PPI Study

By disciplined_daytrader · December 9, 2022

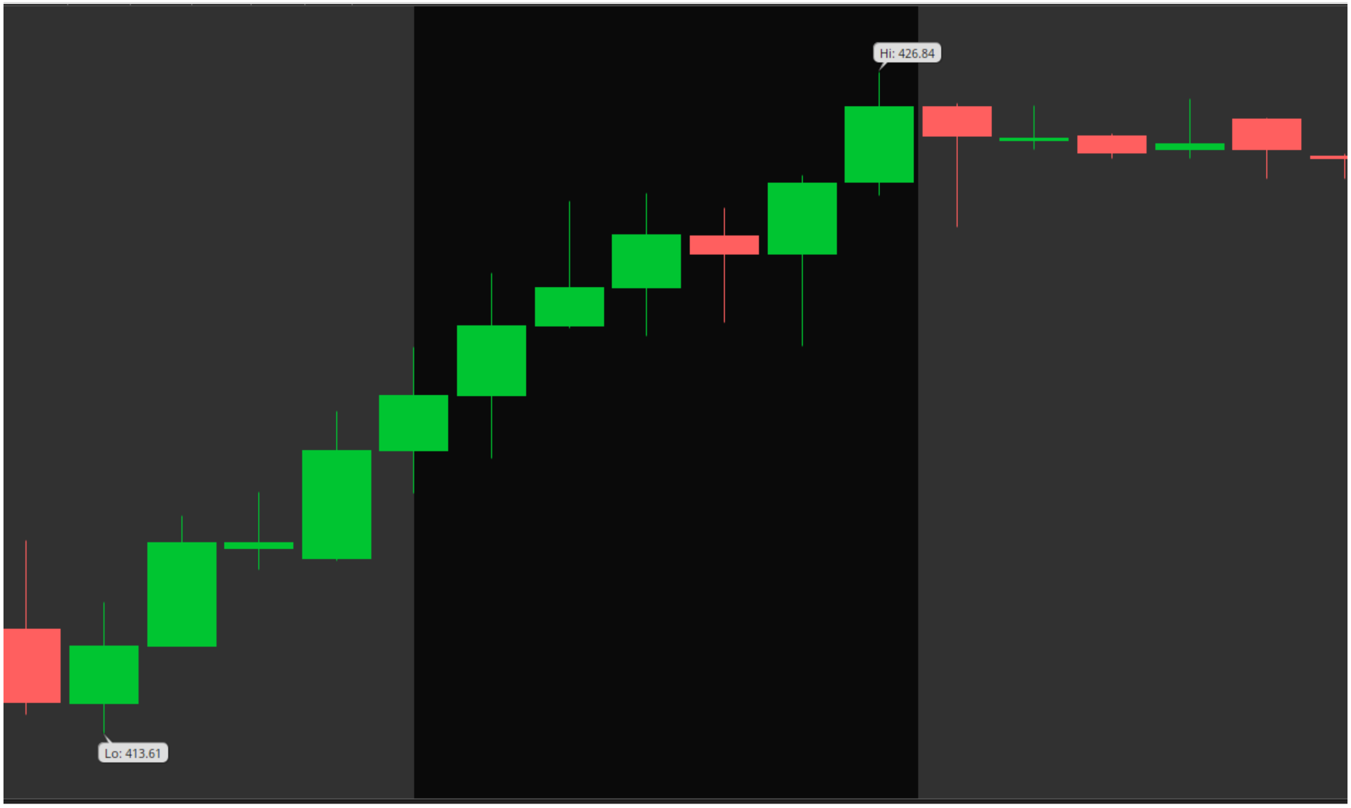
TL;DR

This blog post analyzes the Producer Price Index (PPI) results from March to December 2022, highlighting how market sentiment influenced reactions to the data. It discusses the correlation between PPI estimates and actual results, revealing trends in bullish and bearish market behavior throughout the year.

