

# What is Driving Food Prices?

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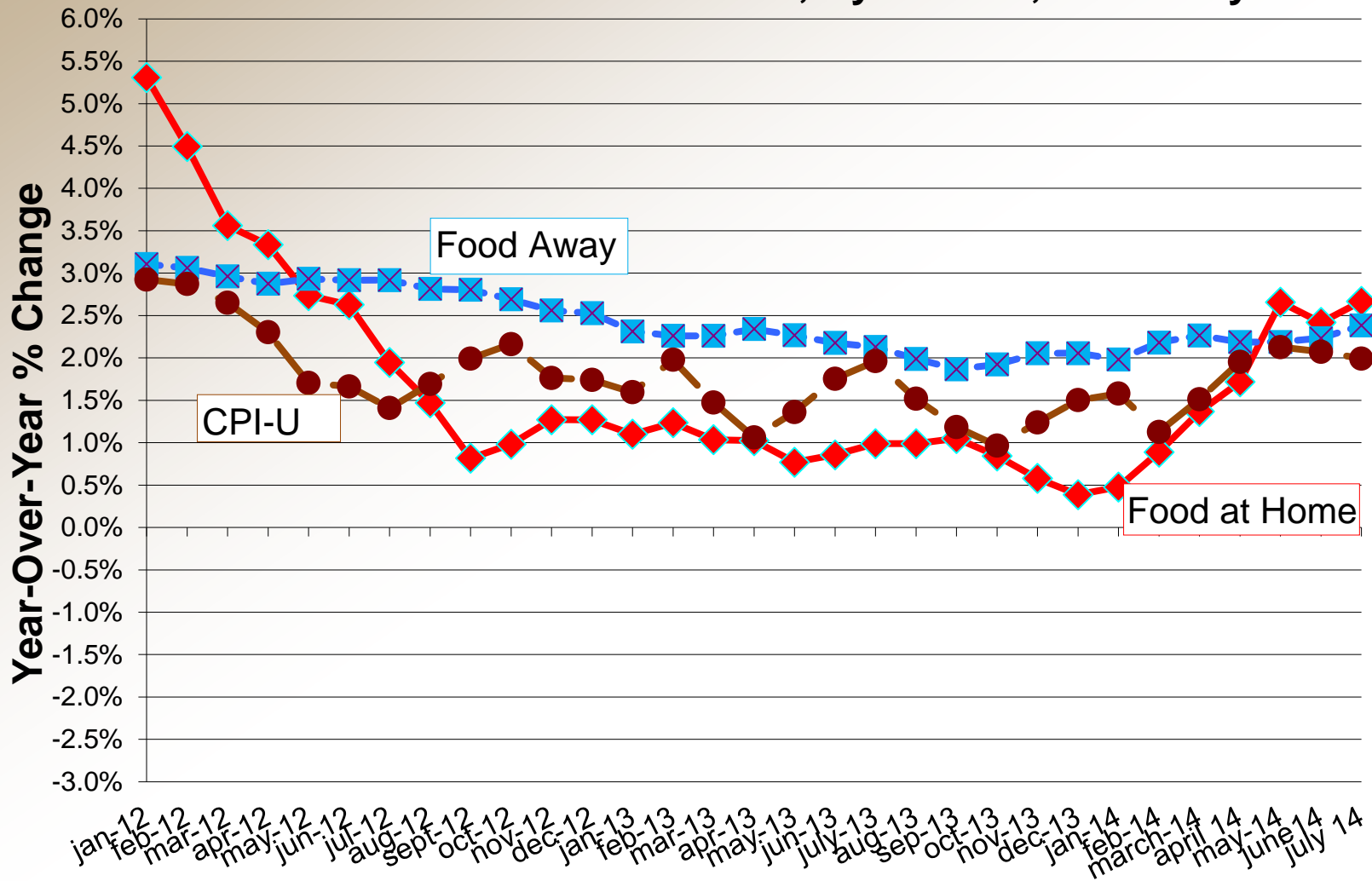
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## Retail Food Price Changes, Year-over-Year Annual Rates, By Months, 2012- July 2014



