

Press Release



No Evidence of Link Between Market Concentration and Producer Price Inflation

PAULINA ENCK | JUNE 29, 2022

As inflation closed in on a 40-year high, some lawmakers – including Senator Elizabeth Warren – doubled down on claims that there is a direct relationship between increased market concentration and rising prices, while others – such as Federal Reserve Board Chairman Jerome Powell – contend that the link is murky, at best. In new research, Competition Economics Analyst Fred Ashton examines available data to discern if there is indeed a link between the Producer Price Index (PPI) and industry concentration.

Key points:

- This study finds no evidence that market concentration was playing a role in elevated inflation; moreover, prior American Action Forum research dispelled the claim that there is a trend toward increased market concentration.
- Analysis of industry-level producer price data from the U.S. Bureau of Labor Statistics and market concentration data from the U.S. Census Bureau's Economic Census showed almost no correlation between the level or the percentage point change in the market concentration ratio and the percent change in the PPI.
- The data also revealed that a greater number of industries classified as highly concentrated reported a smaller increase in their associated PPI compared to the increase in overall PPI between March 2021 and May 2022.

[Read the analysis](#)