

## Economics Group

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# Headline Wholesale Prices Lower-than-Expected

**The Producer Price Index (PPI) fell 0.1 percent in April driven by a decline in gasoline prices. Core PPI rose 0.2 percent. Measures of economic slack continue to suggest inflationary pressures are benign.**

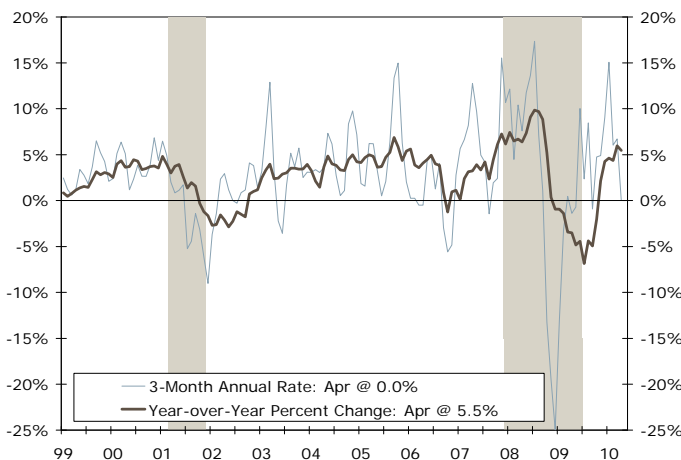
### Headline Prices Pushed Lower by a Drop in Energy

- The PPI for total finished goods fell 0.1 percent in April, fueled by a 2.7 percent decrease in gasoline prices. Food prices also fell due to price declines in fresh and dry vegetables and eggs. Core finished goods rose 0.2 percent with much of the increase due to higher passenger car prices. Capital equipment prices rose 0.2 percent driven by an increase in civilian aircraft prices. Light truck prices were down 0.2 percent on the month.

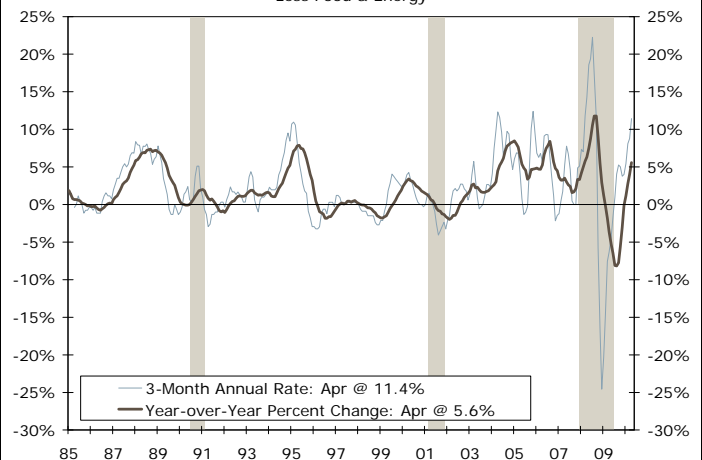
### Further Back in the Pipeline, Pressure Is Building

- Core intermediate prices are 5.6 percent higher from year ago levels. Rising commodity prices continue to put upward pressure on core intermediate and raw materials prices due to improving global demand. Core raw materials prices grew 4.0 percent on the month. While pipeline price pressures continue to mount, we do not expect them to pass through to finished goods due to high levels of spare capacity.

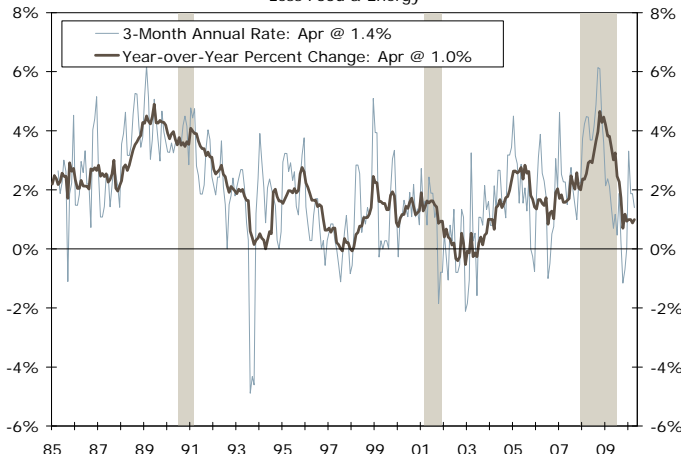
Finished Goods Producer Price Index



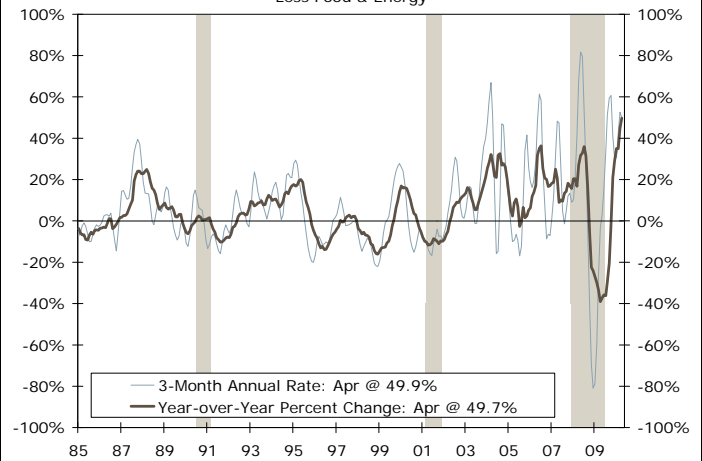
Core Intermediate Goods Producer Price Index  
 Less Food & Energy



Core Finished Goods Producer Price Index  
 Less Food & Energy



Core Crude Materials Producer Price Index  
 Less Food & Energy



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

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