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1985 RETAIL FOOD BILL WILL RISE 2-5  
PERCENT

Consumers can expect a 2 to 5 percent overall increase in retail food prices during the coming year. That compares with a 4 percent higher food prices forecast for last year.

Grocery store food prices are likely to rise an average of 2 to 5 percent while the price for food purchased away from home in restaurants, cafeterias and fast-food establishments will be up 3 to 6 percent.

Virtually all of the increase will be from higher costs associated with the processing and marketing of food...and little, if any, rise in farm prices is likely this year, according to U.S. Department of Agriculture economists

In 1985, food marketing costs are expected to rise at near last year's rate of 4 percent. Many labor contracts of workers employed in food processing and retailing provide for wage increases of 3 to 4 percent this year.

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WITHDRAWN  
21 1985

Retail pork prices will average higher than the expected modest increase in beef prices...while poultry and egg prices will average lower than a year ago. The increase in poultry production will help moderate the rise in red meat prices. Overall fruit and vegetable prices will be up less than the expected general increase for all foods. Fruit price increases will be greater, and vegetable prices less than the average for all foods.

Supplies of beef are currently high and are expected to remain relatively high through mid 1985. The forecast is for gradual price increases throughout the year, as beef production slows down. However beef prices in 1985 are expected to average 1 to 4 percent above 1984 average, with most of the increase during the second half of the year.

Lower pork supplies in the first quarter are expected to bring higher prices after the first of the year. Following the price rise this winter, prices will remain fairly stable, with only slight increases in the second half of the year expected.

Retail prices for broilers, turkeys and eggs will likely be below 1984. Lower feed prices and the outlook for reduced red meat supplies induced producers in 1984 to expand output. Egg production increased substantially the second half of 1984, and prices have dropped sharply from the very high level of last winter. Prices will remain fairly stable at current levels through the year, an average 14 to 17 percent below the 1984 level.

Citrus production is forecast to be larger for this season than last year's freeze damaged crop, but well below the crop of two years ago.

Grape, apple and winter pear production is down from a year ago, with higher retail prices for these fresh fruits anticipated.

Processed fruit prices are expected to be up sharply from a year ago (7 to 10 percent). Packers have bid grower prices up sharply in order to replace depleted inventories of frozen and canned fruits. However, the pack of frozen and canned tart cherries from Michigan is up significantly, as are

frozen strawberries.

The larger orange crop, higher juice yields augmented by more imports of concentrate, will result in a sharply larger pack of frozen concentrate orange juice this year.

A larger fall potato harvest and increased winter vegetable acreage indicate good supplies of fresh vegetables this winter. Assuming normal weather, retail prices of fresh vegetables will average lower this year compared to last year's high prices resulting from the freeze. Large carryover supplies of many canned and frozen vegetables and a large 1984 pack in the four major processing vegetables (green peas, snap beans, sweet corn and tomatoes) means supplies will be larger this year, and little increase in retail prices.

Any price increases for dairy products, fats and oils, and cereals and bakery products will be a reflection of increases in marketing costs rather than in the farm value of the products.

Percent Change Expected in Food Prices

|                                | 1984           | 1985      |
|--------------------------------|----------------|-----------|
| <u>Consumer Price Indexes:</u> | <u>Percent</u> |           |
| All Food                       | 4.0            | 2 - 5     |
| Food Away From Home            | 4.3            | 3 - 6     |
| Food at Home                   | 3.8            | 2 - 5     |
| Meats                          | 0.4            | 3 - 7     |
| Beef & Veal                    | 1.4            | 1 - 4     |
| Pork                           | -1.3           | 5 - 8     |
| Poultry                        | 10.2           | -5 - - 2  |
| Eggs                           | 10.4           | -17 - -14 |
| Dairy Products                 | 1.4            | 0 - 3     |
| Fish & Seafood                 | 3.5            | 2 - 5     |
| Fruits & Vegetables            | 8.7            | 0 - 3     |
| Sugar & Sweets                 | 4.1            | 3 - 6     |
| Cereals & Bakery               | 4.6            | 4 - 7     |
| Products                       |                |           |
| Fats & Oils                    | 4.8            | 3 - 6     |

Source: Forecasts by Economic  
 Research Service, U.S.  
 Department of Agriculture