

USDA Food Price Outlook

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2024 USDA Agricultural Outlook Forum
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Outline

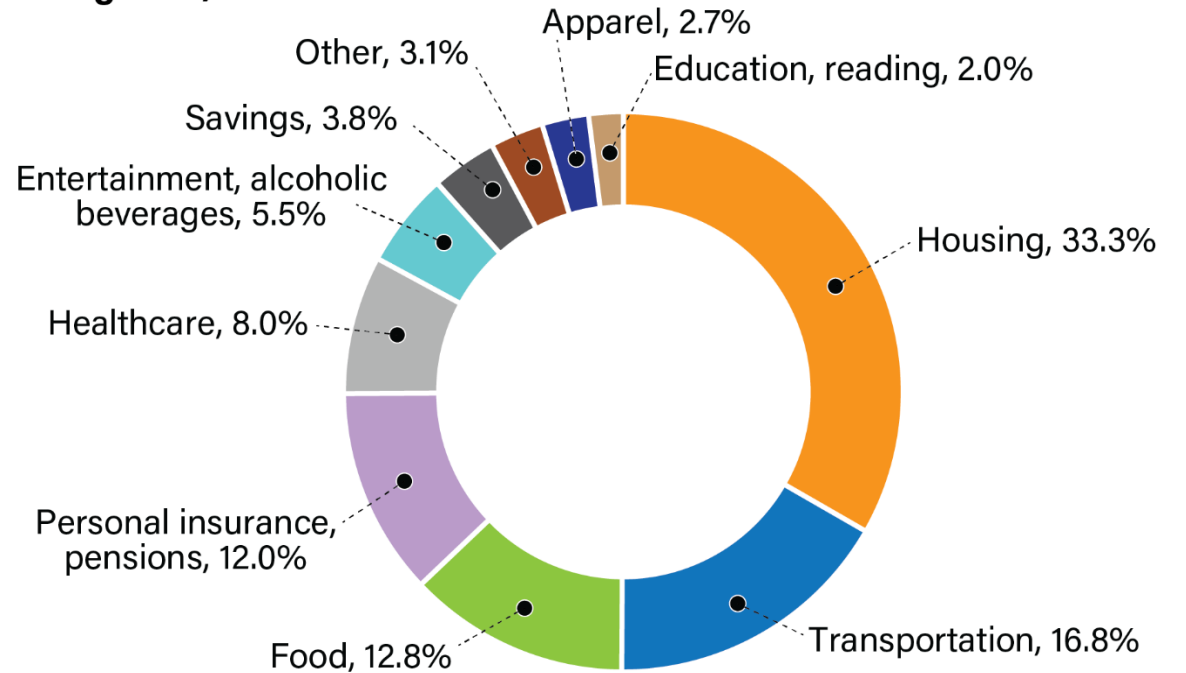
1. Consumer spending on food
2. Long-term food price trends and food price changes in 2023
3. 2024 Food Price Outlook forecasts
4. Additional ERS data resources



In 2022, U.S. consumers spent 12.8 percent of total household expenditures on food

Food was the third highest spending category behind housing and transportation

Share of U.S. household consumer expenditures by major categories, 2022



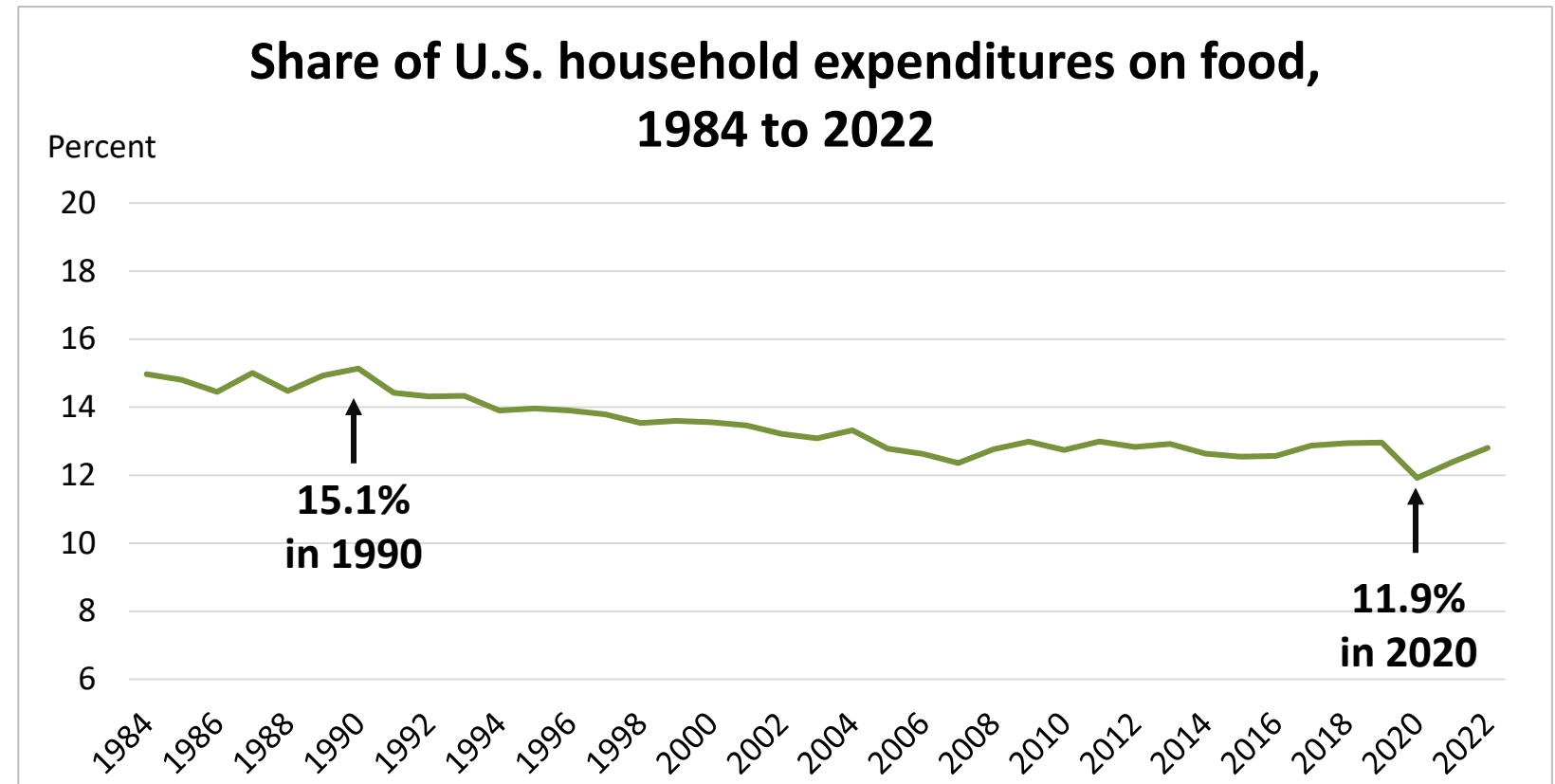
Note: "Other" includes personal care products, tobacco, and miscellaneous expenditures.
Source: USDA, Economic Research Service using data from U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey, 2022.



Over the past 40 years, households' share of spending on food gradually decreased

Averaging:

- **14.8%** in 1980's
- **14.1%** in 1990's
- **13.0%** in 2000's
- **12.8%** in 2010's



