

U.S. Data Review

- PPI: food and energy misbehave; pressure ex food and energy eases

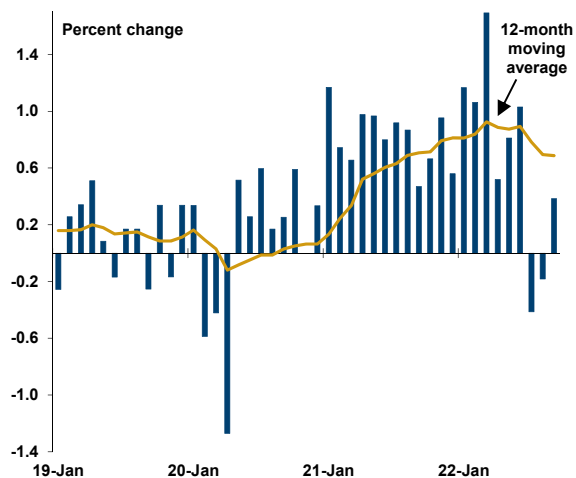
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Producer Prices

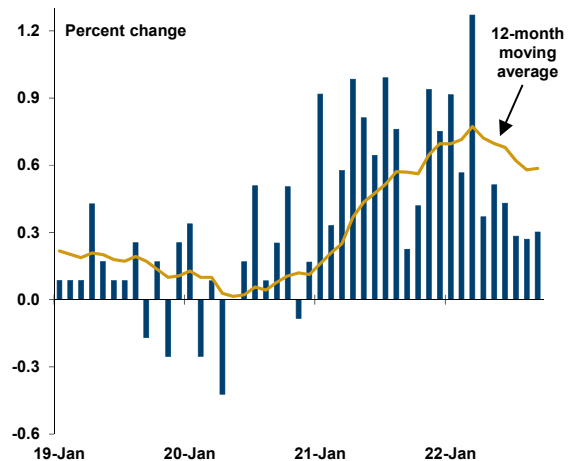
- The producer price index rose 0.4 percent in September, exceeding the consensus estimate of 0.2 percent. The surprise occurred in the energy sector, where prices jumped 0.7 percent, a contrast to market quotes that pointed to a third consecutive decline (we were looking for a drop of 3.0 percent). The energy component of the PPI often generates surprises.
- Food prices remained under pressure, registering an increase of 1.2 percent. The food component has shown hints of easing in recent months (declines of 0.1 percent in June and August), but surrounding months have shown hefty increases.
- Excluding food and energy, producer prices rose 0.3 percent for the third consecutive month, softer than the average of 0.4 percent in Q2 and well below the average of 0.9 percent in Q1 (chart, right).
- Prices of goods destined for export helped to restrain the increase outside of food and energy. Producers apparently are attempting to dampen the effects of the strong dollar on the prices of their products in foreign markets.
- Prices of services also are increasing at a slower pace, averaging 0.3 percent in the past three months versus an average of 0.6 percent in the first six months of the year and 0.7 percent in 2021.
- Prices of consumer goods other than food and energy rose 0.2 percent, a contrast to the average increase of 0.7 percent in the first eight months of the year. Several items that had been under price pressure calmed down in September (passenger cars, 0.0%; sporting goods, -1.9%; jewelry, -1.5%; household appliances -0.1%).

PPI



Source: Bureau of Labor Statistics via Haver Analytics

PPI Excluding Food & Energy



Sources: Bureau of Labor Statistics via Haver Analytics

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