

blasts toward 10%

The Producer Price Index (PPI), released by the Labor Department Tuesday, rose at the highest level ever recorded. Higher costs for food and energy at the wholesale level led the way. The Fed is concerned retail prices at grocery stores, shopping centers, gas stations and other retail marketplaces are likely to follow.



WALT BREITINGER

Many see the PPI as a predecessor to the continued inflation we're experiencing, irrespective of supply chain and COVID-related factors.

Crude oil for February delivery traded at \$70.70 per barrel midday Friday, while Feb gold traded at \$1,805 per ounce.

Fed response quickening

The skyrocketing PPI prompted the Federal Reserve to state on Wednesday that it would withdraw financial stimulus sooner than planned and possibly raise interest rates as many as three times in 2022.

The Fed's main tools to counter-act or cool down inflation are the withdrawal of bond-buying and raising rates. Many economists believe the longer they wait, the more raising rates will hurt economic growth.

So, the Fed is facing a dilemma regarding the pace and level of increasing both long-term and short-term rates.

Farmland, fertilizers sprout sky high

Input costs for producing corn and soybeans have been climbing at a record pace, with fertilizer prices more than doubling, led by anhydrous ammonia. But a doubling of farmland values in many regions is adding longer-term costs, especially for farmers who lease their land.

As a result, auctioneers and real estate offices are busier than usual all across the Midwest, from North Dakota to Kansas. In addition, a farm in Iowa sold for \$8,464 an acre in the summer of 2020, then in October of this year, that same farm sold for \$13,100 an acre — a whopping 54% increase. A number of factors are pushing prices up, including a strong economy, fears of inflation and low interest rates.

This year is expected to end as a profitable year for farmers overall, with strong grain prices and a good yield contributing. Corn for March delivery traded at \$5.92 per bushel near the close on Friday, whereas March beans brought \$12.86.

Opinions are solely the writer's. Walt Breitingger is a commodity futures broker in Valparaiso. He can be reached at 800-411-3888 or www.indianafutures.com. This is not a solicitation of any order to buy or sell any market.



The CVS in the 6400 block of Calumet Avenue in Hammond is shown.

KALE WILK, THE TIMES

Pharmacies adjust to changing marketplace

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Northwest Indiana may face the loss of more neighborhood pharmacies after CVS recently announced plans to shutter 900 stores nationwide, which could add to a rollback in brick-and-mortar pharmacies in the Region that could prompt more people to get their prescriptions filled by mail or other delivery instead.

Rhode Island-based CVS is shifting its focus to primary care, minute clinics and prescription delivery. It's reimagining its remaining stores as "community health destinations" where one could go for minor medical treatment or to stock up on health and wellness products while getting drugs delivered to their door, especially for chronic conditions like diabetes, hypertension or congestive heart failure.

CVS won't say whether any drugstores in Northwest Indiana will be shuttered, but it plans to close nearly one tenth of its locations nationwide over the next three years as it reimagines its business model for a digital age.

"Now is the time to undertake our next major evolution and capitalize on our role as the leading health solutions company in America," CVS Health President and CEO Karen Lynch said. "By leaning into our high-growth foundational businesses and expanding our reach in areas like health services and primary care, we have an opportunity to shift care to be more centered around the consumer while capturing a meaningfully greater portion of health care spending."

Evolving pharmacy business models will mean many customers opting to get their prescriptions delivered by Walgreens, Amazon and one of the growing number of online pharmacists that deliver drugs right to the mailbox. But brick-and-mortar pharmacies also double as hubs of convenient neighborhood shopping, sometimes in underprivileged neighborhoods where it's miles to the nearest grocery store. So more people in Northwest Indiana could end up lacking a late-night place down the street where they can quickly pop in to grab Band Aids, shampoo or other essentials in just a few minutes, without having to navigate a



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The Schererville Walgreens is building an in-store clinic as pharmacy chains reimagine their brick-and-mortar footprints.

much larger grocery store where the lines can be much longer.

CVS closed 12 pharmacies across Northwest Indiana after it acquired the homegrown Fagen Pharmacy chain in 2017. Walgreen's has been closing pharmacies for years in the Region, including in Calumet City, Hobart and Gary, where it shut down all four of its locations. A few of the vacant pharmacies have since been taken over by dollar stores that don't fill prescriptions.

Both major national chains have reduced the number of 24/7 locations they open to the point where the Walgreens at Cline Avenue and 45th Street in Griffith appears to be the only one left.

"It's tough because Fagen's closed too," said Jessica Renslow, a community activist in Miller, where a Dollar General took over the vacated Walgreen's. "Edge-water and Methodist Hospital both opened pharmacies, I believe, to help."

It's been a burden for some, particularly lower-income residents who rely on public transportation to get around.

"The closest pharmacy is the Walgreens in Lake Station," Renslow said. "Health equity is a really tough issue right now."

The problem is exacerbated because big national chains have put many smaller independent community pharmacies out of business over the years, Indiana University Northwest Associate Professor of Economics Micah

Pollak said.

"In the last few decades, we've seen significant consolidation among retail pharmacies. Today, many cities and towns are served by only one or two national chains with few or no local pharmacies," he said. "With both CVS and Walgreens now closing many retail locations, this creates pharmacy deserts, particularly in regions that were already under-served. Unfortunately, this forces residents to travel further for their medications, or even worse, may mean some no longer have access at all to fill their prescriptions."

Pharmacy deserts in already struggling neighborhoods could create more public health problems, Pollak said.

"We will hopefully see new pharmacies open to serve these areas, but that may not happen for years, and until it does this will likely worsen health disparities," he said.

Walgreen's and CVS are not immune from e-commerce, said David Lasser with Merrillville-based Lasser Commercial In-Sites. Good RX, Express Scripts and Medco have been operating online pharmacies that mail prescriptions directly to patients' homes, and now retail giant Amazon is getting into the pharmacy space.

"Amongst all the other changes in e-commerce and shopper preferences that the pharmaceutical chains like CVS and Walgreens

are contending with, now they have Amazon to add to the list of outright competitors," Lasser said.

Pharmacy chains have adapted to the increased competition by diversifying and trying to position themselves more as convenient providers of health care services, Lasser said. People will increasingly be able to visit a pharmacy to see a doctor or get a flu, sprain or minor illness checked out.

"The trend towards not only closing some excess stores has another aspect underway, that of expanding in-store clinics," he said. "For example, presently within a local Walgreen's store at Schererville at Indianapolis Boulevard and Main Street, a full clinic with a staffed physician is under construction."

Stores such as Target, Walmart and local pharmacies likely will see an increase in prescriptions and traffic to the stores, said Brett McDermott, senior vice president and co-founder of Crown Point-based Latitude Commercial.

It's not clear how long the vacant real estate would stay on the market. Most of it is in highly visible prime locations along heavily trafficked roads.

"As far as the real estate side, CVS is similar to Walgreens in the fact they like to be located at hard corners which are ideal for retailers. Once they announce store closings, we will potentially see the stores go 'dark' for a little while," McDermott said. "If CVS doesn't own the particular location, they typically will still be bound to a long-term lease depending on how long they've been located there. CVS works with developers where they build the store, sign a long-term lease on it, and then sell to an investor. Due to this, many of the locations will probably still have some length on the term. The investor isn't going to let CVS off the hook, so CVS will more than likely look to sublease their store. We've seen many closed Walgreens do this and have worked with tenants such as dollar stores, medical use or, for instance, Jump Zone, who took over a former Walgreens in Hobart. This allows for CVS to recoup some of their lease payments, but they still stay on the hook as a guarantor."