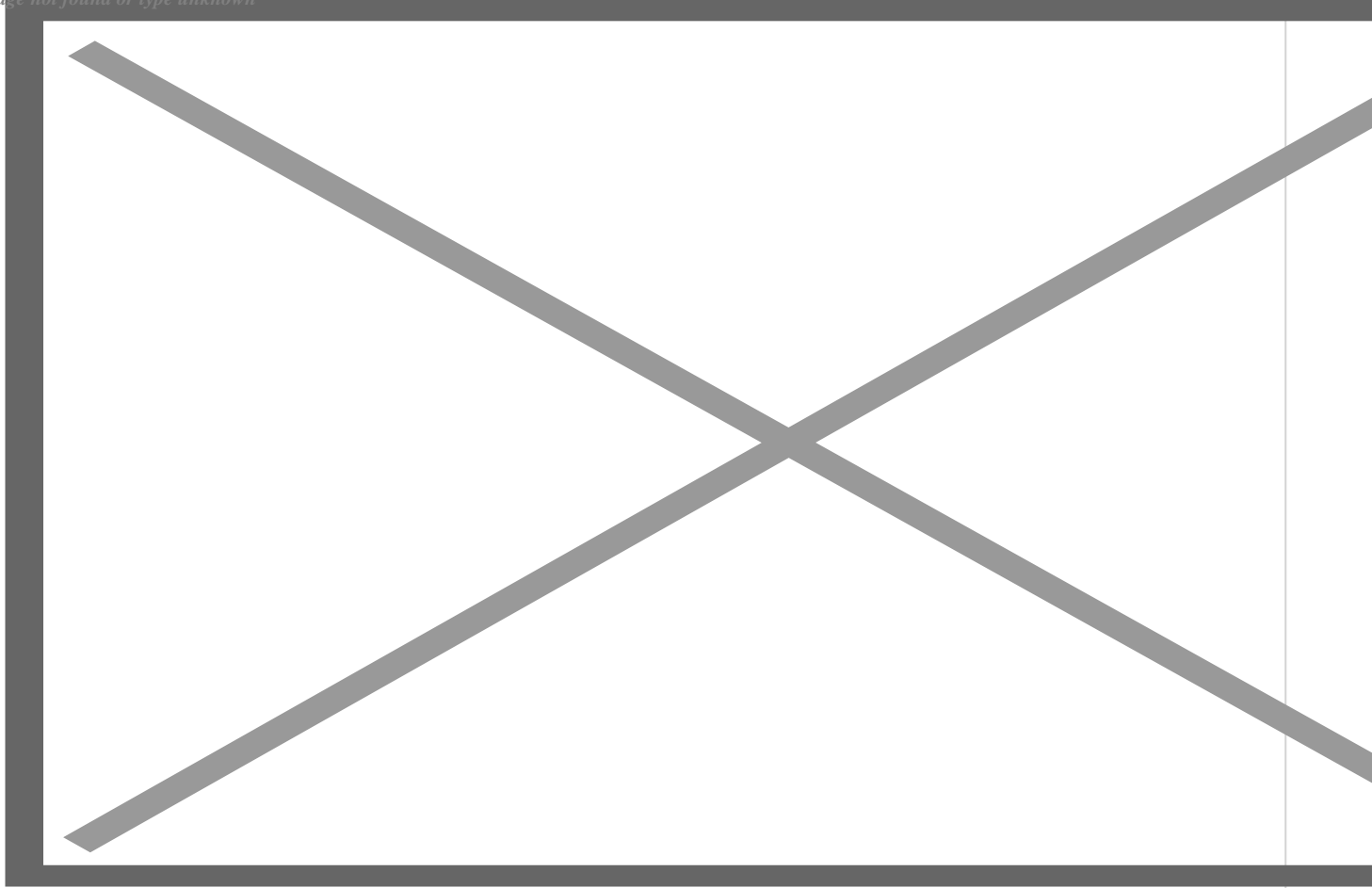


U.S. producer prices jump 11% in April as cost of food soars

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Shopping in a grocery store in Manhattan, New York City, U.S.

New York, May 13 (RHC)-- United States producer prices soared 11 percent in April from a year earlier, a hefty gain that indicates high inflation will remain a burden for consumers and businesses in the months ahead.

The Department of Labor said Thursday that its producer price index — which measures inflation before it reaches consumers — climbed 0.5 percent in April from March. That is a slowdown from the previous month, however, when it jumped 1.6 percent.

The report included some signs that price increases are moderating, but at a painfully high level. The year-over-year increase in April fell from the 11.5 percent annual gain in March, the first decline in the yearly data since December 2020. And the monthly gain of 0.5 percent was the smallest in seven months.

Yet prices are still rising at a historically rapid clip. Food costs rose 1.5 percent just in April from March, while shipping and warehousing prices leapt 3.6 percent. New car prices rose 0.8 percent.

The producer price data captures inflation at an earlier stage of production and can sometimes signal where consumer prices are headed. It also feeds into the Federal Reserve's preferred measure of inflation, the personal consumption expenditures price index.

These new figures came just one day after the government released consumer price data for April, which showed that inflation leapt 8.3 percent last month from a year ago. That increase is down slightly from the four-decade high in March of 8.5 percent. On a monthly basis, inflation rose 0.3 percent in April from March, the smallest increase in eight months.

Still, there were plenty of signs in the consumer price report that inflation will remain stubbornly high, likely for the rest of this year and into 2023. Rents rose faster as many apartment buildings have lifted monthly payments for new tenants. Prices for airline tickets jumped by the most on records dating to 1963. And food prices continued to rise sharply.

The Federal Reserve has stepped up its fight against rampant price increases, lifting its benchmark short-term interest rate by a half-point last week to a range of 0.75 percent and 1 percent. That increase is double its usual quarter-point rise.

Fed Chair Jerome Powell also signalled the Fed will likely increase rates by a half-point in June and July. Several Fed officials have said they would like to get its benchmark rate to roughly 2.5 percent by the end of this year, which would constitute the fastest pace of increases in 33 years.

The prospect of higher interest rates and the potential that they could push the economy into recession has badly rattled financial markets this month.

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