



Economics Group

Sam Bullard, Senior Economist
sam.bullard@wellsfargo.com • 704-383-7372
 Eugenio Aleman, Ph.D., Senior Economist
eugenio.j.aleman@wellsfargo.com • 612-667-0168

Gasoline Drives Wholesale Prices Higher in August

Lifted on the strength of energy, total finished goods prices increased by a stronger than expected 0.4 percent in August. Rising commodity prices have reignited price pressures further back in the pipeline.

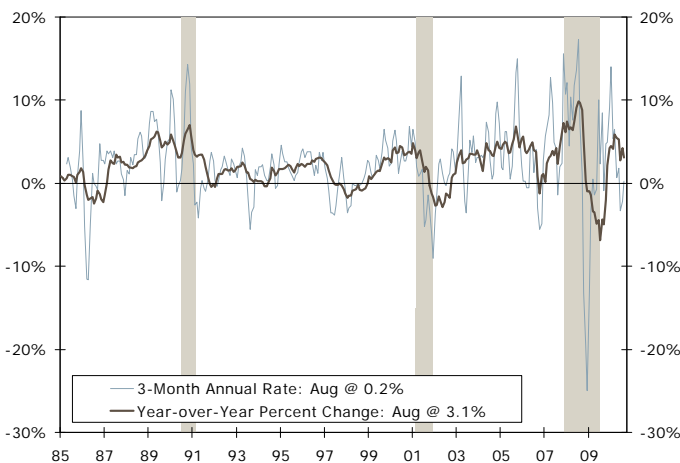
Energy Prices Push Headline Higher

- With gasoline prices rising in early August instead of declining as is the seasonal norm, energy prices jumped 2.2 percent (gasoline up 7.5 percent). Food prices declined for the 4th time in the past five months, down 0.3 percent, as lower prices for fresh vegetables, excluding potatoes, dropped 11.2 percent.
- Led by a 0.6 percent increase in pharmaceuticals, core PPI increased 0.1 percent – its 10th consecutive monthly increase.

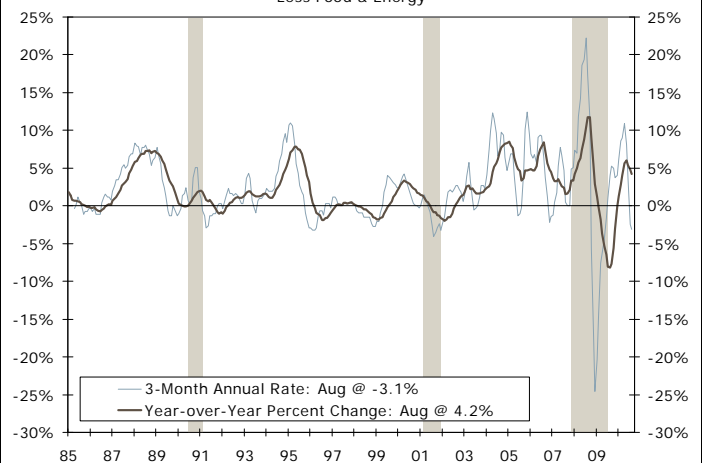
Pipeline Pressures Rising

- Consistent with the 5.0 percent gain we saw in the CRB spot raw industrials index last month, core crude prices were up 4.1 percent. Large gains were seen in crude foodstuffs and feedstuffs as well as nonferrous scrap and iron & steel scrap.
- With capacity utilization remaining well below the long-term average, manufacturers' pricing power remains limited. Higher raw material costs will squeeze many firms' profit margins.

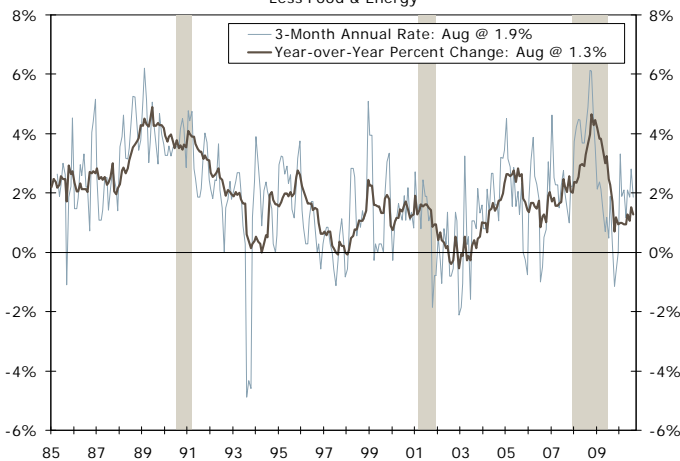
Finished Goods Producer Price Index



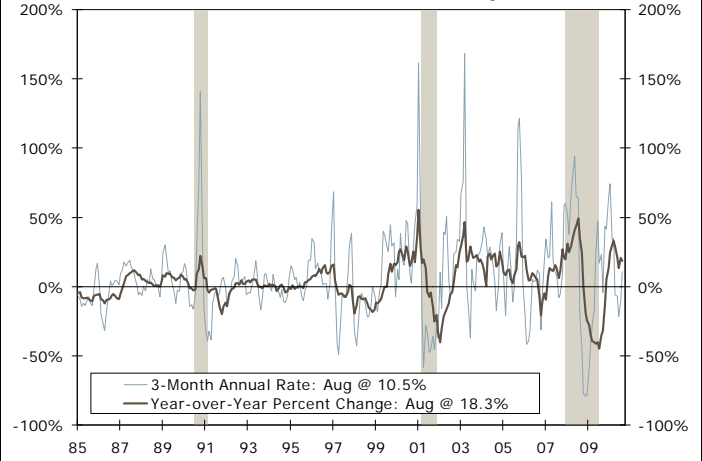
Core Intermediate Goods Producer Price Index
Less Food & Energy



Core Finished Goods Producer Price Index
Less Food & Energy



Crude Materials Producer Price Index
Crude Materials for Further Processing



Wells Fargo Securities, LLC Economics Group

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
Scott Anderson, Ph.D.	Senior Economist	(612) 667-9281	scott.a.anderson@wellsfargo.com
Eugenio Aleman, Ph.D.	Senior Economist	(612) 667-0168	eugenio.j.aleman@wellsfargo.com
Sam Bullard	Senior Economist	(704) 383-7372	sam.bullard@wellsfargo.com
Anika Khan	Economist	(704) 715-0575	anika.khan@wellsfargo.com
Azhar Iqbal	Econometrician	(704) 383-6805	azhar.iqbal@wellsfargo.com
Ed Kashmarek	Economist	(612) 667-0479	ed.kashmarek@wellsfargo.com
Tim Quinlan	Economist	(704) 374-4407	tim.quinlan@wellsfargo.com

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