

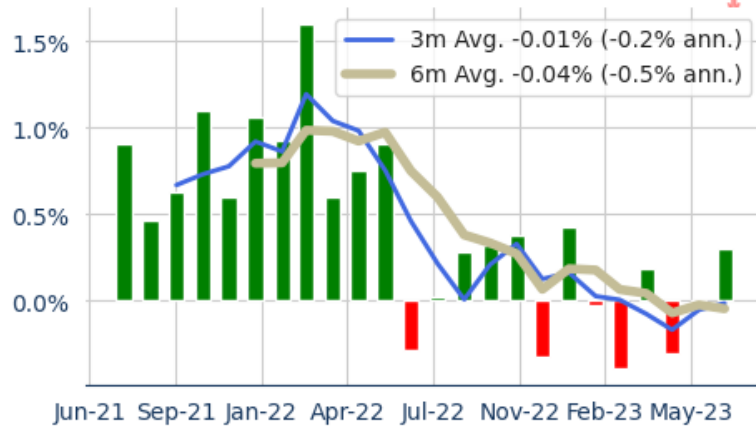
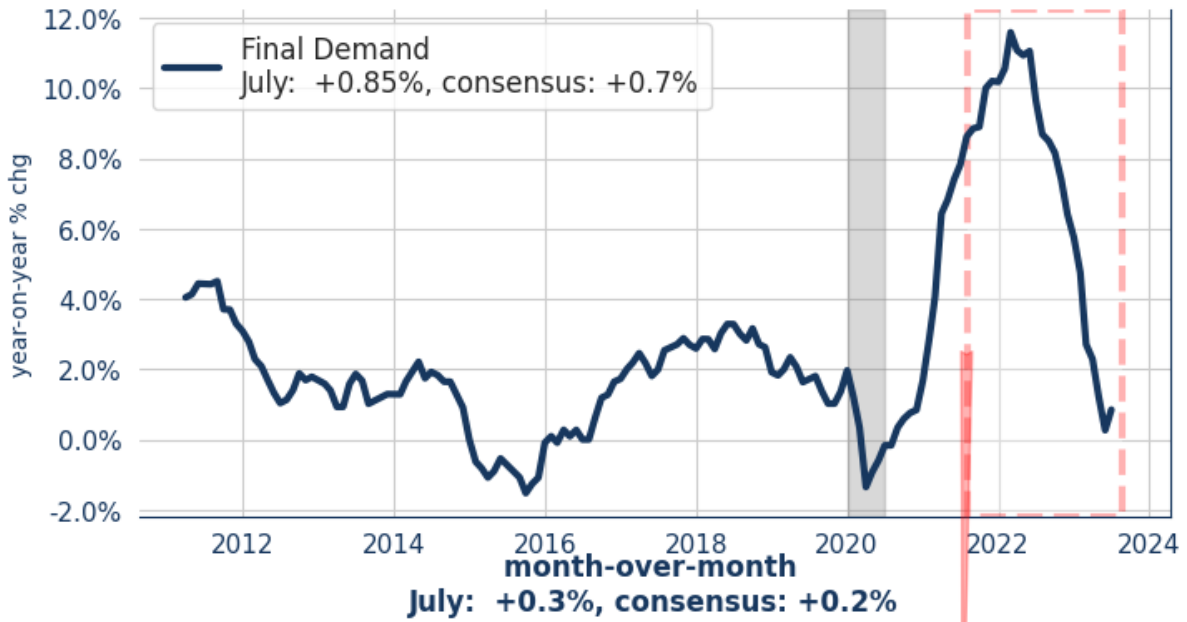
11.Aug.2023

## Producer Prices: 2% Trends

**Bottom Line:** Producer prices rose slightly more than expected than in July. But the trend continued to fall towards sub-2% annualized readings on pipeline inflation. Core PPI was just under 2.4% above year-ago levels, but annualizing at just 1.7% and 1.6% over the last three and six months, respectively. Core price gains were led by the services, mostly those related to transportation and warehousing, which saw their first increase in over a year. Against that, construction prices notched a record decline for this cycle. More broadly, pipeline price pressures in the services sectors continue to see modest increases, while goods prices remain modestly deflationary. **Overall, producer price pressures remain well below the sticky levels seen in consumer prices and were trending in the 1.6 - 2.4% annualized range, a source of comfort for those waiting for consumer prices to return to the Fed's 2% target.**

