

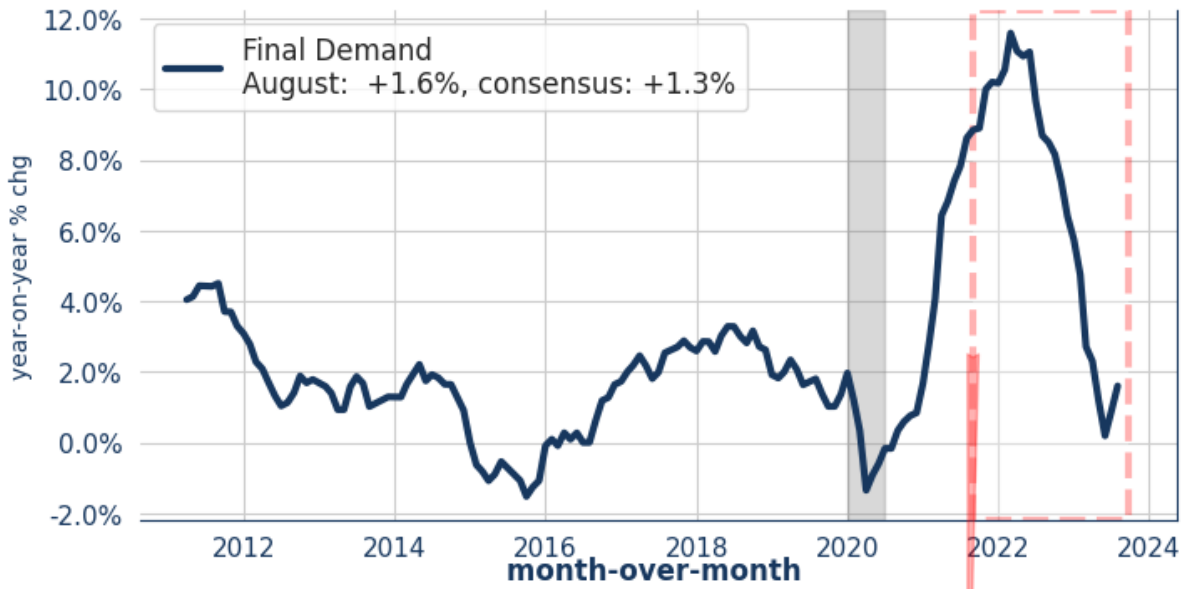
14.Sep.2023

Producer Prices: Goods Bottoming?

Bottom Line: Producer prices rose more than expected than in August as the goods economy appears to be starting to bottom. Critical sectors like trade/transportation/warehousing saw notably higher prices. Processed and unprocessed goods prices were sharply higher, up 2.1% and 1.3%, respectively. Over 80% of the headline increase was due to the higher goods prices. Final demand services prices remained tame, up 0.2%, and trending in the 2.5% annualized area. **Overall, producer prices reveal a potential bottoming in the goods economy. Deflation in goods is likely turning towards flat to modest inflation. Pipeline inflation in the services sector remains moderate but above 2%.**