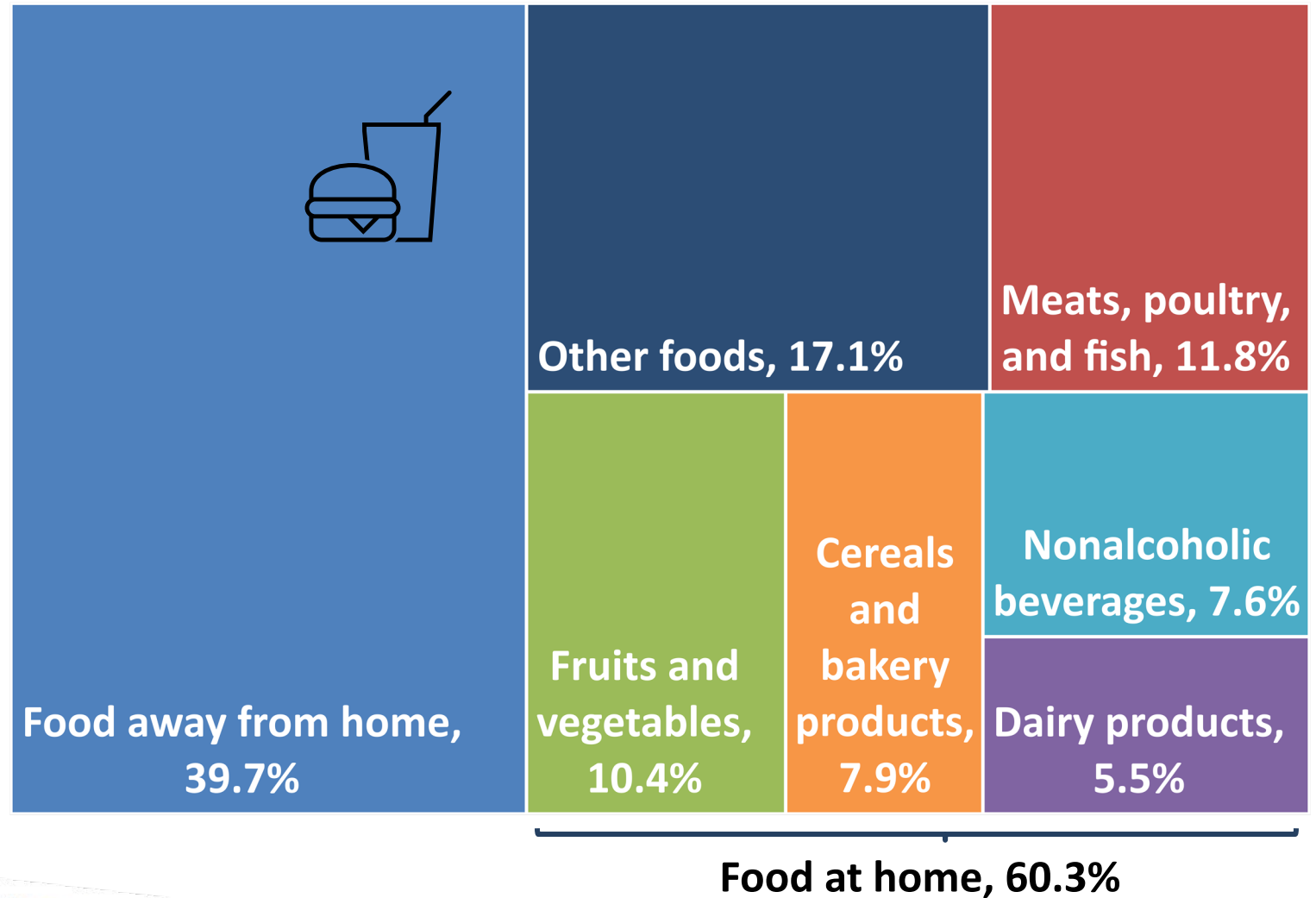
Source: USDA ERS using BLS Consumer Expenditure Survey data



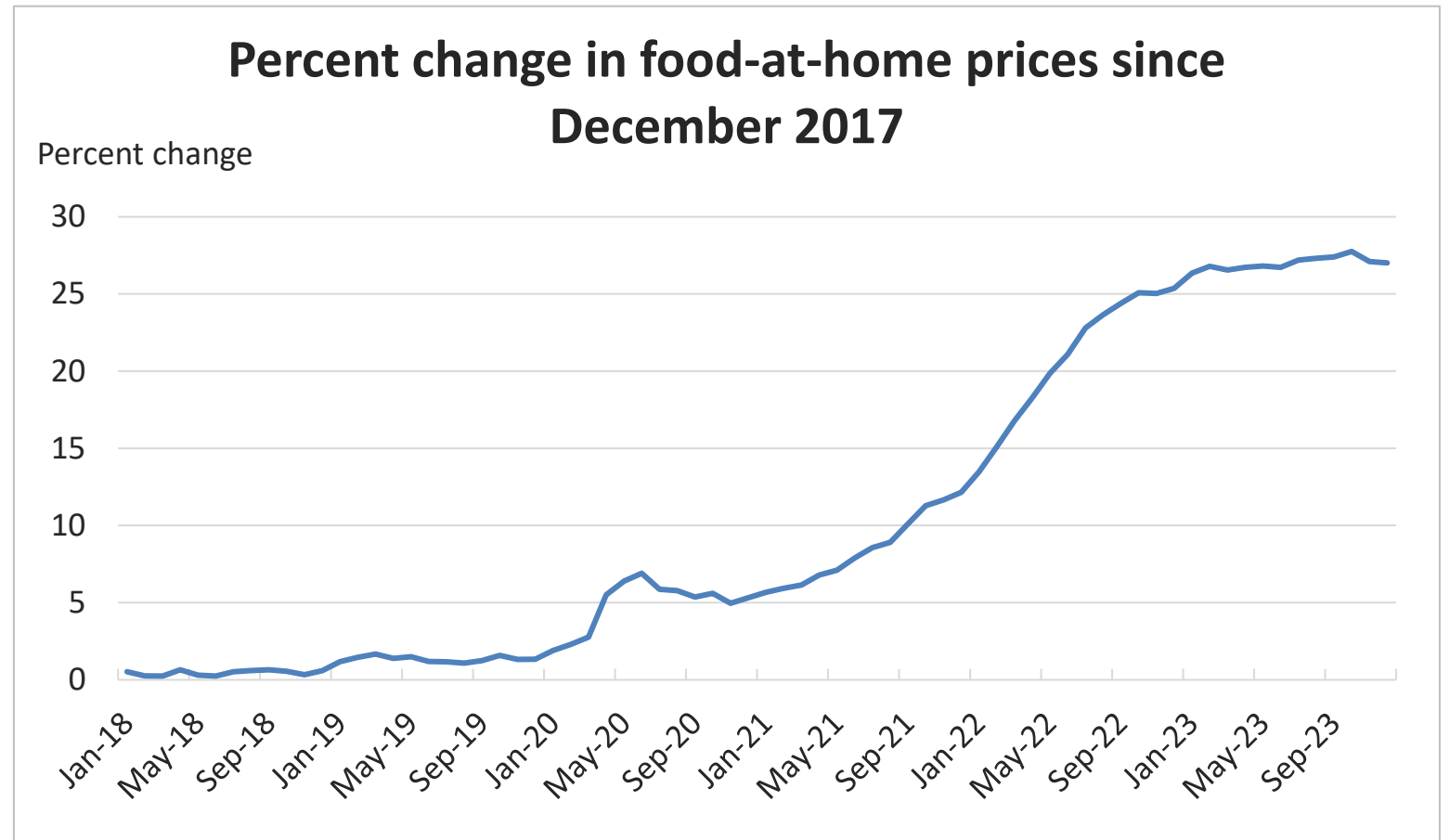
Consumers allocate their spending between food at home and food away from home

Share of consumer expenditures spent on major food categories in December 2023

Source: USDA ERS using BLS Consumer Price Index data



There are several ways to measure price changes



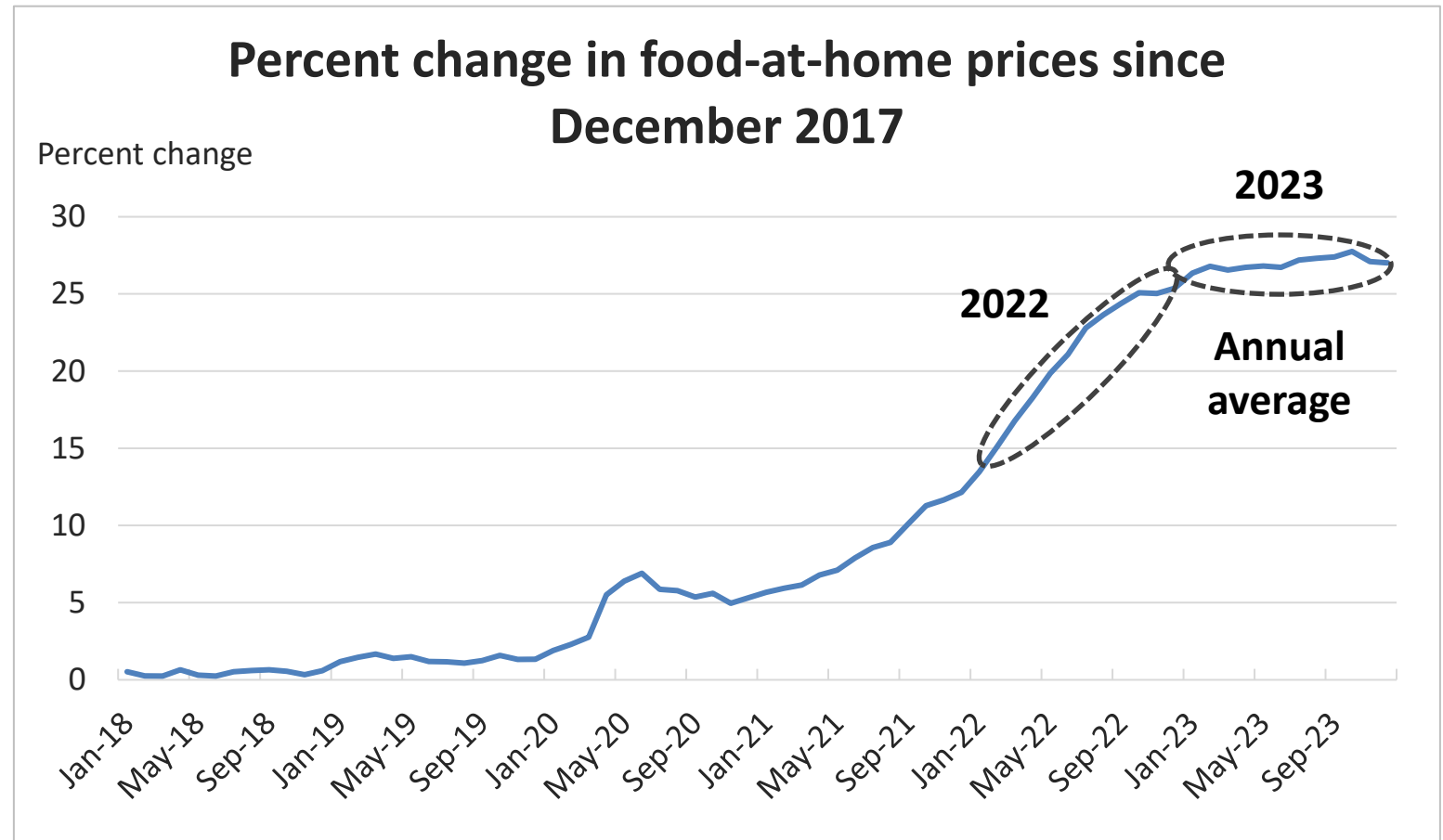
Source: USDA ERS using BLS Consumer Price Index Data



