

# Economics Group

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## Significant Rise in PPI Driven by Surge in Gasoline Prices

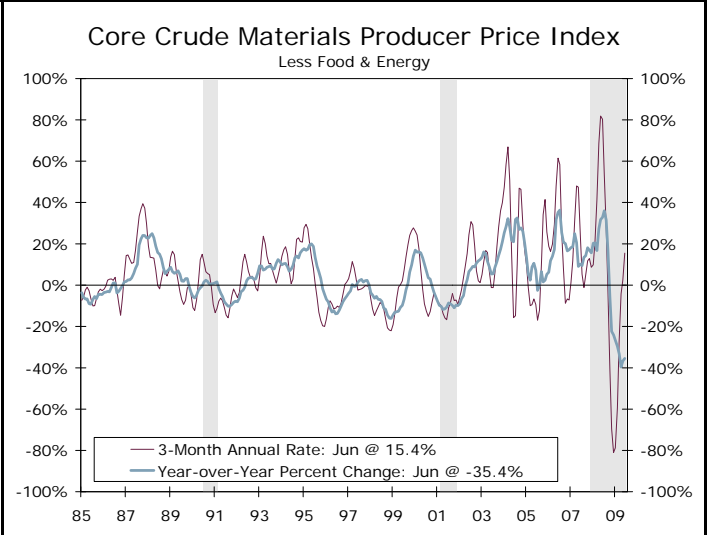
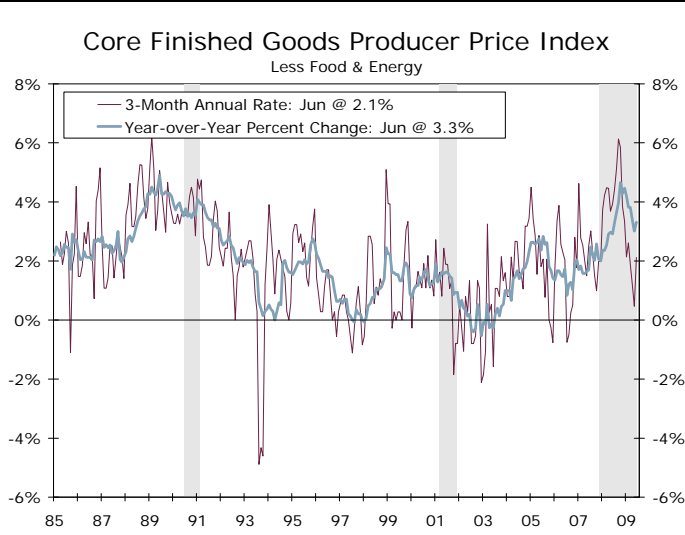
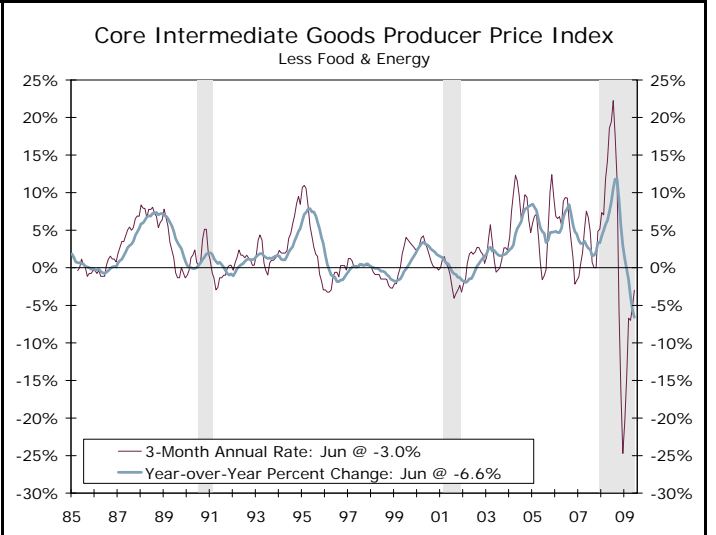
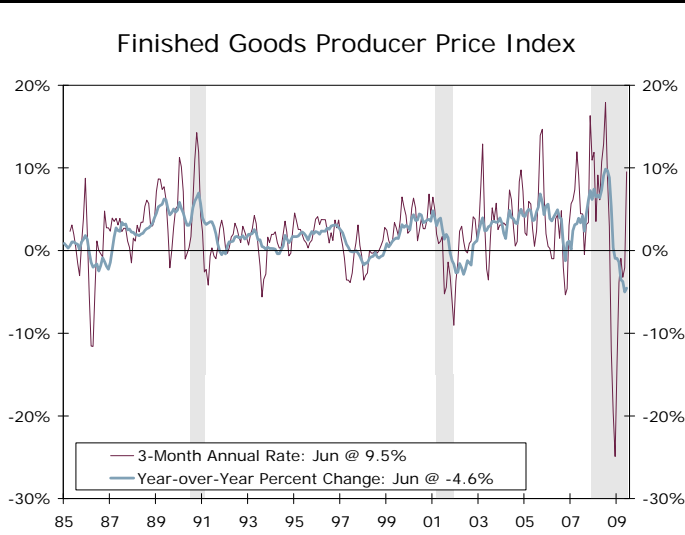
**The Producer Price Index (PPI) rose 1.8 percent in June, far exceeding expectations. The increase was driven by a strong gain in gasoline prices. PPI, excluding food and energy rose 0.5 percent.**

### Headline PPI Buoyed by Spike in Gasoline Prices

- The PPI for total finished goods rose 1.8 percent in June driven by an out-sized gain in gasoline prices, which were up 18.5 percent on the month. Food prices rose 1.1 percent, but are now down 25.2 percent year over year. Vegetables and eggs prices both rose significantly. Consumer goods prices are now down 6.4 percent year over year.

### Further Back in the Pipeline Prices Remain Subdued

- Core PPI rose 0.5 percent on the month. Core intermediate goods prices are now down 6.6 percent year over year and suggest that pipeline inflation pressures should remain subdued. Core raw materials prices rose 2.6 percent on the month, but are down 35.6 percent year over year. Economic weakness should continue to exert downward pressure on wholesale inflation in the months ahead.



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

## Wells Fargo Securities, LLC Economics Group

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