ECONOMIC REPORT

MINNESOTA MANUFACTURING INDEX SPECIAL EDITION:
RAW MATERIAL COST TRENDS

JUNE 2026

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YOUR TRUSTED MANUFACTURING TEAM

Manufacturing and distribution companies face growing challenges in today’s environment, including rapid technology changes, pricing pressures, complex tax requirements, and ongoing talent shortages. At Boyum Barenscheer, we help clients navigate these obstacles and turn opportunity into advantage. Our experienced team partners closely with manufacturers and distributors to address their most important operational, financial, and strategic needs, including:

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- Assurance & Compliance Services
- Accounting & Outsourced Services

WE SHARE YOUR PASSION FOR INNOVATION.

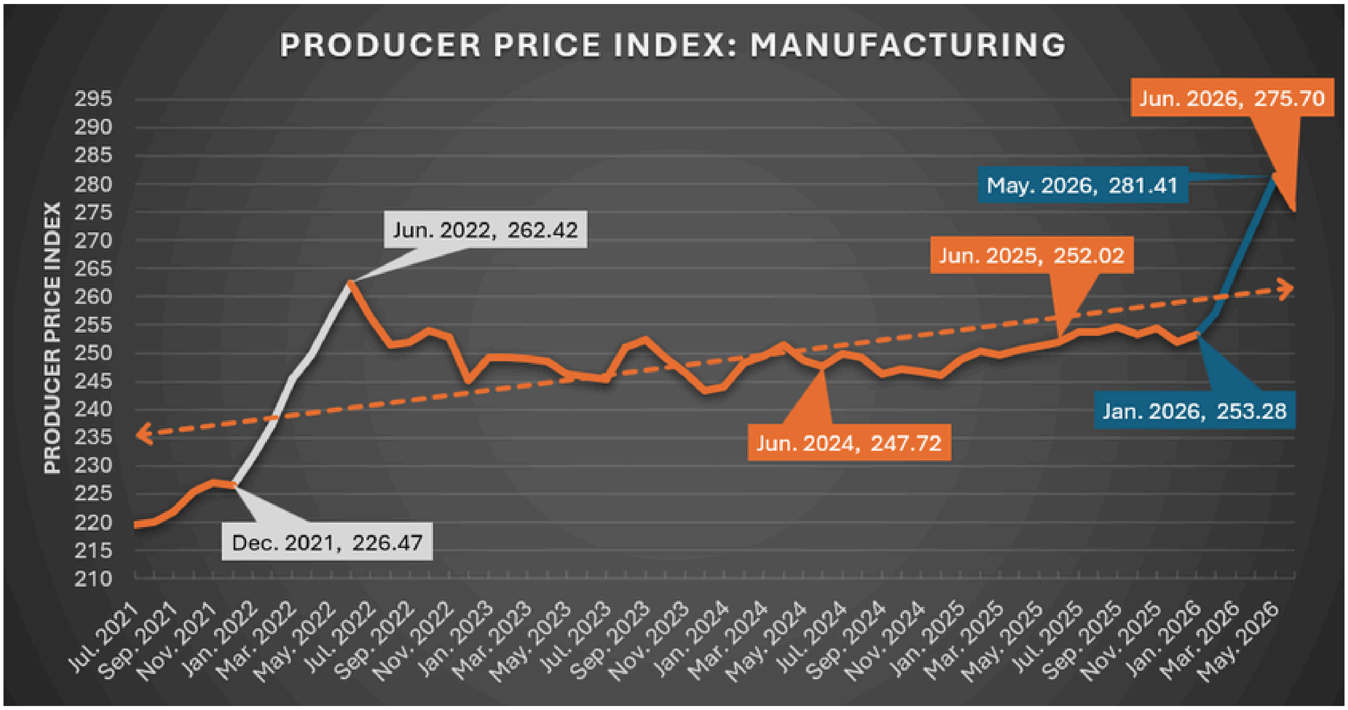
RAW MATERIAL COST TRENDS | JUNE 2026

The following data examines recent raw material cost trends facing Minnesota manufacturers through the lens of the Producer Price Index (PPI), with a focus on commodity-level data most relevant to regional production. Following a brief overview of overall and manufacturing-specific PPI trends, the data is disaggregated across key commodity groups, including metals and metal products, rubber and plastic products, fuels, lumber and wood products, and chemicals and allied products. Each section presents a five-year PPI visual alongside short, medium, and long-term change metrics to highlight the most recent momentum as well as the longer-term momentum. Together, these data points provide manufacturers with insight into how input costs are evolving across major input categories, supporting more informed pricing, purchasing, and strategic decision-making.

