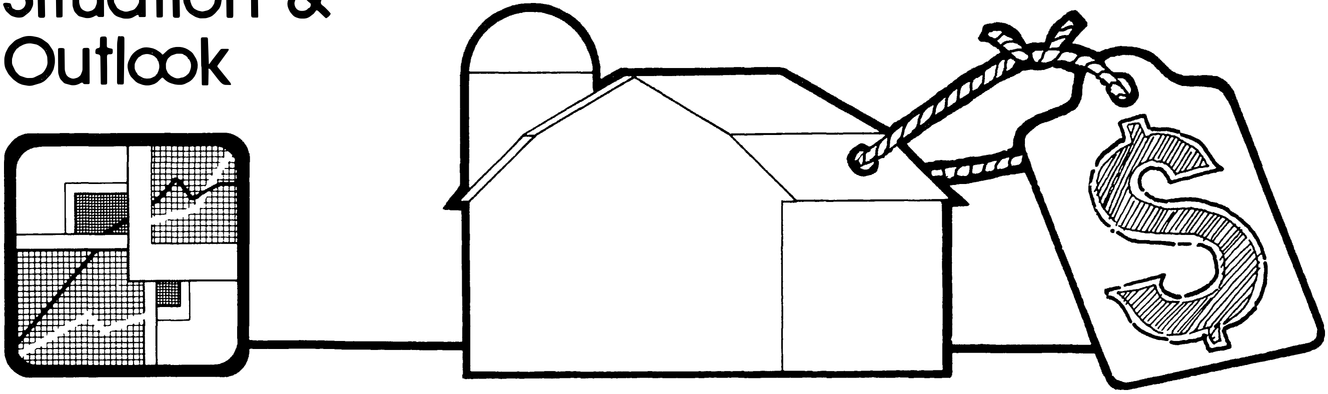
Situation & Outlook



The sharp rise in retail food prices which began last winter has continued unabated through early spring. Second quarter retail food prices now appear likely to average 3 to 4 percent above the previous quarter and 8 or 9 percent above a year earlier, based on market developments through May. Grocery store food prices are now expected to rise slightly more than away-from-home food prices.

USDA's earlier forecast called for a second quarter advance in grocery store food prices of about 2 percent from the first quarter and about 7 percent from a year ago, with away-from-home food expected to climb slightly faster. First quarter at-home food prices were up about 3 percent from October-December 1977 and were nearly 8 percent above a year earlier.

Further price increases for red meats and poultry likely will account for much of the second quarter food price rise. Strong consumer demand, in the face of smaller supplies of red meat, particularly beef, with only a partial offset provided by larger poultry output, has continued to push retail meat prices much higher in recent months.

Rising fruit and vegetable prices are also contributing heavily to the second quarter food price rise, despite the fact that lettuce prices are retreating to more normal levels. Skyrocketing lettuce prices the end of April reflected the effect of excess rains in California at planting time, and second quarter 1978 price increases for several other fresh fruits and vegetables were larger than usual.

Moderate retail price rises are likely to be recorded for most other major foods during the second quarter, reflecting a combination of higher commodity prices and rising costs for processing and marketing firms. Lower prices for eggs and coffee this spring will partially offset the general food price advance.

Farm Prices Higher Than Earlier Expected

In contrast to most of the period from 1974 through 1977, higher prices for farm commodities are contributing to most of the upward push on retail food prices during the first half of 1978. Earlier this year, anticipated supply-demand conditions for food commodities were expected to hold overall farm prices fairly steady. But the sharp cutback in expected pork supplies, accompanied by lower beef production, has driven farm prices of livestock sharply higher.

Reduced citrus output, along with weather-reduced supplies of some fresh vegetables, resulted in sharply higher grower prices of these items. Grain and soybean prices have also advanced more than earlier expected because of strong foreign demand and domestic farm policy actions. As a result, the second quarter farm value of foods which originate on U.S. farms is now expected to average 6 to 7 percent above the first quarter and around 15 percent over a year earlier.

