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\$3.28 in April, down from a peak of \$3.94 in June last year. Retail coffee prices are expected to continue to decline, and while the pace slowed in the first quarter, it could accelerate in the second and third quarters.

On the other hand, tea consumption rose sharply in 1977 to almost 1 pound per person, and use this year could match the 1977 level.

With high coffee prices stimulating higher domestic tea consumption last year, coupled with a tight world tea supply, tea prices rose significantly in calendar 1977. With wholesale prices declining this year, only small increases in retail tea prices are expected in 1978. Retail prices could level off if wholesale prices drop enough. The U.S. average price for a package of 48 tea bags was \$1.24 in April, up from 96 cents in March of 1977 but up only slightly from \$1.23 per package in January this year.

FOOD SPENDING AND INCOME

By Fredericka Bunting

Preliminary estimates indicate that Total Personal Consumption expenditures for food during the first quarter of 1978 were \$230.7 billion, (seasonally adjusted at annual rates), a 2.2-percent increase over the fourth quarter of 1977 and nearly a 10-percent increase over the same period a year earlier. Restaurant meals and snacks totaled \$56.6 billion, nearly 8 percent above a year earlier, while expenditures on food purchased for home use totaled \$174.2 billion.

All of the increased spending on food at home during the first quarter was due to price increases. After adjusting for price increases, at-home spending fell nearly 1 percent from the previous quarter. Purchases of restaurant meals and snacks also declined. Total food expenditures were down nearly 1 percent from the fourth quarter 1977, after adjusting for price.

Consumers in general had more money than ever before to spend

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

Item	1977				1978
	II	III	IV	I	
	<i>Percent</i>				
Personal consumption expenditures	1.8	2.1	3.4	1.8	
Durable goods9	-.1	4.9	-1.5	
Nondurable goods	1.7	1.6	3.8	.8	
Food	3.2	1.6	2.6	2.2	
Other4	1.6	4.8	-.4	
Services	2.3	3.4	2.6	3.4	
Personal disposable income	3.2	2.4	3.4	2.5	

during the first quarter, with Disposable Personal Income up nearly 2½ percent from the previous quarter and almost 12 percent from a year earlier. Despite the negative impact of harsh winter weather and the coal strike, total employment continued to expand on a seasonally adjusted basis and unemployment dropped to a 6.2-percent rate. Wage and salary adjustments further contributed to higher personal incomes.

Although total incomes were higher, consumers also adjusted their purchasing patterns among other major expenditure categories in company with their increased food spending. Personal consumption expenditures for durable goods in the first quarter declined about 12½ percent from the record high during the previous quarter, although they remained about 3½ percent above a year earlier. Most of the quarterly decline for durable goods reflected decreased spending for furniture and household equipment. Although purchases of automobiles rose slightly from the fourth quarter of 1977, they remained below year-earlier levels.

First quarter spending on non-durables, other than food, rose slightly from the previous quarter, reflecting an increase of 22½ percent for fuel, oil and coal, and a 1-percent increase for gasoline and oil. Spending on clothing and shoes dropped about 4 percent from the previous quarter.

Consumption expenditures for services during the first quarter

rose nearly 4 percent from the fourth quarter and were about 12½ percent above a year earlier. The largest quarterly increase was for expenditures on household operations, up nearly 6 percent from the previous quarter due mainly to increased costs for natural gas and electricity.

First quarter expenditures for all goods and services totaled \$1,284 billion (seasonally adjusted annual rate), up nearly 2 percent from the previous quarter and a little more than 9 percent from a year earlier. Since the quarterly increase in disposable personal income was greater than the increase in consumption expenditure, the savings rate was from 5.6 in the fourth quarter of 1977 to 5.9 percent during the first quarter of this year.

CHANGES IN FOOD EXPENDITURES FOURTH QUARTER, 1977 (SEASONALLY ADJUSTED)

Item	From fourth quarter 1977	From first quarter 1977
	<i>Percent</i>	
Total food		
Current dollars ...	2.2	9.7
1972 dollars	-.8	3.0
Food at home		
Current dollars ...	2.4	10.4
1972 dollars	-.9	4.0
Food away from home		
Current dollars ...	1.7	7.6
1972 dollars	-.1	-