

13.Apr.2022

Producer Prices: Record Increase

Bottom Line: Producer prices rose even more than expected in March, with year-on-year headline and core price increases exceeding any prior readings for this series, which dates back to 2010 for the current method of calculating prices. Energy drove the headline increase with higher margins in energy services adding to the gains in final demand energy. Margins in the trader and warehousing sector, a source of pipeline price pressures throughout the pandemic, drove the surprise with a record monthly increase. The indexes for truck transportation of freight, traveler accommodation services; airline passenger services; inpatient care; hardware, building materials, and supplies retailing also increased. Conversely, prices for securities brokerage, dealing, and investment advice decreased 5.4%. Steel mill products also fell for the third consecutive month. Overall, pipeline price pressures remained significant, and there were few signs of easing.

Final Demand

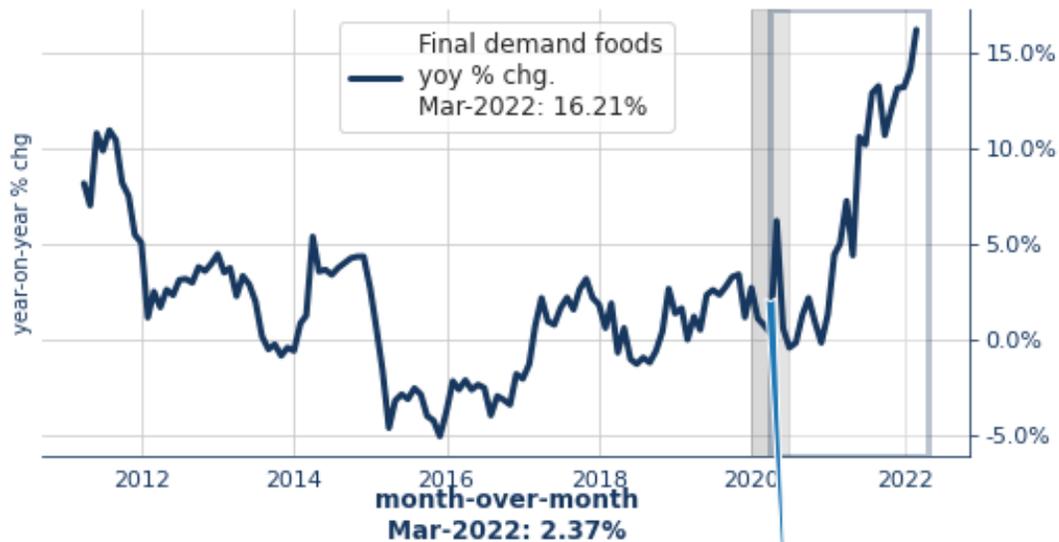
March: +11.19%, consensus: +10.6%



March: +1.38%, consensus: +1.1%



Final demand foods



Contingent Macro Advisors 2022 source: US BEA



The PPI ROSE by 1.4% in March, compared with market expectations for an increase of 1.1%. Overall producer prices are 11.2% ABOVE the year-ago level.

The Goods PPI ROSE by 2.3% in March and is now 15.7% ABOVE its year-ago level. Food prices rose by 2.4% and are now 16.2% ABOVE their year-ago level.

Meanwhile, energy prices rose by 5.7%. and are now 36.5% ABOVE their year-ago level. The Goods PPI less food and energy ROSE by 1.1% and is now 10.0% ABOVE its year-ago level.

The Services PPI ROSE by 0.9% in March and is now 8.7% ABOVE its year-ago level.

The Core PPI ROSE by 1.0%, compared with market expectations for a increase of 0.5%. Core producer prices are now 9.2% ABOVE their year-ago level.

Final demand services



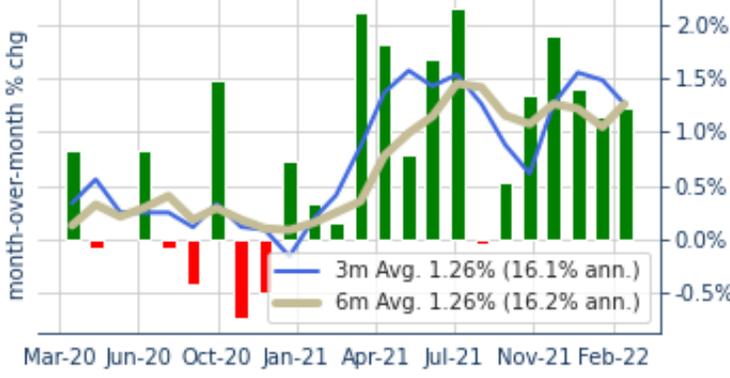
Contingent Macro Advisors 2022 source: US BEA