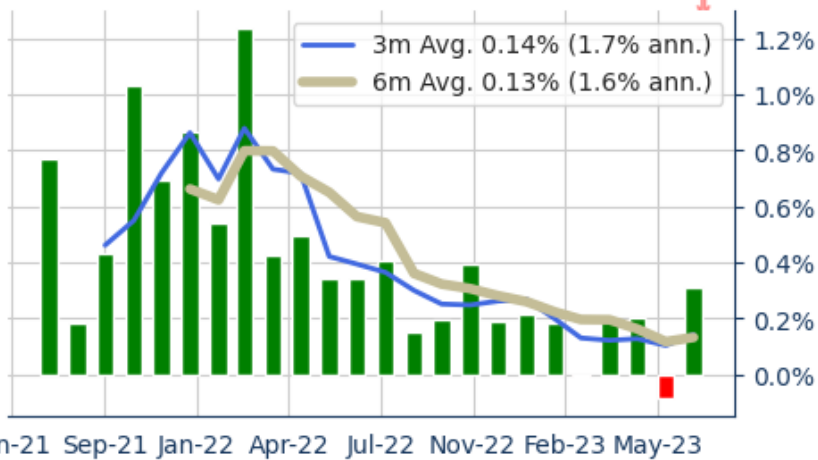
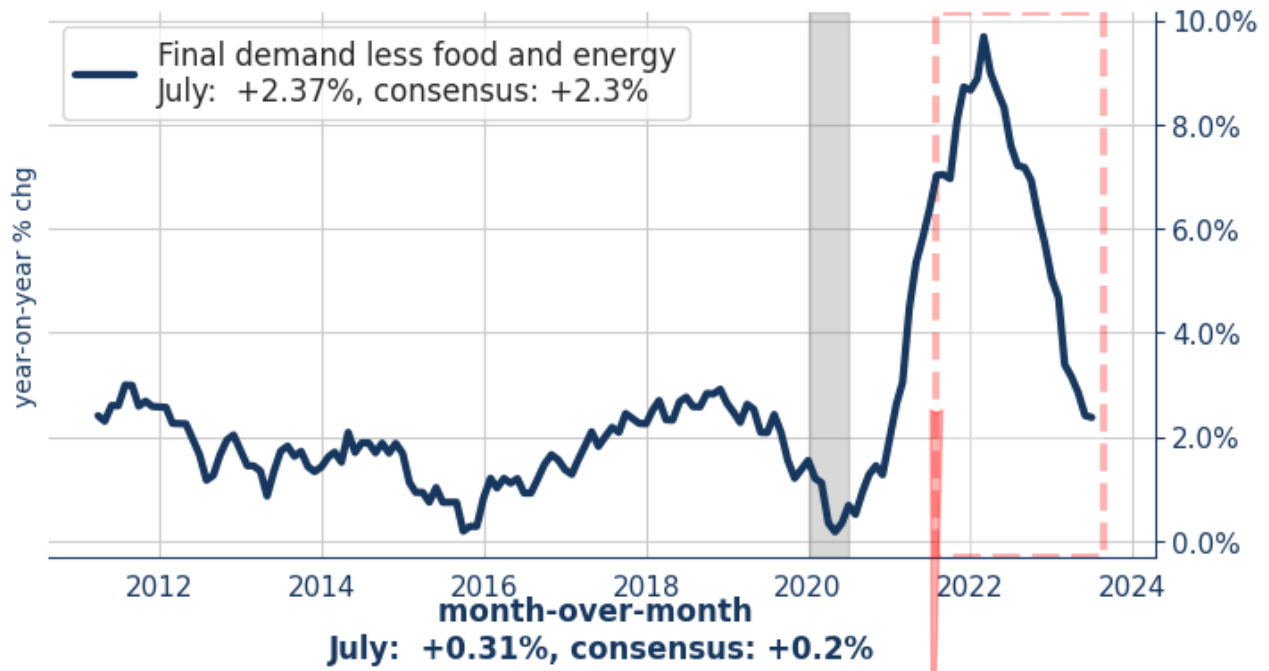
# Final Demand

**July: +0.85%, consensus: +0.7%**

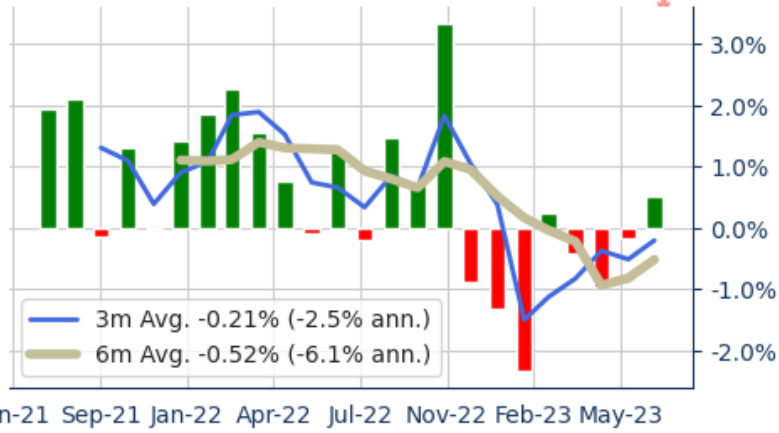
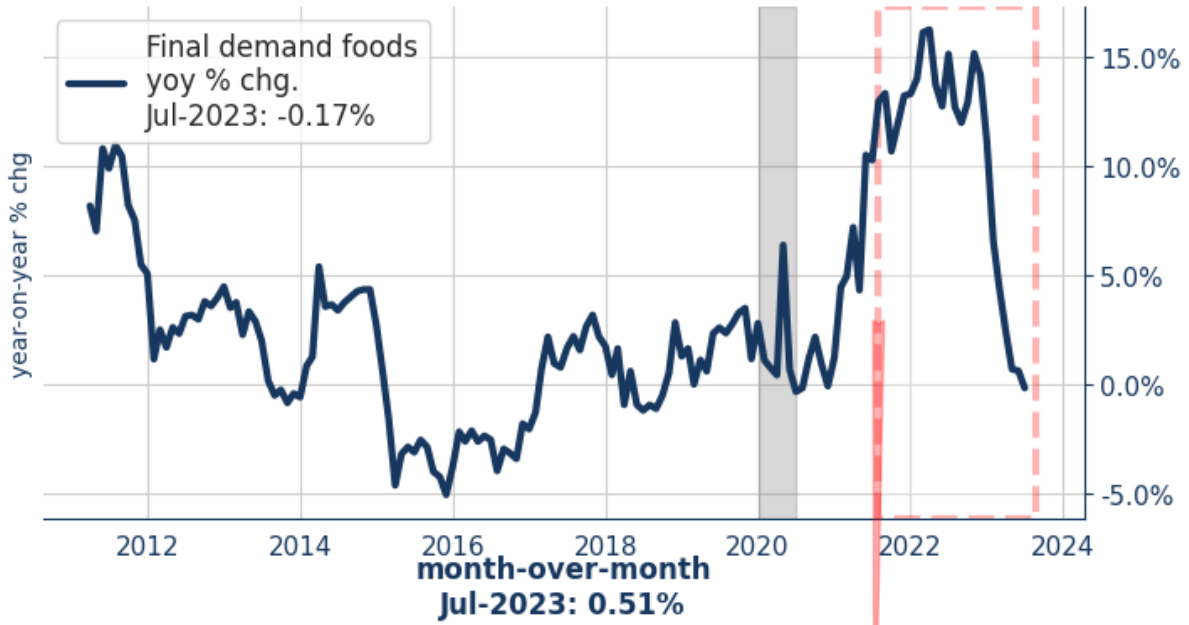


