

Economics Group

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Import Prices Buoyed by Petroleum in May

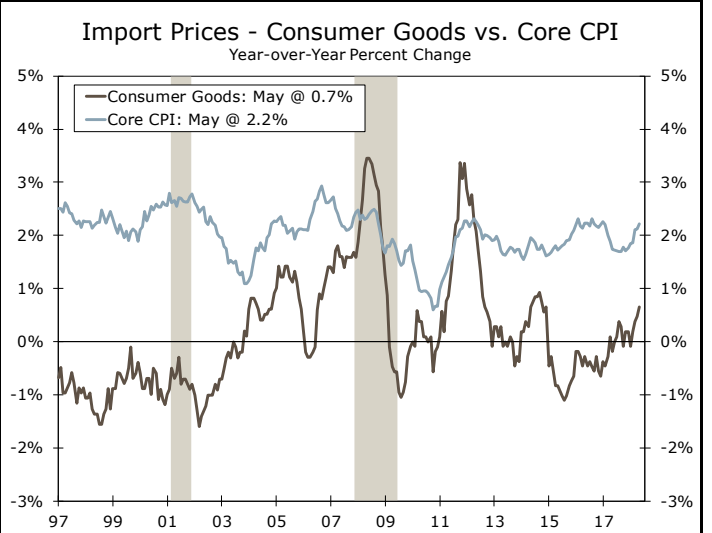
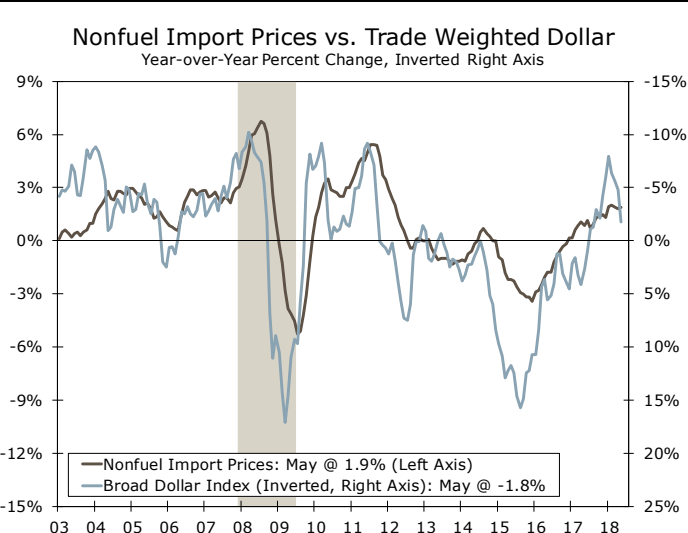
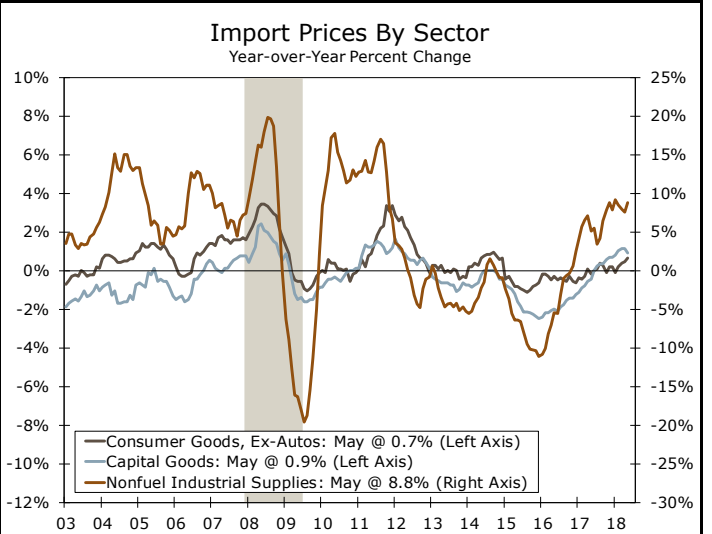
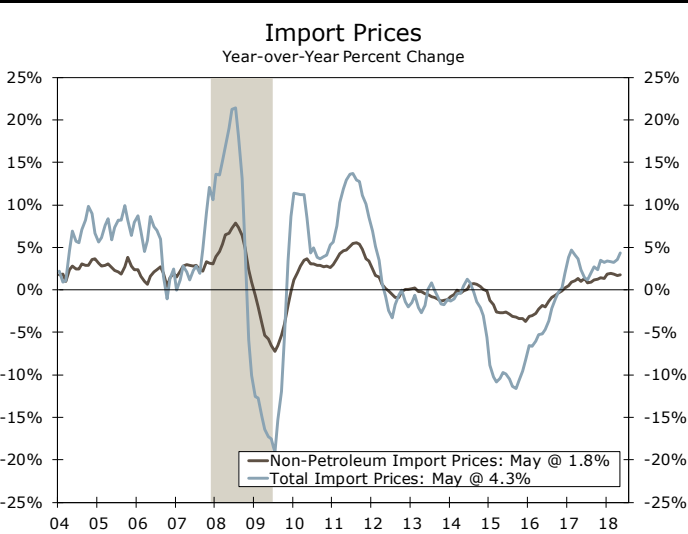
Import prices jumped 0.6 percent in May on the back of higher fuel costs. Ex-fuel, import prices continue to rise at a moderate rate and do not pose an immediate threat to more closely watched consumer inflation.

Fueled by Fuel

- A surge in petroleum costs propelled import prices 0.6 percent higher in May and 4.3 percent above year-ago levels.
- Excluding fuel, import price inflation was more muted and advanced 0.2 percent. Since the start of the year, the rebound in the dollar and slightly cooler global growth has curtailed the upward momentum in import prices. Ex-fuel, prices are up 1.9 percent year over year, on par with the pace in January.

Import Prices for Consumer Goods Still Fairly Tame

- As industrial activity in the U.S. and abroad has ramped back up over the past year, price growth for related imports and capital goods has strengthened. Prices for imported consumer goods has picked up more recently, but, having risen only 0.7 percent over the past year, pose little threat to overall consumer price inflation.
- Export prices have been bolstered by higher energy and ag. prices, but ex-food and fuel also increased to 3.0 percent yr/yr growth.



Source: U.S. Department of Labor, Federal Reserve Board and Wells Fargo Securities

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