USDA Food Price Outlook

Megan Sweitzer
Agricultural Economist
USDA Economic Research Service

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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.

Note: "Other" includes personal care products, tobacco, and miscellaneous expenditures.
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

Percent change in food-at-home prices since December 2017

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.

Price change for major Consumer Price Index (CPI) categories, 2023

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
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.
Forecast uncertainty varies by food category

Expect small price declines for some categories

Most expected price increases are near or lower than historical averages

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**
Other ERS work on food prices


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Megan Sweitzer
Food Markets Branch, Food Economics Division
USDA Economic Research Service
Megan.Sweitzer@usda.gov