# Final demand less food and energy

July: +2.37%, consensus: +2.3%

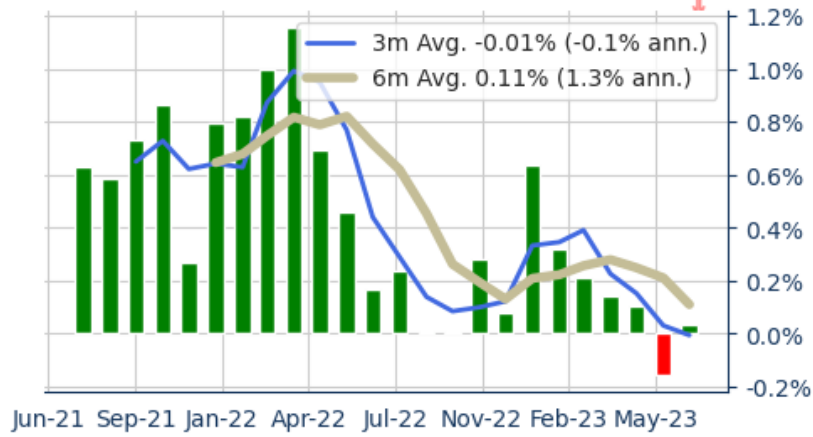
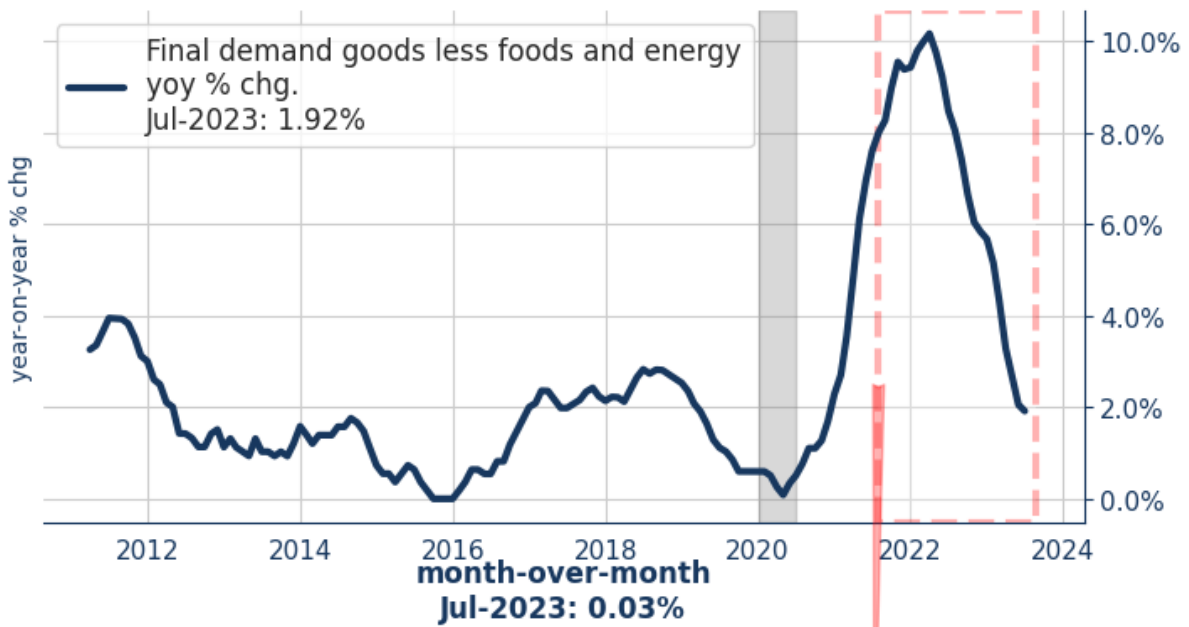


