



Economics Group

Sam Bullard, Senior Economist
sam.bullard@wellsfargo.com • (704) 383-7372
 Sarah Watt, Economic Analyst
sarah.watt@wellsfargo.com • (704) 374-7142

Higher Oil Prices Boost Import Inflation in September

For the second straight month, total import prices increased 1.1 percent. Excluding the primary driver, fuel, prices were up a more modest 0.2 percent. Sluggish growth prospects should keep inflation tame in 2013.

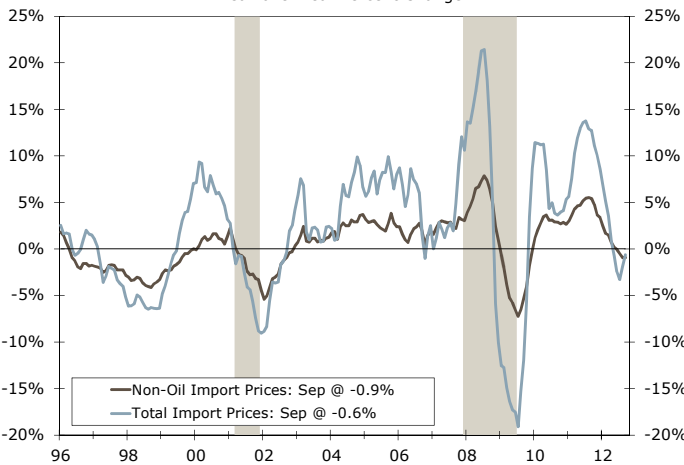
Nonfuel Prices Also Increased

- As expected, higher oil prices last month helped to boost total import prices up a stronger-than-expected 1.1 percent. Petroleum prices were up 4.6 percent in September, but are basically flat from a year ago.
- Rising for the first time since April, nonfuel prices increased 0.2 percent as higher food and finished goods prices more than offset declines in nonfuel industrial supplies and materials.

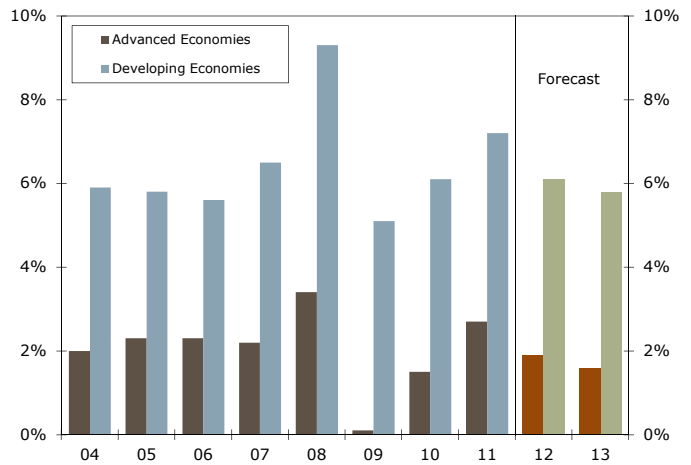
Lower Inflation Outlook in 2013

- According to the updated global outlook from the IMF, import prices are not expected to be a concern next year. The slowdown in global activity, combined with ample slack in many advanced economies, has tamped down global inflation. Given the reduced growth outlook, consumer inflation in advanced economies is expected to run around 1.6 percent next year and around 5.8 percent in emerging markets and developing economies.