Changes in Food Price Indexes									
Item	Relative							Forecast	Forecast
	imp.	2008	2009	2010	2011	2012	2013	2014	2015
Consumer Price Indexes	Percent	Percent change							
All food	100.0	5.5	1.8	0.8	3.7	2.6	1.4	2.5 to 3.5	2.0 to 3.0
Food away from home	39.6	4.4	3.5	1.3	1.9	2.8	2.1	2.5 to 3.5	2.0 to 3.0
Food at home	60.4	6.4	0.5	0.3	4.8	2.5	0.9	2.5 to 3.5	2.0 to 3.0
Meats, poultry, fish	12.9	4.2	0.5	1.9	7.4	3.6	2.1	3.5 to 4.5	3.0 to 4.0
Meats	8.4	3.5	-0.6	2.8	8.8	3.4	1.2	4.0 to 5.0	3.0 to 4.0
Beef and Veal	3.8	4.5	-1.0	2.9	10.2	6.4	2.0	5.5 to 6.5	3.0 to 4.0
Pork	2.6	2.3	-2.0	4.7	8.5	0.3	0.9	5.5 to 6.5	3.0 to 4.0
Other meats	1.9	3.1	2.3	-0.1	6.4	1.7	-0.1	2.0 to 3.0	2.5 to 3.5
Poultry	2.3	5	1.7	-0.1	2.9	5.5	4.7	3.0 to 4.0	2.5 to 3.5
Fish & seafood	2.2	6	3.6	1.1	7.1	2.4	2.5	3.5 to 4.5	2.5 to 3.5
Eggs	0.8	14	-14.7	1.5	9.2	3.2	3.3	5.0 to 6.0	1.0 to 2.0
Dairy products	6.4	8	-6.4	1.1	6.8	2.1	0.1	3.0 to 4.0	2.5 to 3.5
Fats and oils	1.8	13.8	2.3	-0.3	9.3	6.1	-1.4	1.5 to 2.5	0.5 to 1.5

## Changes in Food Price Indexes

Item	Rel.							Forecast	Forecast	
	imp.	2008	2009	2010	2011	2012	2013	2014	2015	
Consumer Price Indexes	Percent	Percent change								
Fruits and vegs	9.0	6.2	-2.1	0.2	4.1	-0.6	2.5	2.5 to 3.5	2.5 to 3.5	
Fresh fruits & vegetables	6.9	5.2	-4.6	0.6	4.5	-2.0	3.3	3.0 to 4.0	2.5 to 3.5	
Fresh fruits	3.5	4.8	-6.1	-0.6	3.3	1.0	2.0	5.0 to 6.0	2.5 to 3.5	
Fresh veg	3.3	5.6	-3.4	2.0	5.6	-5.1	4.7	2.0 to 3.0	2.0 to 3.0	
Processed fruits & vegetables	2.1	9.5	6.6	-1.3	2.9	3.8	0.3	2.5 to 3.5	2.5 to 3.5	
Sugar and sweets	2.1	5.5	5.6	2.2	3.3	3.3	-1.7	1.0 to 2.0	1.5 to 2.5	
Cereals and bakery products	8.7	10.2	3.2	-0.8	3.9	2.8	1.0	1.5 to 2.5	0.5 to 1.5	
Nonalcoholic beverages	6.7	4.3	1.9	-0.9	3.2	1.1	-1.0	1.5 to 2.5	2.0 to 3.0	
Other foods	11.9	5.2	3.7	-0.5	2.3	3.5	0.5	2.0 to 3.0	1.5 to 2.5	