March 15th, 2022

1yr:1d

TOS is trash and wont let me see anything under the 1 hour timeframe:



Results

08:30 AM	US	PPI MoM FEB	0.8%	1.2%	0.9%	1.1%

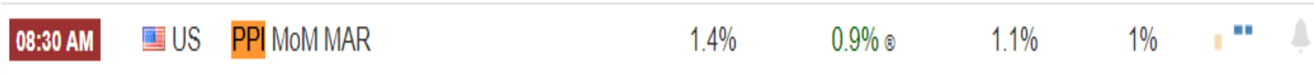
- Beat estimated by 0.03 = Bullish

April 13th:

1yr:1d

1d:10m

Results:



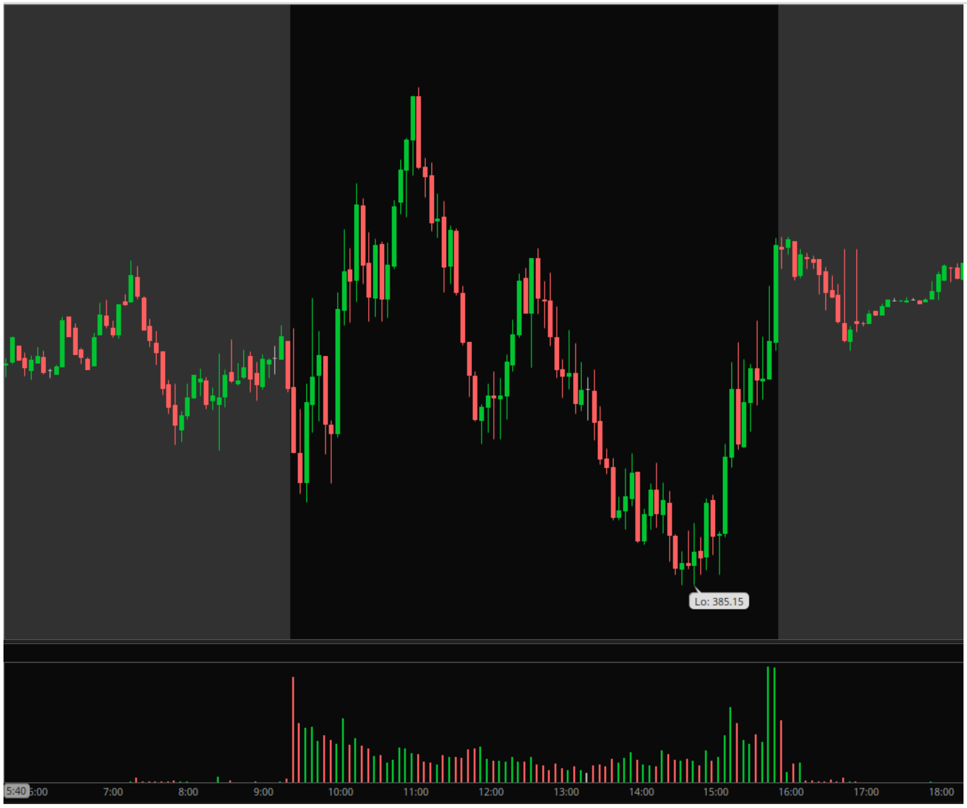
- Worst than expected by 0.4% and still bullish???

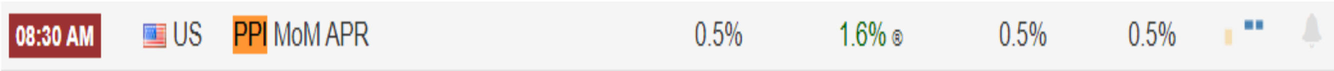
- Perhaps because we are ralling on the daily and this had to shock the market first then CPI was the nail in the coffin

