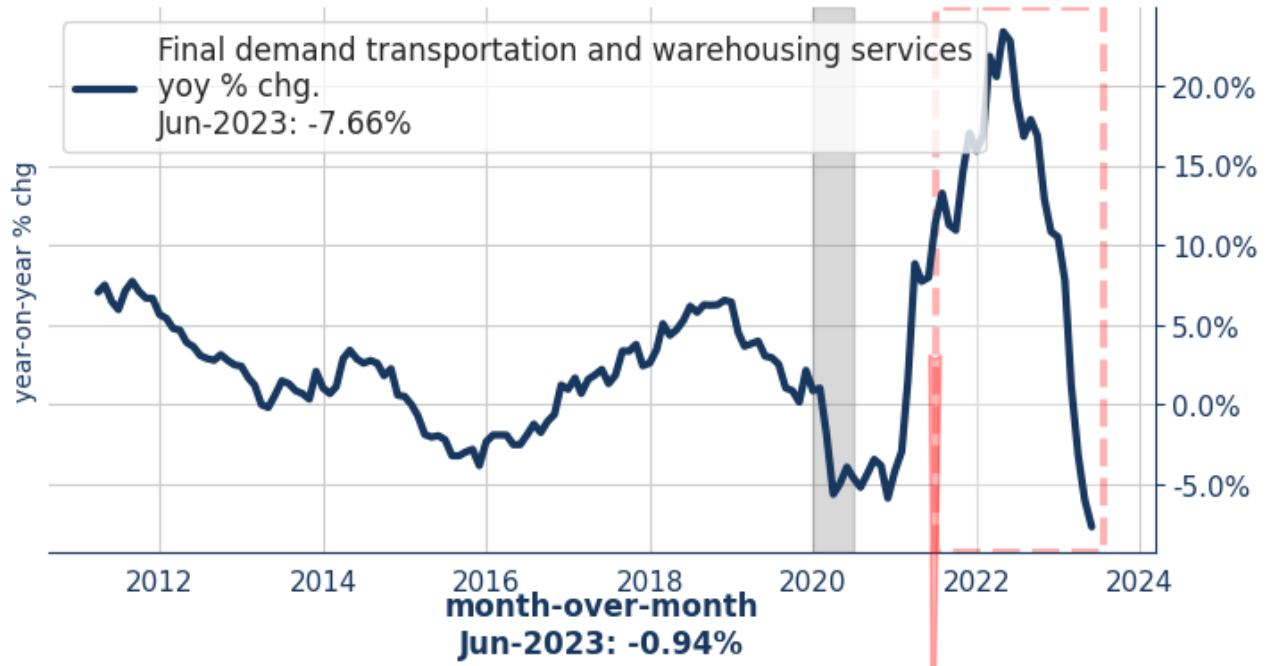
Contingent Macro Advisors 2023 source: US BEA

