

Economics Group

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Oil-Led Surge Boosts Wholesale Prices Higher in August

Largely influenced by a 13.6 percent surge in gasoline prices and another solid increase in consumer food prices, the headline PPI index jumped 1.7 percent in August. Core PPI, however, remained tame.

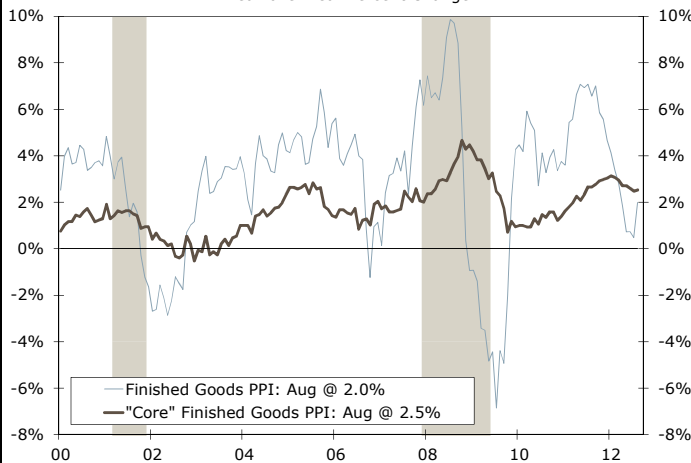
Largest Monthly PPI Gain Since June 2009

- Following rather modest gains over the prior two months, finished goods prices jumped a stronger-than-expected 1.7 percent in August, largely on the back of higher energy prices. In fact, the 6.4 percent surge in fuel costs was the largest monthly increase since August 2009. Finished consumer food prices remained firm, rising 0.9 percent after back-to-back 0.5 percent gains in June and July.

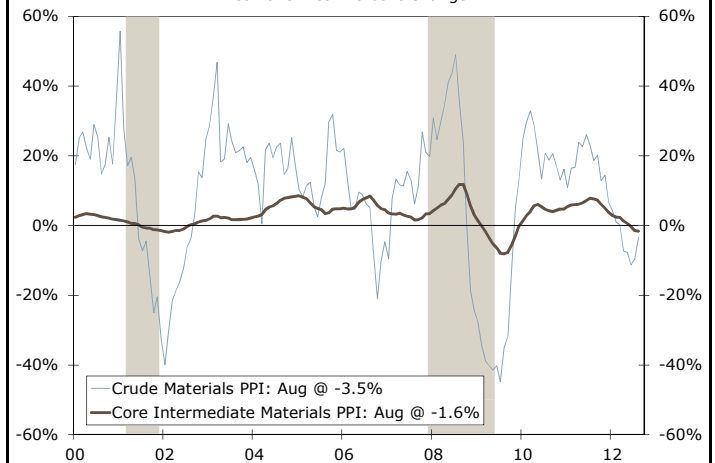
Core Wholesale Inflation Still Tame

- Excluding food and energy, wholesale prices rose a trend-like 0.2 percent, keeping the year-over-year rate at 2.5 percent.
- While solid upward price pressures remained firm on the headline intermediate and crude PPI indices last month, the core measures were mixed, with core intermediate prices down 0.2 percent and core crude prices up 2.2 percent.
- Signs point to a solid increase in the headline CPI tomorrow.

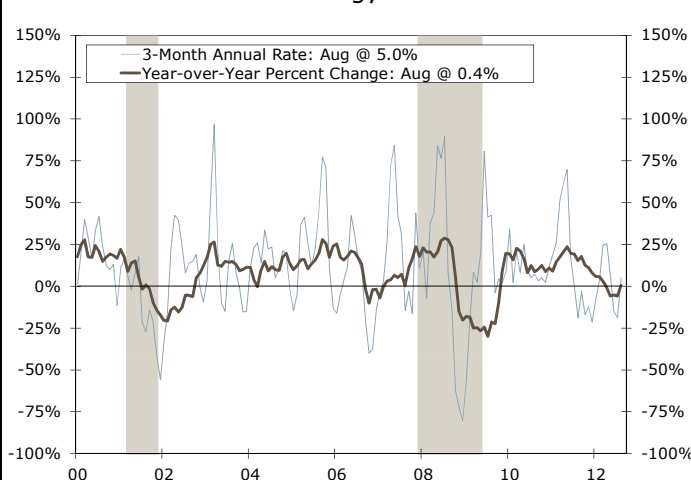
Finished Goods Producer Price Index
Year-over-Year Percent Change



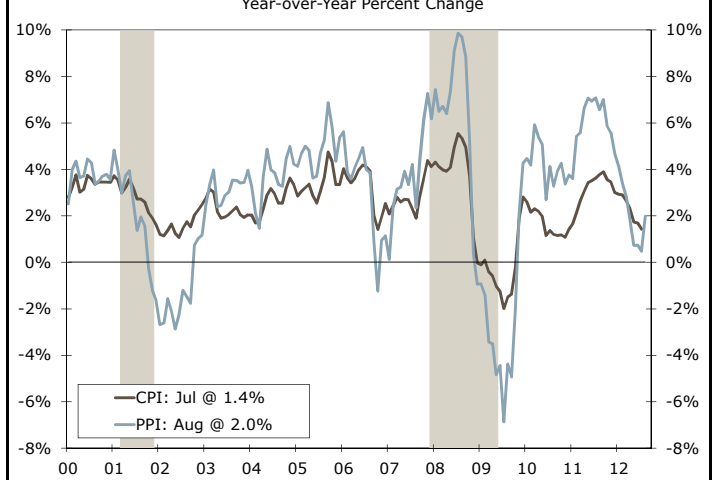
Core Intermediate & Crude Materials PPI
Year-over-Year Percent Change



Finished Energy Goods PPI



Consumer Price Index vs. Producer Price Index
Year-over-Year Percent Change



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