

February PPI, CPI, Biz Confidence, March Mortgage Apps Higher Energy Prices in February Countered by Price Cuts Elsewhere

- The February Producer Price Index for Final Demand edged up by 0.1 percent.
- The Consumer Price Index gained 0.2 percent in February.
- The NFIB's Small Business Optimism index improved modestly in February, up by 0.5 points to 101.7.
- Mortgage Applications increased by 2.3 percent for the week ending March 8.

Upstream prices showed little momentum in February as the Producer Price Index for final demand gained just 0.1 percent for the month. Over the previous 12 months, the PPI for final demand was up by 1.9 percent, well below the recent peak year-over-year change of 3.4 percent from last July. A jump in energy prices was countered in the headline index by a drop in prices for transportation and warehousing services. The energy sub-index was up by 1.8 percent for the month as crude oil prices rallied. Wholesale food prices were down by 0.3 percent with lower prices for fresh and dried vegetables. The core index, PPI for final demand less foods, energy and trade inched up by 0.1 percent in February. Core PPI was up by 2.3 percent in February over the previous 12 months.

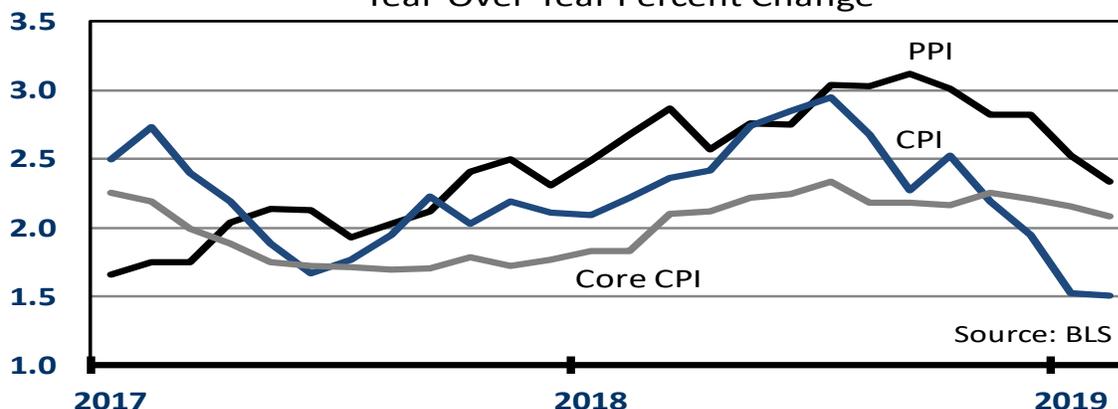
We saw yesterday that downstream prices were also well behaved. The Consumer Price Index for February increased by 0.2 percent. Over the previous year the headline CPI was up by a sedate 1.5 percent. Consumer energy prices climbed through February, up by 0.4 percent for the month. Utility, vehicle and medical care commodity prices all dropped. Core CPI, all items less food and energy, was up just 0.1 percent in February and showed a 2.1 percent gain over the previous 12 months.

Business optimism has been sliding, down every month from September through January. In February, the National Federation of Independent Business's Small Business Optimism Index broke the losing streak by inching up slightly after the government shutdown came to an end.

Total mortgage applications improved by 2.3 percent for the week ending March 8, buoyed by a rebound in purchase apps. Purchase apps were up by 4.3 percent after falling by 2.6 percent in the previous week. Refi apps were little changed, down 0.2 percent for the week ending March 8. On a four-week moving average basis, refi apps were down 5.5 percent from a year ago, while purchase apps were up by 2.2 percent from a year ago.

Market Reaction: U.S. equity markets opened with gains. The 10-Year Treasury bond yield is up to 2.61 percent. NYMEX crude oil is up to \$57.79/barrel. Natural gas futures are up to \$2.82/mmbtu.

Price Pressure Is Easing Year-Over-Year Percent Change



To subscribe to our publications or for questions, contact us at ComericaEcon@comerica.com. Archives are available at <http://www.comerica.com/insights>. Follow us on Twitter: @Comerica_Econ.