

Food Prices Helped Lift Wholesale Inflation in April

After dropping 1.2 percent in March, wholesale prices for finished goods increased 0.3 percent led by a 1.5 percent surge in food costs. The increase in core finished goods prices was in line with expectations at 0.1 percent. Economic weakness in the U.S. and abroad should drag wholesale prices lower over the coming months.

Broad Price Hikes Seen in Most Food Categories

- Finished goods prices fell 3.7 percent, year over year, marking the fifth consecutive month in negative territory.
- Food prices, which represent close to 19 percent of the total index, jumped 1.5 percent last month following a 0.7 percent decline in March. Egg prices, the big story here, sky-rocketed 43.7 percent while solid gains were also recorded in beef & veal, chicken, pork and fresh fruits & vegetables.

Inflation Outlook Remains Muted

- Regarding the core, the 1.3 percent increase in prescription drugs was largely offset by declines in apparel, footwear and tobacco prices. On a year-over-year basis, core prices remain firmly in positive territory, increasing 3.4 percent.
- As evidenced by the soft price trends further back in the production pipeline, economic weakness will exert downward pressure on wholesale inflation in the months ahead.