There are several ways to measure price changes

In the FPO, we track and forecast **annual average** price change:

Prices increased 5.0% from 2022 to 2023



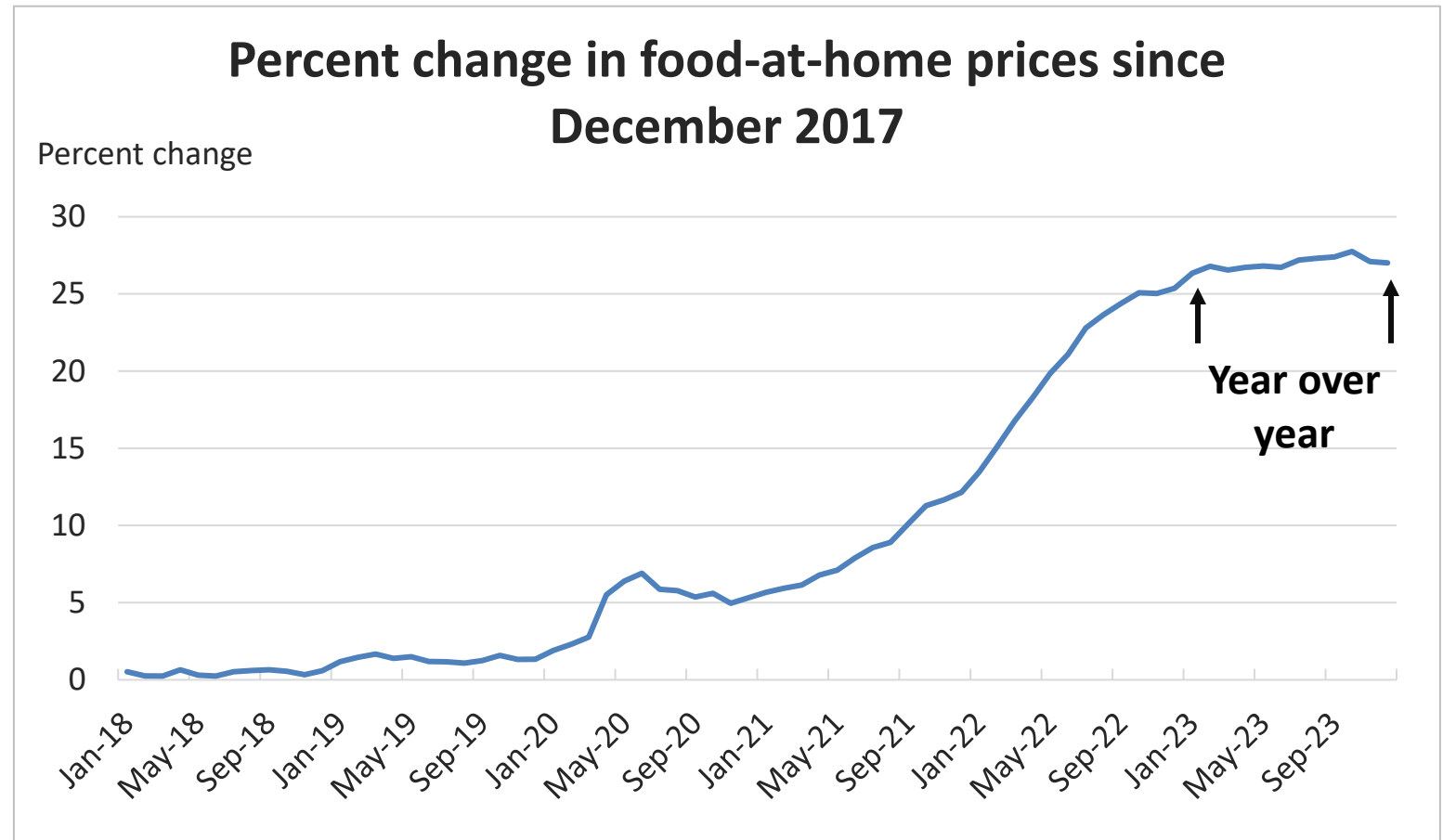
Source: USDA ERS using BLS Consumer Price Index Data



There are several ways to measure price changes

News reports often report **year-over-year** price change:

Prices increased 1.3% from Dec. 2022 to Dec. 2023



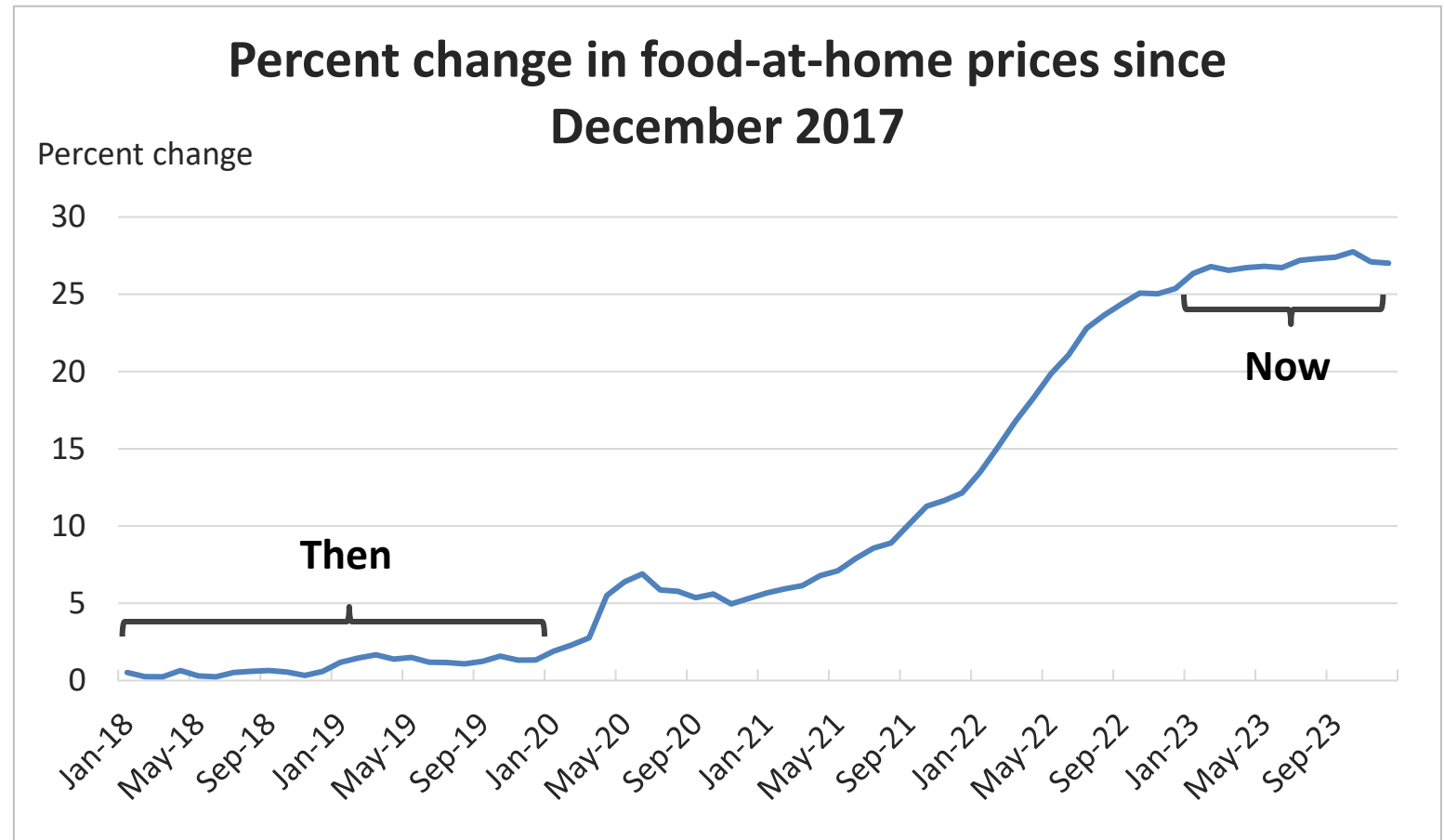
Source: USDA ERS using BLS Consumer Price Index Data