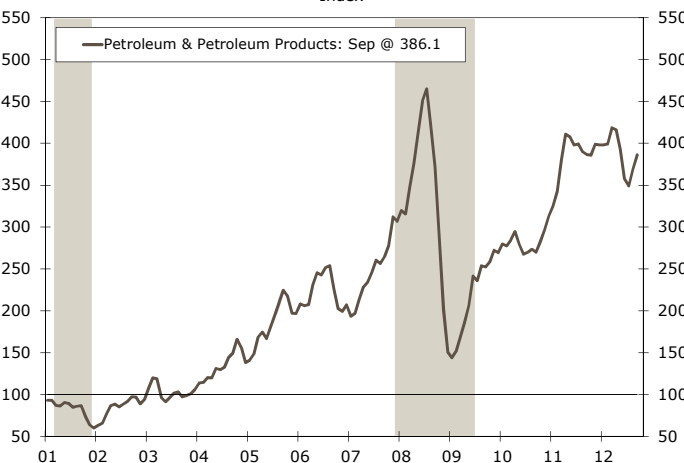
Import Prices
Year-over-Year Percent Change



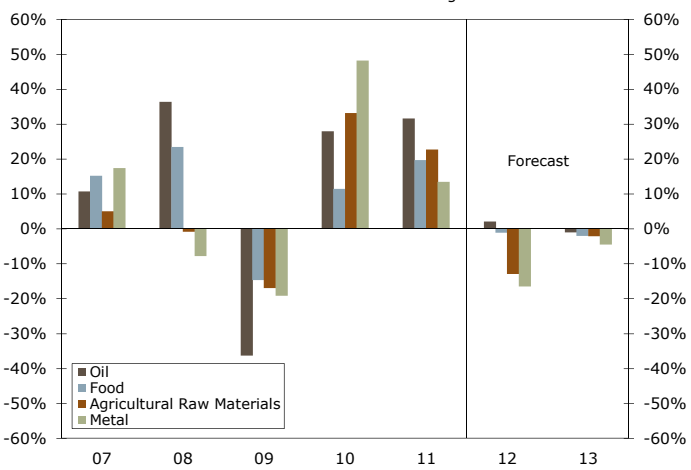
Consumer Prices with IMF Forecast
Year-over-Year Percent Change



Import Prices For Energy Products
Index



World Trade Prices with IMF Forecast
Year-over-Year Percent Change



Source: U.S. Department of Labor, International Monetary Fund and Wells Fargo Securities, LLC

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|-----------------------|-------------------------------------|----------------------------------|----------------------------------|
| Diane Schumaker-Krieg | Global Head of Research & Economics | (704) 715-8437 (212) 214-5070 | diane.schumaker@wellsfargo.com |
| John E. Silvia, Ph.D. | Chief Economist | (704) 374-7034 | john.silvia@wellsfargo.com |
| Mark Vitner | Senior Economist | (704) 383-5635 | mark.vitner@wellsfargo.com |
| Jay Bryson, Ph.D. | Global Economist | (704) 383-3518 | jay.bryson@wellsfargo.com |
| Eugenio Aleman, Ph.D. | Senior Economist | (704) 715-0314 | eugenio.j.aleman@wellsfargo.com |
| Sam Bullard | Senior Economist | (704) 383-7372 | sam.bullard@wellsfargo.com |
| Anika Khan | Senior Economist | (704) 715-0575 | anika.khan@wellsfargo.com |
| Azhar Iqbal | Econometrician | (704) 383-6805 | azhar.iqbal@wellsfargo.com |
| Tim Quinlan | Economist | (704) 374-4407 | tim.quinlan@wellsfargo.com |
| Michael A. Brown | Economist | (704) 715-0569 | michael.a.brown@wellsfargo.com |
| Sarah Watt | Economic Analyst | (704) 374-7142 | sarah.watt@wellsfargo.com |
| Kaylyn Swankoski | Economic Analyst | (704) 715-0526 | kaylyn.swankoski@wellsfargo.com |
| Sara Silverman | Economic Analyst | (704) 715-7395 | sara.silverman@wellsfargo.com |
| Zachary Griffiths | Economic Analyst | (704) 715-1030 | zachary.griffiths@wellsfargo.com |
| Peg Gavin | Executive Assistant | (704) 383-9613 | peg.gavin@wellsfargo.com |
| Cyndi Flowe | Administrative Assistant | (704) 715-3985 | cyndi.h.flowe@wellsfargo.com |

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