May 12th, 2022

1yr:1d

1d:5m





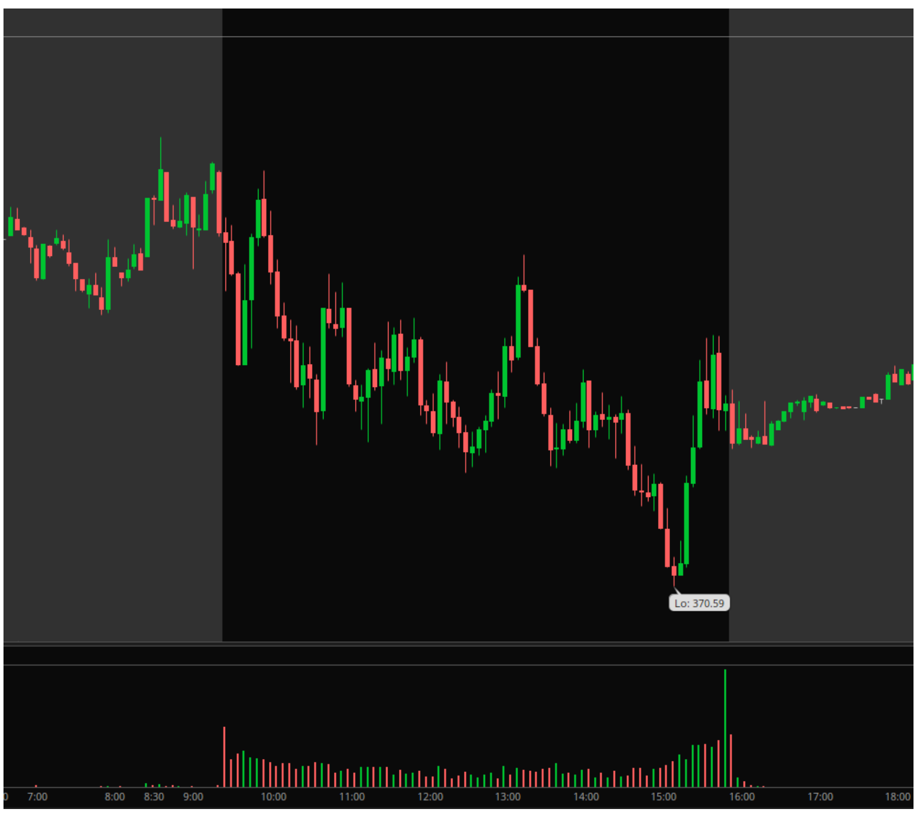
- Exactly what was expected = Bearish even though it decreased significantly month over month

- Again we were bearish as hell on the daily so perhaps we continued to be bearish since nothing changed