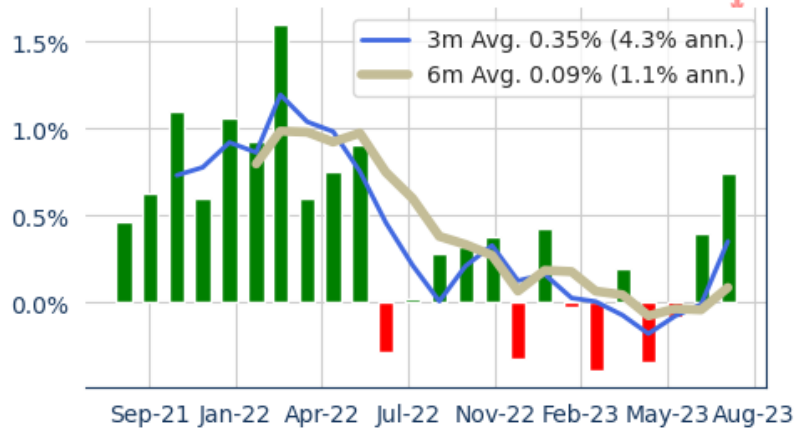
Final Demand

August: +1.6%, consensus: +1.3%



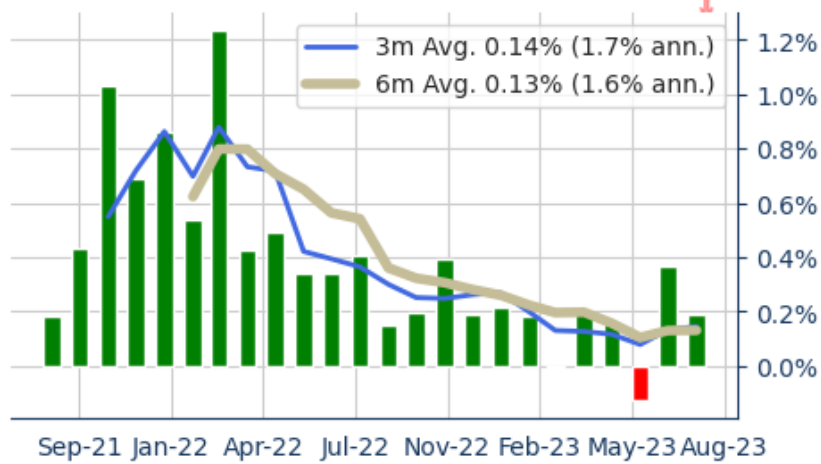
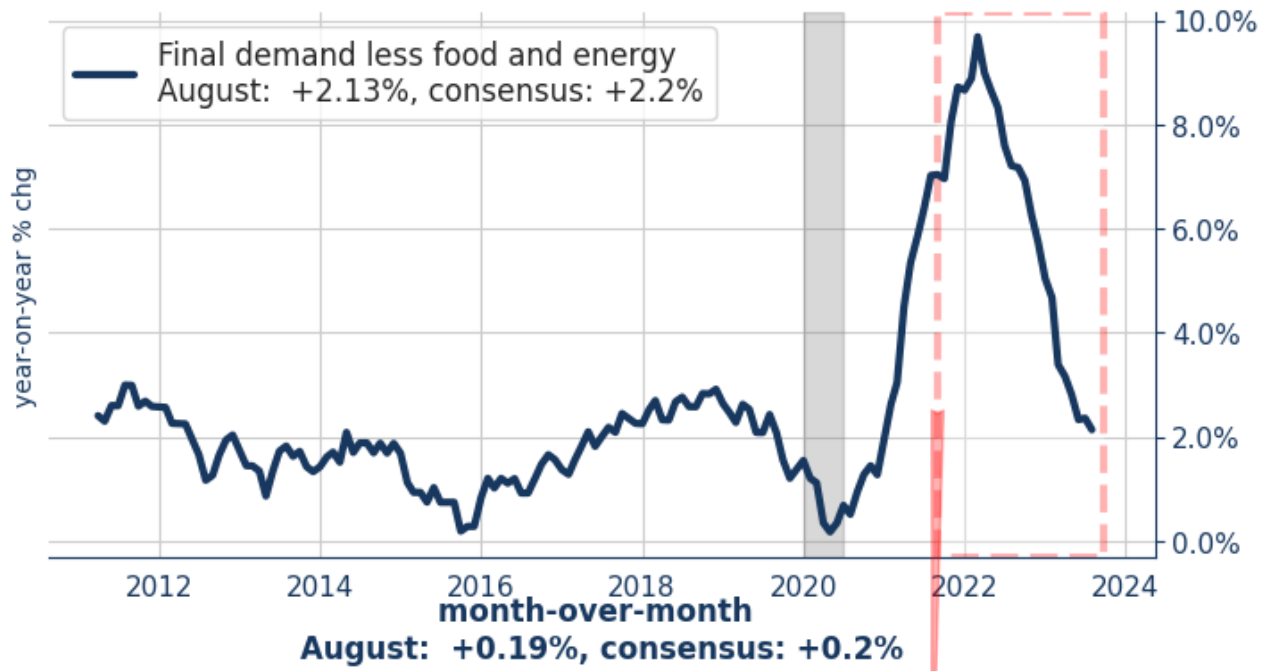
month-over-month

August: +0.74%, consensus: +0.4%



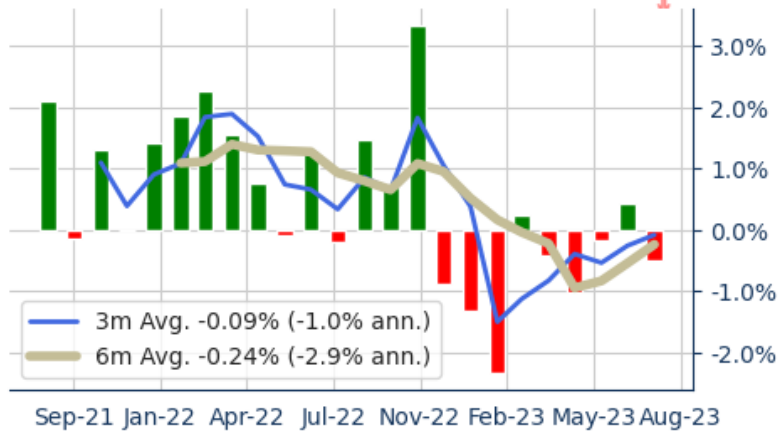
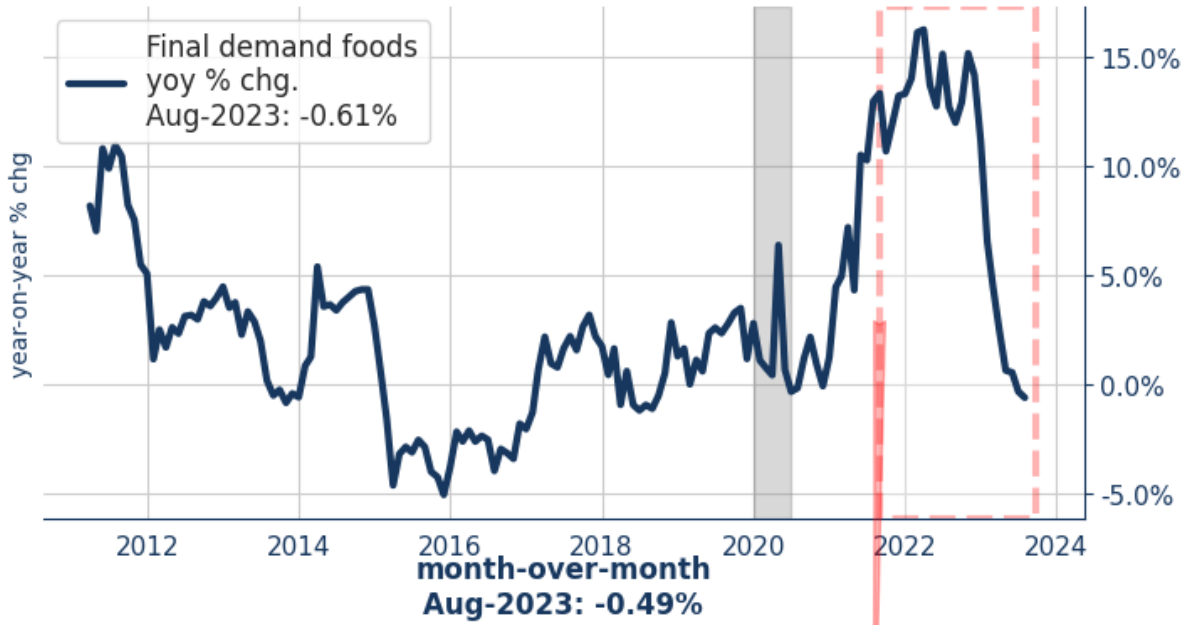
Final demand less food and energy

