# PPI Gained 0.2% in November 2025

Kurt Rankin
kurt.rankin@pnc.com

PNC Economics
economics@pnc.com

## Headlines

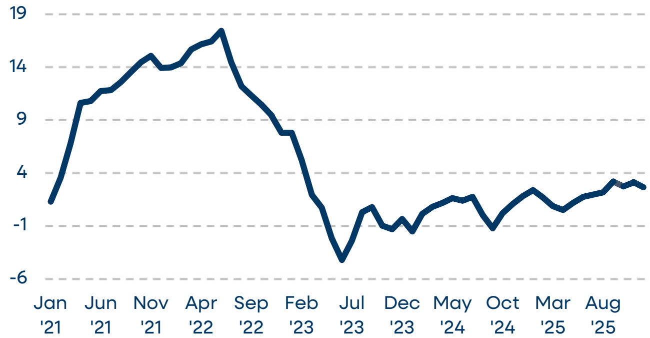
- **Final Demand PPI rose by 0.2% in November 2025** and 0.1% in October 2025.
- **Goods PPI has seen sharp volatility in recent months**, up 3.1% versus one year ago in November 2025.
- **Services PPI saw a minimal decline at -0.05% in November 2025**, also saw deceleration in October at +0.3%.
- **Intermediate Demand among manufacturers posted consecutive monthly declines in October & November 2025**, down 0.2% and 0.1% respectively.
- **Energy prices for producers rose 0.3% in November 2025** after a flat monthly result in October.

## Details

**The Producer Price Index (PPI) gains moderated in October and November 2025**, both months' results having been posted by the Bureau of Labor Statistics (BLS) with this release. Final Demand rose by 0.1% and 0.2%, combining for an average annualized pace of 2.2% since September. On a year-ago basis, Final Demand inflation in November 2025 came in at 2.9%, down modestly from September's 3.0% result. Goods producers are seeing much more volatility in their production costs, while Services production even managed an outright decline in November. The BLS is scheduled to release December 2025 PPI numbers on January 30th.

**Goods PPI inflation continued its recent volatility with a 0.4% decline in October and a strong rebound in November of +0.9%.** These monthly results combined for an average annualized monthly growth rate of +3.4% (see Figure 1). Higher Goods PPI means continued big ticket item inflation for consumers, and to the extent that households haven't or cannot shift their spending away from those categories. Consumer spending on Goods, adjusted for inflation, retreated in September (latest data available), according to the Bureau of Economic Analysis' Personal Consumption Expenditures report. Durable Goods purchases by consumers have swung wildly between gains and losses, but Nondurable Goods' fall into decline in September breaks a relatively stable trend that had been in place through the second half of 2025. U.S. tariff policy has been a lingering threat over consumer spending since April, and persistent Goods PPI growth entering 2026 could be the tipping point for spending strength.

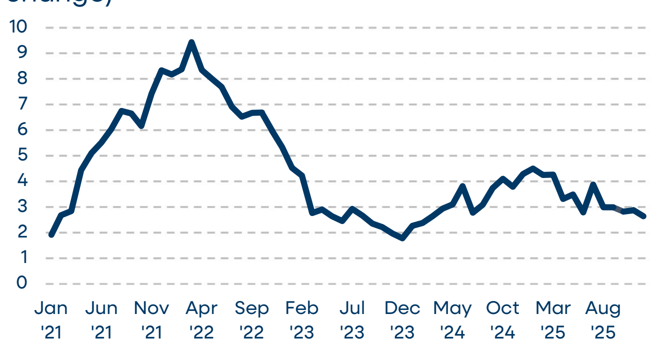
**Figure 1:** PPI – Final Demand: Goods (y/y % change)




Source: BLS

**Services PPI growth decelerated in October, and declined in November** with +0.3% and -0.05% moves, respectively (see Figure 2). Those results combined sent Services PPI lower on a year-over-year basis, down to 2.9% from September's 3.0% year-over-year growth pace. Much of that year-ago gain is the result of mid-year spikes, however. The annualized monthly pace from September through November—which represents a full-year pace if recent conditions were to hold over 12 months—was +1.4%. Services consumption is by far the larger share of household purchases, as compared to Goods, at about two-thirds of total monthly spending. Thus weakening upstream PPI trends as 2025 wanes offers a greater pound-for-pound hope that consumer price gains will slow in 2026. Consumer demand plays its part in generating inflation, however, and so relentless spending could offset weaker producer costs by way of pass-through to undeterred spenders.

**Figure 2:** PPI – Final Demand: Services (y/y % change)




Source: BLS

**Prices of Material Components for Manufacturers declined in both October and November 2025**, down by 0.2% and 0.1%, respectively. These Intermediate Goods costs for producers offer some insight into future inflation potential as they represent some of the inputs needed for final production. Just as with Energy costs—which have themselves accelerated to a nearly 12% 6-month average pace, cutting through recent volatility—producers' intermediate costs are the early warning signs of where overall inflation is headed in the months ahead. Regarding Good prices, therefore, mixed signals abound between Intermediate Goods and Energy—not to mention continued gains in manufacturers' above-inflation labor costs gains according BLS average wage data.

PNC expects the FOMC to cut rates twice in 2026, with both moves coming in the second half of the year (July and September). Evidence of near-term weakness across the U.S. labor market is offset by stubbornly above-target consumer price inflation (2.7%; December 2025). The BLS' report on November 2025 PPI shows that price pressures continue to build in Goods producing corners of the economy, while service providers are seeing easing cost growth. The upshot, though, is that higher Goods costs will flow through to many of those service providers, and certainly to retailers, in the months to come, all in all keeping the Fed's battle against inflationary pressure in play.

## Disclosures

*The material presented and the views expressed herein are of a general nature and does not constitute the provision of investment or economic advice to any person, or a recommendation of any particular securities, financial instruments, strategies or banking services. Opinions and forecasts expressed herein are subject to change without notice. Relevant information was obtained from sources deemed reliable. Such information is not guaranteed as to its accuracy. You should seek the advice of an investment professional to tailor a financial plan to your needs.*

*Forward-looking statements are necessarily subject to numerous assumptions, risks and uncertainties, which change over time. Future events or circumstances may change our outlook and may also affect the nature of the assumptions, risks and uncertainties to which our forward-looking statements are subject. Forward-looking statements speak only as of the date made. We do not assume any duty and do not undertake any obligation to update forward-looking statements. Actual results or future events could differ, possibly materially, from those anticipated in forward-looking statements, as well as from historical performance. As a result, we caution against placing undue reliance on any forward-looking statements.*