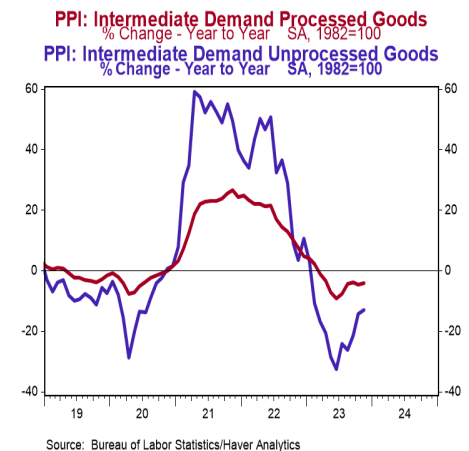
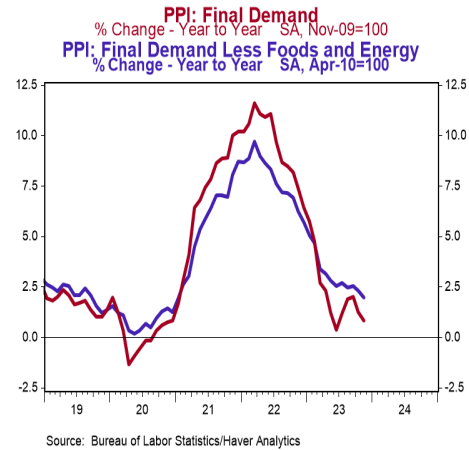


# November PPI

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- The Producer Price Index (PPI) was unchanged in November, matching consensus expectations. Producer prices are up 0.9% versus a year ago.
- Energy prices declined 1.2% in November, while food prices rose 0.6%. Producer prices excluding food and energy were unchanged in November but are up 2.0% versus a year ago.
- In the past year, prices for goods have declined 1.5%, while prices for services have risen 2.1%. Private capital equipment prices were unchanged in November but are up 1.7% in the past year.
- Prices for intermediate processed goods were unchanged in November but are down 4.1% versus a year ago. Prices for intermediate unprocessed goods declined 1.4% in November and are down 13.1% versus a year ago.



**Implications:** Producer price inflation took a pause in November, with an unusually large number of categories showing no change from October readings. The Federal Reserve will take that as welcome news as they meet today to chart the expected path for the year ahead. Producer prices were unchanged in November, with both the goods and services components flat on the month as well. The year-ago comparison for producer prices, now up 0.9%, has fallen considerably since the 11.7% peak in March 2022. Energy prices have been a major contributor to swings in inflation readings since Russia invaded Ukraine more than a year ago, and this month was no exception, with energy prices falling 1.2%, while the other typically volatile category – food prices – rose 0.6%. Stripping out these two components shows “core” prices were also unchanged in November, bringing the twelve-month change to 2.0%, the first time at or below that mark since January of 2021. With producer prices now at or below the 2.0% inflation target for both headline and core readings, some will suggest that the inflation fight is complete. However [yesterday’s report on consumer prices](#) shows the Fed still has work to do. Diving further into the details of today’s report shows that goods sector prices were flat as a surge in egg prices – up 58.8% in November – were offset by falling energy prices. Services prices were unchanged in November as higher prices for services less trade, transportation, and warehousing were offset by a drop in costs for transportation and warehousing. Further back in the pipeline, processed goods prices were flat in November and are now down 4.1% in the past year. Meanwhile unprocessed goods prices fell 1.4% in November and are down 13.1% in the past year. Sufficiently tight monetary policy is doing its job, now it’s on the Fed to see the mission through to completion.

<b>Producer Price Index</b> <i>All Data Seasonally Adjusted Except for Yr to Yr</i>	<b>Nov-23</b>	<b>Oct-23</b>	<b>Sep-23</b>	<b>3-mo % Ch. annualized</b>	<b>6-mo % Ch. annualized</b>	<b>Yr to Yr % Change</b>
<b>Final Demand</b>	<b>0.0%</b>	-0.4%	0.4%	-0.2%	2.6%	0.9%
<b>Goods</b>	<b>0.0%</b>	-1.4%	0.8%	-2.4%	3.1%	-1.5%
<b>- Ex Food &amp; Energy</b>	<b>0.2%</b>	0.0%	0.2%	1.4%	0.7%	1.8%
<b>Services</b>	<b>0.0%</b>	0.0%	0.2%	0.9%	2.6%	2.1%
<b>Private Capital Equipment</b>	<b>0.0%</b>	-0.2%	0.3%	0.2%	1.6%	1.7%
<b>Intermediate Demand</b>						
<b>Processed Goods</b>	<b>0.0%</b>	-1.0%	0.5%	-2.0%	1.6%	-4.1%
<b>- Ex Food &amp; Energy</b>	<b>-0.2%</b>	-0.1%	0.0%	-1.1%	-2.8%	-4.0%
<b>Unprocessed Goods</b>	<b>-1.4%</b>	-1.8%	3.3%	0.0%	7.4%	-13.1%
<b>- Ex Food &amp; Energy</b>	<b>0.7%</b>	-0.1%	-0.7%	-0.4%	-9.3%	-5.3%
<b>Services</b>	<b>0.2%</b>	0.1%	0.2%	2.0%	2.2%	2.9%

Source: Bureau of Labor Statistics