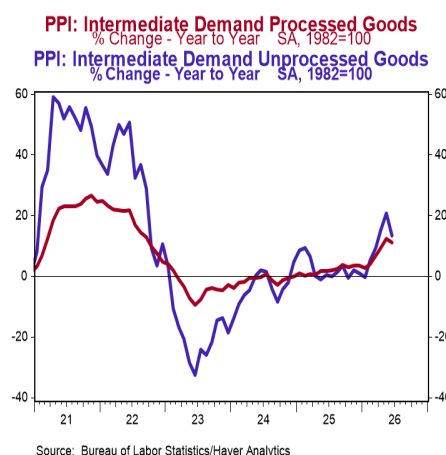
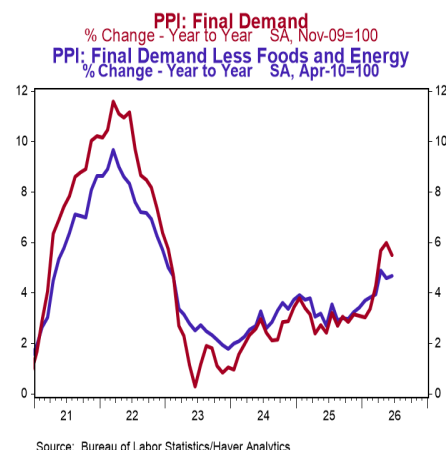


June PPI

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- The Producer Price Index (PPI) declined 0.3% in June, well below the consensus expectation of no change. Producer prices are up 5.5% versus a year ago.
- Energy prices dropped 6.4% in June, while food prices declined 0.6%. Producer prices excluding food and energy rose 0.2% in June and are up 4.7% versus a year ago.
- In the past year, prices for goods are up 7.9%, while prices for services have increased 4.6%. Private capital equipment prices declined 1.1% in June but are up 2.0% in the past year.
- Prices for intermediate processed goods declined 1.2% in June but are up 11.1% versus a year ago. Prices for intermediate unprocessed goods fell 4.1% in June but are up 13.0% versus a year ago.

Implications: Following in the footsteps of yesterday's [CPI report](#), the Producer Price Index surprised to the downside in June as lower energy prices after the temporary peace agreement between the U.S. and Iran pushed producer costs lower. The 0.3% headline decline in June was well below the consensus expectation of no change and was led by a 1.4% drop in goods prices. Within goods, nearly two-thirds of the decline can be traced to a 12.0% drop for gasoline prices. Food prices (-0.6%) and other energy-related categories such as diesel fuel, jet fuel, and crude petroleum also fell. On the services side, prices rose 0.2% after declining 0.1% in May. Half of the June increase for services can be traced to margins received for fuels and lubricants retailing, which jumped 13.0%, suggesting retailers were slow to pass lower wholesale fuel costs on to consumers. Further back in the supply chain, prices for unprocessed and processed intermediate goods fell 1.2% and 4.1% respectively, largely resulting from lower prices for energy processing. Excluding food and energy, "core" producer prices increased 0.2% in June, while the twelve-month change eased to 4.7%, though it remains well above the 2.7% increase for the twelve months ending in June 2025. Overall producer prices are up 5.5% in the past year, more than double the 2.4% change from the twelve months ending in June 2025. While this report may be a welcome sign for the Federal Reserve, inflation remains well above their official 2.0% target no matter which way you cut it. Meanwhile, the peace agreement between the U.S. and Iran appears to be falling apart, meaning energy prices could remain volatile in the near term. However, sustained movements in overall inflation are led by the money supply, which is up 5.6% 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. In other news this morning, the Empire State Index – a measure of factory sentiment in the New York region – rose to +15.6 in July from +5.7 in June.



Producer Price Index	Jun-26	May-26	Apr-26	3-mo % Ch.	6-mo % Ch.	Yr to Yr
<i>All Data Seasonally Adjusted Except for Yr to Yr</i>				<i>annualized</i>	<i>annualized</i>	<i>% Change</i>
Final Demand	-0.3%	0.6%	1.1%	5.7%	6.7%	5.5%
Goods	-1.4%	2.3%	1.9%	11.6%	11.9%	7.9%
- Ex Food & Energy	0.2%	0.7%	0.7%	6.7%	6.2%	5.1%
Services	0.2%	-0.1%	0.7%	3.5%	4.6%	4.6%
Private Capital Equipment	-1.1%	-0.9%	1.1%	-3.9%	-0.4%	2.0%
Intermediate Demand						
Processed Goods	-1.2%	2.8%	2.7%	18.6%	19.2%	11.1%
- Ex Food & Energy	0.6%	1.7%	1.7%	16.9%	12.7%	12.3%
Unprocessed Goods	-4.1%	3.2%	1.7%	2.7%	23.1%	13.0%
- Ex Food & Energy	-1.2%	2.5%	-0.4%	3.4%	13.7%	19.9%
Services	0.3%	0.6%	0.9%	7.4%	5.8%	5.0%

Source: Bureau of Labor Statistics