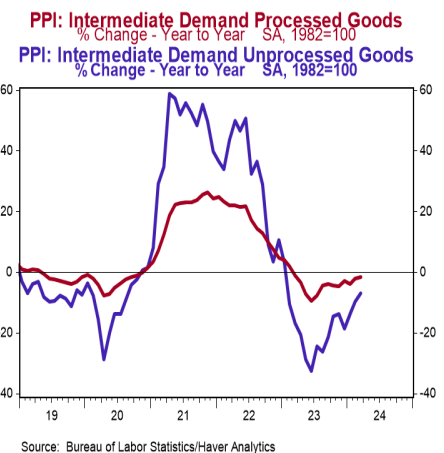
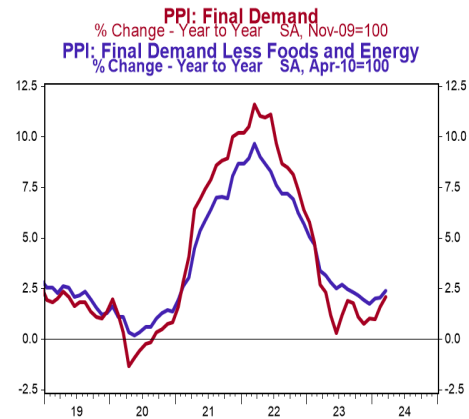


# March PPI

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- The Producer Price Index (PPI) rose 0.2% in March, coming in below the consensus expected +0.3%. Producer prices are up 2.1% versus a year ago.
- Energy prices declined 1.6% in March, while food prices increased 0.8%. Producer prices excluding food and energy rose 0.2% in March and are up 2.4% versus a year ago.
- In the past year, prices for goods have risen 0.8%, while prices for services have increased 2.8%. Private capital equipment prices rose 0.5% in March and are up 1.2% in the past year.
- Prices for intermediate processed goods declined 0.5% in March and are down 1.7% versus a year ago. Prices for intermediate unprocessed goods declined 1.9% in March and are down 7.1% versus a year ago.



**Implications:** Do you hear that sound? It’s the door creaking closed on the chances for a June rate cut. While the producer price index rose a modest 0.2% in March, that comes on the back of above-trend increases the prior two months. Through the first three months of 2024, producer prices rose at a 4.4% annualized pace, while year-ago comparisons are on the rise and now back above 2.0% for the first time since April of last year. Paired with [consumer price data out yesterday](#) showing inflation re-accelerating, the Fed is unlikely to feel the confidence that the inflation fight is won. Looking at March itself, lower energy costs helped keep producer prices contained, down 1.6% on the back of falling gasoline prices, while food prices – the other typically volatile category – rose 0.8% on a jump in costs for processed poultry. Stripping out these two components shows “core” prices rose 0.2% in March, following an outsized 0.5% increase in January and a 0.3% rise in February. While the Fed can take some solace in noting the twelve-month rise in core prices has eased since peaking at 9.7% back in March of 2022, they remain up 2.4% in the last twelve months and accelerated to a 4.2% annualized rate over the first three months of 2024. The 0.2% rise in core inflation in March was led by services, up 0.3%, while goods prices outside of food and energy rose 0.1%. The largest price increases came from securities brokerage, commercial equipment wholesaling, and airline passenger services, which were partially offset by lower costs for traveler accommodations and auto retailing. Further back in the pipeline, processed goods prices fell 0.5% in March and are down 1.7% in the past year, while unprocessed goods prices declined 1.9% in March and are down 7.1% in the past year. Further easing in inflation will come should the Fed have the patience to let a tighter monetary policy do its work. But inflation risks rearing its ugly head once again should the Fed falter and cut rates too quickly. The markets – and the Fed itself – seem increasingly doubtful that rate cuts are near. And for good reason. In other news this morning, initial claims for jobless benefits fell 11,000 last week to 211,000, while continuing claims rose by 28,000 to 1.817 million. The figures are consistent with continued job gains in April.

<b>Producer Price Index</b> <i>All Data Seasonally Adjusted Except for Yr to Yr</i>	<b>Mar-24</b>	<b>Feb-24</b>	<b>Jan-24</b>	<b>3-mo % Ch. annualized</b>	<b>6-mo % Ch. annualized</b>	<b>Yr to Yr % Change</b>
<b>Final Demand</b>	<b>0.2%</b>	0.6%	0.4%	4.4%	1.4%	2.1%
<b>Goods</b>	<b>-0.1%</b>	1.2%	-0.1%	3.8%	-1.2%	0.8%
- Ex Food & Energy	<b>0.1%</b>	0.3%	0.3%	2.5%	1.8%	1.4%
<b>Services</b>	<b>0.3%</b>	0.3%	0.6%	4.8%	2.8%	2.8%
<b>Private Capital Equipment</b>	<b>0.5%</b>	0.0%	0.4%	3.6%	1.3%	1.2%
<b>Intermediate Demand</b>						
<b>Processed Goods</b>	<b>-0.5%</b>	1.5%	-0.1%	3.5%	-2.5%	-1.7%
- Ex Food & Energy	<b>-0.4%</b>	0.5%	0.3%	1.7%	0.5%	-1.5%
<b>Unprocessed Goods</b>	<b>-1.9%</b>	-0.7%	1.5%	-4.3%	-16.5%	-7.1%
- Ex Food & Energy	<b>0.2%</b>	-1.9%	-1.3%	-11.5%	-4.1%	-7.7%
<b>Services</b>	<b>0.2%</b>	0.0%	0.7%	3.9%	3.9%	3.6%

Source: Bureau of Labor Statistics