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Food Spending and Income

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As of press time, revisions in the national income and product accounts for the years 1977 through 1981 were released. Disposable personal income for these years was raised and personal consumption expenditures for food were lowered. The revisions will appear in the next issue of the *National Food Review*.

Personal consumption expenditures (PCE) for food reached almost \$350 billion (at a seasonally adjusted annual rate or SAAR) during the second quarter of 1982, about 7 percent higher than the second quarter of 1981. About 5 percent of this increase reflected food price inflation, and 2 percent was due to an apparent growth in volume.

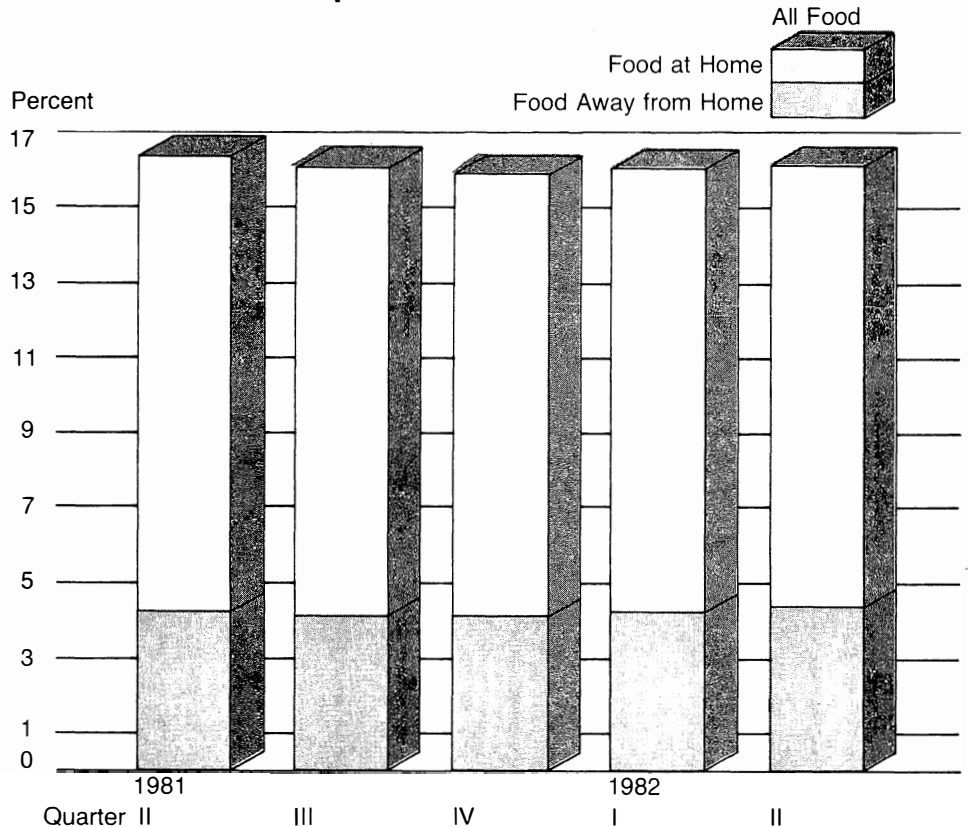
Sharply higher volume in the Nation's eating places was responsible for much of this growth. This is in contrast with past periods of economic recession when consumers generally shifted food purchases from eating places to grocery stores.

The unemployment rate continued to increase to nearly one of the highest in 4 decades. In May 1982, the unemployment rate reached 9.5 percent, up from 7.5 percent a year earlier. However, disposable personal income (take-home pay or DPI) also continued to rise, reaching \$2,152 billion, up almost 8 percent from the second quarter of 1981. It was 2 percent more even after adjusting for inflation.

As a result, PCE for eating away-from-home, which had been sluggish during most of 1981, rose at a brisk pace during the first half of 1982. By the second quarter, PCE for food away-from-home rose to almost \$94 billion (SAAR), more than 9.5 percent above the second quarter of 1981. Even after adjusting for price increases, there was nearly a 4-percent growth rate.

Expenditures for food in the Nation's grocery stores were about \$255 billion (SAAR), about 6 percent higher than the second quarter of 1981, and 2 percent higher after adjustment for inflation. The second-quarter increase followed a rather sluggish performance during the first

Food as a Percent of Disposable Personal Income



Food Expenditures and Disposable Personal Income

Type	1980				1981	
	I	II	III	IV	I	II
Food at-home	237.0	240.6	245.3	248.8	249.8	254.7
Food away-from-home	85.8	85.5	86.2	87.0	91.0	93.7
All food	322.8	326.1	331.5	335.8	340.8	348.4
Disposable Personal Income (DPI)	1,958.7	1,996.5	2,060.0	2,101.4	2,117.1	2,151.9

quarter. Because of the relatively strong performance of restaurant expenditures, the ratio of grocery store food expenditures to away-from-home food expenditures fell significantly.

Because disposable personal income (DPI) rose at a more rapid pace than food

expenditures, the portion of DPI spent for food fell from 16.3 percent during the second quarter of 1981 to 16.1 percent in 1982. Food at-home accounted for all of the drop, falling from 12 percent to 11.7 percent. Food away-from-home rose to 4.3 percent as a portion of DPI. ■