# Final demand foods



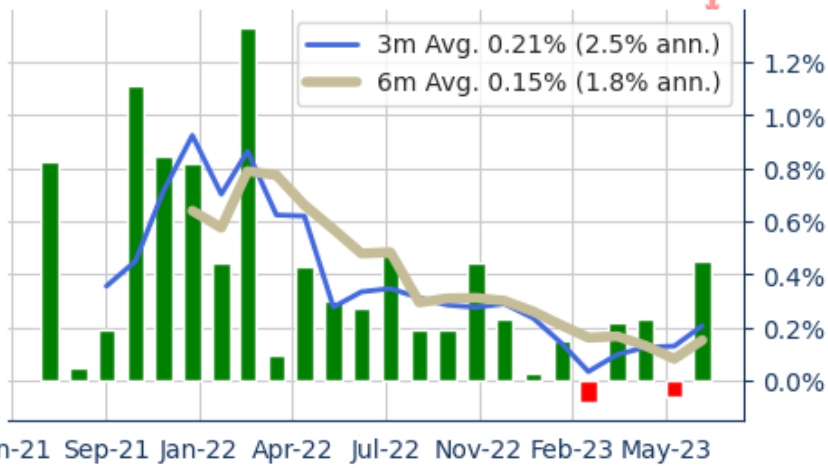
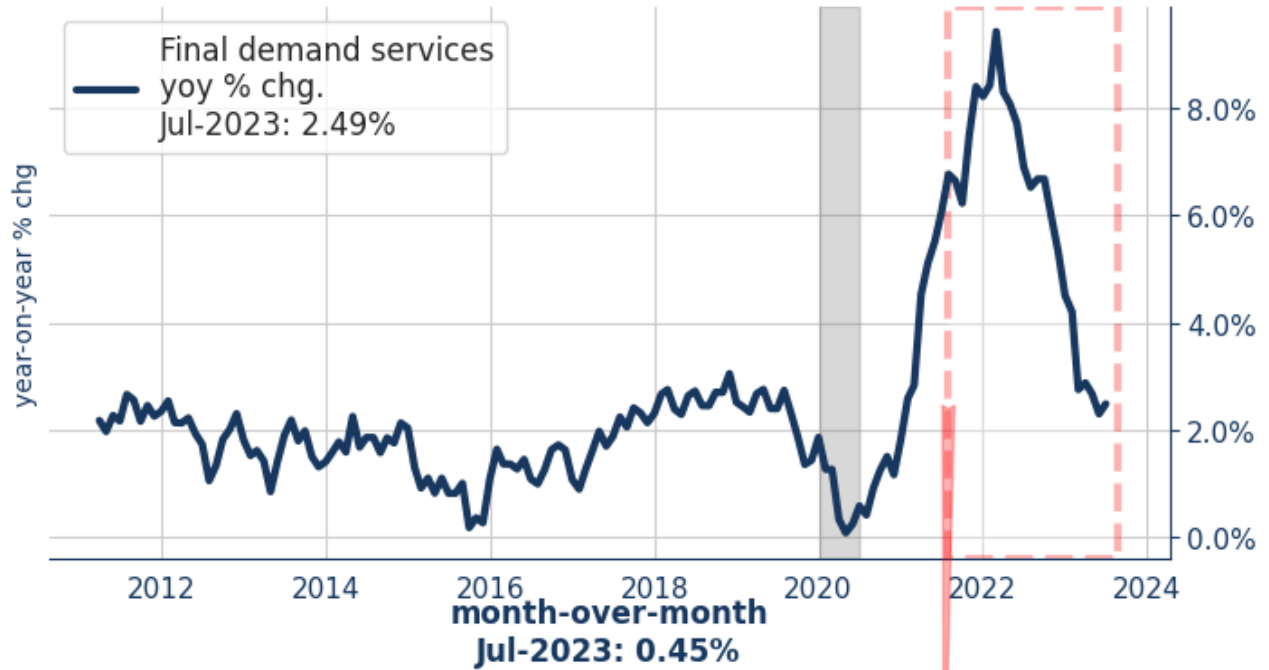
Contingent Macro Advisors 2023 source: US BEA

# Final demand goods less foods and energy



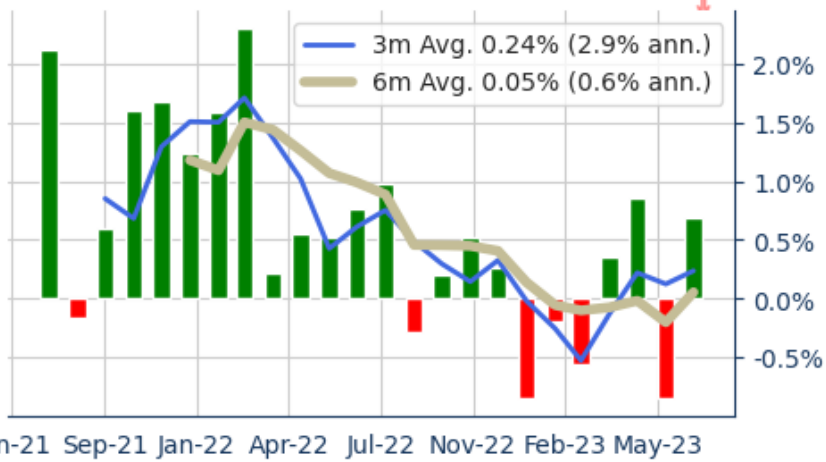
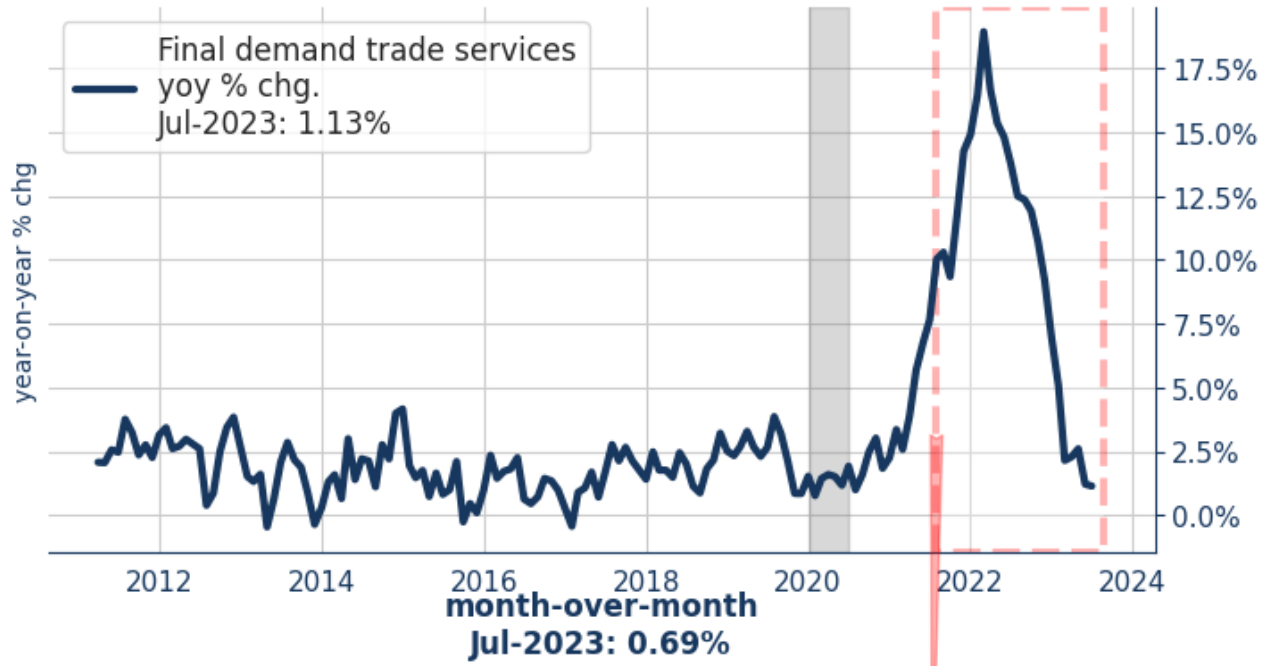
Contingent Macro Advisors 2023 source: US BEA

