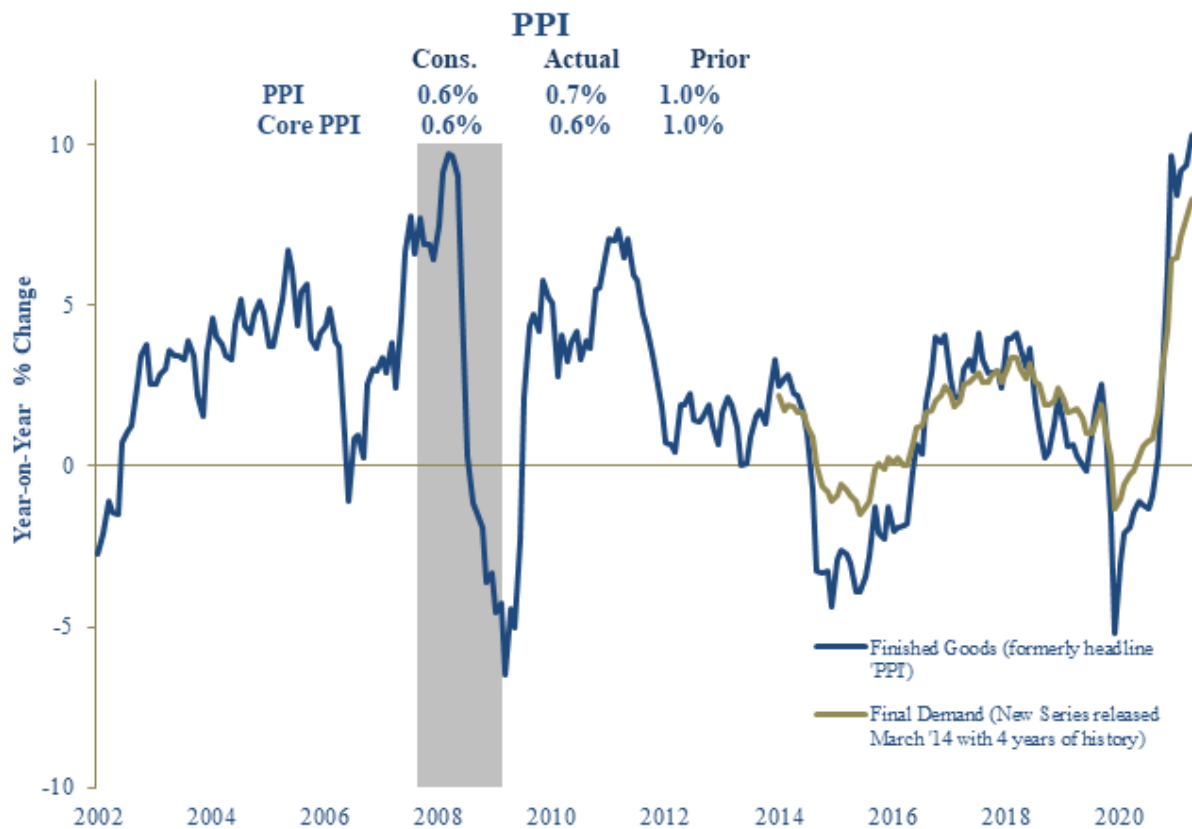


10.Sep.2021

## Producer Prices: Core Pressures Ease Slightly

**Bottom Line:** Producer prices rose again in August, but the pace of gains eased slightly after sharp gains in the spring and early summer. Final demand services remained the most significant driver of core producer price increases. Margins for the wholesalers and retailers accounted for nearly 2/3rds of the increase. The healthy, beauty, and personal care products segment saw the largest increase in margins within those sectors. While most of the producer price inflation can still be attributed to pandemic-related sectors, prices excluding food and energy have continued to move higher across a broad range of categories. Since the pandemic, supply chains have never been the same and likely won't normalize for at least six months. Only then will we (and, more importantly, the Fed) get a true sense of the trend rate of producer inflation.



**The PPI** ROSE by 0.7% in August, compared with market expectations for an increase of 0.6%. Overall producer prices are 8.3% ABOVE the year-ago level.