Source: USDA Economic Research Service

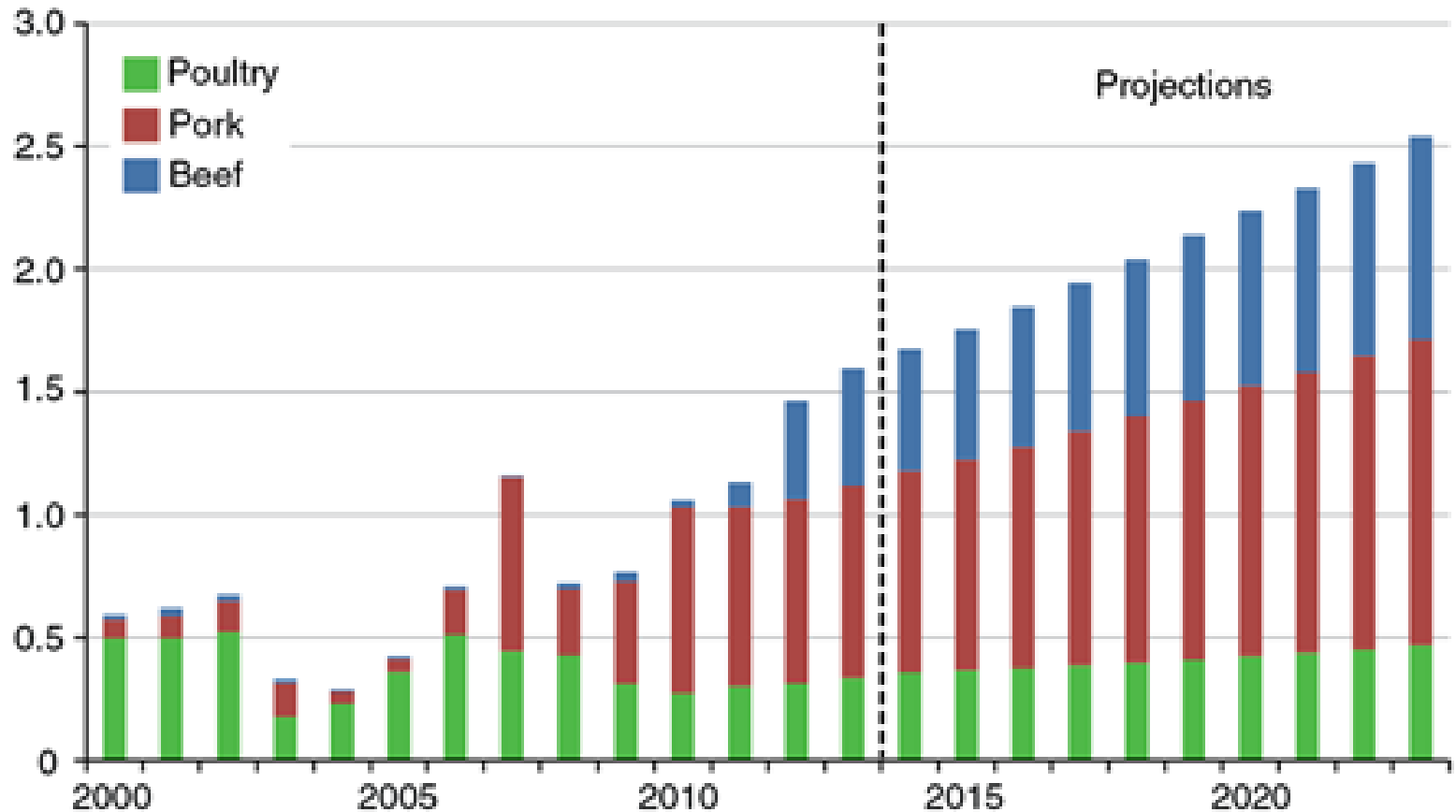
<http://ers.usda.gov/data-products/food-price-outlook.aspx>

# *What Does Multiple Years of Food Price Increases do to Price Levels?*

	July 2011	July 2012	July 2013	July 2014
Ground Beef	\$2.82	\$3.09	\$3.46	\$3.88
Steak, Sirloin	\$6.04	\$6.90	\$6.68	\$7.87
Pork Chops	\$3.65	\$3.79	\$3.64	\$4.27
Bacon	\$4.76	\$4.37	\$5.49	\$6.01
Chicken, whole	\$1.31	\$1.45	\$1.48	\$1.50

