

Economics Group

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Producer Price Inflation Eases in September

Inflation at the producer level continues to soften, with the PPI for final demand slipping 0.1 percent in September. Goods prices fell on lower food and energy costs, but services prices also gave up some ground.

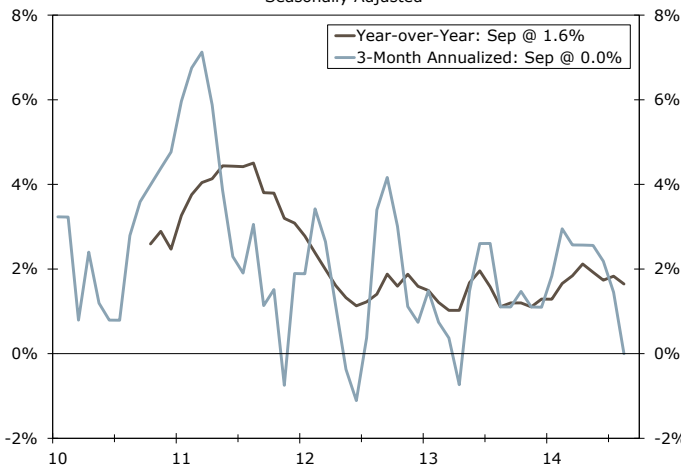
Goods and Services Prices Weaken

- In another sign of inflationary pressures weakening, the PPI for final demand fell 0.1 percent in September. Weakness was seen in both goods and services. Goods prices fell 0.2 percent on lower food and energy, while prices for services edged 0.1 percent lower after rising 0.8 percent over the previous four months. On a year-over-year basis, headline and core inflation have eased to a 1.6 percent pace.

Few Signs of Price Pressure in the Pipeline

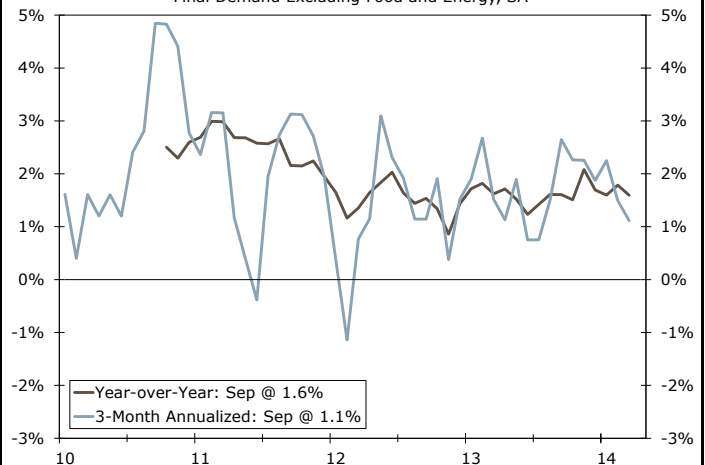
- Further back in the pipeline, price pressures remain tepid. Processed goods prices rose just 0.1 percent in September. Unprocessed goods increased 0.6 percent, but the rise comes after the index fell 6.8 percent over the previous four months. With commodity prices generally falling further in October, we look for PPI goods prices to remain soft over the remainder of the year.

PPI Final Demand
Seasonally Adjusted

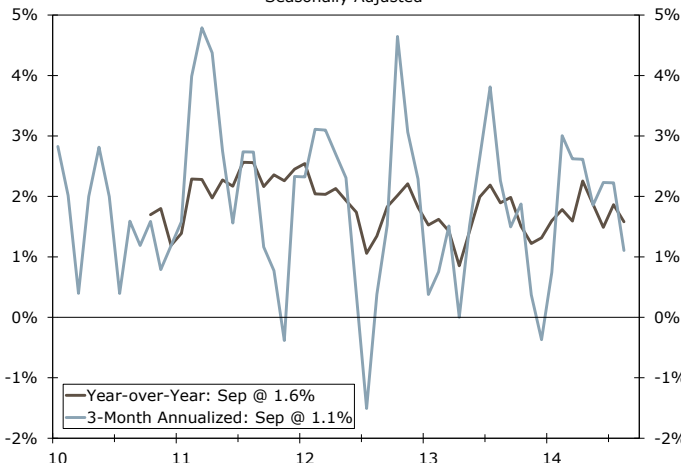


Core Final Demand

Final Demand Excluding Food and Energy, SA

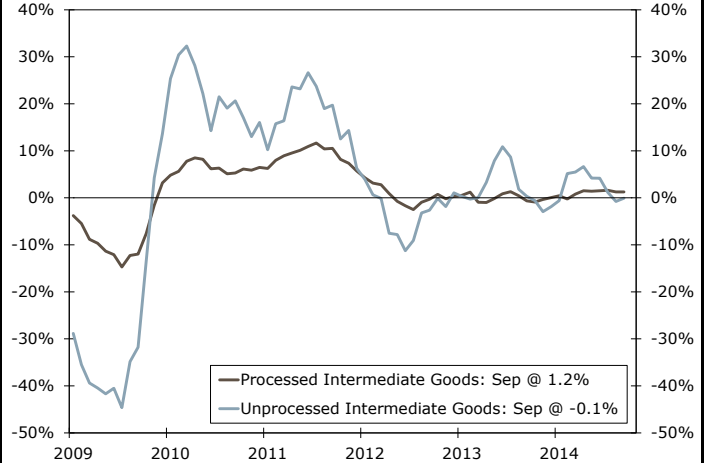


PPI Final Demand Services
Seasonally Adjusted



Intermediate Demand by Commodity

Year-over-Year Percent Change, SA



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