There are several ways to measure price changes

Consumers often care about **price levels**

Prices are up about 25% since 2018-19



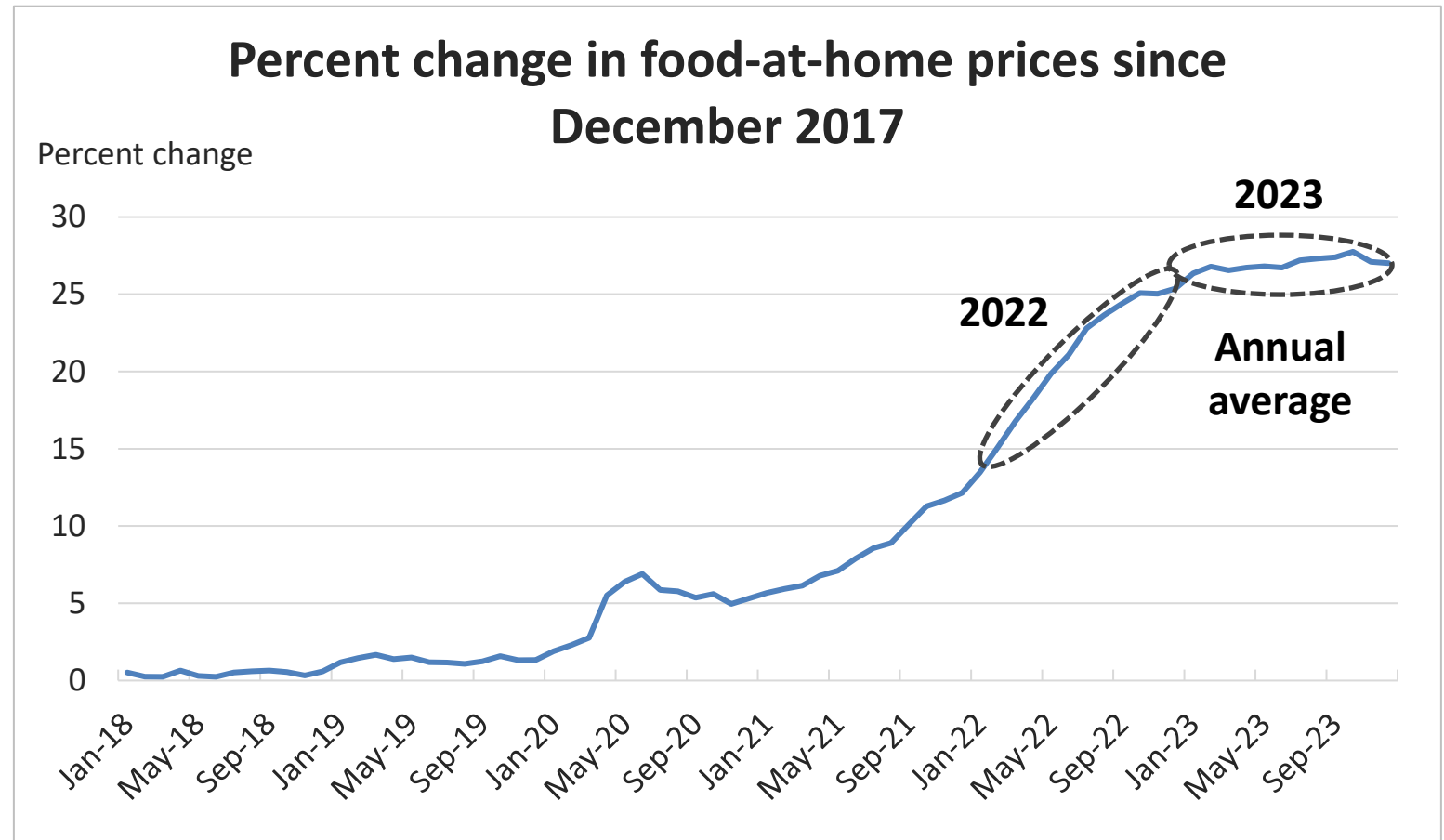
Source: USDA ERS using BLS Consumer Price Index Data



There are several ways to measure price changes

In the FPO, we track and forecast **annual average** price change:

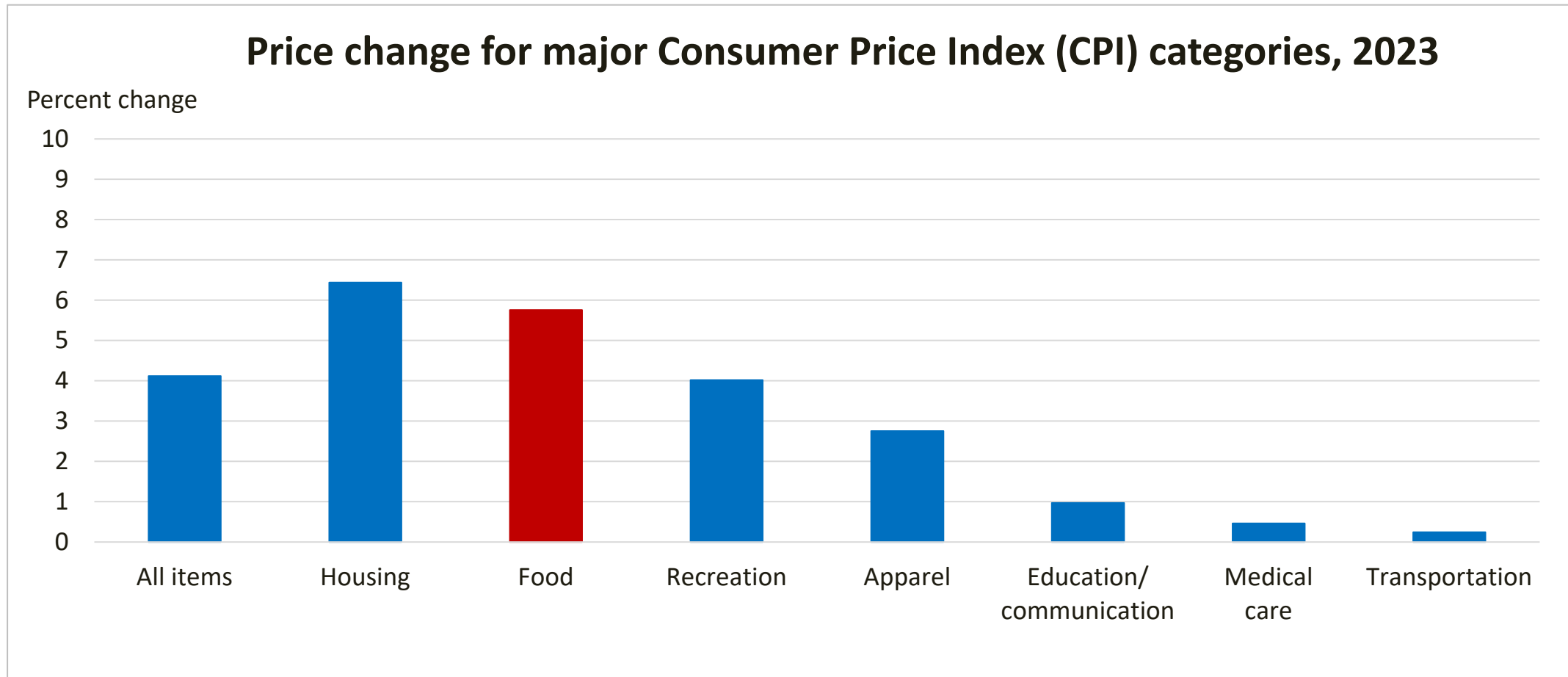
Prices increased 5.0% from 2022 to 2023



Source: USDA ERS using BLS Consumer Price Index Data



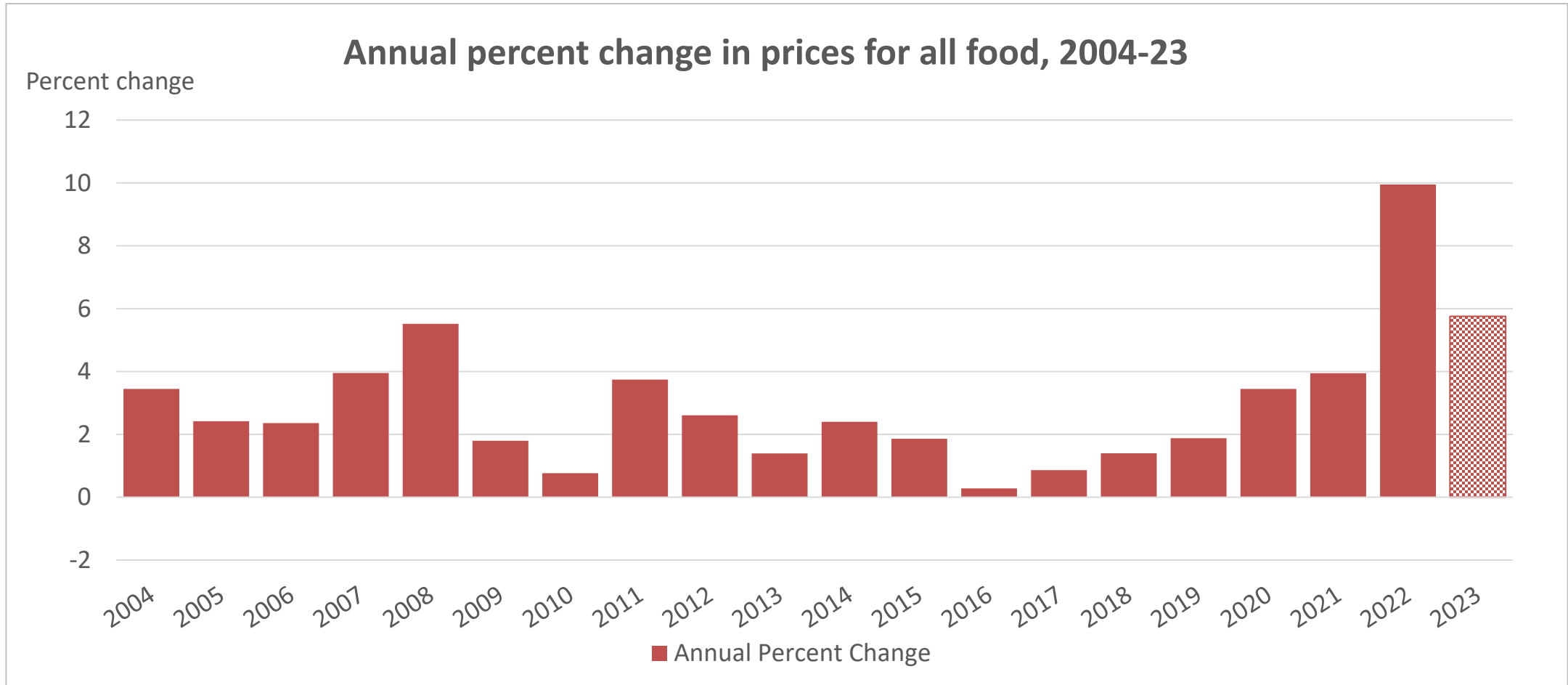
In 2023, food prices grew 5.8 percent, faster than the all-items CPI and most major consumption categories



Source: USDA ERS using BLS Consumer Price Index data



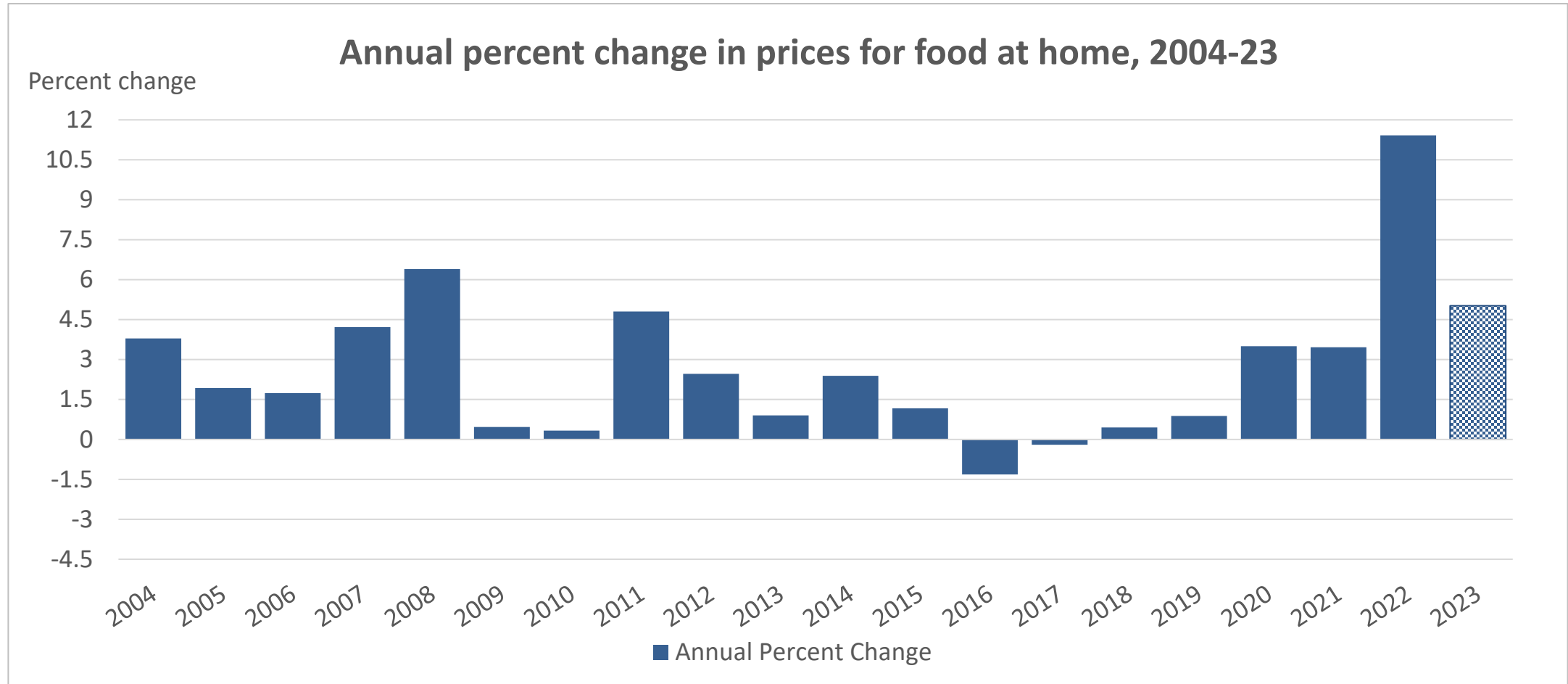
Food prices rose 5.8 percent in 2023



Source: USDA ERS using BLS Consumer Price Index Data



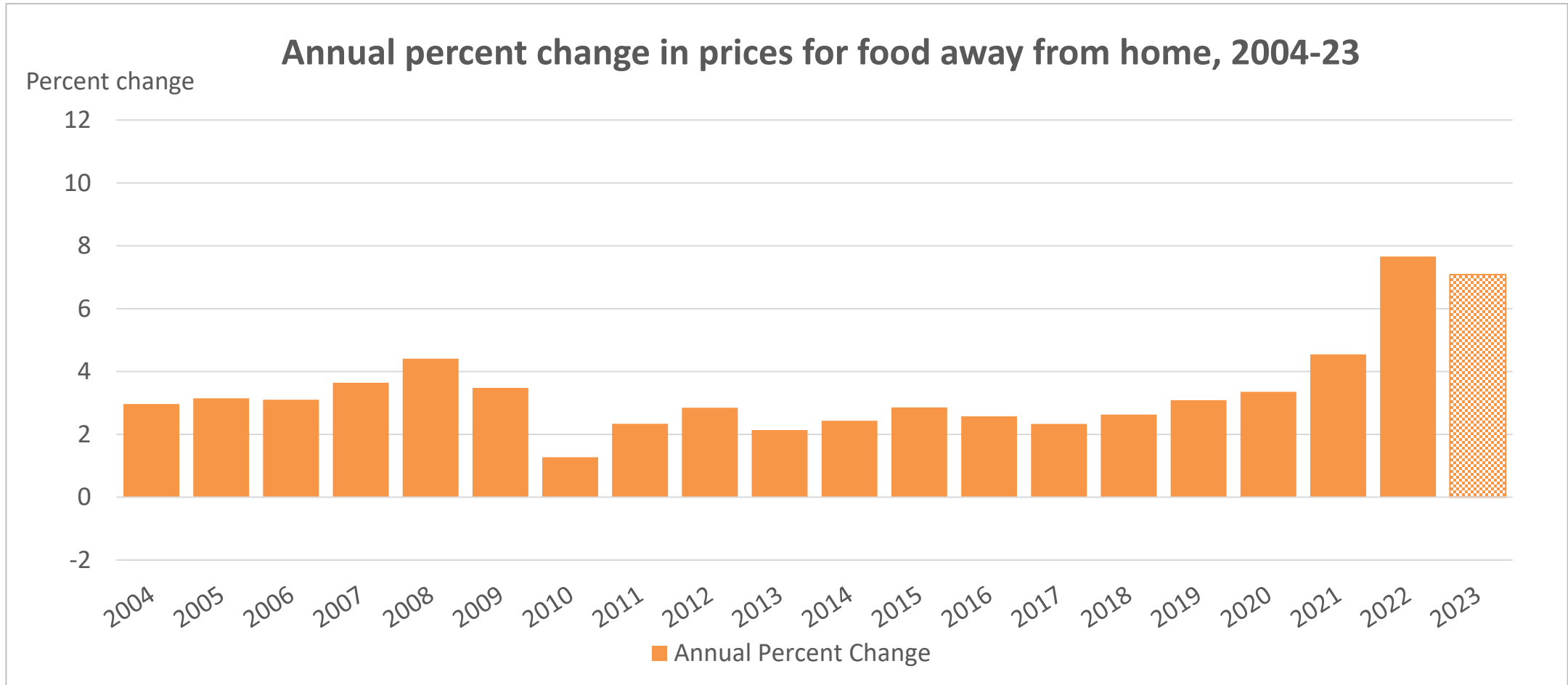
Food-at-home prices rose 5.0 percent in 2023