August: +2.13%, consensus: +2.2%



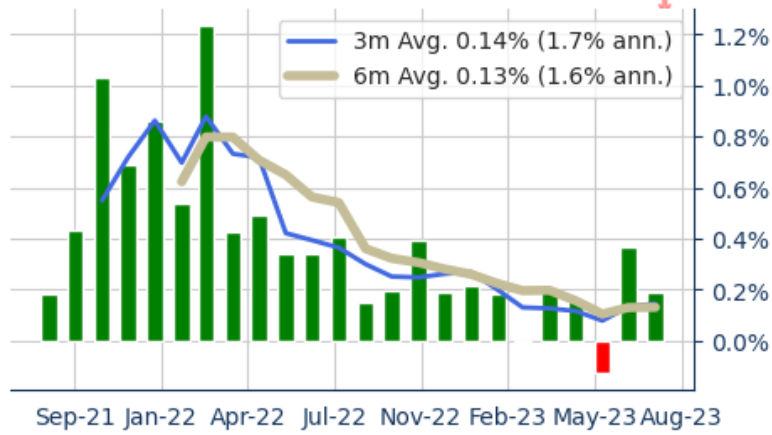
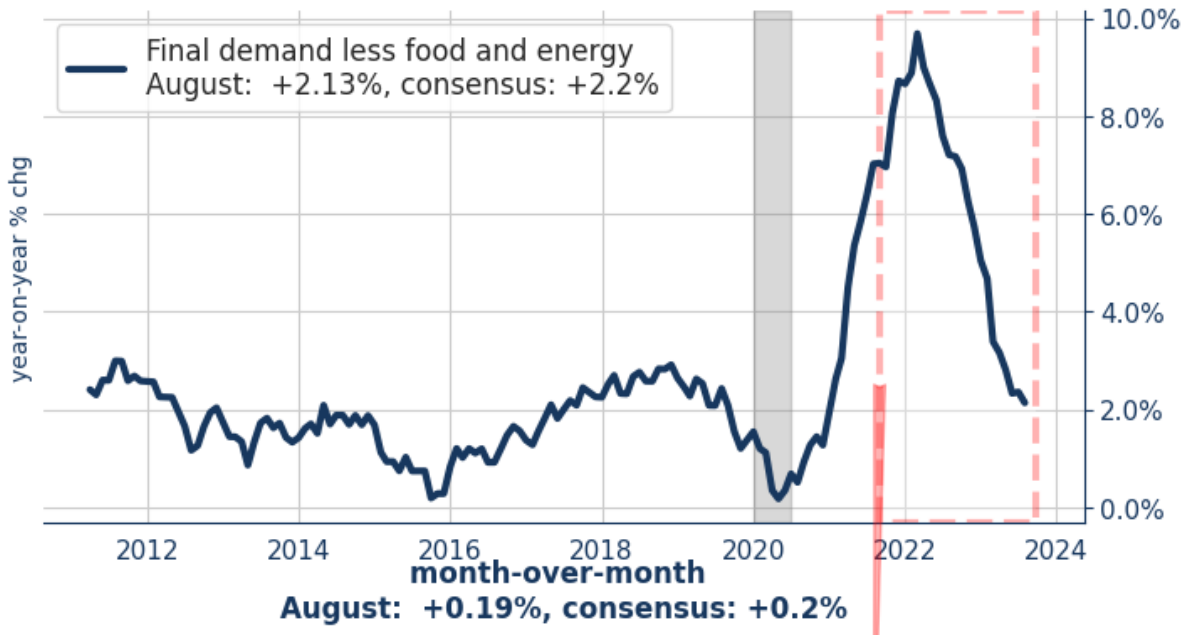
Contingent Macro Advisors 2023 source: US BEA