June 14th, 2022

1yr:1d

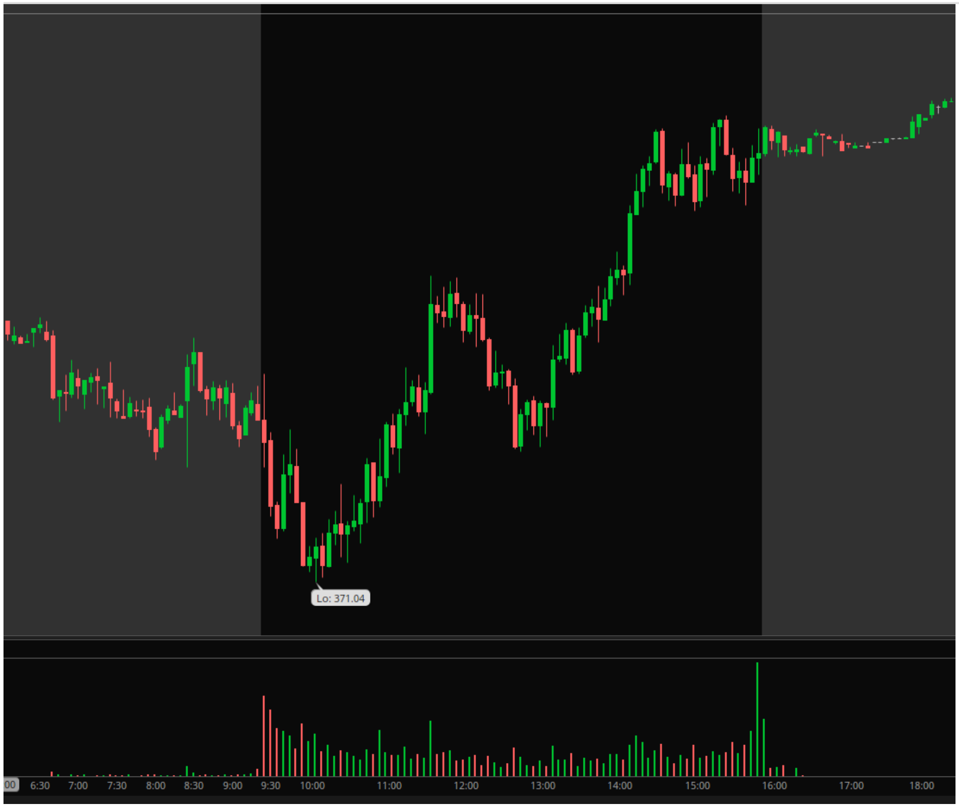
1d:5m

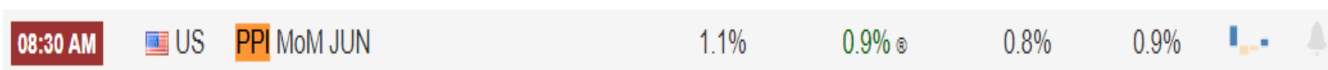


- 0.1% worse than expected - Bearish

- Again since we are bearish on the daily we bearly broke consensus so sentiment continued to be bearish

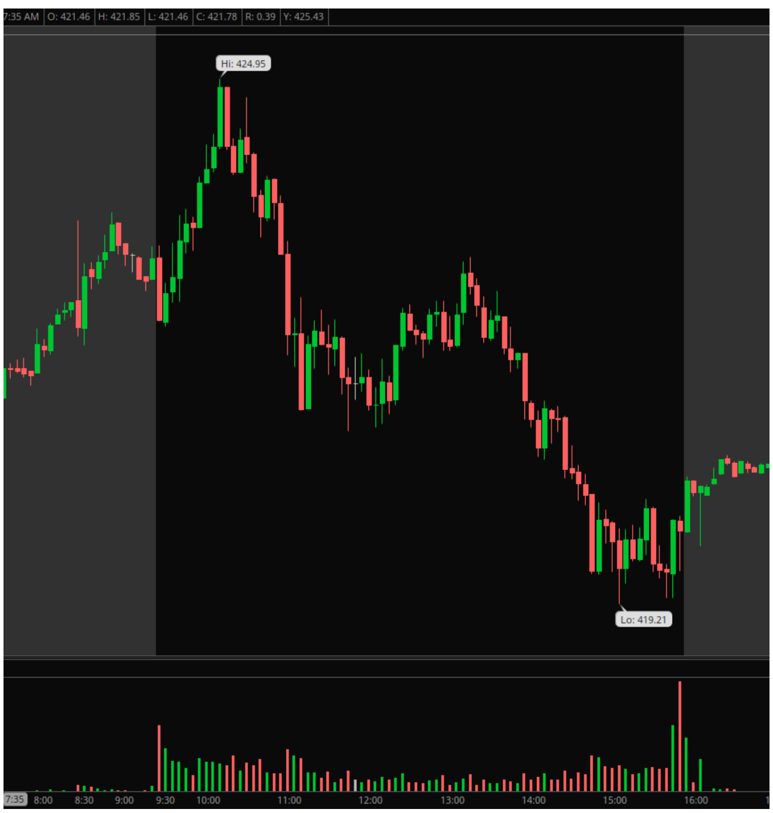
July 14th, 2022





- Worse than expected but only by 0.2%, increased month over month but the chart is forming a bottom on the Daily so instead of breaking lows we rallied. This is very telling since it seems like the PPI matter much more about what the overall market sentiment is and if the estimate is anywhere close to what the actual is then we just continue whatever we are doing on the daily chart

