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# Producer prices post biggest gain in four years as inflation rises

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WASHINGTON · U.S. producer prices posted their biggest increase in four years in April, boosted by soaring costs for goods and services, the latest sign of accelerating inflation amid the war with Iran and presenting President Donald Trump with a political headache at home as he arrived in Beijing for meetings with China's leader.



The larger-than-expected rise in the Producer Price Index reported by the Labor Department on Wednesday followed on the heels of news Tuesday of another solid increase in consumer prices, which resulted in the annual inflation rate advancing at its fastest pace in three years.

Rising inflation, stoked by the U.S.-Israeli war with Iran, is exerting financial pressure on households. Trump, on his way to China on Tuesday, said "I don't think about Americans' financial situation" in making decisions as he seeks to negotiate an end to the war, adding that preventing Tehran from acquiring a nuclear weapon is his top priority.

The increase in inflation is becoming pervasive, posing a challenge for the Federal Reserve. Financial markets expect the U.S. central bank to keep its benchmark overnight interest rate in the 3.50%-3.75% range into 2027.

"The jump in input prices portends further increases for consumer prices in May," said Ben Ayers, senior economist at Nationwide. "We expect the hawkish wing of the FOMC to advocate for an extended pause in interest rates even with incoming Fed Chair Kevin Warsh likely to prefer to lower rates over time."

The PPI for final demand surged 1.4% last month, the largest rise since March 2022, after an upwardly revised 0.7% advance in March, the Labor Department's Bureau of Labor Statistics said.

Producer prices have increased strongly this year, partly driven by higher energy costs, as war disrupted shipping in the Strait of Hormuz. The conflict is straining global supply chains, causing shortages of a wide range of goods, including fertilizers, aluminum and consumer products.

In the 12 months through April, the PPI jumped 6.0%. That was the largest increase since December 2022 and followed a 4.3% rise in March. Part of the surge in the year-on-year PPI rate reflected last year's low readings dropping out of the calculation.

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A 1.2% increase in services accounted for nearly 60% of the jump in the monthly PPI. The biggest advance in services in four years was driven by a 2.7% surge in margins received by wholesalers and retailers, indicating that businesses were passing on rising costs to consumers.