Final demand foods



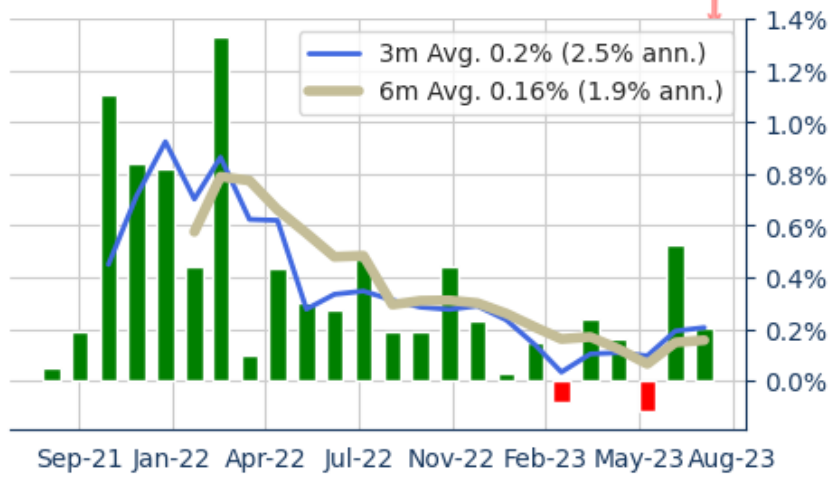
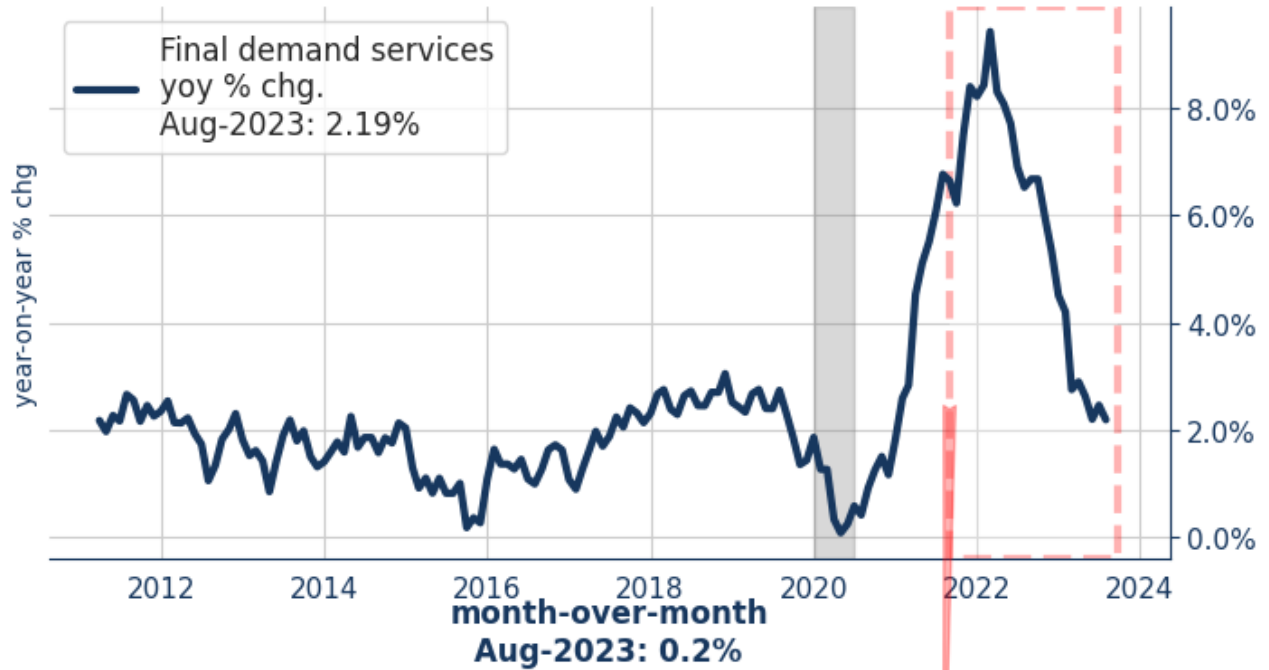
Final demand less food and energy

August: +2.13%, consensus: +2.2%



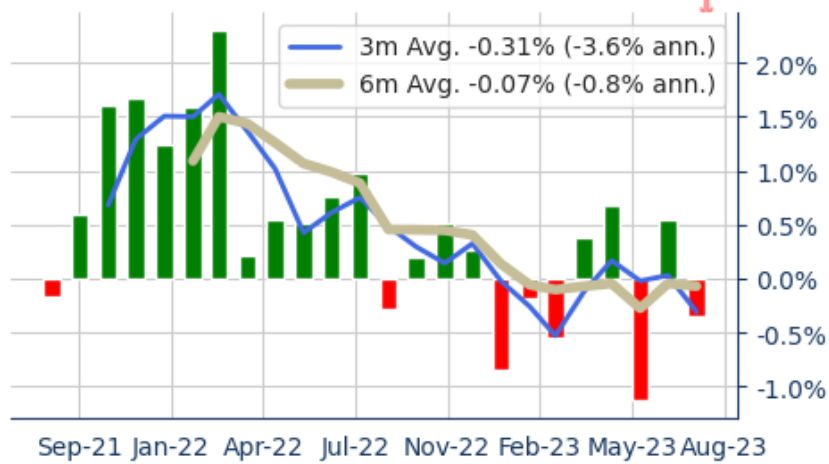
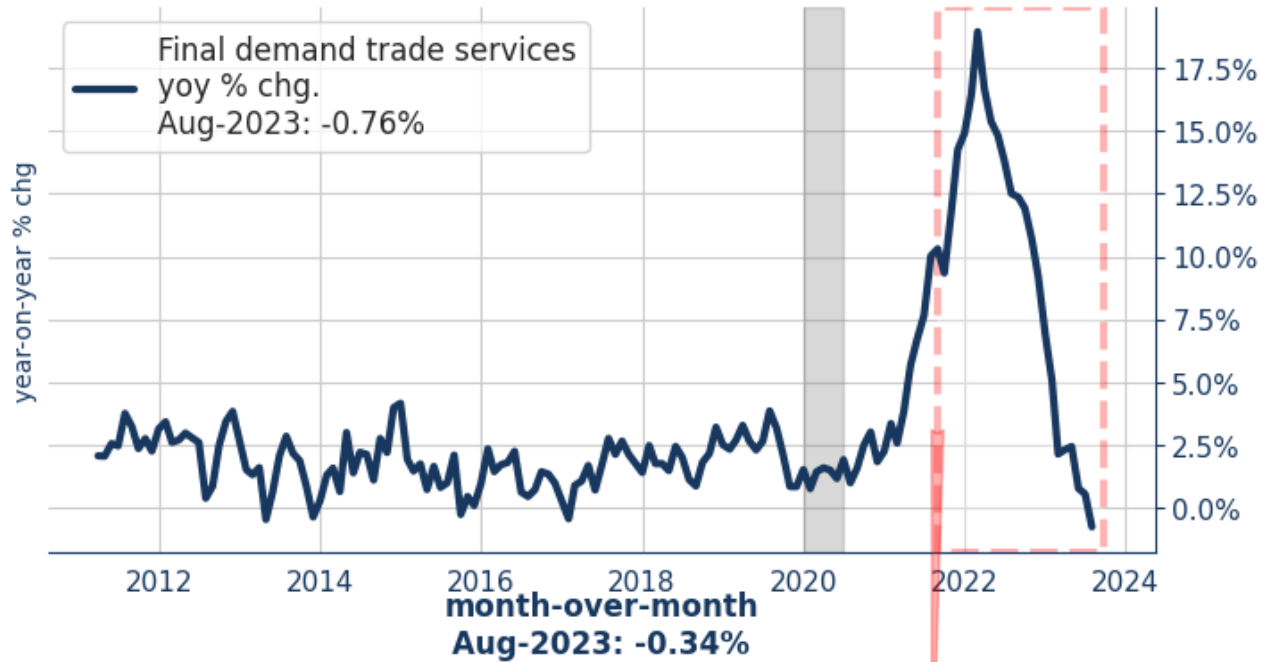
Contingent Macro Advisors 2023 source: US BEA