August 11th, 2022

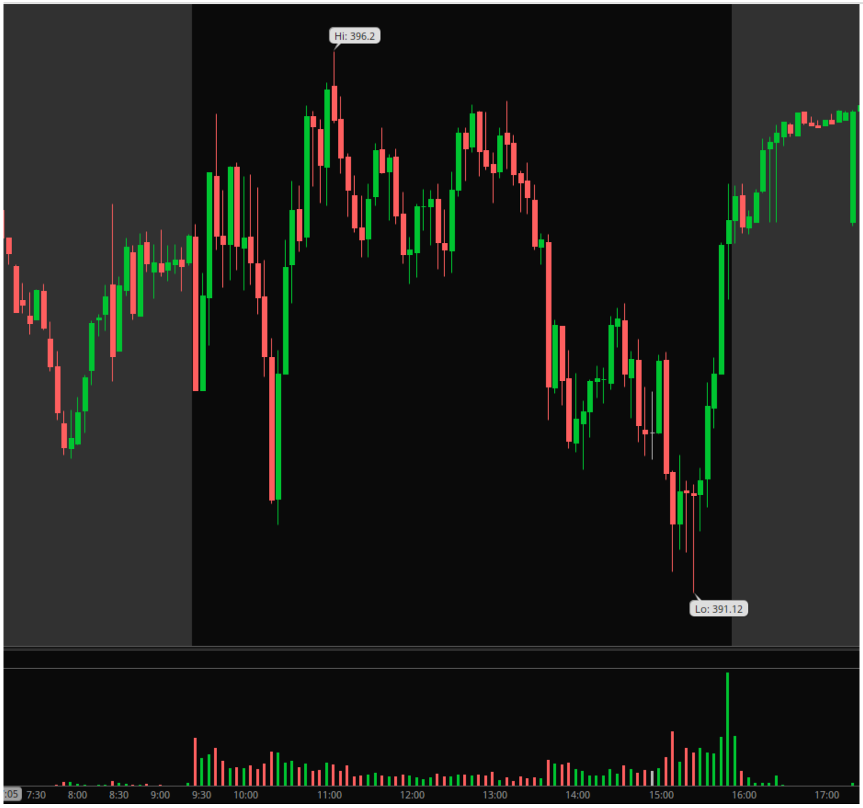


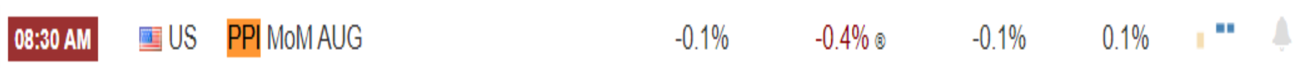
08:30 AM	US	PPI MoM JUL	-0.5%	1%	0.2%	0.4%

- Worse than consensus by 0.2%

- Very bullish daily chart but also close to the top of the descending trendline

September 14th, 2022

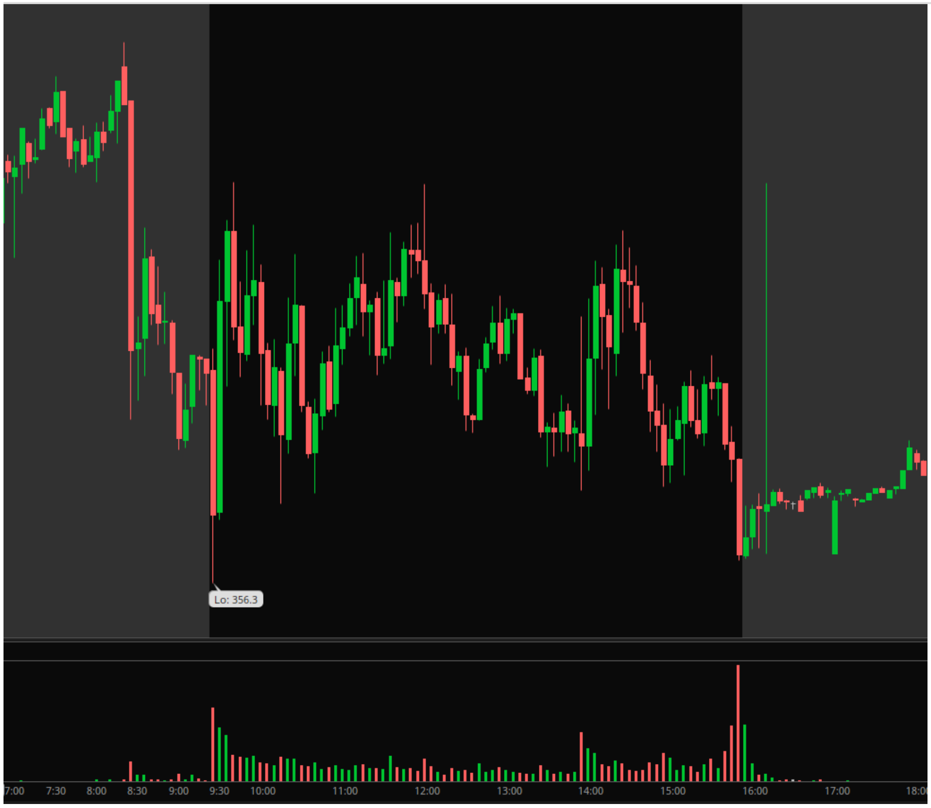




- Super choppy intraday price action here plus we are bearish on the daily from CPI being bad, Even though we decreased MoM we still only were exactly at estimates so no shock to market which means business as usual which is follow the daily chart

