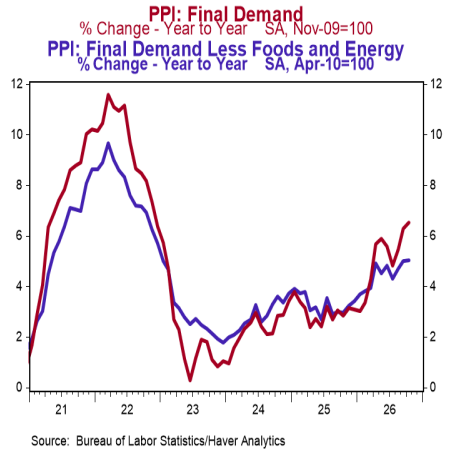
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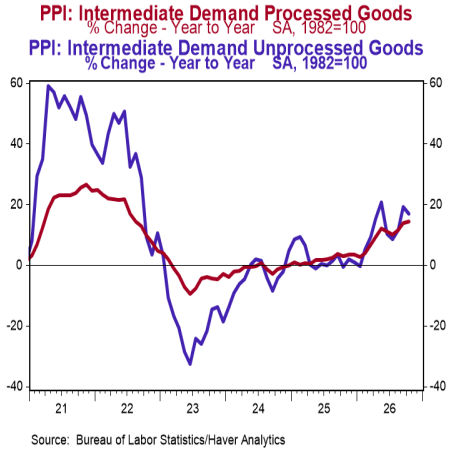
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October PPI

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- The Producer Price Index (PPI) rose 0.3% in October, just below the consensus expected 0.4%. Producer prices are up 6.5% versus a year ago.
- Energy prices declined 0.1% in October while food prices increased 1.3%. Producer prices excluding food and energy rose 0.5% in October and are up 5.0% versus a year ago.
- In the past year, prices for goods are up 10.2%, while prices for services have increased 5.0%. Private capital equipment prices fell 0.4% in October but are up 3.0% in the past year.
- Prices for intermediate processed goods rose 0.4% in October and are up 14.6% versus a year ago. Prices for intermediate unprocessed goods fell 3.1% but are up 16.9% versus a year ago.





Implications: After surging in September, producer prices rose 0.3% in October, bringing the year-ago comparison to 6.5%, the highest in almost four years. Nothing in the report is likely to dissuade the Federal Reserve from raising short-term interest rates at the next meeting in December. Overall producer prices are up 6.5% in the past year, more than double the change from the twelve months ending October 2025. Prices excluding food and energy rose 0.5% for the month and are up 5.0% from a year ago as a combination of increased demand from the data center buildout and the second-order effects of higher energy prices worked their way through the economy. Looking at the details, goods prices rose 0.5% in October and are up 10.2% in the past year, a four-year high. Goods excluding food and energy accounted for more than 60% of the monthly increase, led by a 1.6% rise in government-purchased goods. Notably, prices for communications equipment and electronic components are up 11.9% and 31.7%, respectively, over the past year, the largest annual increases on record going back to at least the 1980s. Prices for gasoline rose 0.5% in October and are up 75.9% in the past year, while prices for diesel fell 7.9%, but are still up a whopping 115% from a year ago (not a typo!). On the services side, prices rose a more moderate 0.2%, with transportation and warehousing accounting for most of the increase, rising 2.0% in October. Trucking freight prices rose 3.9%, while water freight prices increased 1.1%. Further back in the supply chain, annual price changes for intermediate goods, both processed and unprocessed, remain near the highest levels since 2022.

Producer Price Index *All Data Seasonally Adjusted Except for Yr to Yr*	Oct-26	Sep-26	Aug-26	3-mo % Ch. *annualized*	6-mo % Ch. *annualized*	Yr to Yr *% Change*
Final Demand	**0.3%**	1.4%	0.4%	9.0%	5.4%	6.5%
Goods	**0.5%**	2.5%	1.1%	17.4%	9.0%	10.2%
- Ex Food & Energy	**0.5%**	0.3%	0.4%	5.0%	4.9%	5.2%
Services	**0.2%**	1.0%	0.1%	5.5%	3.8%	5.0%
Private Capital Equipment	**-0.4%**	0.9%	0.0%	2.4%	-0.9%	3.0%
Intermediate Demand						
Processed Goods	**0.4%**	2.4%	1.8%	19.6%	12.2%	14.6%
- Ex Food & Energy	**0.9%**	0.5%	0.5%	8.2%	9.1%	16.0%
Unprocessed Goods	**-3.1%**	6.3%	0.9%	16.8%	-0.5%	16.9%
- Ex Food & Energy	**-0.9%**	2.0%	2.0%	13.0%	10.4%	18.1%
Services	**0.6%**	1.0%	0.6%	9.4%	7.9%	6.8%

Source: Bureau of Labor Statistics

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