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Producer Prices

The September PPI jumps a more-than-expected 0.8% (Consensus: +0.2%; Decision Economics: +0.5%), with the core, ex-food-and-energy, figure also on the firm side, showing a 0.2% rise (Consensus: +0.1%; Decision Economics: +0.2%).

The core increase was broadly based, and fully in line with the 2.5% year-on-year rise--probably representing valid reading on the general domestically manufactured goods price trend.

Debate will center on the issue of whether the trend is accelerating, and sustainable, because even relatively feeble nominal demand growth is outrunning a distorted economy's capacity to produce, or decelerating, as large-scale slack weighs on prices.

Neither side gets much new support today--though the failure of prices to buckle, even at this late date, and following on two weak-demand quarters, weighs against the decelerating-trend case.

The large headline figure reflected a 2.3% jump in energy prices--to some degree, a seasonal adjustment fluke--and a not very comforting 0.6% rise in food prices (now up 8.0% year-on-year).

The core result embodied a 0.3% rise in core consumer goods and 0.2% rise in capital goods, with the core consumer total reflecting a 0.3% rise for durable goods, supported by widespread increases across products, and a 0.2% rise in core non-durables, also reasonably widespread. Nothing stands out as disrtorting the results in either direction.

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