# Final demand services

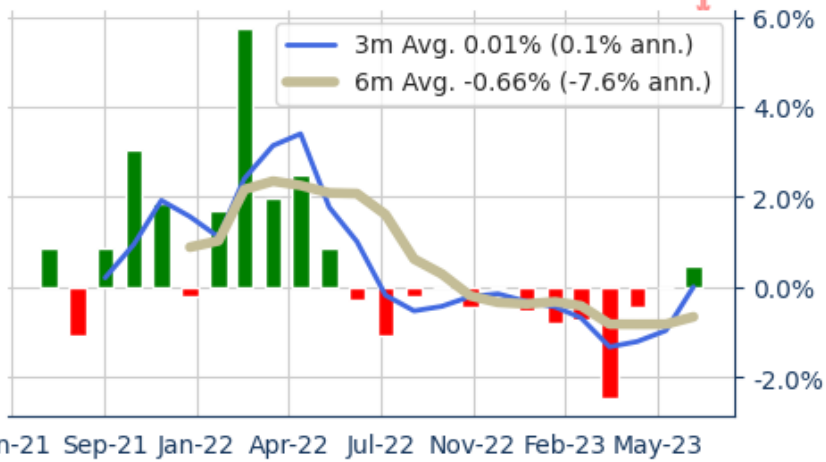
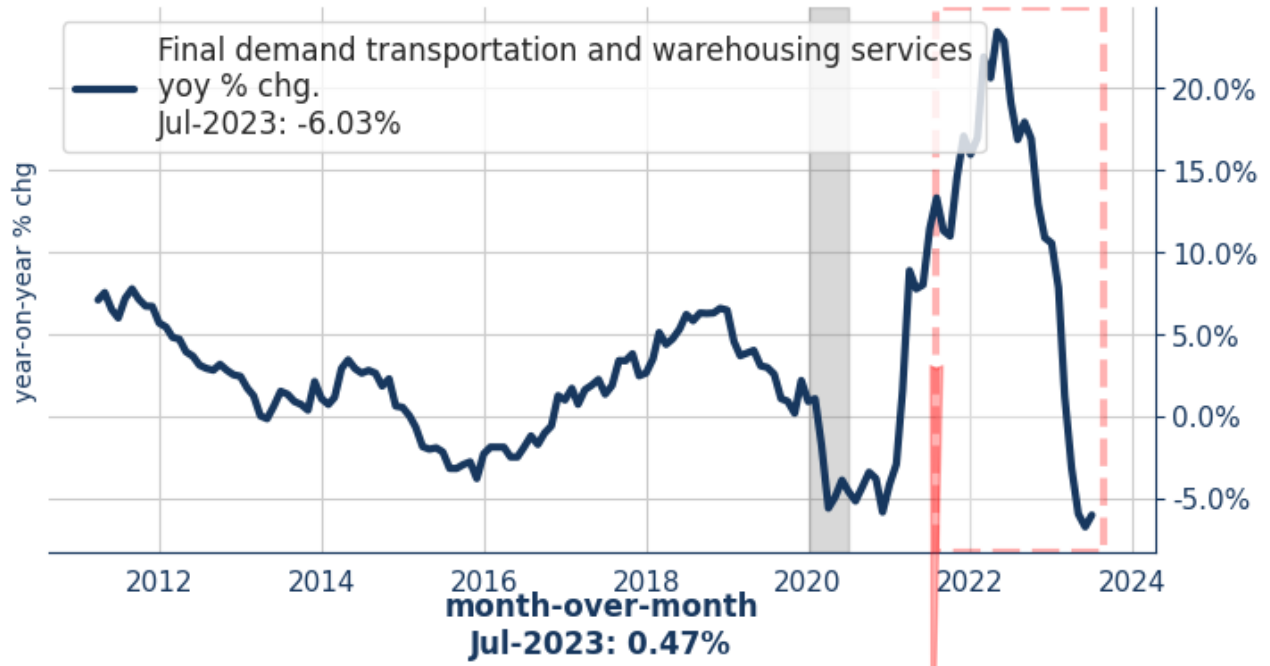