Farm-to-retail price spreads (the difference between what farmers receive and what consumers pay for domestic farm foods in grocery stores) are rising less rapidly than the underlying rate of inflation. The increases reflect higher costs for labor and other inputs used by marketing firms. Second quarter price spreads are now expected to average 2 to 3 percent above the previous quarter and around 6 percent above a year ago.

Average prices for imported foods and fish appear to be holding about steady. Declining coffee prices are expected to largely offset further increases for most other items. Rapidly rising coffee prices in the first half of 1977 provided most of the upward pressure on retail food prices last year.

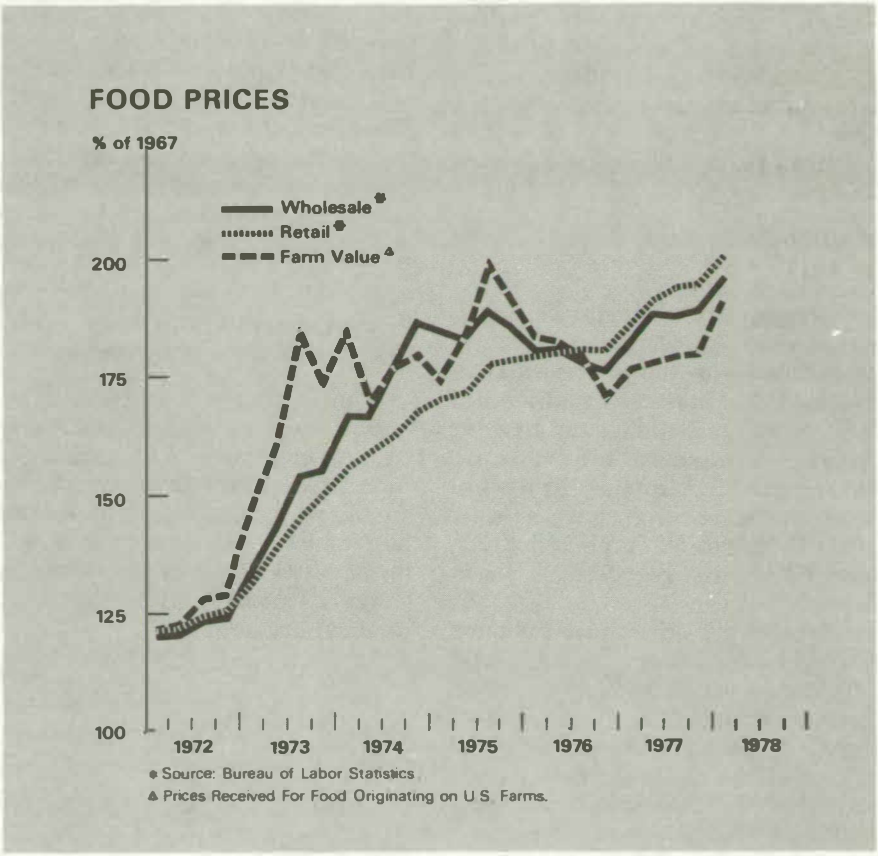
Second Half Food Price Gains May Slow

Present indications of supply, demand, and marketing cost conditions facing the food industry suggest that retail food prices are likely to continue to rise through most of the summer. Red meat prices are expected to contribute heavily to the increase, reflecting continued strong consumer demand, the fact that supplies are generally tight, and that food marketing firms will pass increases in prices and marketing costs for live animals on to the consumer. However, barring major weather problems in important producing areas at home and abroad, the rate of increase in overall food prices is expected to taper off as the harvesting season for major field crops, fruits, and vegetables draws closer.

If weather is generally favorable, third quarter prices for grocery store food likely will average 1 or 2 percent above the second quarter, and remain around 8 percent above a year earlier. Prices for food away from home likely will rise a little faster, reflecting greater demand and more pressure from nonfood costs at eating places.

Looking ahead to the fall quarter, favorable weather conditions for major crops, along with expected seasonal output gains for pork and poultry, likely would hold average retail food prices about steady at the third quarter level, and about 8 percent above a year earlier. Moderate price declines for red meat, poultry, and most fresh produce may about offset further increases for most other major food categories. Moderate price rises for most of the highly processed food items would primarily reflect continued marketing cost increases after commodities leave the farm.