Final demand services

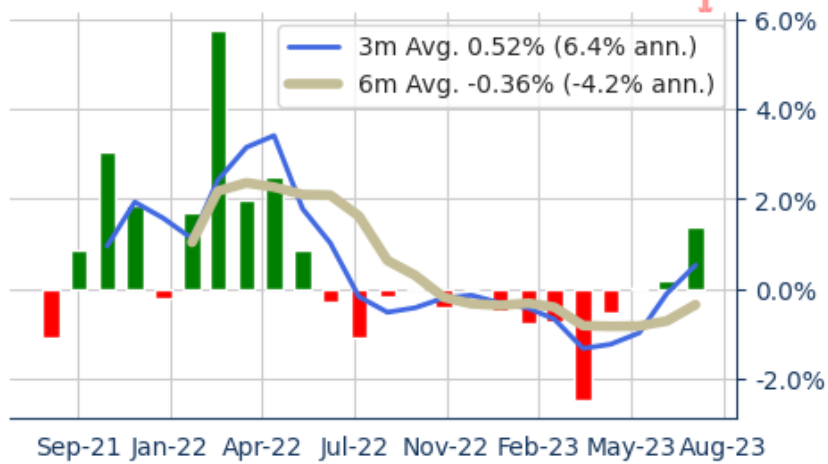
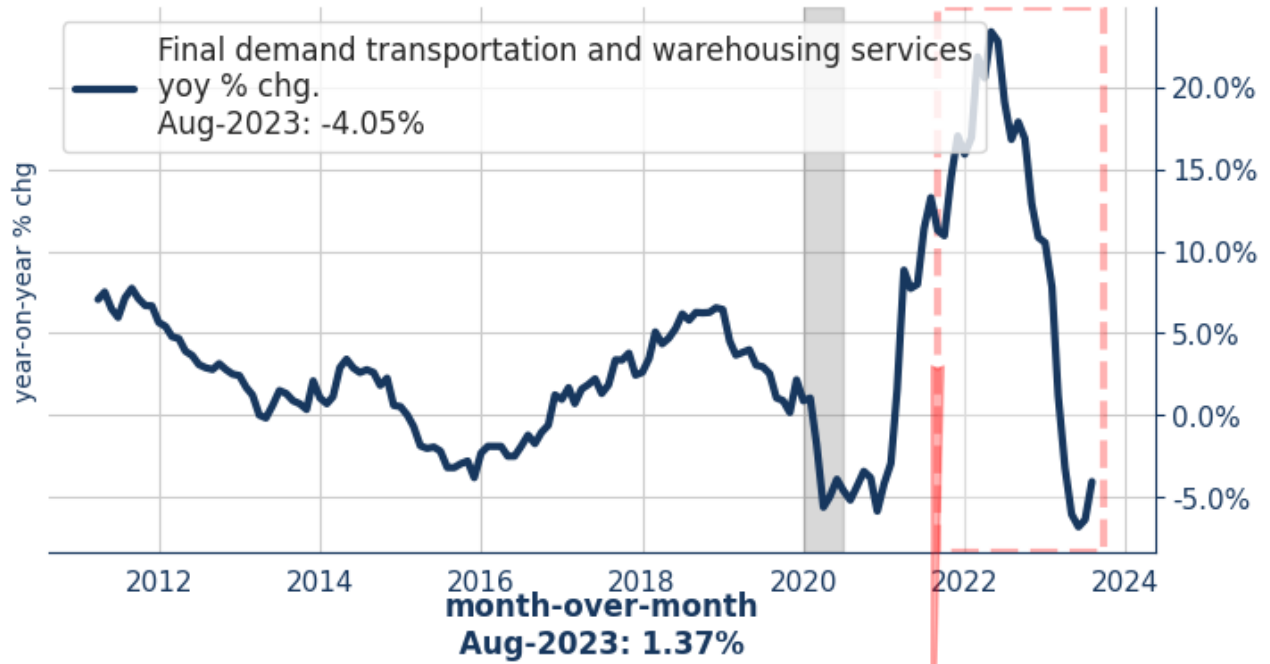


