

Economics Group

Sam Bullard, Senior Economist
sam.bullard@wellsfargo.com • (704) 383-7372
 Eugenio Aleman, Senior Economist
eugenio.j.aleman@wellsfargo.com • (704) 715-0314

Wholesale Prices Continue to Rise in April

Once again led by sharply higher prices for wholesale energy goods, headline finished goods prices rose by a stronger-than-expected 0.8 percent in April. The increase in core wholesale prices was more restrained.

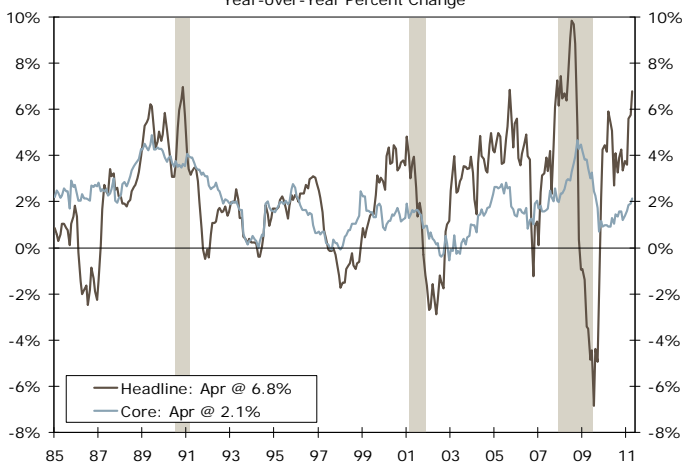
Energy Prices Continue to Push PPI Higher

- Increasing for the tenth consecutive month, headline PPI rose 0.8 percent in April. Roughly three-quarters of the increase was tied to a 2.5 percent jump in the prices for finished energy goods. Following a modest decline in March, food prices increased 0.3 percent and are up at an annualized 17.0 percent pace over the past three months. Year over year, headline PPI is up 6.8 percent, its fastest pace since September 2008.

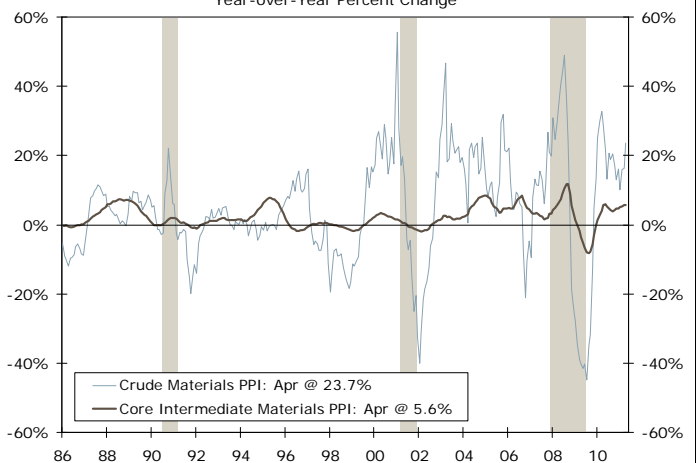
Pressures Still Building in Pipeline

- Inflationary pressures further back in the production pipeline continue to build. The intermediate and crude indices posted solid increases, up 1.8 percent and 4.0 percent, respectively.
- While commodities continue to lift early-stage price indices, the pass-through from crude to intermediate through to finished goods has not been that strong recently and has yet to become problematic for consumer inflation in our opinion.

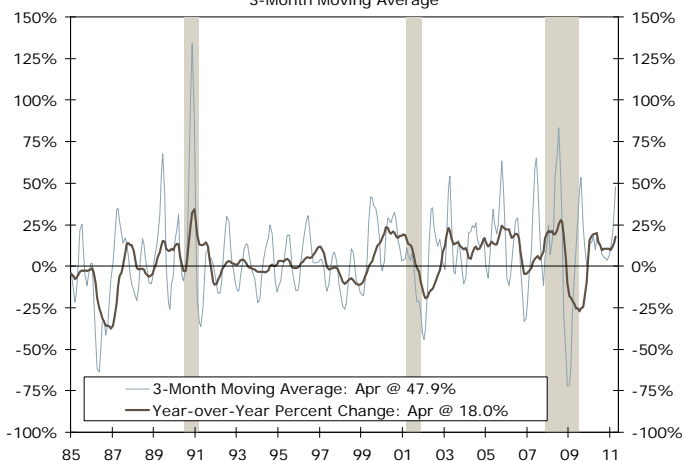
Finished Goods Producer Price Index
 Year-over-Year Percent Change