Contingent Macro Advisors 2023 source: US BEA

# Final demand trade services



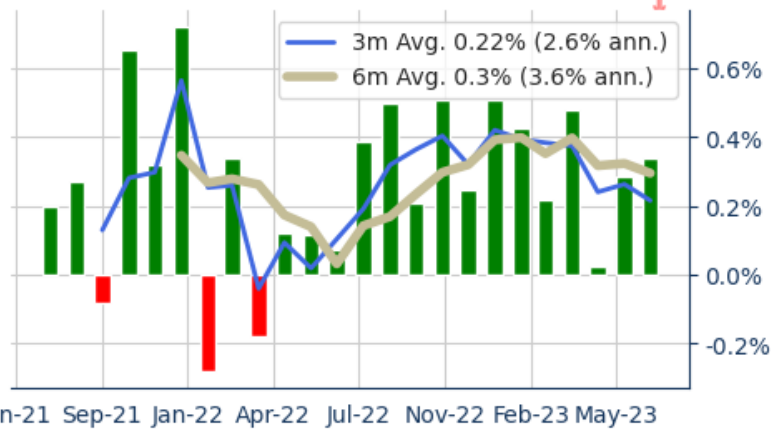
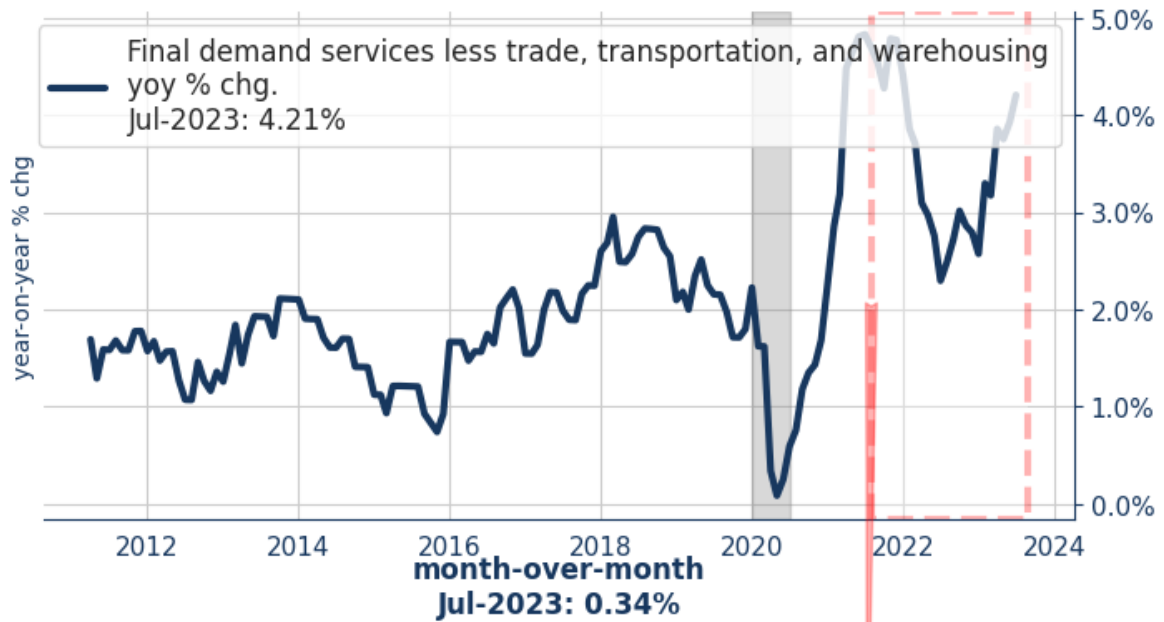
# Final demand transportation and warehousing services



Contingent Macro Advisors 2023 source: US BEA

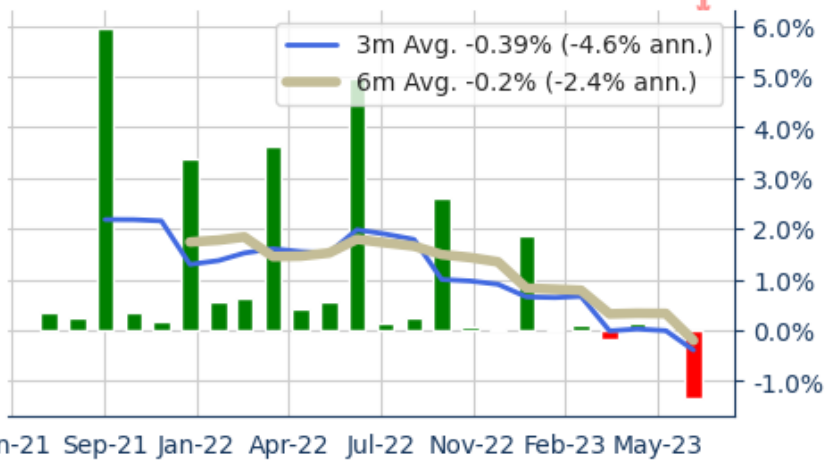
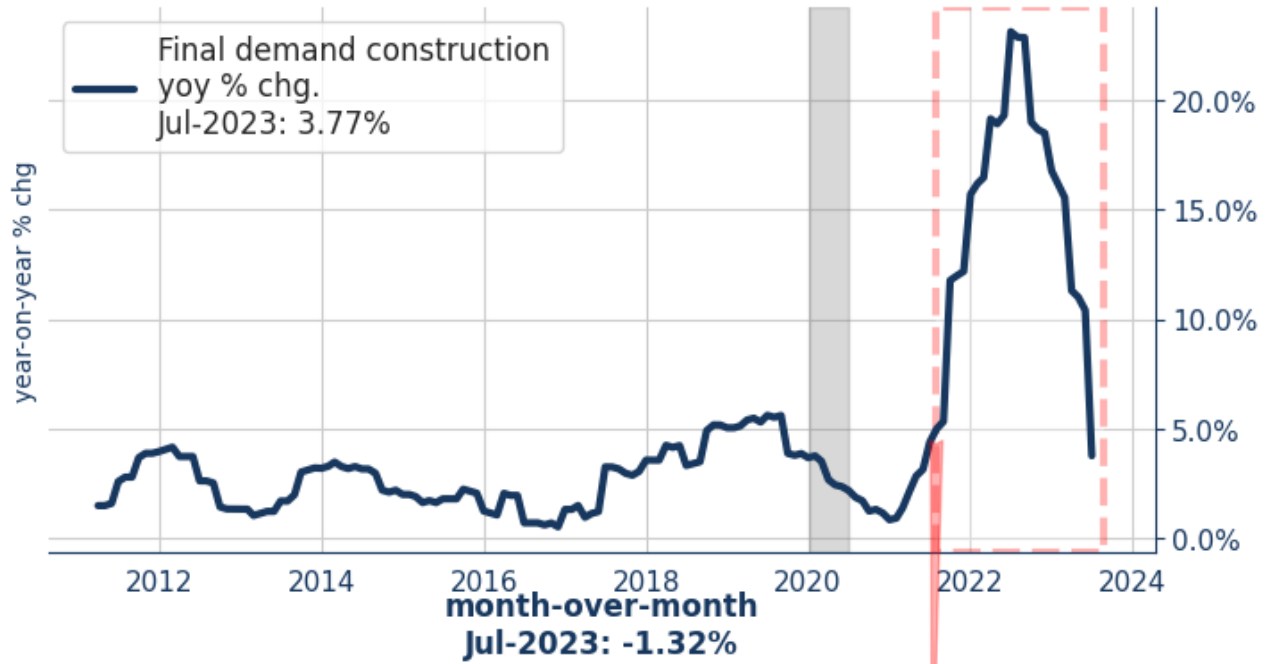