October 12th, 2022


Hi: 479.98
Lo: 348.11
396.24

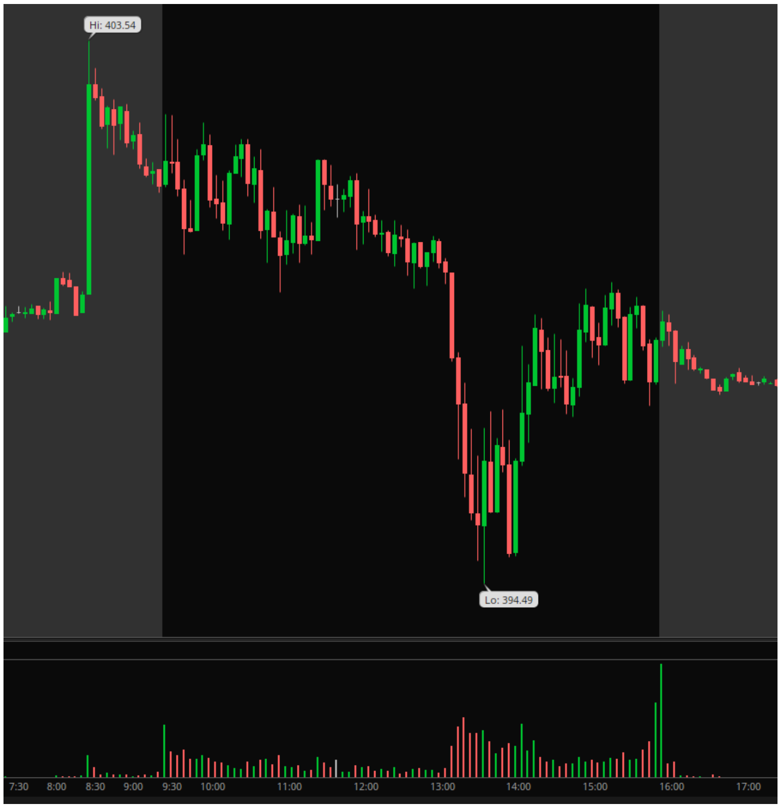


- Worse than expected numbers- ranging on the day

- Daily chart is right at lows and this was not enough of a shock to the market to truly get a panic selloff. Holding bottoms like this on this type of price action shouldve told a very interesting story about CPI coming up the next couple days

November 15h, 2022


Hi: 479.98
Lo: 348.11
396.24


Hi: 403.54
Lo: 394.49

09:30 AM	US	PPI MoM OCT	0.2%	0.2%	0.4%	0.3%

- Right at consensus so market chops then drops hard since we are at upper bands on the daily

December 9th, 2022

-Notice how we are at this same exact spot that we have encountered multiple times this year, Fail at top trendline then pop and look for that news to cause the next fail. What PPI numbers were in these exact areas?

FAQ

What is the significance of the PPI results discussed in the blog?

The PPI results indicate how producer prices are changing, which can influence inflation and market sentiment. The blog highlights how these results impacted market reactions throughout 2022.

How did the market respond to the PPI results in July 2022?

In July 2022, the PPI results were worse than expected but showed an increase month over month. Despite this, the market rallied, indicating a potential bottom formation on the daily chart.

What trend was observed in the PPI results from August to December 2022?

From August to December 2022, the PPI results often fell short of consensus estimates, yet market sentiment remained influenced by the daily chart trends, leading to varied bullish and bearish responses.

Why is the PPI data important for market analysis?

PPI data is crucial for understanding inflation trends and can significantly impact market sentiment and trading strategies, as seen in the blog's analysis of various months in 2022.

What does a 'bearish' sentiment indicate in the context of PPI results?

A 'bearish' sentiment suggests that market participants expect prices to decline, which can lead to selling pressure. The blog notes several instances where PPI results aligned with bearish market trends.