To see what has changed since the previous raw material cost trend report, visit the March 2026 Raw Material Cost Trends report **HERE**.

PRODUCER PRICE INDEX

PRODUCER PRICE INDEX: MANUFACTURING



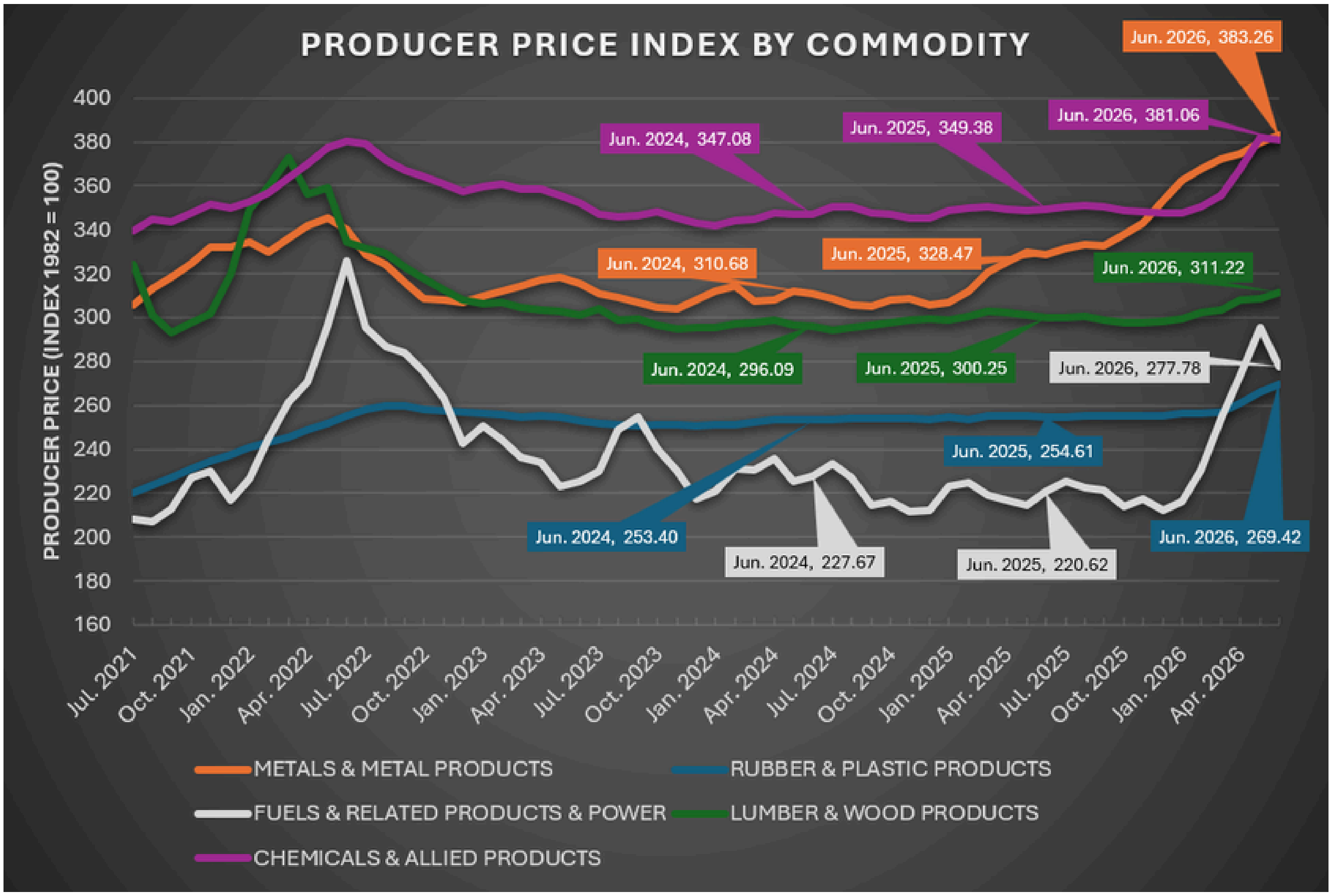
Producer price index received its first pullback in six months after three consecutive months of increases between 2.8% and 3.4%. The 2.0% drawback from May to June 2026 provides hope that May 2026 was the peak, but one month of data cannot predict a trend. PPI spikes like the one experienced in early 2026 often place the most pressure on durable goods manufacturers. The early 2026 cost increases are expected to flow through into the market from durable goods within the next couple months (PPI spikes generally take three to six months before reflection in durable goods GDP).

Continued observation of July and August PPI figures is crucial to planning the remainder of 2026 and the start of 2027. Another increase could intensify margin pressures – requiring pullbacks in other spending, while another easing of PPI can maintain margins and allow for further expansion.

