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# FOOD SPENDING AND INCOME

By Fredericka Bunting

Rising income and employment helped insure that expenditures for food, especially meals eaten away from home, remained strong in the second quarter. Personal expenditures on food—\$238.4 billion (seasonally adjusted, at annual rates)—were up over 10 percent from a year earlier and 4 percent from the previous quarter. Expenditures on restaurant meals and snacks were up 11½ percent from a year earlier, while expenditures on food eaten at home nearly 10 percent.

However, inflation was the sole reason for the rise in food expenditures. The quantity of foods purchased in grocery stores for home consumption declined 2 percent from year-earlier levels for two reasons: Smaller supplies of farm foods were generally available in the second quarter, and larger incomes and numbers employed lead to a partially offsetting increase in the demand for foods eaten away from home. After adjusting for price movements, total expenditures on food declined .2 percent relative to quantities purchased a year earlier.

In addition to food expenditures, rising income and employment along with more favorable weather conditions induced further adjustments in the type of purchases consumers made. In addition to having more income, consumers spent a larger proportion of their income on goods and services than they did during the first quarter. In total, consumer expenditures were \$1,325 billion, up nearly 4 percent from the previous quarter while income totaled \$1,433.3 billion, up 3 percent from the previous quarter. Because consumer outpassed income, the savings rate declined nearly 12 percent to 5.2 percent.

With the rise in income came a general increase in the demand for durable goods, especially automobiles. However, demand for nondurables and services also remained strong in most categories. Spending for furniture and household equipment, along with clothing and shoes, also increased rapidly during the second quarter, reversing the pattern set in the first quarter when inclement weather made shopping

difficult.

Consumers increased their spending for furniture and household equipment by \$4 billion and for clothing and shoes by \$5 billion. Part of this increase can be attributed to the decline during the first quarter. Expenditures increases on these items probably will not continue at the rate of the second quarter.

Despite warmer weather, spending on most energy related items such as fuel oil and coal remained nearly the same as in the first quarter because of higher prices. Other consumer expenses for housing and household operations also increased, primarily due to rising household costs.

## QUARTERLY CHANGES IN PERSONAL EXPENDITURES AND DISPOSABLE PERSONAL INCOME (SEASONALLY ADJUSTED)

Item	II	1977		1978	
		III	IV	I	II <sup>1</sup>
Personal consumption expenditures ..	1.8	2.2	3.3	1.7	3.8
Durable goods .....	1.3	1.0	5.5	-2.0	8.0
Nondurable goods .....	1.6	1.3	3.6	.9	3.6
Food .....	3.1	1.0	2.6	2.2	4.1
Other .....	.5	1.6	4.4	.2	5.0
Services .....	2.0	3.3	2.4	3.6	2.3
Personal disposable income .....	3.0	2.6	3.1	2.4	3.0

<sup>1</sup> Preliminary

## CHANGES IN FOOD EXPENDITURES SECOND QUARTER, 1977<sup>1</sup> (SEASONALLY ADJUSTED)

Item	From first quarter 1978	From second quarter 1977
	Percent	
Total food		
Current dollars .....	4.1	10.3
1972 dollars .....	-1.0	-.2
Food at home		
Current dollars .....	3.8	9.9
1972 dollars .....	-2.0	-.8
Food away from home		
Current dollars .....	4.8	11.6
1972 dollars .....	2.1	3.1

<sup>1</sup> Preliminary