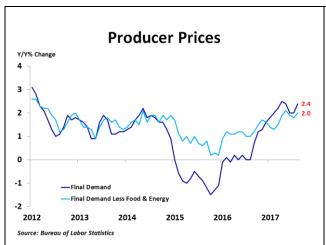
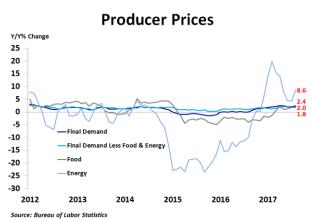


Ed's Eye on the Economy September 18, 2017

August Producer Prices

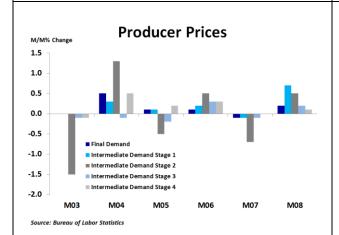
Overall and core prices rise but both miss expectations





Producer prices rose 0.2% in August compared to the prior month, less than the 0.3% forecast. Prices were up 2.4% from a year ago. Core prices rose 0.1% and were up 2.0% from a year ago.

The main source of inflation for producers had been energy, but energy prices had dropped in four of the prior five months before jumping 3.3% in August, taking the year-ago rate up to 8.6%.



Producer Prices Y/Y% Change 10 5 0 -5 -10 -Intermediate Demand Stage 1 -Intermediate Demand Stage 2 -Intermediate Demand Stage 3 -Intermediate Demand Stage 4 2012 2013 2014 2015 2016 2017 Source: Bureau of Labor Statistics

July saw very little price pressure in all stages of production. In August, prices increased at every stage of production, with the biggest increase coming in stage 1 and the smallest in stage 4.

Compared to a year ago, prices in all stages are higher, and after a noticeable slowdown, all stages saw a faster rate of growth in August. Still, the Fed will likely hold rates steady at this week's meeting.