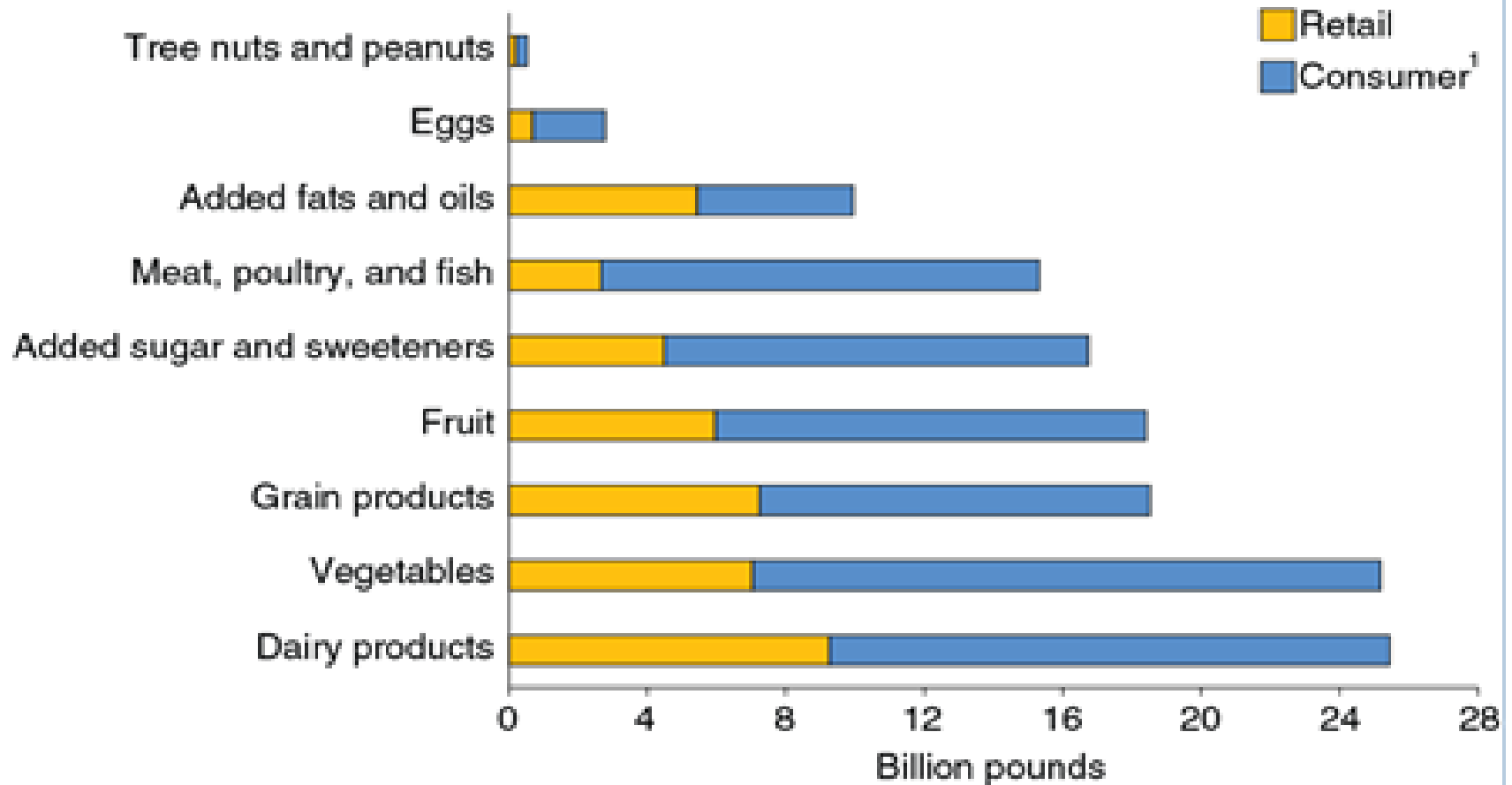
## China's meat imports

Million metric tons



USDA, Economic Research Service using USDA, Foreign Agricultural Service, PS&D Online data and projections from USDA, Office of the Chief Economist, USDA Agricultural Projections to 2024.

