



Economics Group

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Import Prices Rose Further in December

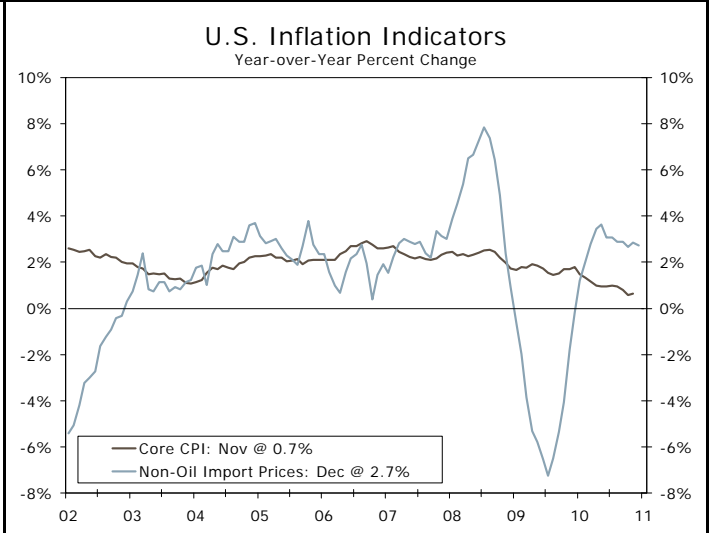
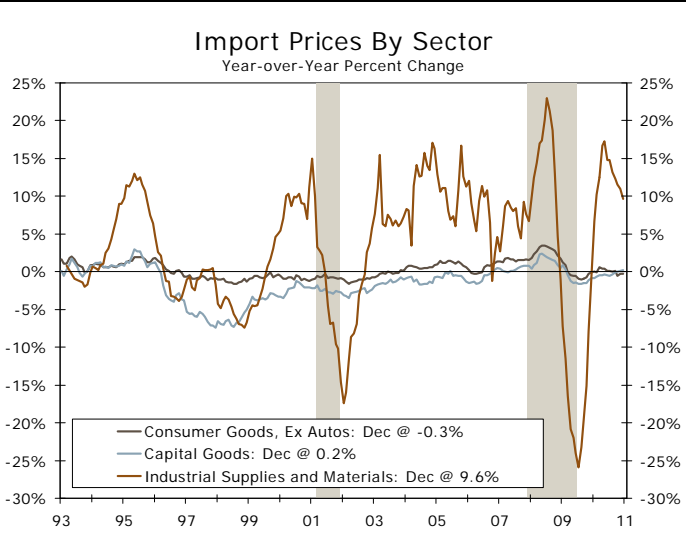
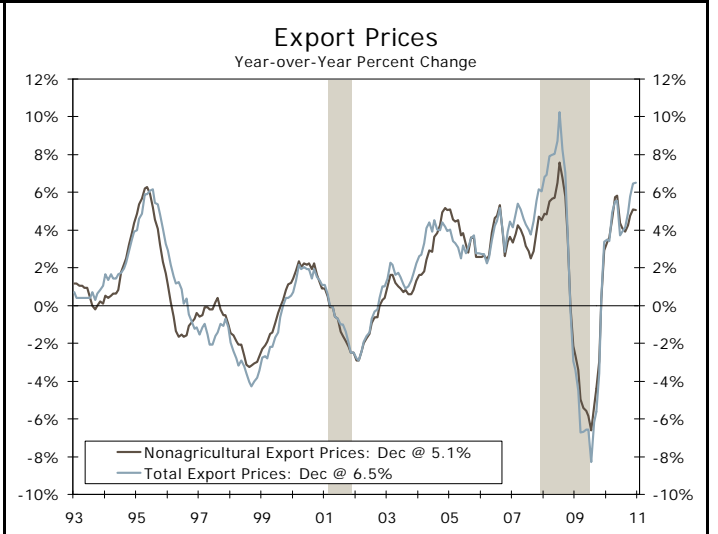
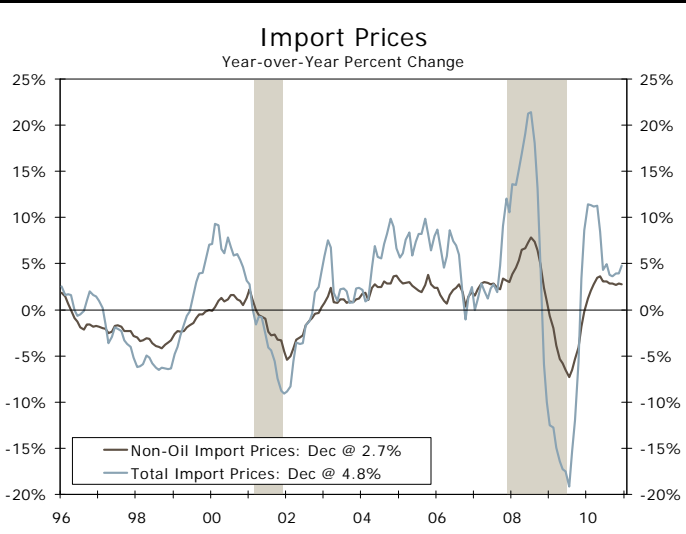
Registering a third consecutive monthly gain above one percent, import prices increased 1.1 percent in December. Once again, higher food and fuel prices proved to be the primary drivers.

Higher Commodity Prices to Blame

- Led by a 4.1 percent gain in fuel and 1.3 percent rise in food, total import prices posted another strong increase last month. The weaker dollar and rebounding global demand, particularly from emerging markets, continue to push commodity prices higher. For the year, import prices were up 4.8 percent.
- Nonfuel prices remain firm, up 0.3 percent last month and 3.0 percent over the past year.

Export Prices Record Largest Annual Gain in 2010

- Healthy increases from total exports prices continued last month as well, up 0.7 percent. The gain was broad based across agricultural and nonagricultural exports. The 6.5 percent increase for all of 2010 marked the largest annual increase since records started in 1983.
- While the pass-through of higher input costs to the consumer remains limited at present, deflation concerns have eased.



Source: U.S. Department of Labor and Wells Fargo Securities, LLC

Wells Fargo Securities, LLC Economics Group

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