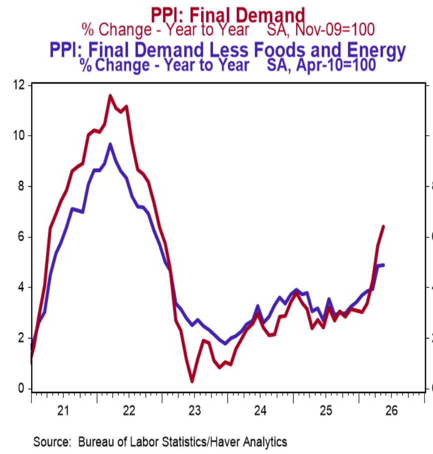
# First Trust DATAWATCH

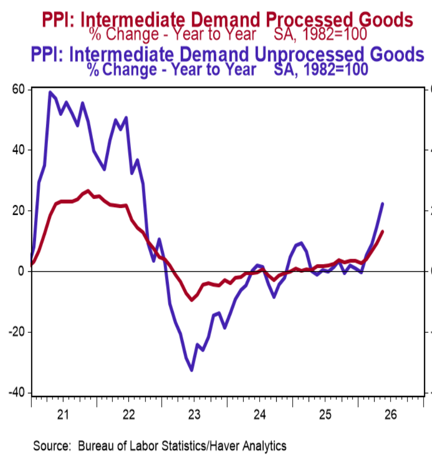
June 11, 2026 • 630.517.7756 • www.ftportfolios.com

# May PPI

**Nate Gerze, CFA** – Economist
**Brian S. Wesbury** – Chief Economist
**Robert Stein, CFA** – Dep. Chief Economist

- The Producer Price Index (PPI) rose 1.1% in May, above the consensus expected +0.7%. Producer prices are up 6.5% versus a year ago.
- Energy prices increased 10.7% in May, while food prices rose 0.6%. Producer prices excluding food and energy rose 0.4% in May and are up 4.9% versus a year ago.
- In the past year, prices for goods are up 10.4%, while prices for services have increased 4.9%. Private capital equipment prices declined 0.1% in May but are up 4.1% in the past year.
- Prices for intermediate processed goods increased 3.5% in May and are up 13.3% versus a year ago. Prices for intermediate unprocessed goods rose 4.9% in May and are up 22.2% versus a year ago.




**Implications:** The ongoing conflict in the Middle East continues to fuel inflation, as producer prices rose 1.1% in May, matching the increase from last month for the fastest pace in four years. Unlike in April where we saw a broad increase across categories, the surge in May was mostly limited to energy, which jumped 10.7%, driven by a 23.4% surge in gasoline prices. The 2.8% rise in goods prices marked the largest on record since the series began in December 2009. In turn, goods were responsible for nearly eighty percent of the headline increase. Looking at the services side of the index tells a different story, with prices rising a more modest 0.3%, where close to half of the advance was concentrated in portfolio management fees, which rebounded 4.8% after falling 2.3% in April. Meanwhile, final demand trade services (which measures the margins received by wholesalers and retailers) declined 1.1% in May. Further back in the supply chain, prices for unprocessed and processed intermediate goods rose 4.9% and 3.5% respectively. Here price pressures were overwhelmingly led by energy processing, underscoring the spillover effects that higher energy costs have on the economy. We expect volatility and uncertainty to continue in the months ahead as the ongoing conflict in Iran puts further pressure on oil prices and global supply chains. However, sustained movements in overall inflation are led by the money supply, which is up 4.7% in the past year versus the 6% trend prior to COVID when inflation remained low. We expect this monetary tightness will eventually bring inflation down once the conflict in the Middle East ends. Until then, incoming Fed Chair Kevin Warsh and the FOMC are unlikely to do anything with rates. In employment news this morning, initial jobless claims rose 4,000 last week to 229,000, while continuing claims increased 24,000 to 1.795 million.

| **Producer Price Index** *All Data Seasonally Adjusted Except for Yr to Yr* | **May-26** | **Apr-26** | **Mar-26** | **3-mo % Ch.** *annualized* | **6-mo % Ch.** *annualized* | **Yr to Yr** *% Change* |
|---|---|---|---|---|---|---|
| ***Final Demand*** | **1.1%** | 1.1% | 0.7% | 12.1% | 8.9% | 6.5% |
| ***Goods*** | **2.8%** | 1.9% | 2.0% | 30.2% | 16.0% | 10.4% |
| ***- Ex Food & Energy*** | **0.8%** | 0.7% | 0.3% | 7.2% | 6.6% | 5.1% |
| ***Services*** | **0.3%** | 0.7% | 0.2% | 5.4% | 6.2% | 4.9% |
| ***Private Capital Equipment*** | **-0.1%** | 1.0% | 0.5% | 5.7% | 5.4% | 4.1% |
| ***Intermediate Demand*** | | | | | | |
| ***Processed Goods*** | **3.5%** | 2.7% | 2.9% | 43.4% | 23.9% | 13.3% |
| ***- Ex Food & Energy*** | **1.8%** | 1.6% | 0.7% | 18.0% | 13.4% | 14.7% |
| ***Unprocessed Goods*** | **4.9%** | 1.5% | -0.3% | 26.8% | 43.1% | 22.2% |
| ***- Ex Food & Energy*** | **2.6%** | -0.5% | 0.9% | 12.5% | 21.6% | 22.3% |
| ***Services*** | **0.5%** | 0.9% | 0.0% | 5.7% | 6.1% | 4.7% |

*Source: Bureau of Labor Statistics*