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Economics

US Producer Prices Surprise With Biggest Decline Since October

- PPI fell 0.2% in May on sharp decrease in energy costs
- Most categories that feed Fed's favored price gauge were tame

By Matthew Boesler



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US producer prices unexpectedly declined in May by the most in seven months, another welcome development that will strengthen the Federal Reserve's confidence in moderating inflation.

The producer price index for final demand decreased 0.2% from a month earlier, lower than all estimates in a Bloomberg survey of economists. Compared with a year ago, the PPI rose 2.2%, Bureau of Labor Statistics data showed Thursday.