Final demand trade services

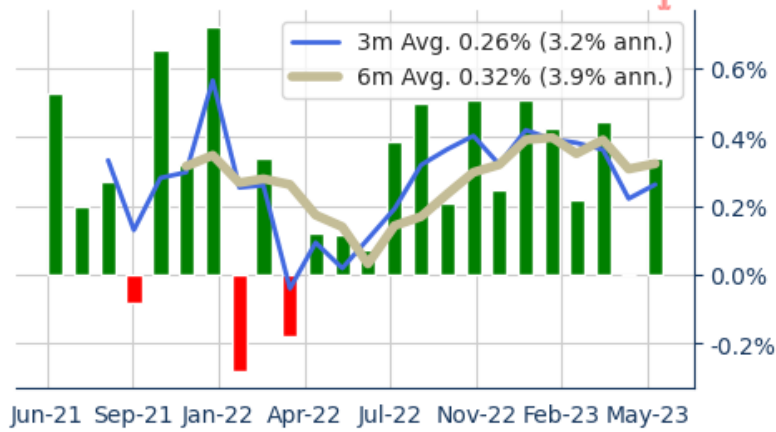
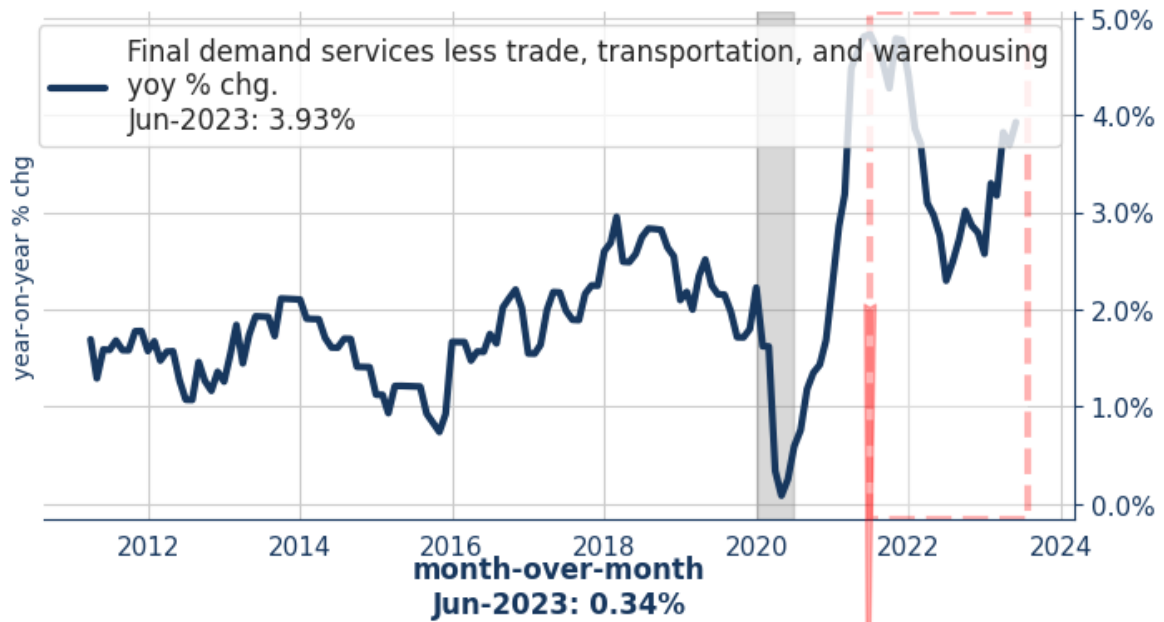


