



Source: Bloomberg, LLP | 1Y, 2Y & 3Y SOFR SWAP RATES – PRIOR (5) TRADING SESSIONS

CHART 3 & 3A: NOVEMBER PPI RECAP – HOTTER-THAN-EXPECTED RESULT SURPRISES MARKET

US wholesale inflation unexpectedly accelerated in November, driven by an increase in food costs. Headline PPI rose 0.4% from a month earlier (vs. 0.2% expected), the most since June. Compared with a year ago, headline PPI increased 3.0% (vs. 2.6% expected), the largest advance since early 2023. Core PPI rose 0.2% on the month (vs. 0.2% expected) and 3.4% from a year earlier (vs. 3.2% expected). This morning’s PPI release follows the more closely watched consumer price index (CPI), which showed Wednesday that underlying inflation remained firm for a fourth month. The string of hotter inflation numbers follows a rapid moderation earlier in 2024, and has added to uncertainty over the trajectory for prices and interest rates as the incoming Trump administration threatens higher tariffs on imported goods.

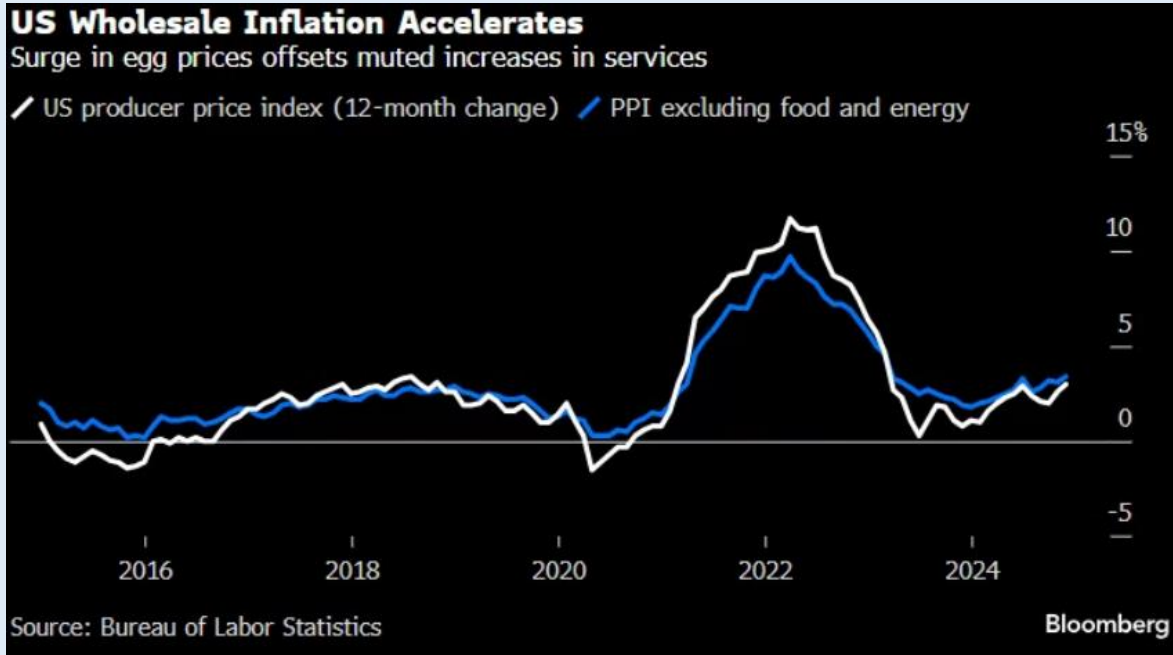
There was some positive news in the PPI data. Economists pay close attention to the PPI report because several of its components feed into the Fed’s preferred inflation measure, PCE. Those “feeders” were favorable across the board as health care categories like hospitals, physician services, nursing home services and home health care were little changed.

CHART 3: November PPI Recap – PPI Prints Hotter-Than-Expected Driven By Higher Food Prices

Event	Period	Surv(M)	Actual
PPI Final Demand MoM	Nov	0.2%	0.4%
PPI Ex Food and Energy MoM	Nov	0.2%	0.2%
PPI Ex Food, Energy, Trade MoM	Nov	0.2%	0.1%
PPI Final Demand YoY	Nov	2.6%	3.0%
PPI Ex Food and Energy YoY	Nov	3.2%	3.4%
PPI Ex Food, Energy, Trade YoY	Nov	--	3.5%

Source: Bloomberg, LLP | NOVEMBER PPI RECAP

CHART 3A: Historical PPI Data – Wholesale Inflation Trends Higher



Source: Bloomberg, LLP | Historical PPI Data Since 2016

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