Wholesale Prices Plummeted Amid Virus-Driven Lockdowns

The Federal Reserve has been a leader in combating the economic recession brought about by the Covid-19 pandemic, but the central bank wants Congress to pick up more of the slack.

The U.S. wholesale price index fell 8.7% in April from March, the biggest monthly drop on record going back at least a century. The drop was led by energy prices, which fell 36.6%.

Other goods also fell sharply. Wholesale prices of vehicles and parts tumbled 14.3% in April. Food prices fell 1.5%.

Inflation was a driver of the recession, the Federal Reserve has said, as virus-driven lockdowns slammed the economy and sent businesses and households into a financial tailspin.

“Coronavirus-related shutdowns have pushed down demand and inflation pressures,” David Yeager, chief economist at Wells Fargo, said in a report Wednesday to clients.

U.S. wholesale prices posted their biggest monthly drop on record in April, as the coronavirus pandemic pushed down demand and inflation pressures.

The Fed has held its key interest rate at near-zero levels since March. The central bank said Wednesday it's committed to buying as many government bonds as needed, regardless of the size of the purchases, to keep interest rates low and encourage spending.

The Fed’s new goals. The central bank said Wednesday it’s setting a new target for economic growth. The Fed said it plans to aim for 2% inflation and a jobless rate that is “moderate” over the longer run.