Contingent Macro Advisors 2023 source: US BEA

Final demand transportation and warehousing services

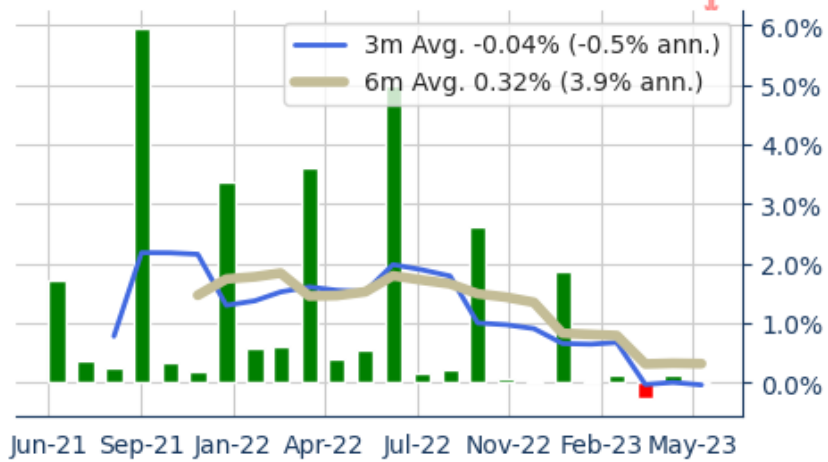
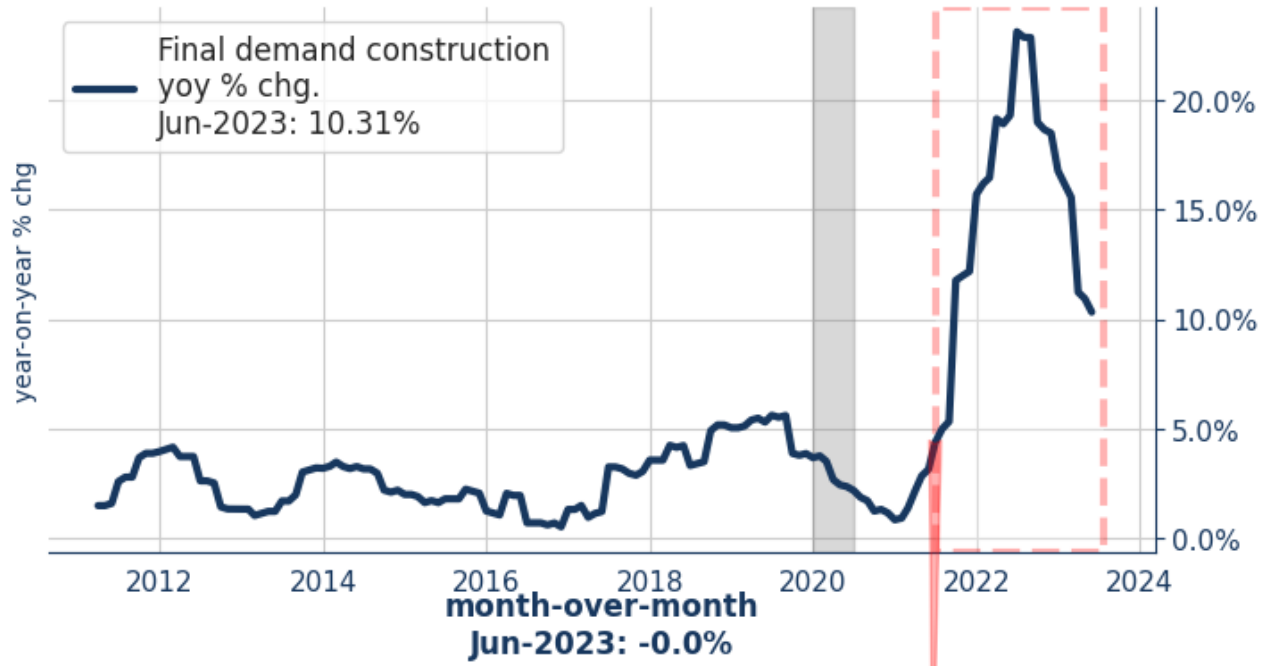


