



Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
08:30 AM	PPI Final Demand MoM	Sep	=	0.2%	0.2%	0.2%	-0.1%
08:30 AM	PPI Ex Food and Energy MoM	Sep	=	0.2%	0.2%	0.2%	-0.1%
08:30 AM	PPI Final Demand YoY	Sep	↓	2.6%	NA	2.7%	2.8%
08:30 AM	PPI Ex Food and Energy YoY	Sep	=	2.5%	NA	2.5%	2.3%
10:00 AM	Wholesale Inventories MoM	Aug F	↑	1.0%	0.8%	0.8%	0.8%
10:00 AM	Wholesale Trade Sales MoM	Aug	↑	0.8%	NA	0.5%	0.2% R↑

\* ↑ indicates stronger than Consensus estimated, ↓ indicates weaker than Consensus estimated, = indicates in-line with Consensus Estimated

\*\* Estimate from Bank of the West Economics

\*\*\* Consensus from Bloomberg

\*\*\*\* ↑ means prior reading revised up, ↓ means prior reading revised down

## U.S. Producer Prices Rebound In September, August Wholesale Inventories Growth Revised Higher

U.S. producer price inflation was largely in-line with expectations in September. Final demand producer prices increased 0.2% month-on-month in September, spot on with our forecast and up from -0.1% in August. A solid 0.3% rise in services prices offset a 0.1% decline in goods prices. The decline in goods prices was the first since May 2017 and was driven by a 0.8% decrease in energy prices and a 0.6% dip in food prices. Final demand producer prices excluding food and energy increased 0.2% as well. On a year-over-year basis, producer price inflation eased to 2.6% down from 2.8% in the previous month. Producer price inflation excluding food and energy held steady at 2.9% from a year ago. Overall, it was a pretty tame inflation report in the grand scheme of things.

Wholesale inventories for August were revised up to a 1.0% monthly gain from 0.8% in the prior estimate. Increases were broad-based with durable goods inventories rising 0.9% and nondurable goods inventories jumping 1.2%. Wholesale trade sales were also revised higher to a 0.8% monthly gain in August from the previously reported 0.2% gain. Finally, the inventory to sales ratio was 1.26 in August, unchanged from July. This upward revision to wholesale inventories in August will add to GDP growth in the third quarter.

U.S. stocks are declining sharply as Treasury yields move higher again. The Dow and the S&P 500 are down 1.37% and 1.36% respectively, while the NASDAQ is down 2.11%. Losses in the S&P 500 today are led by information technology, industrial and energy stocks.

Treasury yields are rising across the curve this morning. The 10-Year Treasury yield is currently at 3.214 – up 0.8 basis points from Tuesday's close. The 2-10 Treasury spread is 33.2 basis points – up 0.9 basis points from yesterday's close. The futures market probability of another Fed funds rate hike in December is 80.7% this morning, unchanged from yesterday's close.

The U.S. dollar is down slightly against the major currencies today. The Bloomberg dollar spot index is down 0.05% from Tuesday's close. The U.S. dollar is losing the most against the euro, British pound and Japanese yen. The U.S. dollar is still up 0.71% over the past month.