## Estimated U.S. food loss at retail and consumer levels, 2010

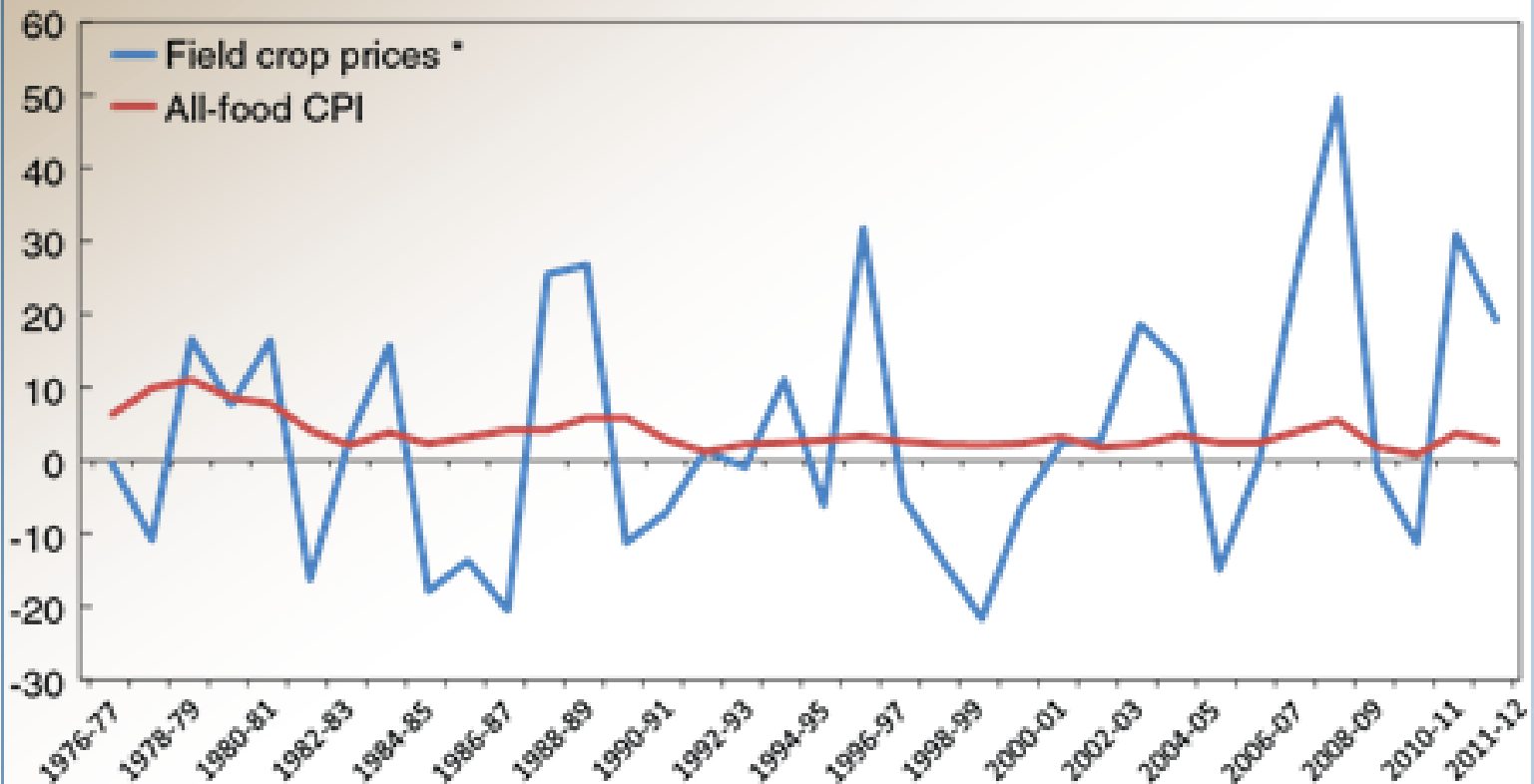


<sup>1</sup> Includes loss in the home and in away-from-home locations. Includes cooking shrinkage and uneaten food.