The following data reflects PPI by various commodities. These commodities, in combination with a multitude of other commodities, make up the aggregate PPI that is presented above.

PRODUCER PRICE INDEX

PRODUCER PRICE INDEX: BY COMMODITY



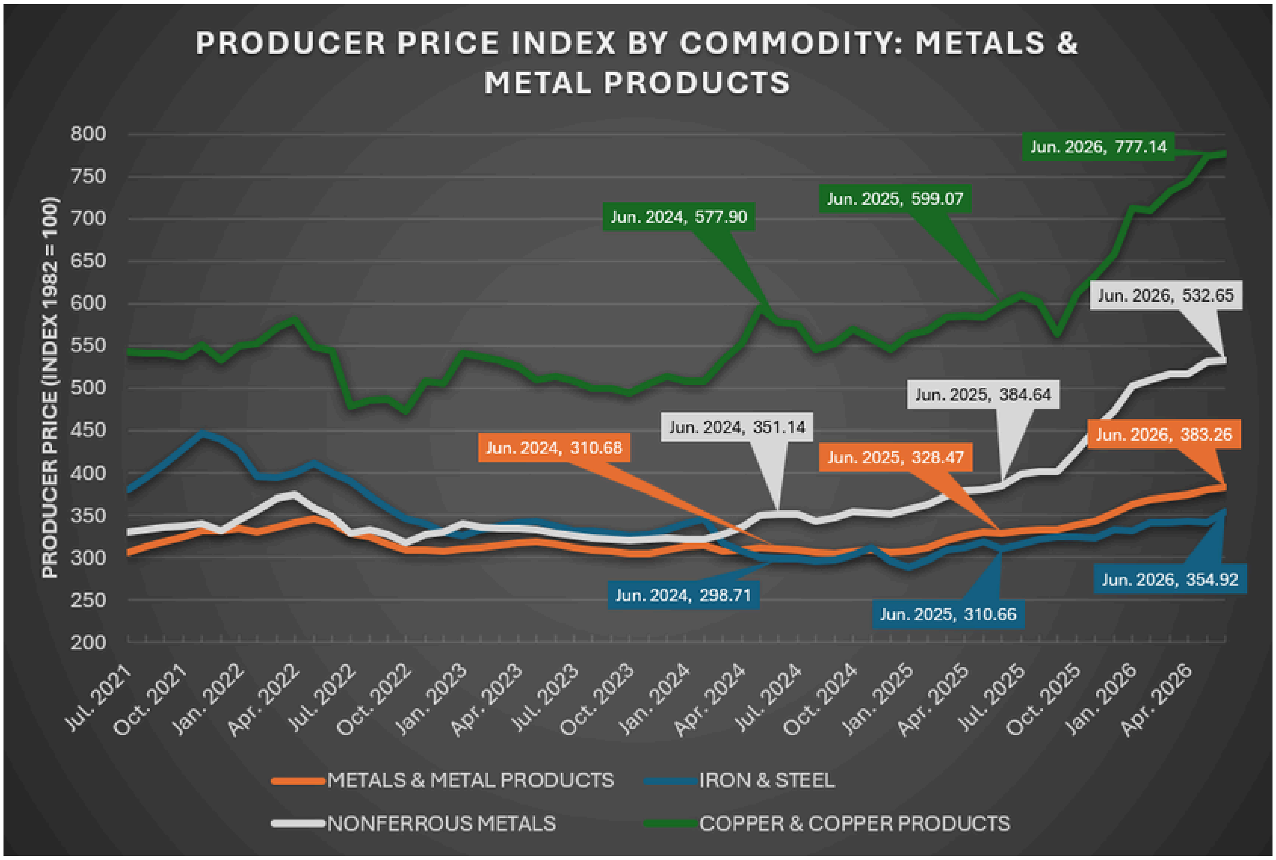
Metals and metal products, rubber and plastic products, fuels and related products and power, lumber and wood products, and chemicals and allied products fall among the most used commodities in Minnesota manufacturing. These sub-indices are disaggregated further in the following pages but generally provide insight into the high-level makeup of overall PPI.

Understanding cost trends of the commodities that are used in a manufacturing process allows for better short and long-term strategic decision making. Input costs often move months before finished goods prices. Rising input costs put unforeseen margin pressure on manufacturers that are unaware of the trend of their inputs, whereas manufacturers that understand the patterns in pricing of their inputs can proactively adjust finished goods prices, search for alternative inputs, or adjust purchasing behaviors to mitigate the effects of price fluctuations. Additionally, understanding commodity-level PPI enhances the ability of manufacturers to more accurately forecast, budget, and plan for multiple scenarios.