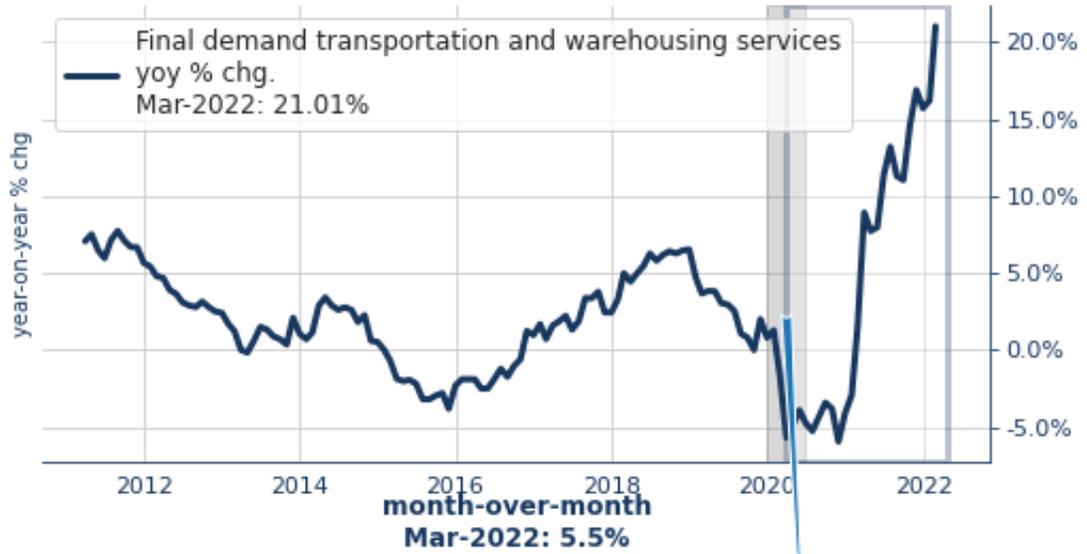
Final demand trade services



Contingent Macro Advisors 2022 source: US BEA



Final demand transportation and warehousing services



Final demand services less trade, transportation, and warehousing



Contingent Macro Advisors 2022 source: US BEA



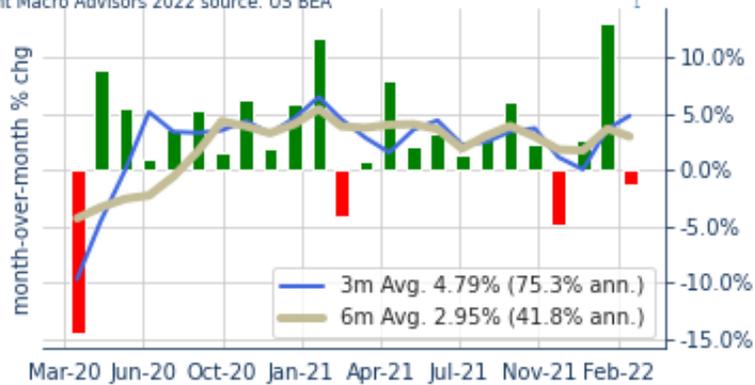
Processed Goods



Unprocessed Goods



Contingent Macro Advisors 2022 source: US BEA



US Producer Price Inflation	Mar-22	Feb-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
Final Demand	1.38%	0.94%	14.90%	11.93%	11.19%	10.17%	0.76%	3.89%
Final demand less food and energy	0.97%	0.39%	9.58%	9.16%	9.18%	8.67%	1.35%	3.49%
Final demand goods	2.28%	2.29%	27.50%	17.90%	15.73%	13.69%	-0.09%	4.78%
Final demand goods less foods and energy	1.15%	0.79%	11.47%	9.62%	9.97%	9.35%	1.78%	3.59%
Final demand services	0.92%	0.25%	8.69%	8.63%	8.75%	8.35%	1.17%	3.40%
Final demand trade services	1.23%	1.13%	16.15%	16.15%	17.21%	14.29%	1.83%	5.13%

Final demand transportation and warehousing services	5.50%	1.59%	31.86%	27.71%	21.01%	16.87%	-5.95%	5.58%
Final demand construction	0.62%	0.52%	20.48%	24.68%	16.71%	12.26%	1.16%	5.99%

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	Mar-22	Feb-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
Processed Goods	2.06%	1.52%	25.39%	20.81%	21.76%	24.33%	1.42%	6.99%
Unprocessed Goods	-1.37%	13.02%	71.92%	39.31%	40.91%	39.62%	1.33%	11.05%
Motor Vehicles	0.59%	0.71%	7.16%	2.44%	3.43%	2.50%	0.70%	1.12%
Pharmaceutical	0.28%	0.55%	1.51%	1.72%	1.42%	1.33%	1.81%	2.13%
Chemicals	3.37%	1.53%	22.39%	16.17%	25.93%	39.83%	-2.79%	6.54%
Lumber	4.35%	2.81%	147.10%	147.11%	21.83%	18.98%	38.86%	18.90%
Steel Mill Products	-4.87%	-9.71%	-48.63%	-17.26%	42.88%	128.00%	5.23%	20.73%
Outpatient healthcare	-0.00%	0.15%	3.72%	2.74%	2.52%	3.20%	2.30%	2.12%
Inpatient healthcare	0.32%	-0.13%	4.33%	2.98%	2.95%	2.70%	3.63%	2.76%
Food and alcohol retailing	-0.20%	2.09%	12.96%	14.34%	11.12%	8.34%	-0.66%	3.39%
Apparel and jewelry retailing	0.08%	-2.03%	-3.05%	2.36%	12.22%	16.64%	-3.38%	2.15%
Airline passenger services	6.92%	3.36%	22.37%	29.25%	23.49%	21.32%	-24.62%	1.82%
Inv Mgmt & Brokerage	-4.48%	1.55%	-13.16%	-7.37%	-2.64%	8.43%	3.47%	1.26%
Business Loans	1.01%	-3.33%	7.41%	2.62%	6.29%	14.17%	-12.04%	1.21%
Legal Services	0.39%	0.32%	7.05%	6.71%	5.48%	4.20%	4.28%	3.69%
Truck Transport	6.60%	1.39%	45.69%	34.22%	24.47%	17.87%	2.23%	8.20%
Machinery & Equip. Wholesaling	-0.10%	0.83%	13.83%	24.35%	18.10%	14.77%	3.06%	6.09%

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.