Conversely, widespread bad weather at home and abroad through the summer and fall, if accompanied by smaller than expected supplies of livestock products, likely would keep additional upward pressure on farm commodity prices. Coupled with continued inflationary pressure from marketing costs and stronger increases in consumer demand, food prices could continue to rise through the entire year. Under these conditions, food prices could end the year 10 percent or more above a year earlier.



1978 Food Prices May Be Up 8 to 10 Percent

Considering the strong price rises early this year, and taking into account a major portion of the uncertainties during the remainder of the year, retail food prices for all of 1978 now appear likely to average around 8 to 10 percent above 1977. Prices for both at-home and away-from-home categories are expected to show similar rates of change from their year-earlier averages.

The farm value of domestic food commodities is expected to average 12 to 15 percent above a year earlier and account for about half to as much as three-fifths of the average 1978 grocery store price rise. Of course, this would depend on weather conditions and the pattern of farm prices through the remainder of the year.

Marketing charges for these foods likely will account for most of the remainder of the average food price increase. Gains in farm-to-retail spreads may pick up to around 7 percent above a year earlier late this year, following relatively small year-to-year increases during the first half. Consequently, marketing spreads for all of 1978 could average about 6 percent above last year.

Prices for imported foods and fish are expected to average 5 or 6 percent above a year earlier and account for a little less than a tenth of the 1978 food price rise. This is in contrast to last year when prices of these items averaged a little more than 30 percent above a year earlier and contributed to about two-thirds of the 1977 food price rise.

Current forecasts of farm commodity prices, marketing costs, and retail food prices take account of the major portion of the uncertainty surrounding supply and demand conditions in the food sector. However, they do not encompass the entire range of possibilities. Major shortfalls in U.S. or world crop harvests, severe disruptions in the flow of commodities from producers to consumers, or more pronounced inflationary pressures in domestic and world economics are examples of conditions which could cause food prices to rise even more than now seems likely. Conversely, ideal weather conditions leading to large crop harvests worldwide, larger output of livestock products than currently anticipated, or some contraction of consumer demand could still result in a 1978 food price rise below the current forecast range.

Food Prices Up Again in April

Grocery store food prices rose a little over 1 percent from March to April based on the unrevised Consumer Price Index. Virtually all of the rise resulted from higher returns to farmers for food produced on U.S. farms as farm-retail spreads (marketing charges) were about the same. Imported foods and fish prices registered a slight decline.

Retail food prices rose for most categories, except for eggs and beverages which were down moderately, and for cereal and bakery products and processed fruits and vegetables which were about unchanged. Fresh fruits and vegetables were up around 3 percent, with lettuce, onions, cucumbers, green peppers, and apples contributing most to the rise. Beef prices rose 4 percent, pork prices were up about 2 percent, and poultry prices increased about 3 percent.

For the second consecutive month, sharp increases in returns to farmers accounted for all of the grocery store food price rise. The farm value of domestically produced foods increased about 3½ percent in April, while marketing spreads held about steady despite continued upward pressure on operating costs of food marketing firms.

Prices of imported foods and fishery products declined about 0.3 percent in April, compared with a 1.4-percent rise for domestically produced foods. Increases for fishery products, sugar, carbonated drinks, and chocolate products were offset by decreases for bananas and coffee.

