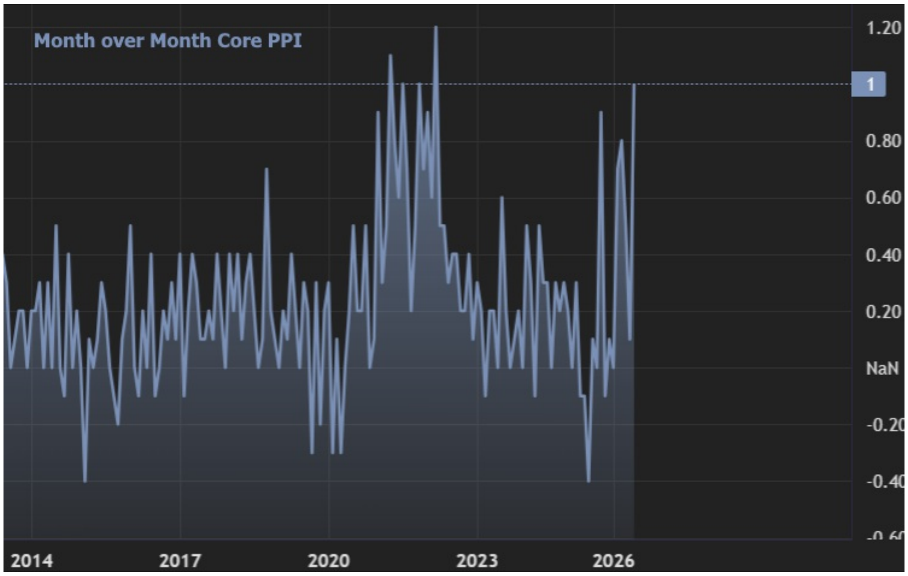
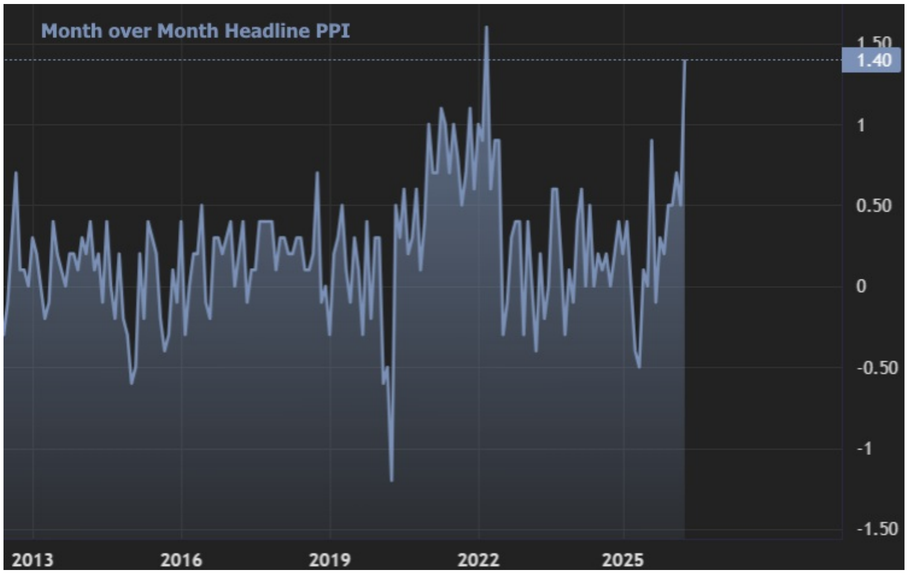
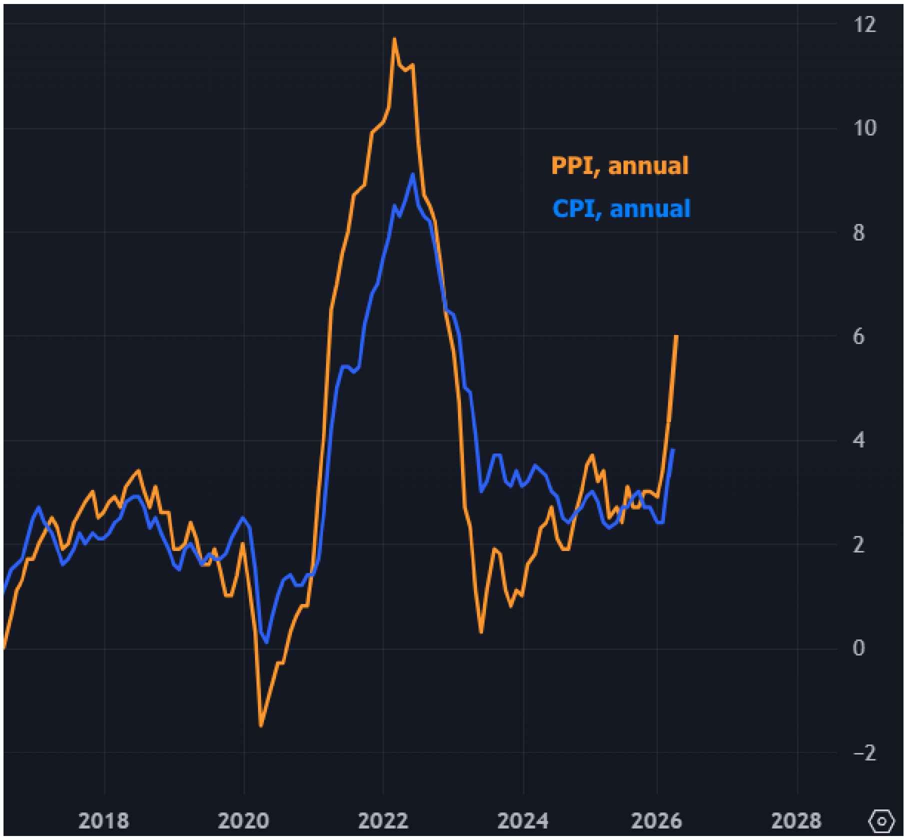
The Day Ahead: PPI Hit Even Harder Than CPI, But Damage is Minimal

The Producer Price Index (PPI) is much more volatile and, on average, much less of a market mover than the Consumer Price Index (CPI), but occasionally, it swings for the fences. Today's release is a clear example with the monthly headline coming in at 1.5 vs 0.5 forecast. In annual terms, headline inflation is a whopping 6.0% versus a 4.9% forecast--up sharply from last month's 4.3% (itself upwardly revised from 4.0%). This is easily the most onerous spike since the pandemic. Even though PPI hit the market harder than CPI, that's not saying much. Bonds are only 2bps weaker at 10am ET--a testament to how little this data tends to matter.



Jeff Farnham
President, JTS & Co.
www.jts-co.com
P: (662) 329-9090
4158 HWY 45 N
Columbus MS 39705
NMLS #89796
JTS & Co. NMLS #55275


Month over Month Headline PPI
1.50
1.40
1
0.50
0
-0.50
-1
-1.50
2013
2016
2019
2022
2025


PPI, annual
CPI, annual
12
10
8
6
4
2
0
−2
2018
2020
2022
2024
2026
2028