FOOD PRICE OUTLOOK

2021 USDA Agricultural Outlook Forum
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OUTLINE

• Overview of consumer spending on food
• Food price trends over time
• What happened to food prices in 2020
• 2021 food price forecasts in historical context
• Next Food Price Outlook release: Thursday, Feb. 25th
• Additional useful ERS publications
On average, U.S. consumers spend 13 percent of expenditures on food.

Share of U.S. household consumer expenditures by major categories, 2019

Source: USDA, ERS using BLS Consumer Expenditure Survey data
Food price inflation is equal to all-items inflation for last five years

Percent change in subset of CPI categories from 2016 to 2020

Source: USDA, ERS using BLS CPI-U data, not seasonally adjusted
<table>
<thead>
<tr>
<th>Food Category</th>
<th>Weight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meats, poultry, and fish</td>
<td>11.8%</td>
</tr>
<tr>
<td>Meats</td>
<td>7.4%</td>
</tr>
<tr>
<td>Cereals and bakery products</td>
<td>7.1%</td>
</tr>
<tr>
<td>Nonalcoholic beverages</td>
<td>6.7%</td>
</tr>
<tr>
<td>Food away from home</td>
<td>44.5%</td>
</tr>
<tr>
<td>Other foods</td>
<td>10.7%</td>
</tr>
<tr>
<td>Dairy products</td>
<td>5.6%</td>
</tr>
<tr>
<td>Beef and veal</td>
<td>3.4%</td>
</tr>
<tr>
<td>Poultry</td>
<td>2.4%</td>
</tr>
<tr>
<td>Pork</td>
<td>2.3%</td>
</tr>
<tr>
<td>Fruits and vegetables</td>
<td>9.5%</td>
</tr>
<tr>
<td>Fresh fruits and vegetables</td>
<td>7.4%</td>
</tr>
<tr>
<td>Fresh fruits</td>
<td>3.8%</td>
</tr>
<tr>
<td>Processed fruits and vegetables</td>
<td>2.1%</td>
</tr>
<tr>
<td>Other meats</td>
<td>1.7%</td>
</tr>
<tr>
<td>Fish and seafood</td>
<td>2%</td>
</tr>
<tr>
<td>Fats and oils</td>
<td>1.5%</td>
</tr>
<tr>
<td>Sugar and sweets</td>
<td>1.9%</td>
</tr>
<tr>
<td>Eggs</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

Relative importance of food types in Consumer Price Index (CPI), Nov 2019

Source: USDA, ERS using BLS CPI-U data
Food price growth is different for at-home versus away-from-home.

Consumer Price Index (CPI) for food at home and food away from home, 1990-2020.

Source: USDA, ERS using BLS CPI-U data, not seasonally adjusted.
FOOD PRICE GROWTH IS DIFFERENT FOR AT-HOME VERSUS AWAY-FROM-HOME

CONSUMER PRICE INDEX (CPI)
FOR FOOD AT HOME AND FOOD AWAY FROM HOME, 1990-2020

Source: USDA, ERS using BLS CPI-U data, not seasonally adjusted
FOOD PRICE VOLATILITY HAS CHANGED OVER TIME

ANNUAL PERCENT CHANGE, FOOD-AT-HOME AND FOOD-AWAY-FROM-HOME CPI

Source: USDA, ERS using BLS CPI-U data, not seasonally adjusted
FOOD PRICE VOLATILITY HAS CHANGED OVER TIME

ANNUAL PERCENT CHANGE, FOOD-AT-HOME AND FOOD-AWAY-FROM-HOME CPI

Source: USDA, ERS using BLS CPI-U data, not seasonally adjusted
Food price volatility has changed over time.