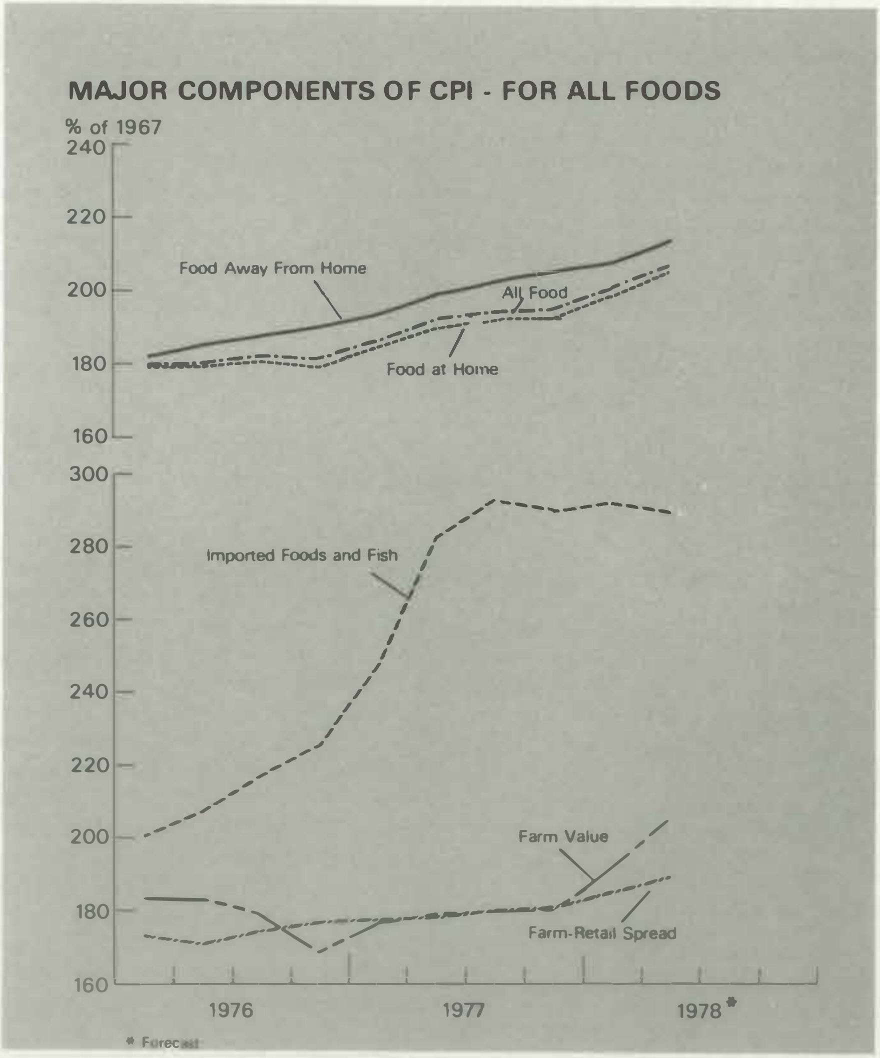
Compared with last year, grocery store prices in April were up about 8 percent. Higher prices to farmers, up 15.6 percent, accounted for slightly more than three-fifths of the rise. April marketing spreads were up about 3 percent from last year, while prices for fish and imported foods were up nearly 8 percent. Away-from-home food prices were up a little less than grocery store prices. Year-to-year increases for these prices reflect both higher food and operating costs.

Rising Labor Costs To Keep Pressure on Marketing Margins

Continuing a long-term trend, higher marketing costs will again be an important contributor to food price hikes this year. Labor costs, which account for nearly half of total marketing costs, will be boosted by wage increases of workers considerably greater than productivity gains.

About 231,000 workers in food manufacturing will receive deferred wage increases averaging about 6.4 percent (40.6 cents per hour) in 1978, compared with last year's 7.2 percent. Contracts are terminating this year affecting about 68,000 workers or only about a fourth of the food manufacturing workers covered by major collective bargaining agreements.

Labor costs also will be rising in the retail food store industry. Contracts for about 165,000 workers in food retailing will be renegotiated in 1978—a relatively heavy wage bargaining year—compared with food manufacturing. Since new contracts usually provide larger wage increases in the first year of the agreement than in succeeding years, the heavy bar-



gaining in 1978 will add to the pressure that exists for food price increases to cover rising costs. The heaviest bargaining on new contracts, mainly involving workers belonging to the Retail Clerks International Union, will occur in the third quarter of this year.

Food Consumption To Ease in 1978

The 1978 per capita food consumption index is currently estimated to be slightly below the 1977 level. Smaller supplies and lower per capita consumption of animal products likely will more than offset an expected increase for crop foods. The per capita consumption index for animal products is expected to decline about 1 percent, while foods from crops may be up by a smaller margin.

