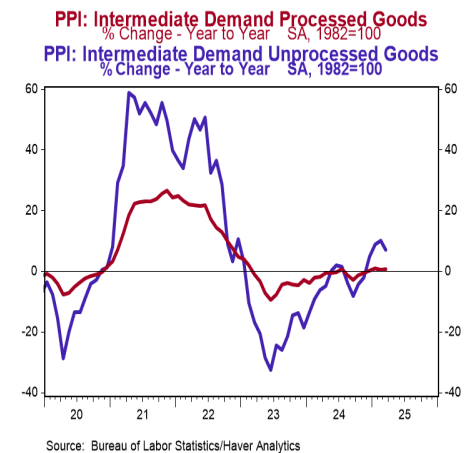
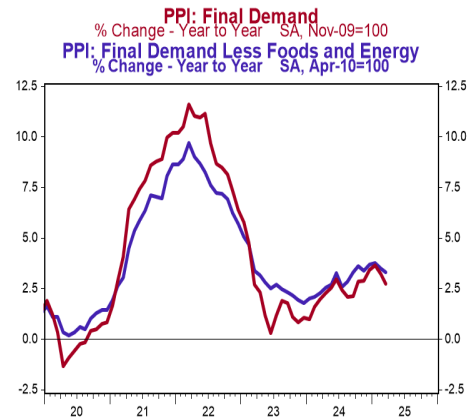


March PPI

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- The Producer Price Index (PPI) declined 0.4% in March, coming in well below the consensus expected increase of 0.2%. Producer prices are up 2.7% versus a year ago.
- Energy prices declined 4.0% in March, while food prices fell 2.1%. Producer prices excluding food and energy declined 0.1% in March but are up 3.3% versus a year ago.
- In the past year, prices for goods are up 0.9%, while prices for services have increased 3.6%. Private capital equipment prices were unchanged in March but are up 3.5% in the past year.
- Prices for intermediate processed goods were unchanged in March and are up 0.9% versus a year ago. Prices for intermediate unprocessed goods declined 4.1% in March but are up 7.1% versus a year ago.



Implications: Producer prices fell in March for the first time since October 2023. While near constant conversations about rising inflation threats from tariffs echo across the media, prices moved in the opposite direction for both consumer and producer prices in March. Falling energy prices were a key driver, with an 11.1% drop in gasoline costs leading overall energy prices down 4.0%. Meanwhile food prices also fell in March, down 2.1%. But while goods prices as a whole declined a notable 0.9% on the month, goods prices outside of these two typically volatile categories rose 0.3% for the month. Service prices declined 0.2% in March but remain up 3.6% in the past year, as final demand trade services (think margins received by wholesalers) declined 0.7%, and final demand trade, transportation, and warehousing services fell 0.6%. Put goods and services together, and overall producer prices fell 0.4% in March but are still up 2.7% versus a year ago, while “core” producer prices – which exclude the often-volatile food and energy categories – are up 3.3% in the past year, a notable acceleration from the 2.3% reading for the twelve months ending March 2024. The months ahead could very well be volatile for both the markets and the economic data. Companies have been altering purchasing plans as they try to make heads and tails of what may come next in the constantly shifting environment, but reciprocal tariffs weren’t announced until April, so the March data received to-date is more reflective of the steel and aluminum tariffs, higher tariffs on China, and uncertainty of what was to come, rather than realized tariff costs on a broader set of nations. None of this is making the Fed’s job any easier. Monetary policy operates with a lag, and the Federal Reserve will be closely watching to see how the rate cuts of late last year translate through the system as they determine if, and when, the next move in rates is appropriate.

Producer Price Index <i>All Data Seasonally Adjusted Except for Yr to Yr</i>	Mar-25	Feb-25	Jan-25	3-mo % Ch. <i>annualized</i>	6-mo % Ch. <i>annualized</i>	Yr to Yr <i>% Change</i>
Final Demand	-0.4%	0.1%	0.6%	1.1%	2.3%	2.7%
Goods	-0.9%	0.3%	0.7%	0.2%	2.4%	0.9%
- Ex Food & Energy	0.3%	0.3%	0.2%	3.5%	2.6%	2.4%
Services	-0.2%	0.0%	0.5%	1.3%	2.3%	3.6%
Private Capital Equipment	0.0%	-0.6%	0.7%	0.2%	0.9%	3.5%
Intermediate Demand						
Processed Goods	0.0%	0.4%	1.1%	6.1%	4.1%	0.9%
- Ex Food & Energy	0.9%	0.3%	0.4%	6.5%	3.7%	0.4%
Unprocessed Goods	-4.1%	0.9%	5.8%	9.9%	16.1%	7.1%
- Ex Food & Energy	0.4%	2.2%	1.1%	15.8%	6.9%	6.7%
Services	-0.1%	0.2%	-0.1%	-0.3%	0.8%	2.0%

Source: Bureau of Labor Statistics