PRODUCER PRICE INDEX: DISAGGREGATED BY COMMODITY

The percentage changes below represent the average monthly rate of change over the specified period. For example: 3-month average change - (Month 1 change = +3%, Month 2 change = +2%, Month 3 change = -1%, average of 3%, 2%, and -1% = 1.33%).

PRODUCER PRICE INDEX: METALS & METAL PRODUCTS



METALS & METAL PRODUCTS (OVERALL)

- 3-month average change: **+0.99%**
- 6-month average change: **+1.37%**
- 1-year average change: **+1.30%**
- Change since Jun. 2025: **+16.68%**

IRON & STEEL

- 3-month average change: **+1.29%**
- 6-month average change: **+1.07%**
- 1-year average change: **+1.13%**
- Change since Jun. 2025: **+14.25%**

NONFERROUS METALS

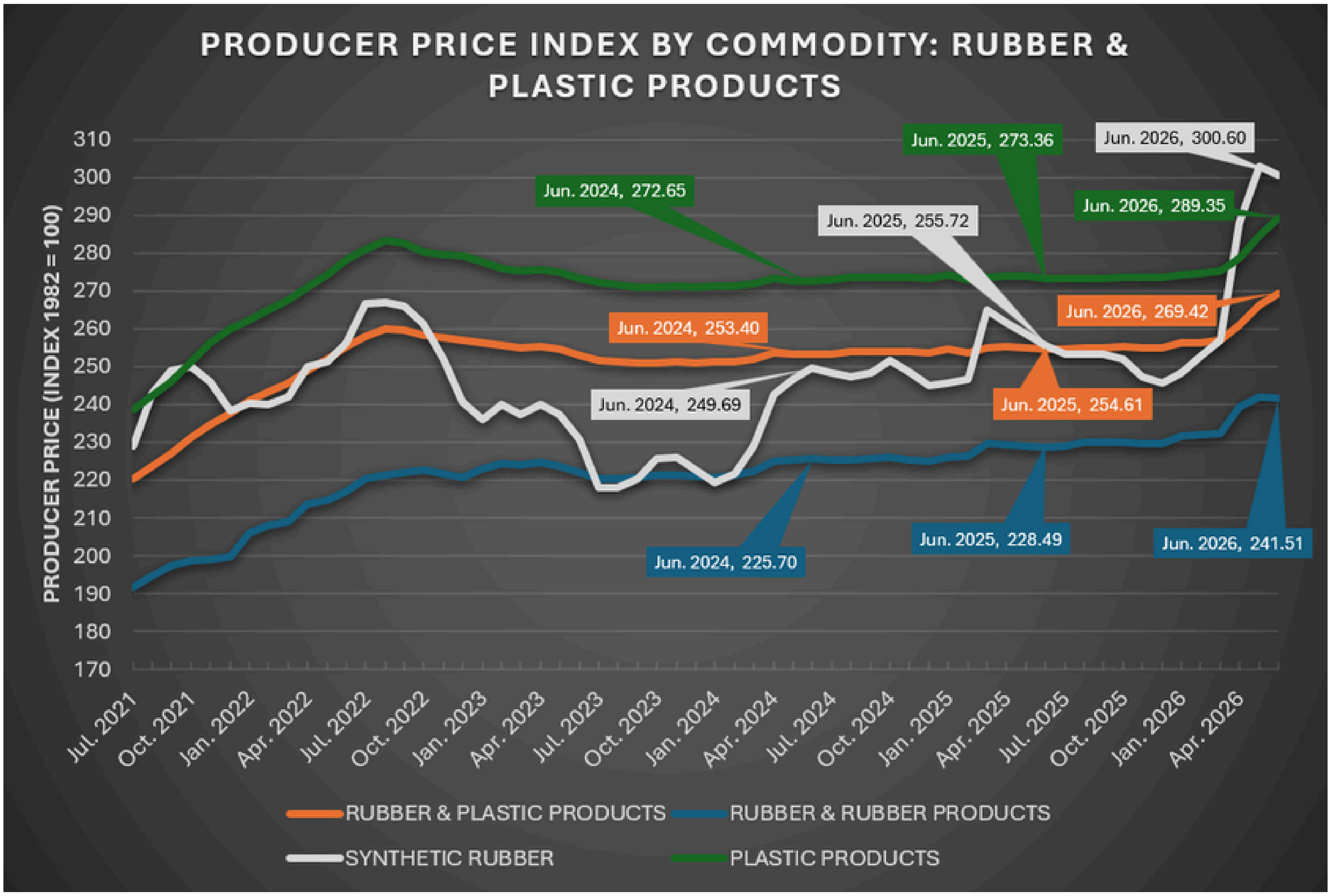
- 3-month average change: **+1.02%**
- 6-month average change: **+2.01%**
- 1-year average change: **+2.78%**
- Change since Jun. 2025: **+38.48%**