Contingent Macro Advisors 2023 source: US BEA

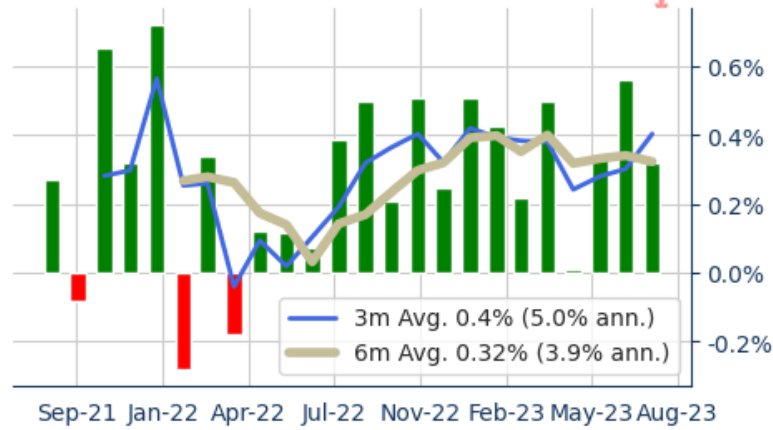
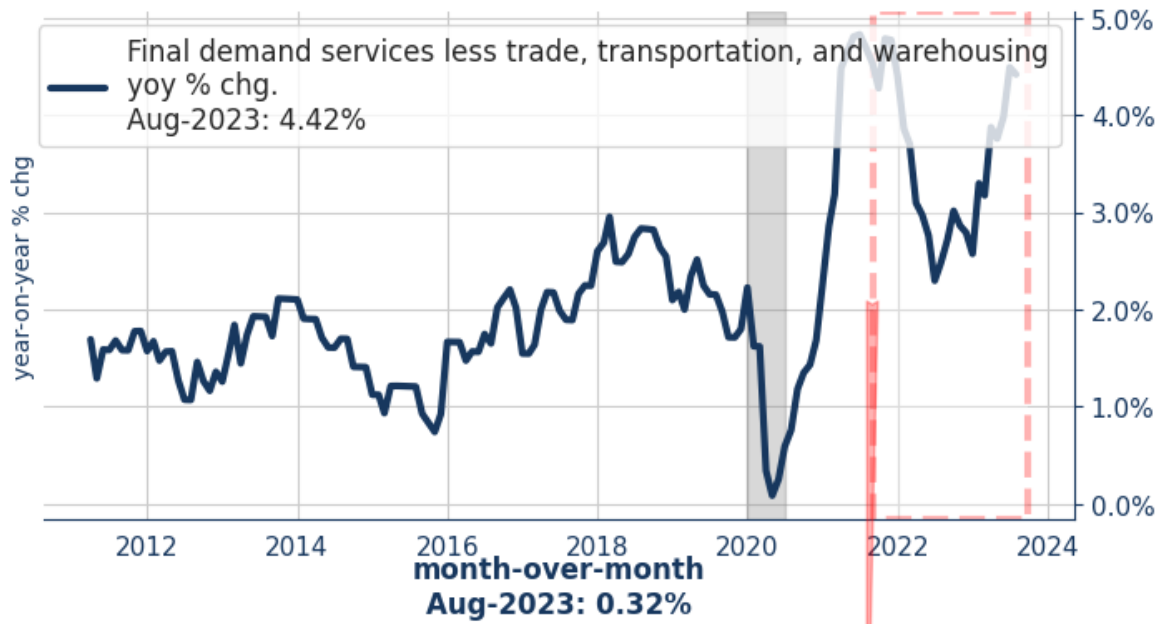
Final demand trade services



Final demand transportation and warehousing services

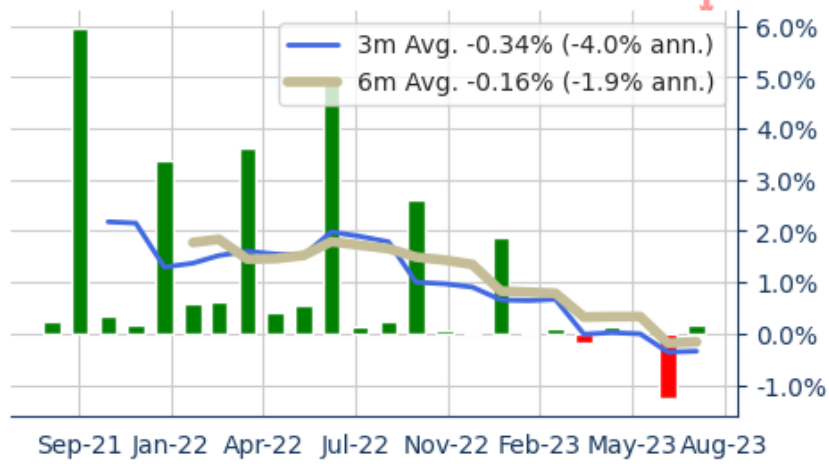
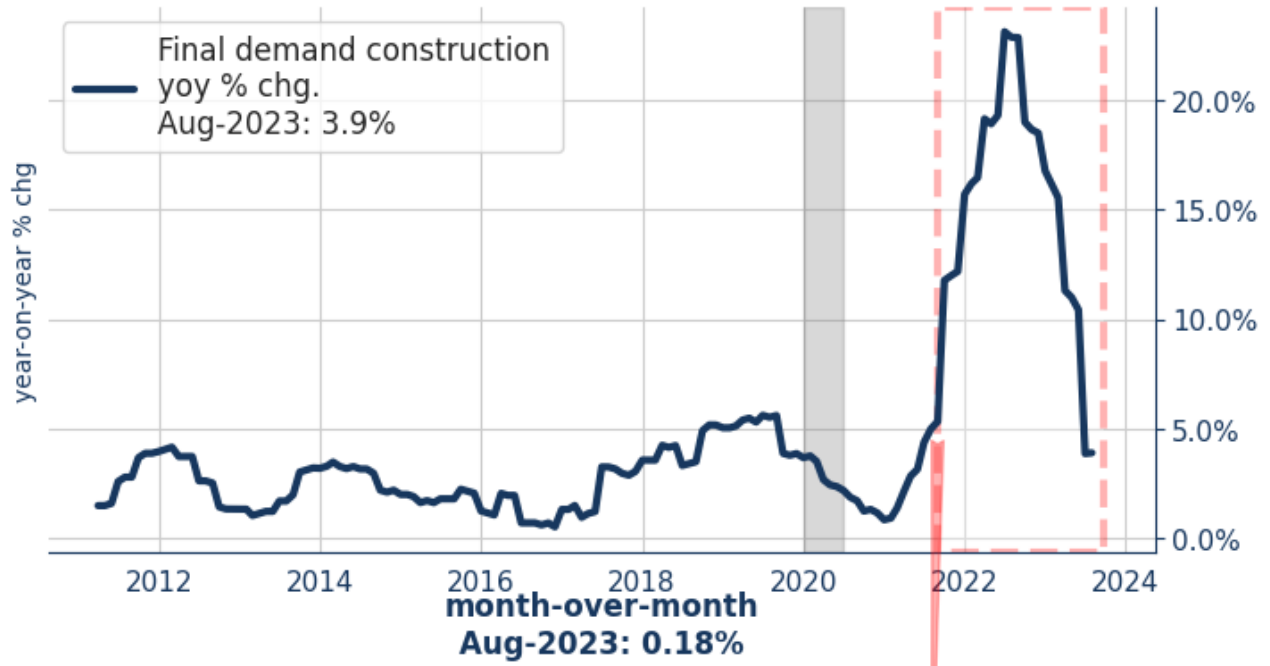