The estimated 1978 total per capita food consumption index would be 1.2 percent below the record level of 1976. Both animal products and crops show declines from 2 years ago.

The index of red meat consumption in 1978 is expected to show a 4-percent decline from last year because of a likely reduction in beef consumption. Beef production is in a cyclical decline as reduced numbers are available for slaughter. Pork consumption is expected to be about the same as the 1977 level, as producers' efforts to expand production have been hurt by bad weather and disease problems.

Poultry meat consumption, which includes both broilers and turkeys, is expected to show a 5-percent gain from a year ago. Poultry producers are taking advantage of the currently favorable price situation and are expanding output as rapidly as possible. However, the increase is not sufficient to offset the per capita decline in red meats.

Egg consumption is expected to exceed year-earlier levels during most of 1978, but may fall below by the fourth quarter. Dairy product consumption is anticipated to be slightly above the 1977 level.

Fruit consumption this year is anticipated to be down 3 percent from last year. Fresh fruits may be off 2 percent, and processed fruit consumption may be 4 percent less than a year ago due to reductions in canned and frozen fruit consumption.

Vegetable consumption is expected to show gains during 1978 as supplies become liberal during the main growing season. Potato consumption may be up 5 percent, and other vegetables may be up 2 percent above last year. However, bad weather in regions that produce early season crops may temper the outlook.

Beverage consumption could show another decline in 1978. Coffee consumption, in particular, may be slightly down from last year's low level in response to current high retail prices.

Food Outlook Highlights

Red Meat. First quarter red meat output was 3 percent below a year earlier. Poultry production, however, increased, resulting in only a 1-percent decline in total red meat and poultry output. As a result, producer prices for livestock and poultry rose sharply and averaged well above a year earlier. Retail prices for red meats and poultry also advanced substantially. However, retail price rises have not fully reflected the rise in producer prices, particularly for beef.

Rising consumer incomes are expected to keep the demand for meat strong through the remainder of the year. The strong demand and smaller supplies of red meat suggest a continuing rise in prices, at least through the summer. Some weakness in prices could occur this fall if supplies expand from the summer as expected.

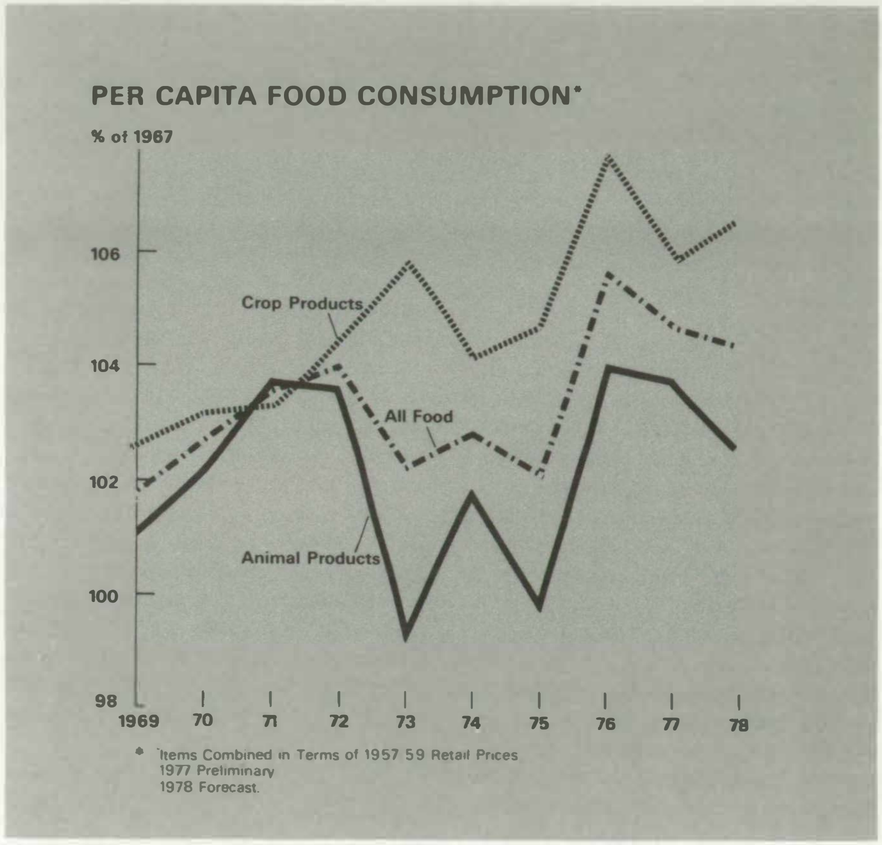
During the last half of the year, beef production may be down 6 to 8 percent from last year. Pork production, however, may be up 3 percent or more, resulting in a decline of 3 to 5 percent in red meat production. Increases of 7 to 9 percent in poultry production may keep combined red meat and poultry production about 1 percent below last years's July-December level.