COPPER & COPPER PRODUCTS

- 3-month average change: **+1.98%**
- 6-month average change: **+2.83%**
- 1-year average change: **+2.27%**
- Change since Jun. 2025: **+29.73%**

PRODUCER PRICE INDEX: DISAGGREGATED BY COMMODITY

PRODUCER PRICE INDEX: RUBBER & PLASTIC PRODUCTS



RUBBER & PLASTIC PRODUCTS (OVERALL)
- 3-month average change: **+1.57%**
- 6-month average change: **+0.92%**
- 1-year average change: **+0.47%**
- Change since Jun. 2025: **+5.81%**

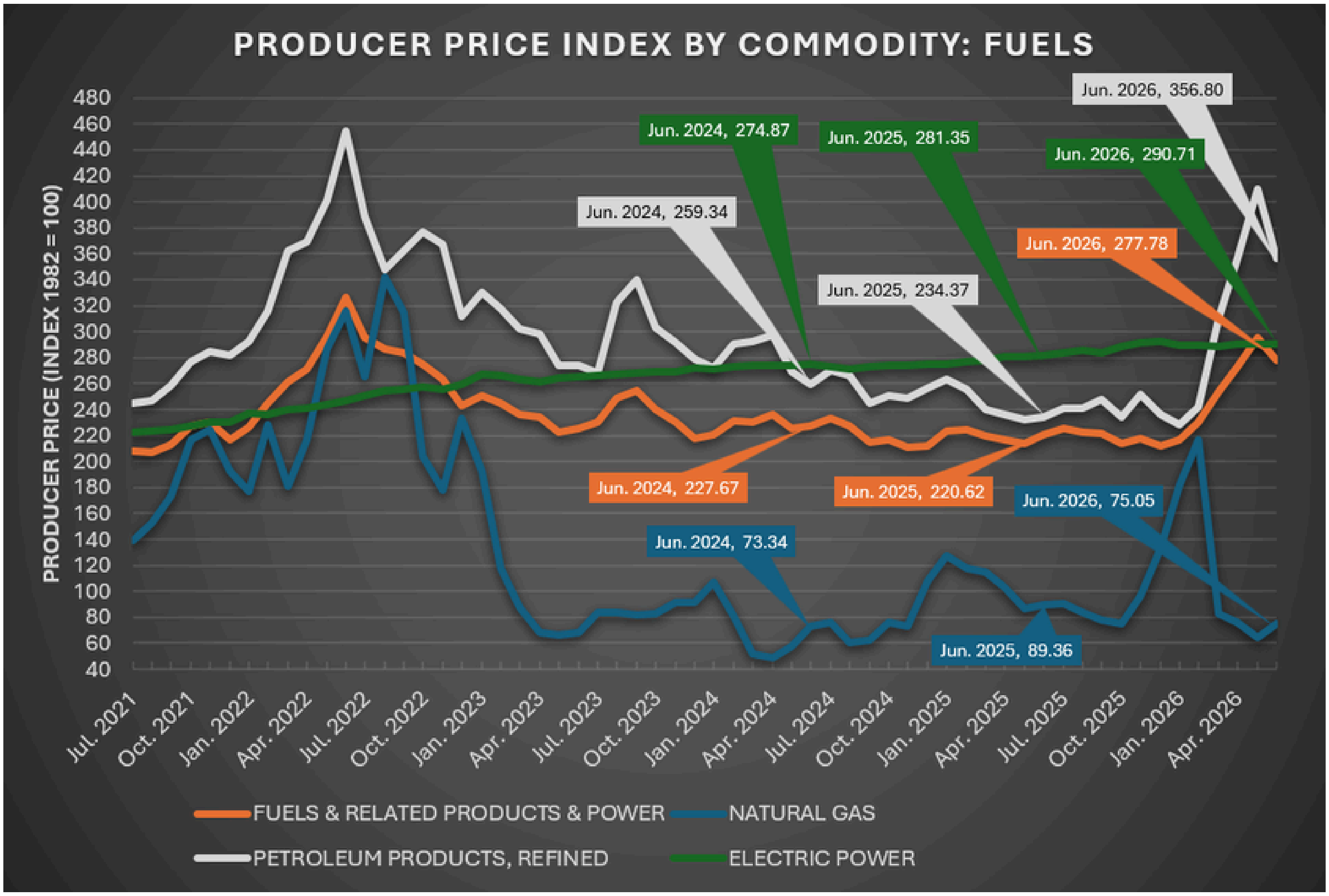
RUBBER & RUBBER PRODUCTS
- 3-month average change: **+1.31%**
- 6-month average change: **+0.86%**
- 1-year average change: **+0.47%**
- Change since Jun. 2025: **+5.70%**

