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Fed's Last Look at Inflation Shows Cooling Trend

By Gabriel T. Rubin June 14, 2023

Federal Reserve policymakers got one more inflation reading Wednesday morning and it showed the recent cooling pattern continued.

U.S. supplier prices rose 1.1% in May from a year earlier, the Labor Department said. That was a significant slowdown from the 2.3% increase in April and the 11.1% jump a year ago.

The PPI reading is among the last data points Fed officials will see before concluding a policy meeting today, though they focus more closely on consumer inflation.

PPI fell 0.3% in May from the previous month. Without volatile food and energy prices, the index increased 0.2% from the prior month and was up 2.8% from a year earlier.

Cooling supplier prices can signal a subsequent slowdown in consumer inflation. The consumer-price index rose 4% in May from a year earlier, less than half its peak rate last year but well above the Fed's 2% inflation target.

Given the supplier trends, "we should expect retailers to soon pass some of those lower costs on to consumers," said **Bernard Baumohl, chief global economist at The Economic Outlook Group.**

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