# Final demand services less trade, transportation, and warehousing



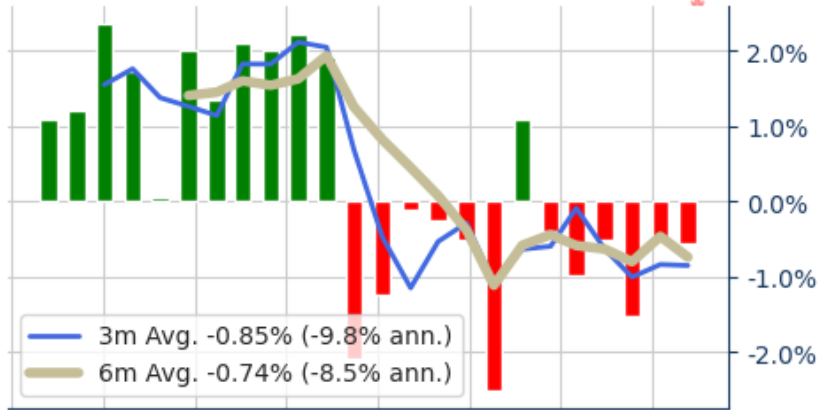
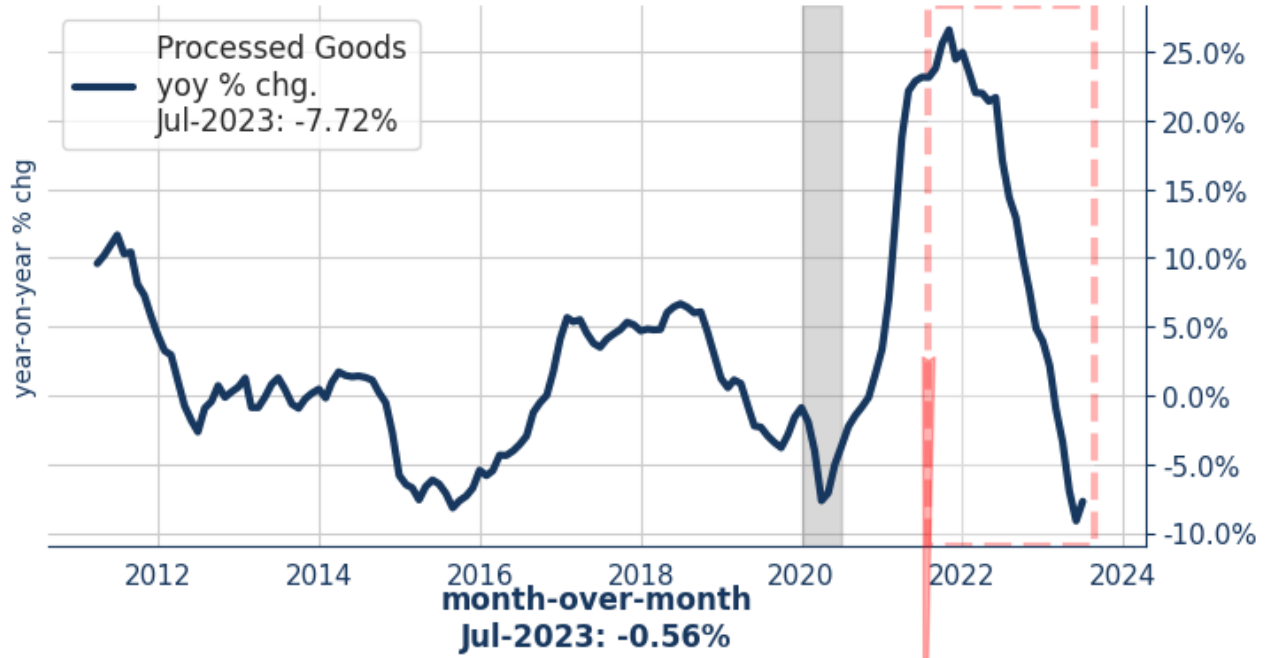
Contingent Macro Advisors 2023 source: US BEA

