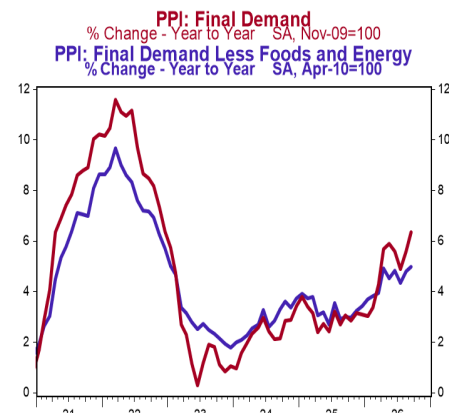


September PPI

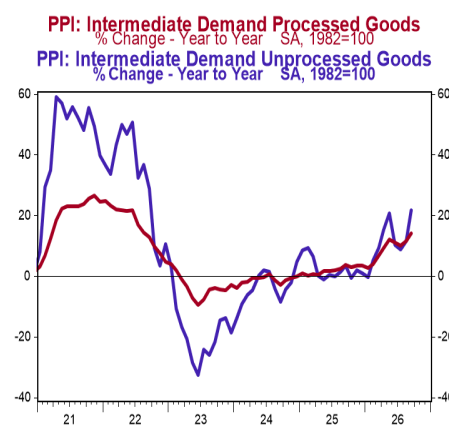
Braden Spiech – Economic Analyst
Brian S. Wesbury – Chief Economist
Robert Stein, CFA – Dep. Chief Economist

- The Producer Price Index (PPI) rose 1.3% in September, well above the consensus expected 0.6%. Producer prices are up 6.3% versus a year ago.
- Energy prices rose 10.8% in September and food prices increased 1.2%. Producer prices excluding food and energy rose 0.7% in September and are up 5.0% versus a year ago.
- In the past year, prices for goods are up 9.8%, while prices for services have increased 4.9%. Private capital equipment prices rose 0.8% in September and are up 3.4% in the past year.
- Prices for intermediate processed goods rose 2.5% in September and are up 14.1% versus a year ago. Prices for intermediate unprocessed goods increased 8.4% and are up 21.5% versus a year ago.

Implications: Producer prices surged in September, rising across the board. The Producer Price Index rose 1.3%, the largest monthly gain since 2022, and above even the most aggressive forecast by any Economics Group on Bloomberg. While more than 40% of the headline increase was due to energy (which rose 10.8% for the month), final demand prices excluding energy also rose 0.7% in September, as the second-order effects of higher energy prices work their way through the economy. Looking at the details, goods prices rose 2.6% in September, the largest monthly increase since these data were first collected in 2009. Half of this increase can be traced to gasoline prices, which jumped 20.3% in September, and are up 64.3% in the past year. Food prices (+1.2%), and other energy-related categories like diesel, jet fuel, and crude petroleum also rose. On the services side, prices rose 0.8%, led by a 3.9% increase in margins for machinery and vehicle wholesaling. Further back in the supply chain, price increases for intermediate goods were broad-based, with elevated energy prices continuing to burden businesses at every stage of production. Prices for processed intermediate goods rose 2.5% in September, driven by a 21.0% increase in diesel fuel. Meanwhile, prices for unprocessed intermediate goods also rose 8.4%, led by a 28.3% jump in crude petroleum. Both unprocessed and processed intermediate goods are up by the most in any twelve-month period since 2022. Excluding food and energy, “core” producer prices rose 0.7% in September, while the twelve-month change rose to 5.0%, well above the 3.0% increase for the twelve months ending September 2025. Overall producer prices are up 6.3% in the past year, over double the change from the twelve months ending September 2025. In other recent news, the Empire State Index, which measures manufacturing sentiment in the New York region, rose to 25.5 in October from 7.6 in September. Also, the Philadelphia Fed Manufacturing Index, a measure of factory sentiment in that region, fell to 20.9 in October from 37.8 in September.



Source: Bureau of Labor Statistics/Haver Analytics



Source: Bureau of Labor Statistics/Haver Analytics

Producer Price Index <i>All Data Seasonally Adjusted Except for Yr to Yr</i>	Sep-26	Aug-26	Jul-26	3-mo % Ch. <i>annualized</i>	6-mo % Ch. <i>annualized</i>	Yr to Yr <i>% Change</i>
Final Demand	1.3%	0.5%	0.2%	8.1%	7.1%	6.3%
Goods	2.6%	1.1%	-0.4%	14.1%	12.6%	9.8%
- Ex Food & Energy	0.3%	0.4%	0.2%	3.5%	5.2%	5.1%
Services	0.8%	0.2%	0.3%	5.5%	4.9%	4.9%
Private Capital Equipment	0.8%	0.3%	0.7%	7.2%	2.5%	3.4%
Intermediate Demand						
Processed Goods	2.5%	1.8%	-0.4%	17.0%	17.8%	14.1%
- Ex Food & Energy	0.5%	0.6%	0.0%	4.4%	10.5%	15.8%
Unprocessed Goods	8.4%	0.9%	-0.2%	41.5%	14.5%	21.5%
- Ex Food & Energy	2.5%	1.9%	1.6%	27.1%	13.4%	24.3%
Services	0.9%	0.7%	0.2%	7.4%	8.3%	6.3%

Source: Bureau of Labor Statistics