Retail meat prices have risen sharply since last fall. First quarter prices for red meat were up about 5½ percent from the previous quarter, reflecting similar increases for both beef and pork. Second quarter price advances for beef are likely to be even larger than during the winter although the pork price rise may be a little smaller. Even though the rate of price increase is expected to slow after midyear, prices for beef and pork will remain well above last year's level for the remainder of the year. For all of 1978, beef and veal prices at retail may average 16 to 18 percent above 1977. Gains in the retail pork price index could be in the 12 to 14 percent range. These increases reflect a very strong consumer demand for meat as well as reduced supplies.

Beef production is now declining as a result of the reduced inventory of cattle. And prices above those of the 1976-77 period for more than just a few months will be required to end the herd sell-off and get rebuilding underway. Even with the higher prices since the first of this year, liquidation continues—as the level of cow slaughter remains high and a record large number of heifers are in feedlots. However, current cattle prices are restoring profits to beef producers and should result in a rebuilding of the beef cattle herd.

Beef is a major component of food expenditures and rising beef prices have added to the general concern over inflation.

Poultry. Chicken consumption during the first half of 1978 has been about 5 percent above a year ago. Broiler or young chicken production during the first quarter of 1978 was up 8 percent and is expected to be up 5 to 7 percent from a year earlier during the second quarter. Output in the second half is anticipated to be 8 to 10 percent over last year as producers respond to the favorable profits. Chicken consumption will set a new record in 1978 by perhaps 3 pounds per person over the 44.9 pounds consumed in 1977.



PER CAPITA FOOD CONSUMPTION*

* Items Combined in Terms of 1957 59 Retail Prices
1977 Preliminary
1978 Forecast.

Despite larger chicken supplies, retail prices are above a year earlier. This is due to a reduced red meat supply and strong demand for all meats. Prices are expected to rise through the summer before declining seasonally this fall, but will continue above a year ago.

Turkey meat production has also been expanding. It was up 9 percent during the first quarter and likely will show about a 10-percent gain relative to a year earlier during the second quarter. However, output during the last half of 1978, the main producing season, is expected to be up 4 to 6 percent from a year ago. Turkey meat consumption in 1978 also may set a new record of about 9.4 pounds per person compared to 9.2 pounds in 1977.

Retail turkey prices will continue above last year during most of 1978, mainly due to higher prices for competing meats.

Eggs. Egg production during the first quarter of 1978 was 4 percent above a year earlier. However, the gain is tapering off and spring and summer output may be only 2 to 3 percent over last year. Egg production and consumption will likely fall below a year ago in the fourth quarter.

Retail egg prices in the first quarter were well below a year earlier but prices in the spring and summer may average near or slightly above 1977 levels. Prices are expected to strengthen this fall.

Dairy. Sales of milk and dairy products were 5 percent larger than a year ago in the first quarter of 1978. Commercial use for all of 1978 could be up 2 percent from last year.

Increases in cheese sales have led the increase in total use. American cheese disappearance was up about 15 percent from a year earlier during the January-March quarter. Other cheese varieties were about a tenth over a year earlier. Sales of cheese will probably continue strong during the rest of the year as improved consumer incomes and higher retail meat prices provide support.