**The Goods PPI** ROSE by 1.0% in August and is now 12.3% ABOVE its year-ago level. Food prices rose by 2.9% and are now 12.7% ABOVE their year-ago level. Meanwhile, energy prices rose by 0.4%. and are now 32.1% ABOVE their year-ago level. **The Goods PPI less food and energy** ROSE by 0.6%, and is now 7.9% ABOVE its year-ago level.

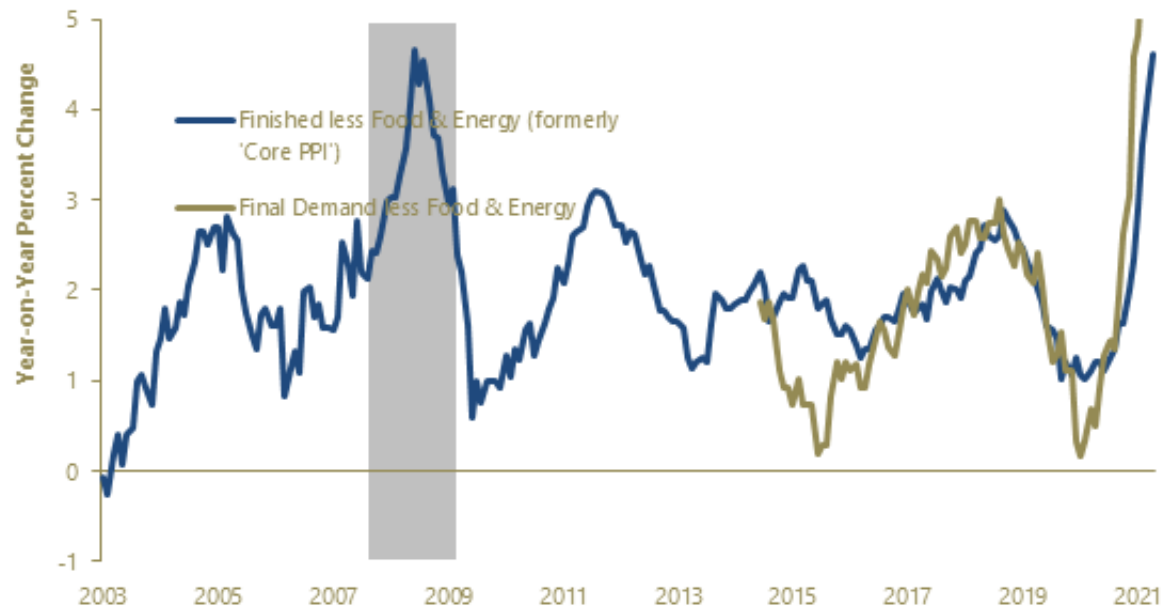
**The Services** PPI ROSE by 0.7% in August and is now 6.4% ABOVE its year-ago level.

**The Core PPI** ROSE by 0.6%, in line with market expectations. Core producer prices are now 6.7% ABOVE their year-ago level.

## PPI, Energy



## Core PPI



	Relative Weight	Percent Changes								
		Monthly Changes			Annual Rates of Change					
		Aug-21	Jul-21	Jun-21	Three Month	Six Month	Twelve Month	2018	2017	Five Year
PPI	100.0%	0.7	1.0	1.0	11.4	10.4	8.3	2.5	2.6	1.6
GOODS	34.4%	1.0	0.6	1.2	11.8	13.5	12.3	1.6	3.5	0.4
Foods	5.5%	2.9	-2.1	0.8	5.9	13.9	12.7	2.7	2.0	0.5
Energy	6.8%	0.4	2.6	2.1	22.2	22.4	32.1	-3.3	10.3	-5.0
less Food & Energy	22.1%	0.6	1.0	1.0	10.7	11.2	7.9	2.6	2.2	1.9
SERVICES	63.5%	0.7	1.1	0.8	11.0	8.8	6.4	3.1	2.0	2.3
Core PPI	87.7%	0.6	1.0	1.0	11.1	9.4	6.7	3.0	2.2	2.2

Source: Bureau of Labor Statistics, Department of Labor. Our calculations.

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T.J. Connelly, Head of Research

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Steven A. Wood, Senior Economic Adviser