SYNTHETIC RUBBER
- 3-month average change: **+5.52%**
- 6-month average change: **+3.50%**
- 1-year average change: **+1.42%**
- Change since Jun. 2025: **+17.55%**

PLASTIC PRODUCTS
- 3-month average change: **+1.66%**
- 6-month average change: **+0.93%**
- 1-year average change: **+0.48%**
- Change since Jun. 2025: **+5.85%**

PRODUCER PRICE INDEX: DISAGGREGATED BY COMMODITY

PRODUCER PRICE INDEX: FUELS



FUELS & RELATED PRODUCTS & POWER (OVERALL)
- 3-month average change: **+3.24%**
- 6-month average change: **+4.76%**
- 1-year average change: **+2.06%**
- Change since Jun. 2025: **+25.91%**

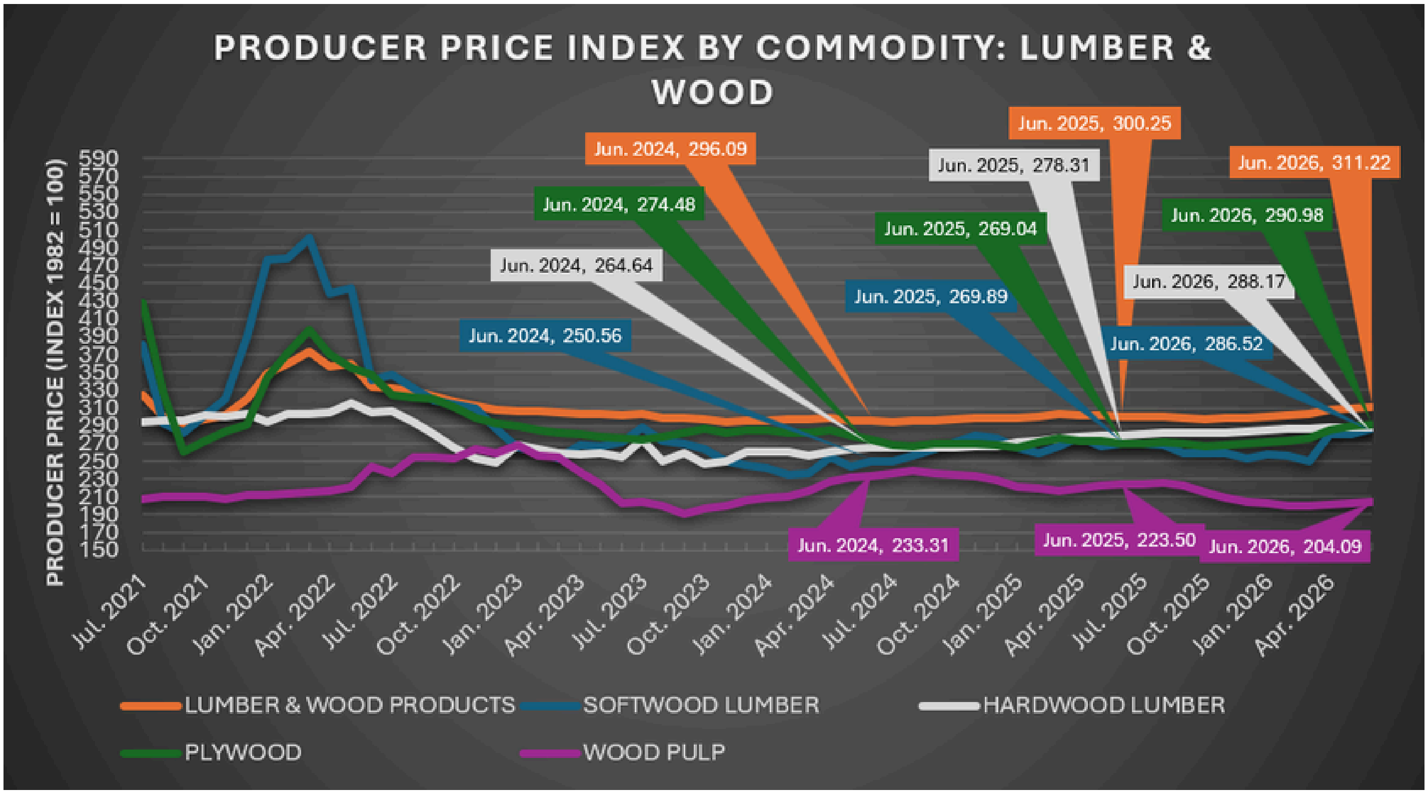
NATURAL GAS
- 3-month average change: **-2.41%**
- 6-month average change: **-2.27%**
- 1-year average change: **+3.05%**
- Change since Jun. 2025: **-16.01%**