Source: USDA, Economic Research Service Loss-Adjusted Food Availability data, 2010.

## Change in all-food CPI and field crop prices, 1976 -2012

Annual percent change



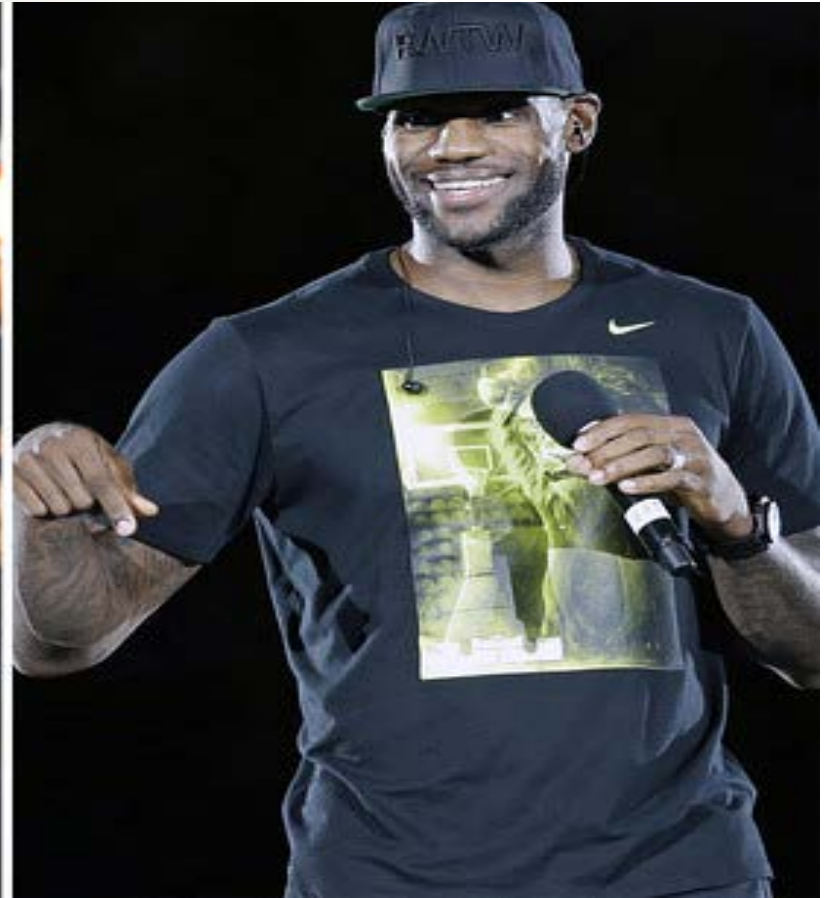
\* Production-weighted average farm price of corn, wheat, and soybeans. CPI = Consumer Price Index.  
Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service and U.S. Department of Labor, U.S. Bureau of Labor Statistics.



# ***2015 US Food Price Inflation***

- ERS predicts (July 25, 2014)
  - 2.5 to 3.5% for 2014
  - 2.0 to 3.0% for 2015
- For 2014, year-to-date is about 1.9%
- Expect 2015 to have normal food price inflation
- Big drivers are:
  - Continued challenges in livestock sector
  - Consumer incomes
  - California drought on fruits, vegetables, nuts, wine and dairy

<http://online.wsj.com/articles/why-lebron-james-is-suddenly-skinny-1408388466>





**Questions?**