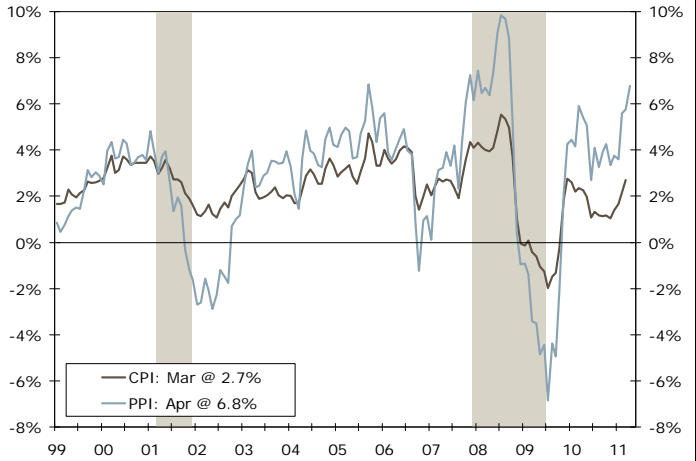
Core Intermediate & Crude Materials PPI
 Year-over-Year Percent Change



Finished Energy Goods PPI
 3-Month Moving Average



Consumer Price Index vs. Producer Price Index
 Year-over-Year Percent Change



Wells Fargo Securities, LLC Economics Group

Diane Schumaker-Krieg	Head of Research & Economics	(704) 715-8437 (212) 214-5070	diane.schumaker@wellsfargo.com
Paul Jeanne	Associate Director of Research & Economics	(443) 263-6534	paul.jeanne@wellsfargo.com
John E. Silvia, Ph.D.	Chief Economist	(704) 374-7034	john.silvia@wellsfargo.com
Mark Vitner	Senior Economist	(704) 383-5635	mark.vitner@wellsfargo.com
Jay Bryson, Ph.D.	Global Economist	(704) 383-3518	jay.bryson@wellsfargo.com
Scott Anderson, Ph.D.	Senior Economist	(612) 667-9281	scott.a.anderson@wellsfargo.com
Eugenio Aleman, Ph.D.	Senior Economist	(704) 715-0314	eugenio.j.aleman@wellsfargo.com
Sam Bullard	Senior Economist	(704) 383-7372	sam.bullard@wellsfargo.com
Anika Khan	Economist	(704) 715-0575	anika.khan@wellsfargo.com
Azhar Iqbal	Econometrician	(704) 383-6805	azhar.iqbal@wellsfargo.com
Ed Kashmarek	Economist	(612) 667-0479	ed.kashmarek@wellsfargo.com
Tim Quinlan	Economist	(704) 374-4407	tim.quinlan@wellsfargo.com
Michael A. Brown	Economist	(704) 715-0569	michael.a.brown@wellsfargo.com
Tyler B. Kruse	Economic Analyst	(704) 715-1030	tyler.kruse@wellsfargo.com
Joe Seydl	Economic Analyst	(704) 715-1488	joseph.seydl@wellsfargo.com
Sarah Watt	Economic Analyst	(704) 374-7142	sarah.watt@wellsfargo.com

Wells Fargo Securities Economics Group publications are produced by Wells Fargo Securities, LLC, a U.S broker-dealer registered with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, and the Securities Investor Protection Corp. Wells Fargo Securities, LLC, distributes these publications directly and through subsidiaries including, but not limited to, Wells Fargo & Company, Wells Fargo Bank N.A, Wells Fargo Advisors, LLC, and Wells Fargo Securities International Limited. The information and opinions herein are for general information use only. Wells Fargo Securities, LLC does not guarantee their accuracy or completeness, nor does Wells Fargo Securities, LLC assume any liability for any loss that may result from the reliance by any person upon any such information or opinions. Such information and opinions are subject to change without notice, are for general information only and are not intended as an offer or solicitation with respect to the purchase or sales of any security or as personalized investment advice. Wells Fargo Securities, LLC is a separate legal entity and distinct from affiliated banks and is a wholly owned subsidiary of Wells Fargo & Company © 2011 Wells Fargo Securities, LLC.

SECURITIES: NOT FDIC-INSURED/NOT BANK-GUARANTEED/MAY LOSE VALUE