Source: USDA ERS using BLS Consumer Price Index Data



Food-away-from-home prices rose 7.1 percent in 2023



Source: USDA ERS using BLS Consumer Price Index Data



Food price increases varied by category in 2023

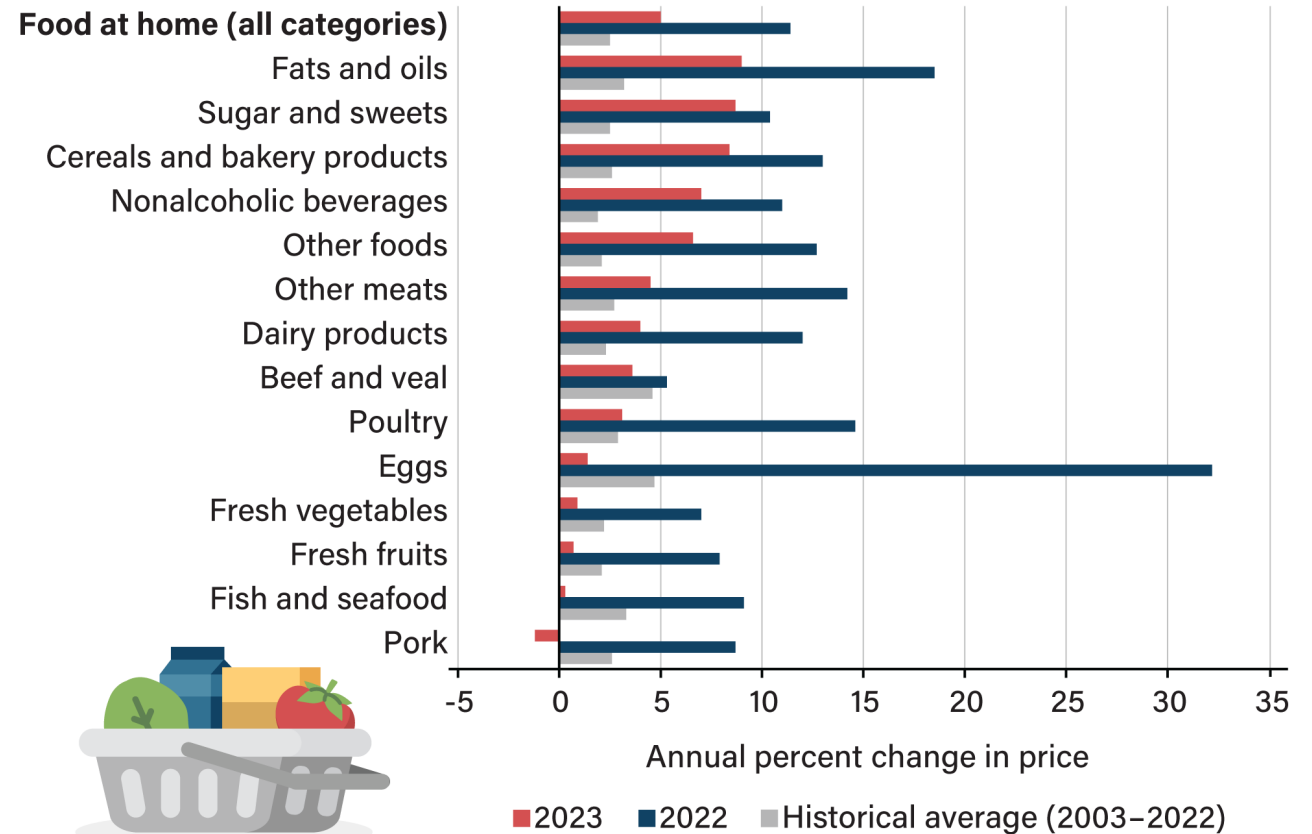
In 2023, prices increased by:

- 9.0% for fats and oils
- 8.4% for cereals/bakery
- 1.4% for eggs

Pork prices declined by 1.2%

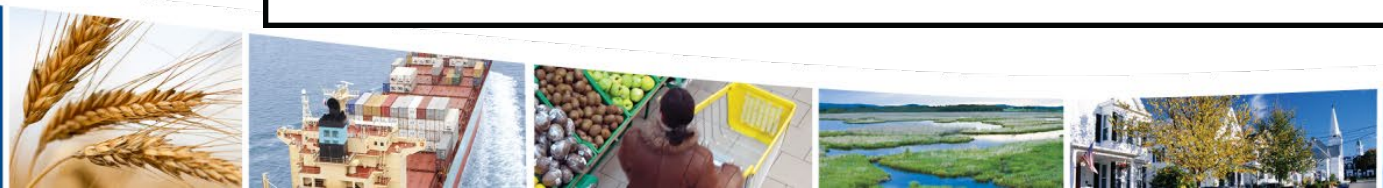
Price growth slowed across all categories from 2022

Annual inflation for major U.S. food categories, 2023 and 2022

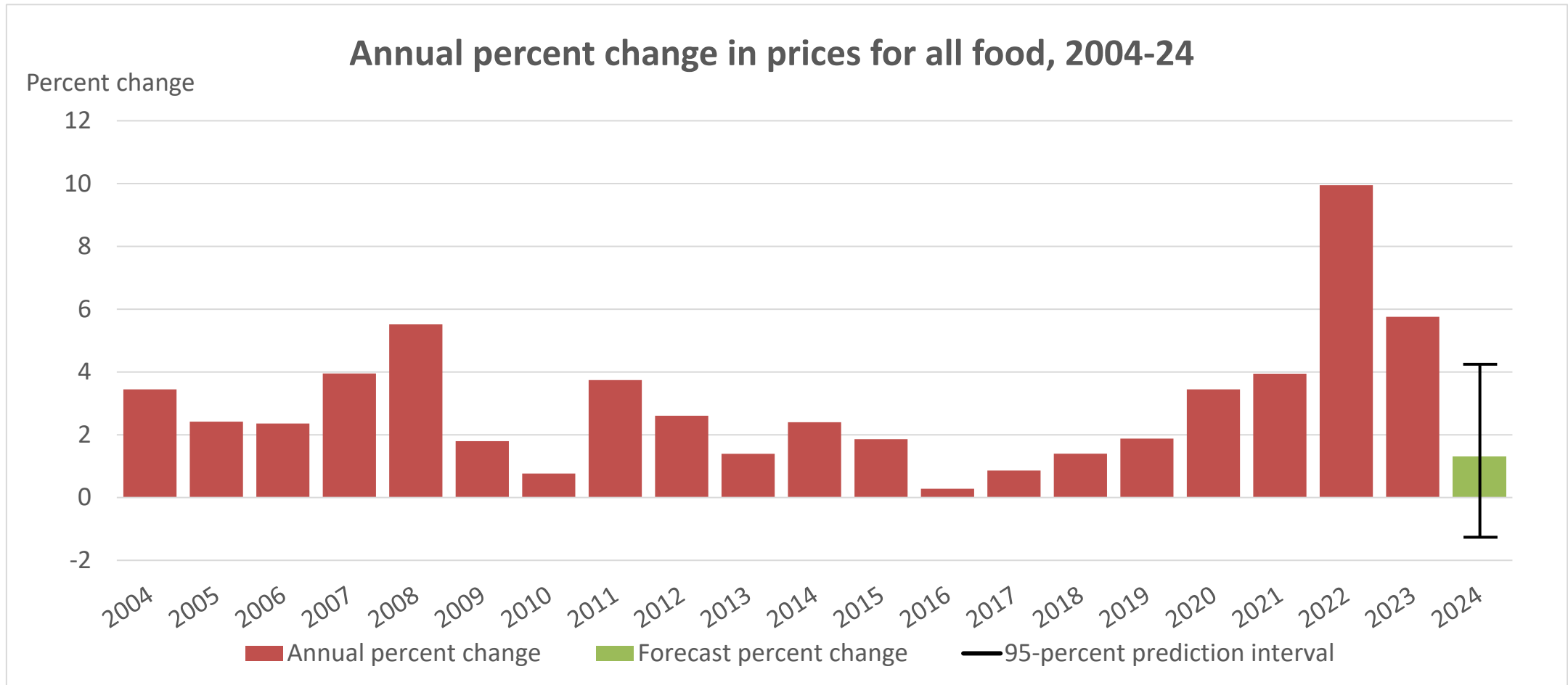


Note: Food at home is typically bought from grocery stores or other food stores. **Other foods** include soups, frozen and freeze-dried prepared foods, snacks, spices and seasonings, condiments, baby food, prepared salads, and other miscellaneous foods.

