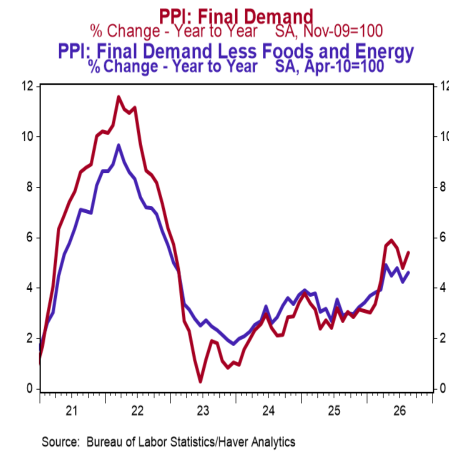
First Trust DATAWATCH

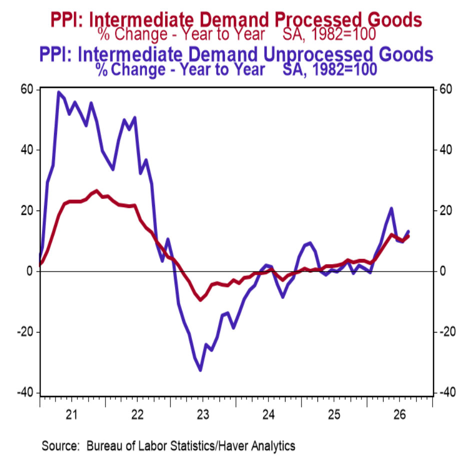
September 10, 2026 • 630.517.7756 • www.ftportfolios.com

August PPI

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

- The Producer Price Index (PPI) rose 0.4% in August, in line with consensus expectations. Producer prices are up 5.4% versus a year ago.
- Energy prices rose 4.2% in August and food prices increased 0.1%. Producer prices excluding food and energy rose 0.2% in August and are up 4.6% versus a year ago.
- In the past year, prices for goods are up 7.7%, while prices for services have increased 4.5%. Private capital equipment prices were unchanged in August but are up 2.6% in the past year.
- Prices for intermediate processed goods rose 1.8% in August and are up 11.5% versus a year ago. Prices for intermediate unprocessed goods increased 1.1% and are up 12.8% versus a year ago.





Implications: Producer prices rose in line with consensus expectations in August, as the Producer Price Index increased 0.4%. More than half of the headline increase was due to a 4.2% increase in energy prices. Excluding energy, producer prices rose a more modest 0.2%. Looking at the details, both goods prices (+1.1%) and services prices (+0.1%) increased in August. More than a third of the increase in goods prices was due to a 24.1% rise in diesel prices, reflecting a renewed rise in oil prices as Middle East hostilities continue. Food prices (+0.1%) and other energy-related categories such as gasoline, jet fuel, and crude petroleum also rose. On the services side, prices rose a modest 0.1% overall, led by a 2.0% increase in truck freight transportation. Further back in the supply chain, prices for unprocessed and processed intermediate goods rose 1.8% and 1.1%, respectively. While the rise in processed intermediate goods prices was driven by energy, nearly 60% of the increase in unprocessed intermediate goods can be traced to nonfood materials excluding energy, which are industrial inputs that are neither food nor fuel, such as metal scrap and construction materials. Excluding food and energy, "core" producer prices rose a moderate 0.2% in August, while the twelve-month change was 4.6%, well above the 2.9% increase for the twelve months ending in August 2025. Overall producer prices are up 5.4% in the past year, double the change from the twelve months ending in August 2025. The pickup in August prices is likely to put more pressure on the Fed to raise rates at next week's meeting. Futures markets currently imply about a 70% chance of a hike. Part of that figure reflects the fact that the following meeting falls just before the mid-term elections, when policymakers will be careful to be perceived as independent of politics. In the end, we believe policymakers should focus more on the money supply, which is up 5.4% in the past year versus the 6.0% trend prior to COVID when inflation remained low. We expect this monetary tightness will eventually bring inflation down once the conflict in the Middle East ends. In other news this morning, initial claims for unemployment insurance declined 1,000 last week to 206,000, while continuing claims also declined 1,000 to 1.774 million. These figures suggest job gains continue.

Producer Price Index *All Data Seasonally Adjusted Except for Yr to Yr*	Aug-26	Jul-26	Jun-26	3-mo % Ch. *annualized*	6-mo % Ch. *annualized*	Yr to Yr *% Change*
Final Demand	**0.4%**	0.1%	-0.1%	1.4%	5.6%	5.4%
Goods	**1.1%**	-0.4%	-1.4%	-3.0%	11.1%	7.7%
- Ex Food & Energy	**0.4%**	0.2%	0.2%	3.4%	5.3%	5.1%
Services	**0.1%**	0.2%	0.5%	3.1%	3.3%	4.5%
Private Capital Equipment	**0.0%**	0.5%	-0.3%	0.4%	0.8%	2.6%
Intermediate Demand						
Processed Goods	**1.8%**	-0.4%	-1.0%	1.5%	18.7%	11.5%
- Ex Food & Energy	**0.5%**	0.1%	0.7%	5.3%	11.0%	12.8%
Unprocessed Goods	**1.1%**	0.7%	-6.5%	-17.7%	-0.6%	12.8%
- Ex Food & Energy	**2.1%**	1.6%	-1.7%	8.0%	9.9%	22.8%
Services	**0.3%**	0.1%	0.8%	4.8%	5.3%	5.1%

Source: Bureau of Labor Statistics