Final demand services less trade, transportation, and warehousing



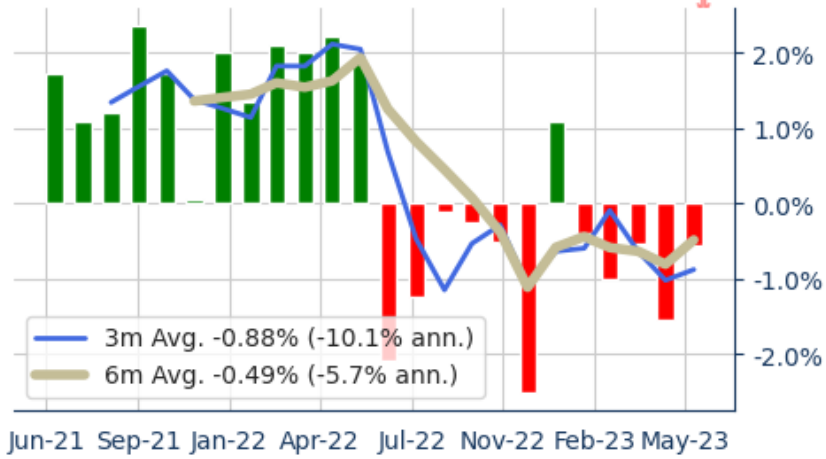
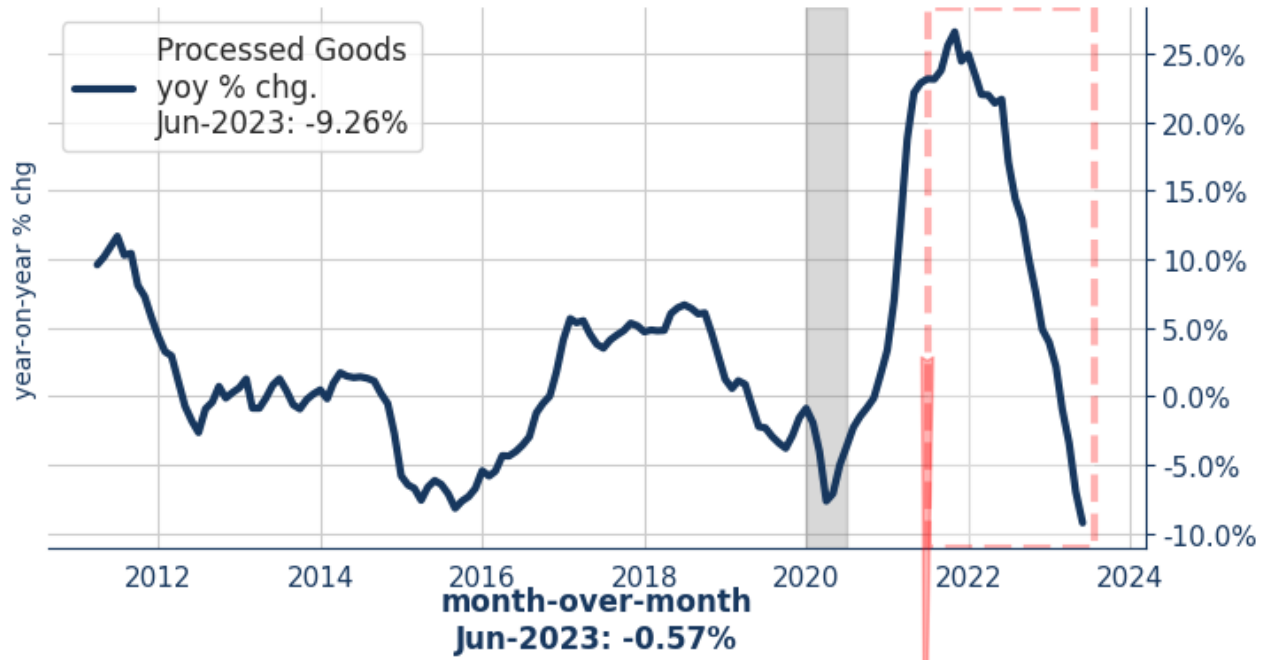
Contingent Macro Advisors 2023 source: US BEA

Final demand construction



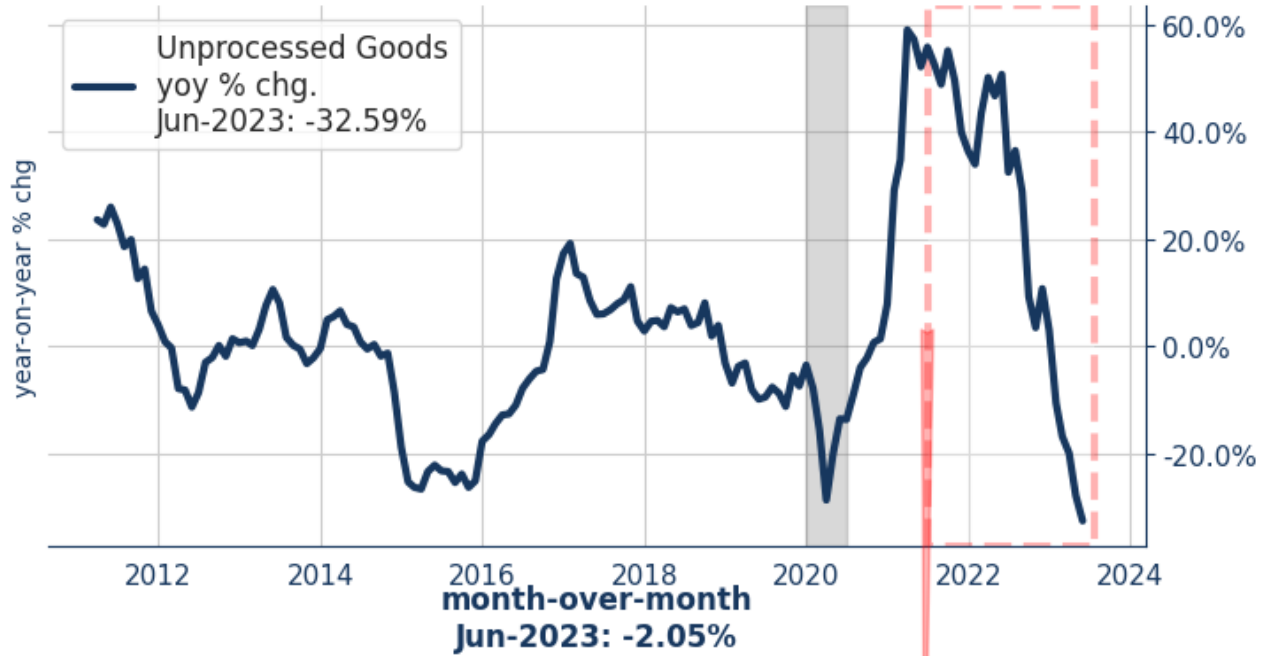
Contingent Macro Advisors 2023 source: US BEA

