

## More Reassuring Inflation Numbers in October as Producer Price Index Follows Consumer Price Index Trend

On Tuesday, the U.S. Bureau of Labor Statistics reported that the Producer Price Index for final demand increased 0.2% in October, below consensus expectations for a 0.4% increase.

In addition:

- Final demand prices rose 0.2% in September and were unchanged in August.
- On an unadjusted basis, the index for final demand advanced 8.0% for the 12 months ended in October.

In October, the rise in the index for final demand can be attributed to a 0.6% advance in prices for final demand goods. In contrast, the index for final demand services decreased 0.1%.

Prices for final demand less foods, energy, and trade services advanced 0.2% in October following a 0.3% rise in September. For the 12 months ended in October, the index for final demand less foods, energy, and trade services increased 5.4%.

## Final Demand Goods

The index for final demand goods moved up 0.6% in October, the largest advance since a 2.2% rise in June. Most of the October increase can be traced to a 2.7% jump in prices for final demand energy. The index for final demand foods advanced 0.5%. Conversely, prices for final demand goods less foods and energy decreased 0.1%.

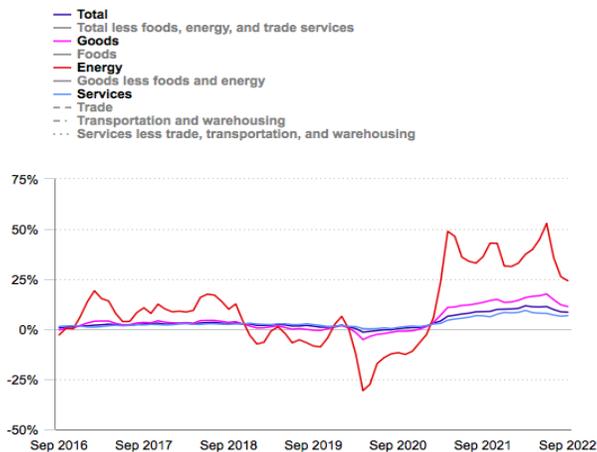
**Product detail:** In October, 60% of the increase in prices for final demand goods is attributable to the index for gasoline, which rose 5.7%. Prices for diesel fuel, fresh and dry vegetables, residential electric power, chicken eggs, and oil field and gas field machinery also advanced. In contrast, the index for passenger cars declined 1.5%. Prices for gas fuels and for processed young chickens also fell.

## Final Demand Services

The index for final demand services fell 0.1% in October, the first decline since moving down 0.2% in November 2020. Leading the October decrease, margins for final demand trade services fell 0.5%. (Trade indexes measure changes in margins received by wholesalers and retailers.) Prices for final demand transportation and warehousing services moved down 0.2%. Conversely, the index for final demand services less trade, transportation, and warehousing increased 0.2%.

**Product detail:** A major factor in the October decrease in prices for final demand services was the index for fuels and lubricants retailing, which fell 7.7%. The indexes for portfolio management, long-distance motor carrying, automobile retailing (partial), and professional and commercial equipment wholesaling also moved lower. In contrast, prices for hospital inpatient care increased 0.8%. The indexes for services related to securities brokerage and dealing (partial), apparel wholesaling, and airline passenger services also rose.

12-month percent changes in Producer Price Indexes for final demand, September 2016 to September 2022



## More Data Later This Week

More economic data will be released later this week, including Retail Sales and Industrial Production on Wednesday; Jobless Claims on Thursday; and Existing Home Sales and Leading Indicators on Friday.

Sources: [bls.gov](https://www.bls.gov)