PETROLEUM PRODUCTS, REFINED
- 3-month average change: **+5.66%**
- 6-month average change: **+7.94%**
- 1-year average change: **+4.10%**
- Change since Jun. 2025: **+52.24%**

ELECTRIC POWER
- 3-month average change: **+0.22%**
- 6-month average change: **-0.11%**
- 1-year average change: **+0.28%**
- Change since Jun. 2025: **+3.33%**

PRODUCER PRICE INDEX: DISAGGREGATED BY COMMODITY

PRODUCER PRICE INDEX: LUMBER & WOOD



LUMBER & WOOD PRODUCTS (OVERALL)

- 3-month average change: **+0.88%**
- 6-month average change: **+0.73%**
- 1-year average change: **+0.30%**
- Change since Jun. 2025: **+3.65%**

SOFTWOOD LUMBER

- 3-month average change: **+4.76%**
- 6-month average change: **+2.20%**
- 1-year average change: **+0.57%**
- Change since Jun. 2025: **+6.16%**

PLYWOOD

- 3-month average change: **+1.72%**
- 6-month average change: **+1.30%**
- 1-year average change: **+0.66%**
- Change since Jun. 2025: **+8.16%**

WOOD PULP

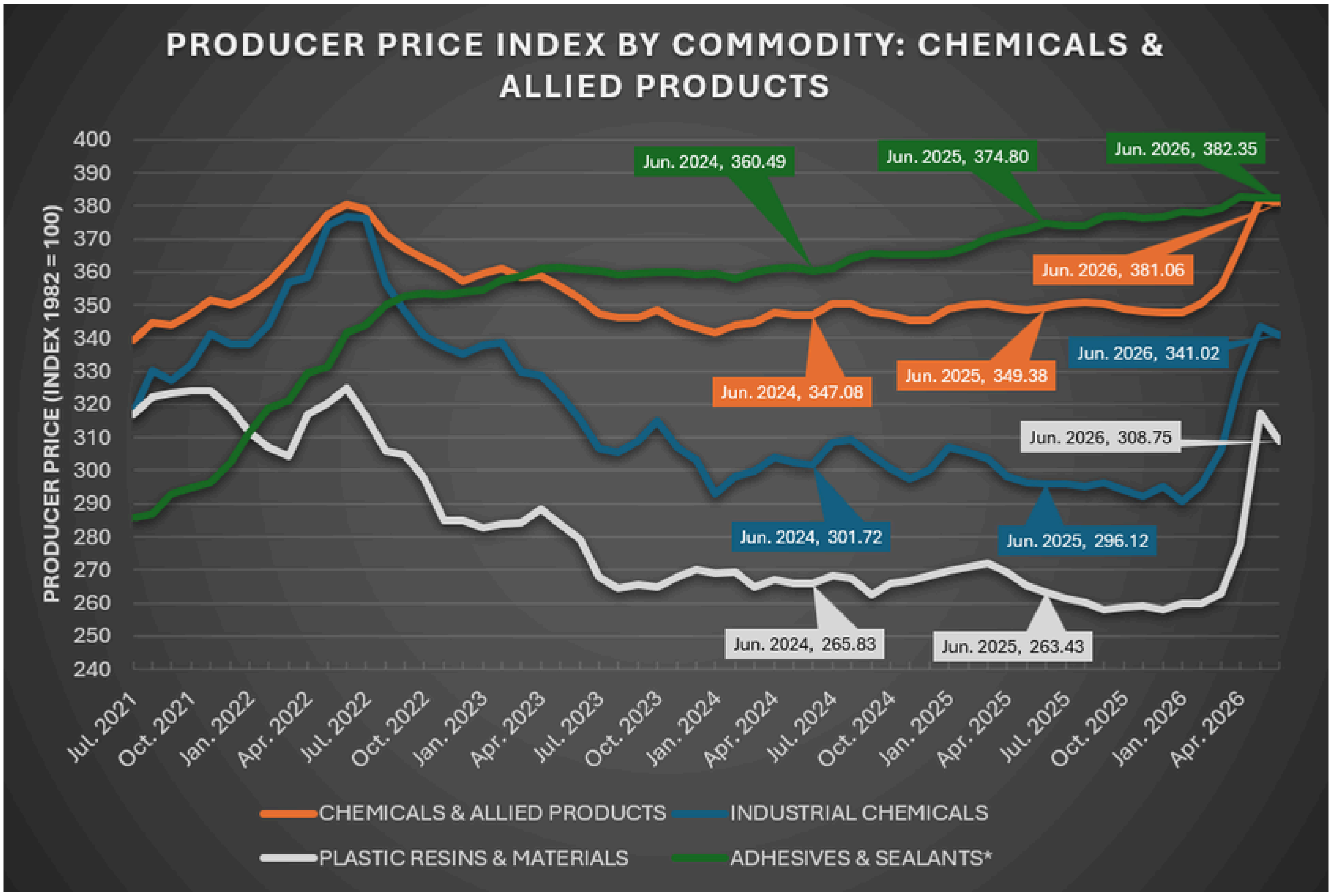
- 3-month average change: **+0.60%**
- 6-month average change: **-0.07%**
- 1-year average change: **-0.74%**
- Change since Jun. 2025: **-8.68%**