Annual percent change, food-at-home and food-away-from-home CPI

Source: USDA, ERS using BLS CPI-U data, not seasonally adjusted.
**Annual Percent Changes in Retail Price, 2020**

Source: USDA, ERS using BLS CPI-U data, not seasonally adjusted
**ANNUAL PERCENT CHANGES IN RETAIL PRICE, 2020**

Source: USDA, ERS using BLS CPI-U data, not seasonally adjusted
ANNUAL PERCENT
CHANGES IN
RETAIL PRICE, 2020

Source: USDA, ERS
using BLS CPI-U data,
not seasonally adjusted
ANNUAL PERCENT
CHANGES IN
RETAIL PRICE, 2020

Source: USDA, ERS
using BLS CPI-U data,
not seasonally adjusted
**Annual Percent Changes in Retail Price, 2020**

Source: USDA, ERS using BLS CPI-U data, not seasonally adjusted

- Food at home (all categories): -0.8%
- Beef and veal
- Pork
- Poultry
- Eggs
- Dairy products
- Other meats
- Nonalcoholic beverages
- Sugar and sweets
- Other foods
- Fish and seafood
- Fresh vegetables
- Cereals and bakery products
- Fats and oils
- Fresh fruits

Historical average (2000-2020)
All food at home (2019-2020)
By category (2019-2020)
FACTORS TO WATCH IN 2021

PANDEMIC-RELATED
• Disease transmission, vaccination, stay-at-home orders
• Restaurant re-openings, supply chain adjustments
• Unemployment, lost wages, shifting safety net programs

ADDITIONAL FACTORS
• Phase 1 trade deal, African Swine fever, weather
2021 Food-at-home price inflation forecast between 1-2%

Food-at-home inflation, 2000-2020

Source: USDA, ERS using BLS CPI-U data, not seasonally adjusted
PERCENT CHANGE IN MEAT PRICES, Mar – Dec, 2020

Source: USDA, ERS using BLS CPI-U data, not seasonally adjusted
2021 Food-away-from-home price inflation forecast between 2-3%

Food-away from-home inflation, 2000-2020

Source: USDA, ERS using BLS CPI-U data, not seasonally adjusted
KEY TAKEAWAYS

• 2020
  • High food-at-home price inflation (75% above 20-year historical average)
  • Meats sector most impacted
  • Fresh fruits only commodity to decrease in price

• 2021
  • Pandemic and non-pandemic-related factors create considerably uncertainty.
  • Food-at-home prices predicted to increase 1-2%.
WHAT’S NEXT?

FOOD PRICE OUTLOOK UPDATE: TUESDAY, FEB. 25TH

- Forecasts cover the current calendar year, and the succeeding calendar year, starting in July
- Forecast 7 farm, 6 wholesale, and 22 retail food categories
- Available at: http://www.ers.usda.gov/data-products/food-price-outlook

CALENDAR YEAR 2021: MODEL DEVELOPMENT

- New data sources, methods, approach to modeling uncertainty
OTHER ERS FOOD MARKETS BRANCH WORK

Food Expenditure Series: Comprehensive data set that measures the U.S. food system, quantifying the value of food acquired in the United States by type of product, outlet, and purchaser.

Price Spreads from Farm to Consumer: Comparisons of prices paid by consumers for food with prices received by farmers for corresponding commodities.
**ADDITIONAL ERS RESOURCES**

*Amber Waves:* Current ERS economic and policy research on agriculture, food, rural America, and the environment for policymakers, academics and the public.

*Charts of Note:* Highlights from ERS current and past research. A version of the 2021 food-at-home forecast slide is a chart of note today.

*Charting the Essentials:* 70 charts and maps covering key information about agricultural markets and trade, farm income, food prices and consumption, food security, rural economies, and the interaction of agriculture and natural resources.

-> [Subscribe online](https://www.ers.usda.gov) for email notifications on updates to these and more
CHECK OUT THE VIRTUAL ERS BOOTH!

• Open:
  • 7:45am – 3:30pm 2/18
  • 8:15am – 4:30pm 2/19

• My slot: **11:15am – 2:00pm, 2/19**

• More information here: https://www.ers.usda.gov/newsroom/trending-topics/agricultural-outlook-forum-resources/.
Thank you!

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