Final demand services less trade, transportation, and warehousing

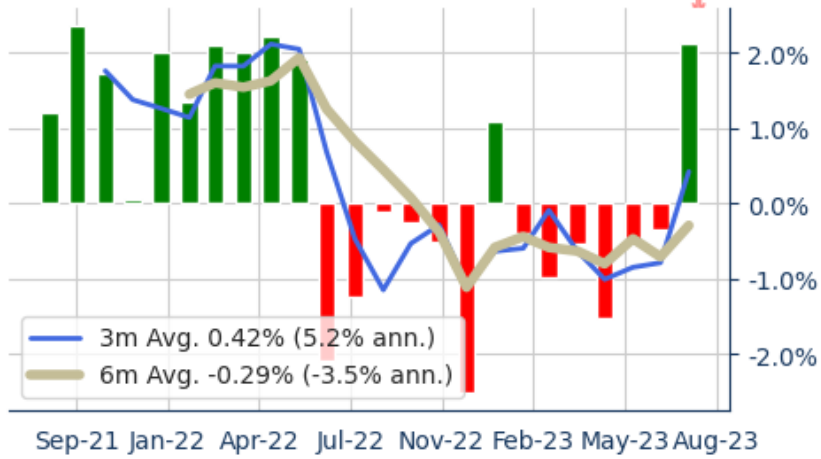
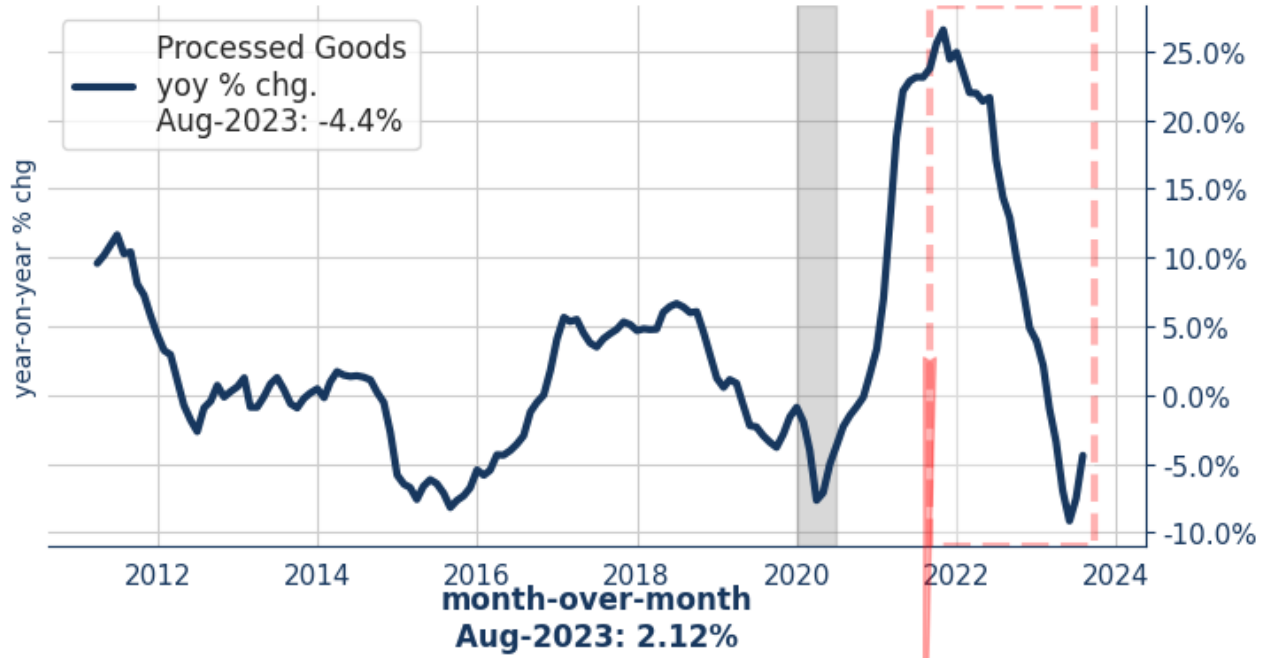