Source: USDA, Economic Research Service using U.S. Department of Labor, Bureau of Labor Statistics Consumer Price Index data.



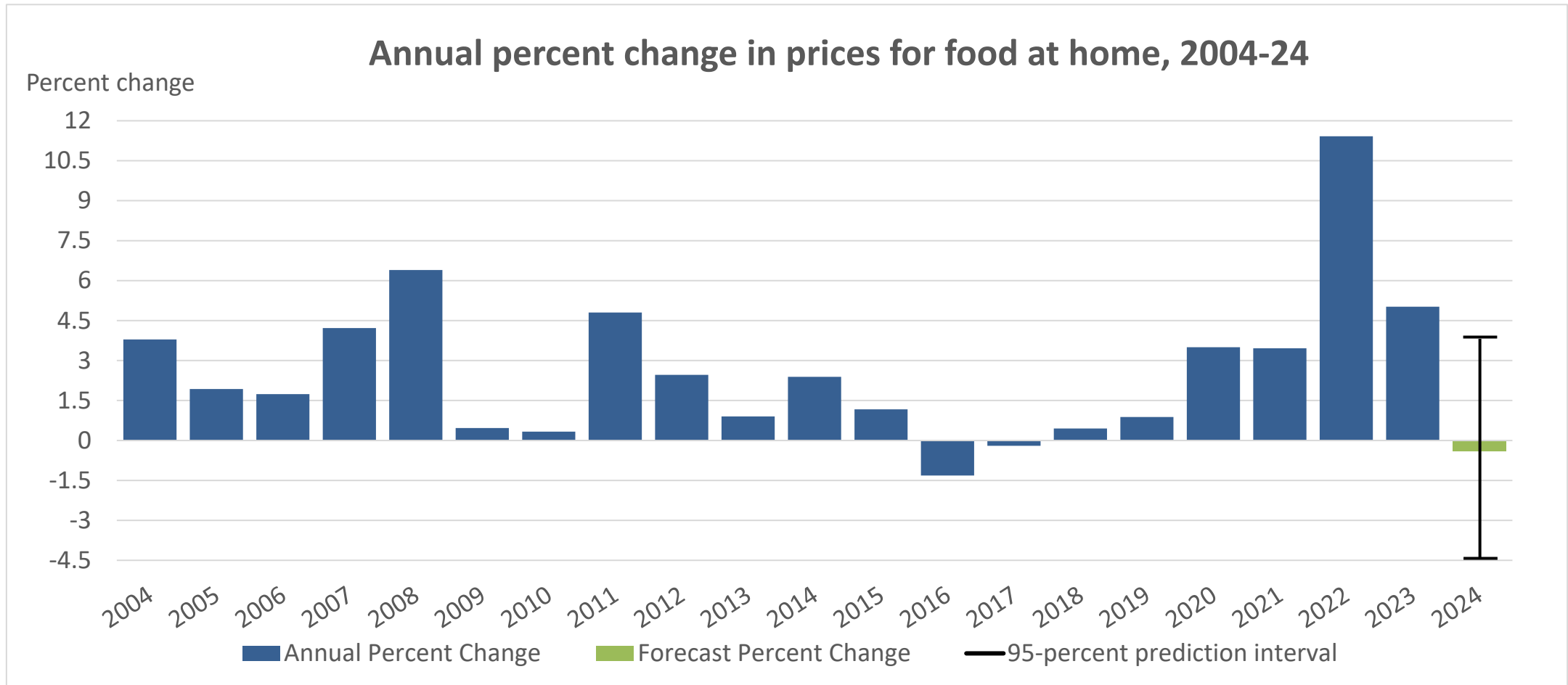
Food prices are forecast to increase 1.3 percent in 2024, with a prediction interval of -1.4 to 4.2 percent



Source: USDA ERS using BLS Consumer Price Index Data



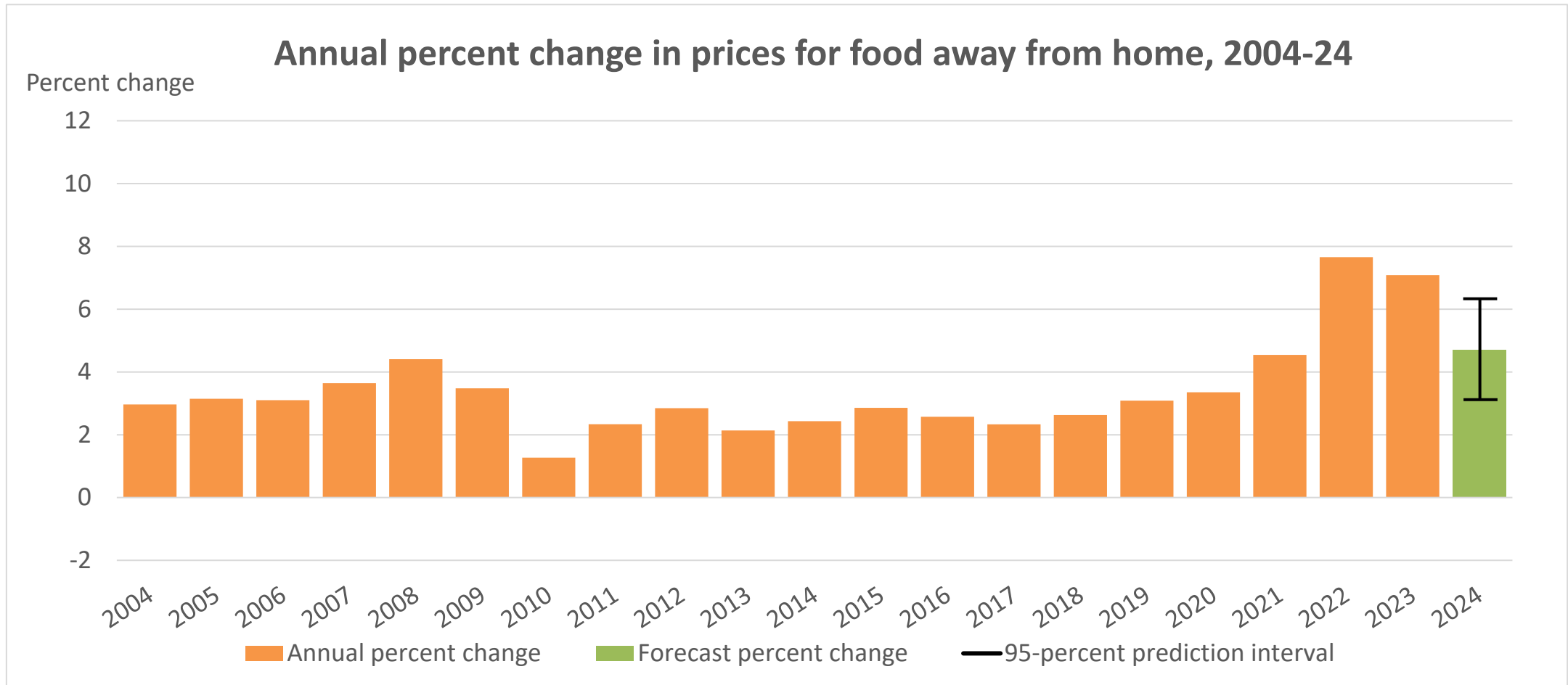
Food-at-home prices are forecast to decrease 0.4 percent in 2024, with a prediction interval of -4.5 to 4.0 percent



Source: USDA ERS using BLS Consumer Price Index Data



Food-away-from-home prices are forecast to increase 4.7 percent in 2024, with a prediction interval of 3.1 to 6.2 percent



