

National Week In Review

Week Ending November 10, 2006

Wholesale Inflation Plunges 1.6% . . . The Producer Price Index (PPI), which measures the cost of a basket of goods and services from the perspective of the seller, plunged 1.6% in October to 157.2 (1982 = 100). This represents the biggest decline since October 2001. Core inflation, which excludes energy and food, fell 0.9%, the biggest one-month decline in 13 years. Energy prices plummeted 5.0%, led by while natural gas, which fell a record 9.3%. Gasoline prices tumbled 7.9%. Gasoline prices have fallen nearly 80 cents since rising above \$3.00 per gallon in early August. Food costs fell 0.8%, led by lower costs for fruits and vegetables (-13.4%), and pork (-10.2%). Prices for light truck --including sport utility vehicles and vans – fell a record 9.7%. Computer prices fell 3.1%. The movements of the PPI tend to forecast movements in the CPI.

Source:

□ Bureau of Labor Statistics

By Mike Daniels