Processed Goods



Contingent Macro Advisors 2023 source: US BEA

Unprocessed Goods



Contingent Macro Advisors 2023 source: US BEA

US Producer Price Inflation	Jun-23	May-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
Final Demand	0.14%	-0.37%	-0.69%	-0.32%	0.24%	6.41%	10.20%	3.93%
Final demand less food and energy	0.12%	0.14%	1.28%	1.41%	2.41%	5.72%	8.72%	3.76%
Final demand goods	-0.00%	-1.55%	-5.63%	-3.32%	-4.19%	7.87%	13.94%	4.44%
Final demand goods less foods and energy	-0.17%	0.07%	0.22%	2.45%	2.01%	5.84%	9.38%	3.98%
Final demand services	0.20%	0.16%	1.65%	1.01%	2.32%	5.34%	8.41%	3.56%

Final demand trade services	0.19%	0.69%	2.86%	-1.80%	1.53%	9.18%	14.26%	5.39%
Final demand transportation and warehousing services	-0.94%	-0.52%	-14.57%	-11.20%	-7.66%	10.84%	17.02%	3.51%
Final demand construction	-0.00%	0.13%	-0.47%	3.84%	10.31%	18.47%	12.17%	8.46%

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-23	May-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
Processed Goods	-0.57%	-1.54%	-10.08%	-5.73%	-9.26%	4.86%	24.44%	5.31%
Unprocessed Goods	-2.05%	-5.00%	-19.46%	-33.00%	-32.59%	10.74%	39.89%	3.80%
Motor Vehicles	-0.14%	0.06%	-1.94%	0.91%	1.96%	4.67%	2.59%	1.70%
Pharmaceutical	0.15%	0.04%	1.66%	3.37%	2.61%	1.87%	1.34%	1.74%
Chemicals	-2.72%	-1.94%	-16.31%	-10.75%	-17.28%	-1.01%	39.84%	3.92%
Lumber	1.85%	-1.36%	16.11%	-7.83%	-18.65%	-23.82%	18.92%	4.09%
Steel Mill Products	-0.55%	5.12%	37.60%	19.21%	-17.98%	-29.81%	128.05%	10.91%
Outpatient healthcare	0.07%	0.13%	2.39%	3.08%	1.71%	1.53%	3.27%	2.19%
Inpatient healthcare	0.38%	0.26%	3.81%	4.97%	4.96%	4.63%	2.61%	3.36%
Food and alcohol retailing	2.32%	1.53%	11.95%	12.49%	12.02%	17.69%	8.38%	7.22%
Apparel and jewelry retailing	-0.16%	4.49%	-0.02%	2.15%	1.61%	0.20%	16.76%	3.12%
Airline passenger services	1.08%	-0.82%	-10.81%	-0.91%	-1.10%	16.91%	21.95%	2.62%
Inv Mgmt & Brokerage	-0.37%	3.17%	9.74%	14.51%	34.35%	21.75%	8.43%	6.38%
Business Loans	-0.46%	-0.52%	13.52%	30.69%	69.84%	71.01%	14.17%	14.66%
Legal Services	0.26%	-0.20%	1.05%	6.54%	6.00%	4.90%	4.24%	4.65%
Truck Transport	-2.13%	-0.52%	-20.33%	-18.92%	-13.66%	8.55%	17.90%	3.56%
Machinery & Equip.	-0.16%	1.00%	-9.25%	-6.45%	0.32%	9.97%	14.77%	5.79%

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.