Contingent Macro Advisors 2023 source: US BEA

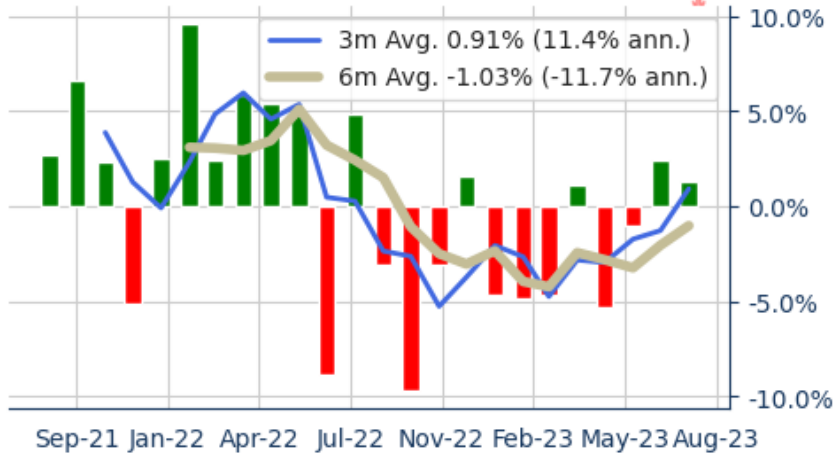
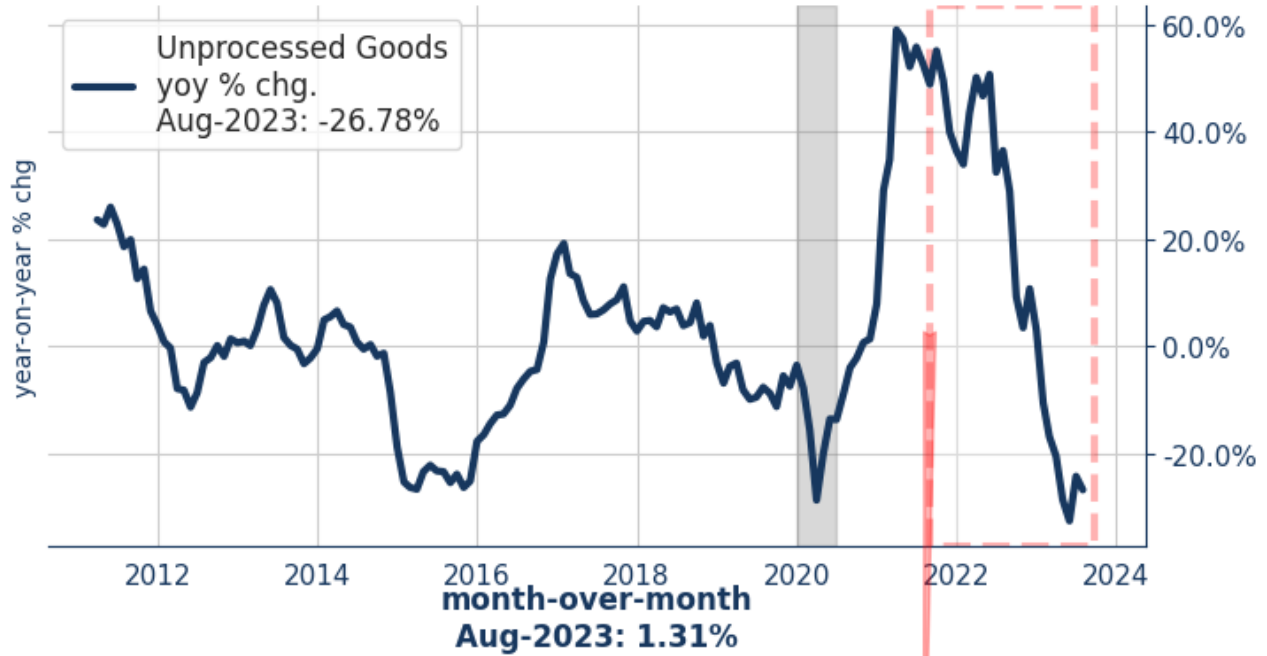
Final demand construction



Processed Goods



Unprocessed Goods



Contingent Macro Advisors 2023 source: US BEA

US Producer Price Inflation	Aug-23	Jul-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
Final Demand	0.74%	0.40%	4.31%	1.04%	1.60%	6.41%	10.20%	4.20%
Final demand less food and energy	0.19%	0.37%	1.75%	1.57%	2.13%	5.72%	8.72%	3.88%
Final demand goods	1.98%	0.25%	9.21%	-0.49%	0.41%	7.87%	13.94%	5.01%
Final demand goods less foods and energy	0.14%	0.05%	0.03%	0.96%	1.82%	5.84%	9.38%	4.03%
Final demand services	0.20%	0.53%	2.48%	1.89%	2.19%	5.34%	8.41%	3.70%

Final demand trade services	-0.34%	0.54%	-3.63%	-0.84%	-0.76%	9.18%	14.26%	5.25%
Final demand transportation and warehousing services	1.37%	0.17%	6.40%	-4.30%	-4.05%	10.84%	17.02%	4.09%
Final demand construction	0.18%	-1.24%	-4.04%	-1.92%	3.90%	18.47%	12.17%	8.18%

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	Aug-23	Jul-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
Processed Goods	2.12%	-0.35%	5.10%	-3.55%	-4.40%	4.86%	24.44%	5.79%
Unprocessed Goods	1.31%	2.42%	11.29%	-12.20%	-26.78%	10.74%	39.89%	4.71%
Motor Vehicles	0.15%	0.31%	0.97%	0.49%	1.65%	4.67%	2.59%	1.78%
Pharmaceutical	0.40%	0.38%	3.74%	2.52%	2.75%	1.87%	1.34%	1.92%
Chemicals	-1.93%	-3.02%	-21.71%	-18.31%	-15.08%	-1.01%	39.84%	3.18%
Lumber	-4.18%	4.77%	8.34%	1.19%	-17.32%	-23.82%	18.92%	4.06%
Steel Mill Products	-0.52%	-4.67%	-20.43%	8.21%	-14.80%	-29.81%	128.05%	9.41%
Outpatient healthcare	0.07%	0.62%	2.76%	2.92%	2.14%	1.53%	3.27%	2.34%
Inpatient healthcare	-0.16%	0.35%	1.90%	3.07%	4.07%	4.63%	2.61%	3.36%
Food and alcohol retailing	0.45%	-2.16%	1.77%	4.24%	8.02%	17.69%	8.38%	6.71%
Apparel and jewelry retailing	0.82%	-1.58%	-10.16%	-3.18%	1.21%	0.20%	16.76%	2.57%
Airline passenger services	1.26%	1.63%	21.66%	4.13%	3.99%	16.91%	21.95%	3.44%
Inv Mgmt & Brokerage	1.59%	1.64%	13.75%	11.95%	27.11%	21.75%	8.43%	7.34%
Business Loans	3.73%	-1.98%	6.49%	-3.77%	41.89%	71.01%	14.17%	15.37%
Legal Services	0.17%	0.71%	4.66%	2.94%	6.10%	4.90%	4.24%	4.87%
Truck Transport	1.58%	-0.77%	0.19%	-9.72%	-9.58%	8.55%	17.90%	4.09%
Machinery & Equip.	0.92%	1.10%	-6.07%	0.83%	1.99%	9.97%	14.77%	6.18%

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.