HARDWOOD

- 3-month average change: **+0.23%**
- 6-month average change: **+0.26%**
- 1-year average change: **+0.29%**
- Change since Jun. 2025: **+3.54%**

PRODUCER PRICE INDEX: DISAGGREGATED BY COMMODITY

PRODUCER PRICE INDEX: CHEMICALS & ALLIED PRODUCTS



CHEMICALS & ALLIED PRODUCTS (OVERALL)

- 3-month average change: **+2.32%**
- 6-month average change: **+1.55%**
- 1-year average change: **+0.74%**
- Change since Jun. 2025: **+9.07%**

INDUSTRIAL CHEMICALS

- 3-month average change: **+3.71%**
- 6-month average change: **+2.49%**
- 1-year average change: **+1.22%**
- Change since Jun. 2025: **+15.16%**

PLASTIC RESINS & MATERIALS

- 3-month average change: **+5.72%**
- 6-month average change: **+3.18%**
- 1-year average change: **+1.42%**
- Change since Jun. 2025: **+17.21%**

ADHESIVES & SEALANTS

- 3-month average change: **+0.25%**
- 6-month average change: **+0.25%**
- 1-year average change: **+0.17%**
- Change since Jun. 2025: **+2.02%**

SUMMARY

The disaggregated Producer Price Index data illustrates a complex environment across raw materials. Overall PPI surged between January and May 2026 by +11% before easing in June – this was the largest spike since 2022. Fuels (+36.5%) and chemicals and allied products (+9.8%) were the two dominant drivers of the 2026 inflation spike between January and May. Fuels and chemicals were led by refined petroleum (+79.0%) and plastic resins and materials (+22.1%), respectively.

Metals and metal products have sustained an accelerating uptrend over the past twelve months with a total PPI increase of +16.7%. Nonferrous metals and copper over that same stretch grew at +38.5% and +29.8%, respectively. Three-month average changes remain below six-month and twelve-month averages in all categories aside from iron and steel, indicating that some easing could be observed over the next several months for these categories, while iron and steel could sustain prolonged increases.

Rubber and plastic products saw modest growth over the January through May spike, with the overall index increasing +3.9%. The growth in this commodity’s price was driven heavily by synthetic rubber which sustained +22.0% growth in that span (correlating directly with petroleum). Three and six-month averages are well in excess of the twelve-month average pace, indicating that although lagging other indicators, rubber and plastic product prices are quietly accelerating.

Fuels and related products and power are seen as the single biggest inflationary force in the current PPI environment. Natural gas provides some relief as its drop of -64.5% (from January 2026 to May 2026) partially offset the significant leap in petroleum products. Electricity costs remain relatively stable in an increasingly unstable PPI environment with a modest +0.3% increase from January to May 2026 and no change from May to June 2026. Natural gas remains one of the most volatile raw materials, providing significant spikes and sharp drops, while electric power provides steady increases – averaging +5.5% annual growth over the past five years.

Lumber and wood products are the calmest commodity in the report, seeing an increase of +3.1% from January to May 2026. Softwood lumber, however, has averaged +4.8% growth over the last quarter, influenced by a +12.2% jump from March to April 2026. Wood pulp is one of the few commodities that has seen an overall decline over the past year, dropping -8.7%, benefiting paper and packaging-dependent manufacturers.

Chemicals and allied products are showing clear acceleration as nearly all categories have three-month average growth rates in excess of the six and twelve-month averages. This is driven primarily by petroleum-derived products such as plastic resins and industrial chemicals. This pattern matches that of refined petroleum, confirming that oil-based feedstocks are generating cost pressures upstream. Adhesives and sealants were one of the few commodities that remained relatively flat in the midst of the upward pressure of the overall economic environment.

Questions?
Reach out to us at info@myboyum.com.

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