Source: USDA ERS using BLS Consumer Price Index Data

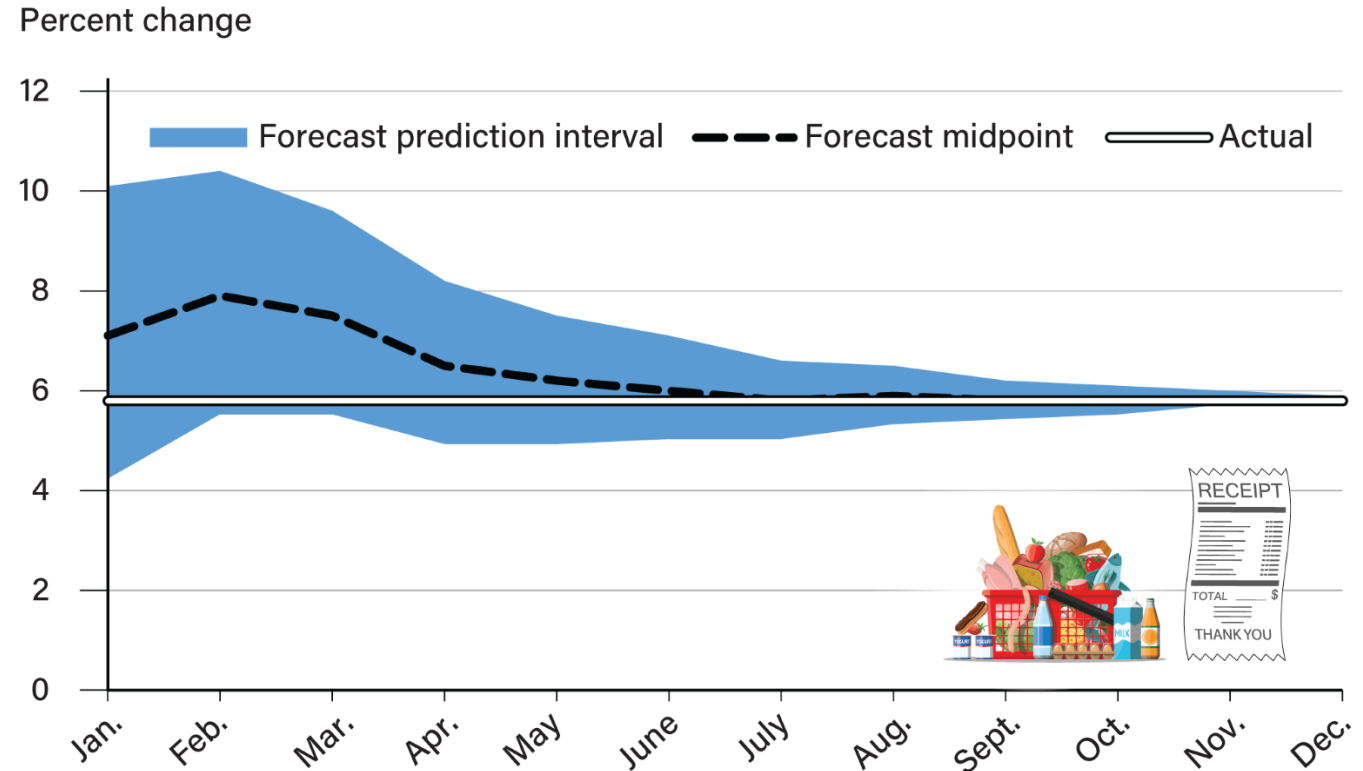


Prediction intervals start wider and narrow through the year as new data become available

2023 forecast midpoint converged on eventual actual price change by July

Prediction intervals contained actual price change throughout year

All food monthly price forecasts and actual price change in 2023



Note: Percent change is the annual average percent change in all food (food at home and food away from home) prices in 2023.

Source: USDA, Economic Research Service using data from its Food Price Outlook data product and the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index.

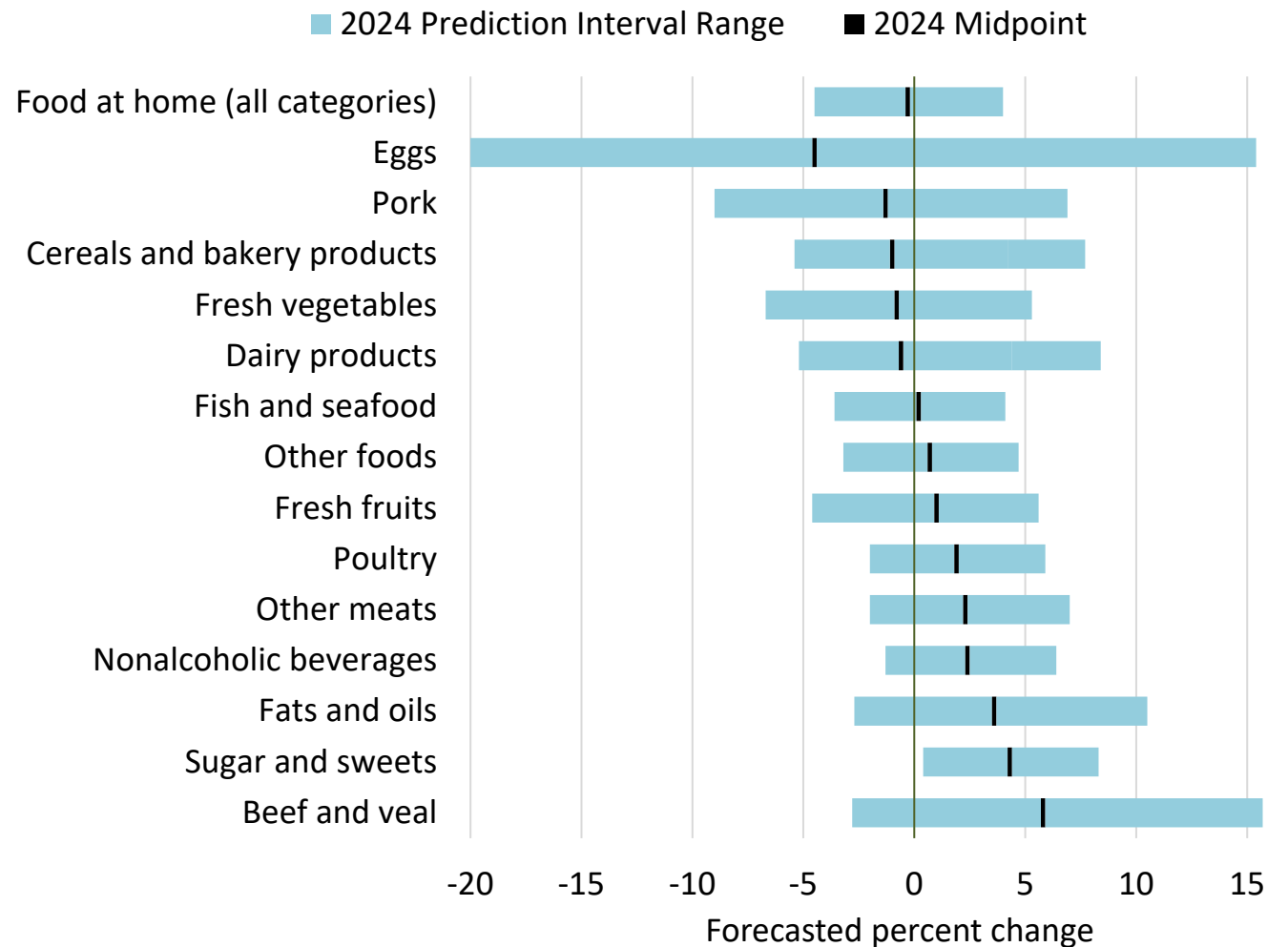


Forecast uncertainty varies by food category

Expect small price declines for some categories

Most expected price increases are near or lower than historical averages

Forecasts of 2024 price changes for retail food categories



Source: USDA ERS Food Price Outlook



Takeaways

- **2023:** Food price growth slowed across all categories from 2022
- **2024:** All food prices predicted to increase 1.3 percent, but food-at-home and food-away-from-home prices diverge:
 - Food-at-home prices predicted to decrease by 0.4 percent
 - Food-away-from-home prices predicted to increase by 4.7 percent
- Expect more price stability in 2024
- Some uncertainty persists, particularly for egg and meat prices
- Food Price Outlook next updated: **Friday, February 23rd**
www.ers.usda.gov/data-products/food-price-outlook



Other ERS work on food prices

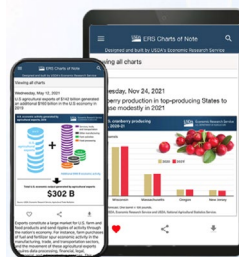
- **Food Dollar Series:** Measures annual expenditures of U.S. consumers on domestically-produced food www.ers.usda.gov/data-products/food-dollar-series
- **Food Expenditure Series:** Comprehensive food expenditure data, quantifying the value of food acquired in the U.S. by type of product, outlet, and purchaser www.ers.usda.gov/data-products/food-expenditure-series
- **Price Spreads from Farm to Consumer:** Data on prices paid by consumers and prices received by farmers for corresponding commodities www.ers.usda.gov/data-products/price-spreads-from-farm-to-consumer



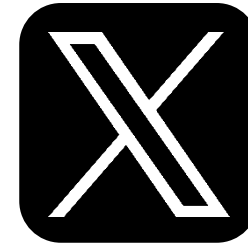
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Thank you!

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