# Final demand construction



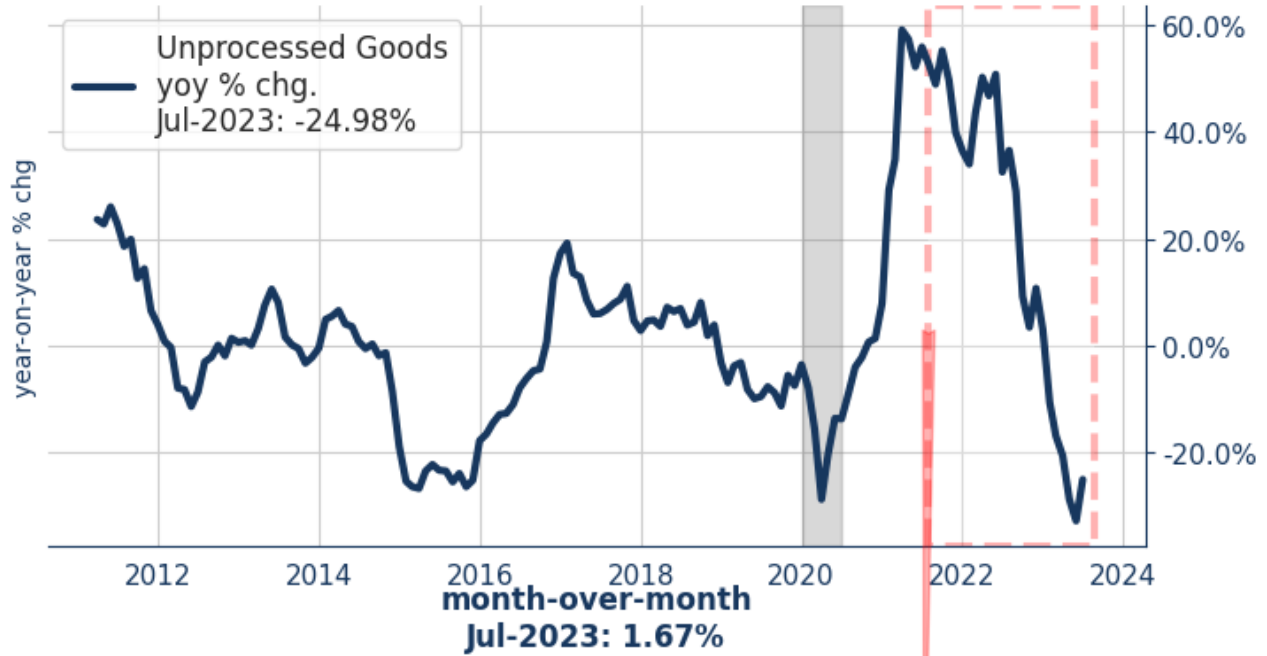
Contingent Macro Advisors 2023 source: US BEA

# Processed Goods



Contingent Macro Advisors 2023 source: US BEA

# Unprocessed Goods



Jun-21 Sep-21 Jan-22 Apr-22 Jul-22 Nov-22 Feb-23 May-23

Contingent Macro Advisors 2023 source: US BEA

US Producer Price Inflation	Jul-23	Jun-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
<b>Final Demand</b>	<b>0.30%</b>	<b>-0.04%</b>	<b>-0.17%</b>	<b>-0.54%</b>	<b>0.85%</b>	<b>6.41%</b>	<b>10.20%</b>	<b>4.01%</b>
<b>Final demand less food and energy</b>	<b>0.31%</b>	<b>-0.08%</b>	<b>1.72%</b>	<b>1.59%</b>	<b>2.37%</b>	<b>5.72%</b>	<b>8.72%</b>	<b>3.84%</b>
Final demand goods	0.11%	0.01%	-5.38%	-5.33%	-2.47%	7.87%	13.94%	4.49%
Final demand goods less foods and energy	0.03%	-0.15%	-0.08%	1.32%	1.92%	5.84%	9.38%	4.00%
Final demand services	0.45%	-0.07%	2.49%	1.83%	2.49%	5.34%	8.41%	3.66%

Final demand trade services	0.69%	-0.84%	2.84%	0.62%	1.13%	9.18%	14.26%	5.48%
Final demand transportation and warehousing services	0.47%	-0.00%	0.10%	-7.65%	-6.03%	10.84%	17.02%	3.85%
Final demand construction	-1.32%	0.01%	-4.61%	-2.41%	3.77%	18.47%	12.17%	8.10%

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	Jul-23	Jun-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
<b>Processed Goods</b>	<b>-0.56%</b>	<b>-0.48%</b>	<b>-9.78%</b>	<b>-8.55%</b>	<b>-7.72%</b>	<b>4.86%</b>	<b>24.44%</b>	<b>5.20%</b>
<b>Unprocessed Goods</b>	<b>1.67%</b>	<b>-1.17%</b>	<b>-18.15%</b>	<b>-24.07%</b>	<b>-24.98%</b>	<b>10.74%</b>	<b>39.89%</b>	<b>4.15%</b>
Motor Vehicles	0.33%	-0.22%	0.69%	0.31%	1.80%	4.67%	2.59%	1.75%
Pharmaceutical	0.22%	0.15%	1.67%	2.28%	2.43%	1.87%	1.34%	1.80%
Chemicals	-2.09%	-0.91%	-17.46%	-12.58%	-17.38%	-1.01%	39.84%	3.91%
Lumber	4.74%	1.89%	21.38%	8.14%	-17.20%	-23.82%	18.92%	5.17%
Steel Mill Products	-7.63%	-0.43%	-11.81%	7.59%	-20.94%	-29.81%	128.05%	8.66%
Outpatient healthcare	0.28%	-0.01%	1.62%	3.22%	1.59%	1.53%	3.27%	2.24%
Inpatient healthcare	-0.10%	0.29%	1.85%	3.31%	3.93%	4.63%	2.61%	3.31%
Food and alcohol retailing	-2.49%	2.31%	5.23%	9.16%	7.94%	17.69%	8.38%	6.53%
Apparel and jewelry retailing	-1.18%	-1.78%	5.80%	-7.15%	3.50%	0.20%	16.76%	2.48%
Airline passenger services	1.68%	1.81%	11.27%	-0.64%	3.40%	16.91%	21.95%	3.17%
Inv Mgmt & Brokerage	1.77%	0.06%	21.82%	18.91%	37.24%	21.75%	8.43%	6.96%
Business Loans	-1.65%	-0.35%	-9.61%	1.32%	55.69%	71.01%	14.17%	14.13%
Legal Services	0.65%	0.26%	2.88%	4.67%	6.37%	4.90%	4.24%	4.82%
Truck Transport	-0.19%	-0.68%	-5.34%	-12.95%	-12.40%	8.55%	17.90%	3.87%
Machinery & Equip.	1.96%	-3.38%	0.33%	-0.04%	0.81%	9.97%	14.77%	6.20%

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.