

Economics Group

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Import Prices Slip on Oil, While Dollar Headwinds Re-emerge

Import prices fell 0.3 percent in November as petroleum prices posted the biggest drop since February. Excluding fuel, prices also slipped, however, and will be pressured by renewed strengthening of the dollar.

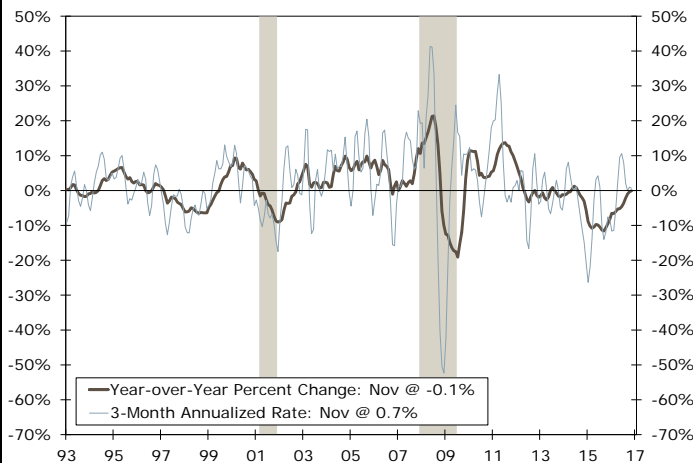
Energy Drag Likely to Be Short Lived

- A drop in petroleum costs sent import prices 0.3 percent lower in November. The disinflationary trend in import prices continues to ease, however, with prices down 0.1 percent year-over-year compared to a 9.5 percent drop this time last year.
- Excluding fuel, import prices ticked down 0.1 percent. Prices for capital goods, autos, consumer goods and nonfuel industrial supplies all slipped as the dollar rose in November.

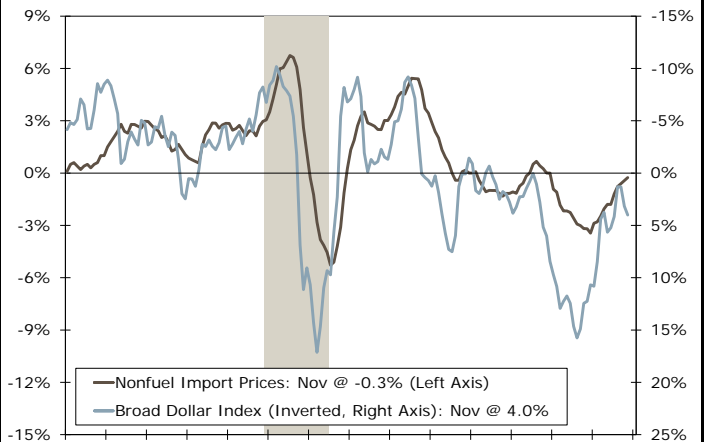
Dollar Headwinds Re-emerging

- Renewed strengthening in the dollar as the Fed moves forward with normalization should limit the rebound in import prices even as energy costs are expected to move a bit higher in the coming months.
- Export prices edged down 0.1 percent last month on lower fuel and consumer goods prices, but weakness has moderated over the past year as global demand has firmed.

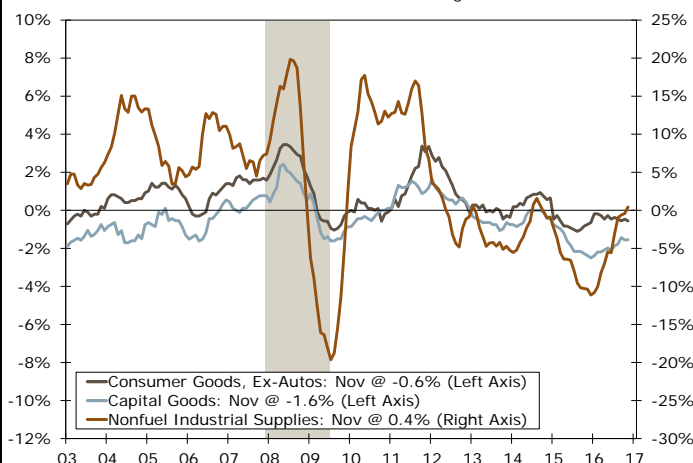
Import Prices
All Commodities



Nonfuel Import Prices vs. Trade Weighted Dollar
Year-over-Year Percent Change, Inverted Right Axis

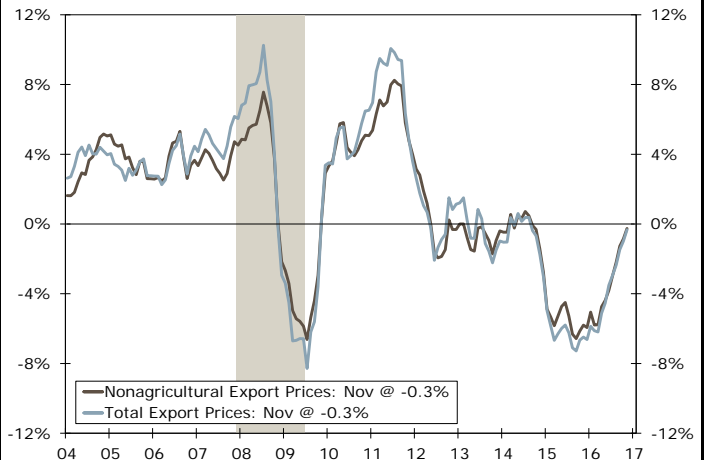


Import Prices By Sector
Year-over-Year Percent Change



Export Prices

Year-over-Year Percent Change



Source: U.S. Department of Labor, Federal Reserve Board and Wells Fargo Securities

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