Sales of fluid milk have shown small increases during the first part of 1978. For the year, small increases are likely. Retail milk prices have risen more slowly than prices of other beverages, and foods and sales may be reflecting these relatively favorable prices. Commercial butter use also was up slightly in the first quarter. Retail butter sales may have been the same as last year but the amount used in other products probably was up slightly. Butter consumption in 1978 may be about the same as last year.

Milk production in 1978 may be about the same as 1977. Higher slaughter cow prices and improved off-farm employment opportunities have resulted in somewhat larger year-to-year declines in milk cow numbers. However, supplies of milk and dairy products will likely continue large as increases are anticipated in milk output per cow.

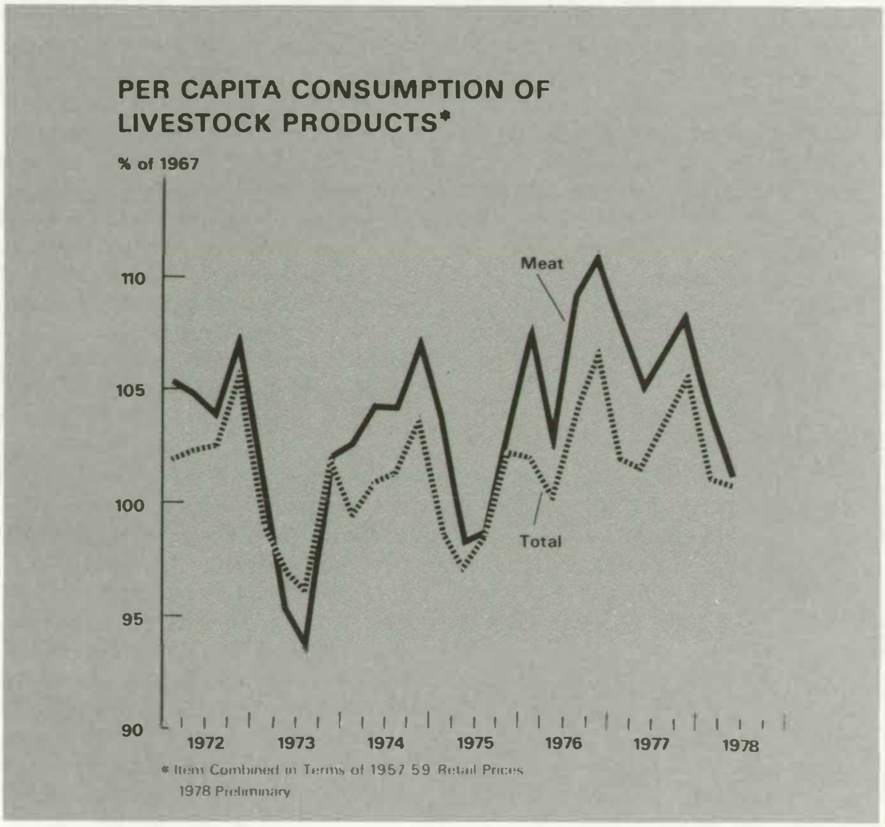
Retail prices of milk and dairy products will increase moderately during the coming months as the recent adjustment in the support price (mandated by the Food and Agriculture Act of 1977) is more fully reflected in retail prices.

Fish. Apparent consumption of fishery products was up in the first quarter of 1978 compared to a year ago. Total supplies of major fishery products were more liberal than last year.

This led to greater stability in prices and the rate of increase began to slow from the 1977 pace. Retail prices for fishery products had been increasing at a little more than 10 percent per year since 1970. This situation was caused in part by factors which limit supplies.

One area of recent price weakness in the retail market was canned tuna. Average prices rose 15 percent in 1977. However, there was increased promotional activity in the last months of 1977 and continuing into 1978. Discounts offered were substantial in some cases, evidencing some resistance to earlier price increases.

However, the overall market for fishery products is expected to continue strong since a significant



percentage of final consumption occurs in the food service sector. Increases in disposable income are readily reflected in price movements for that sector. Also, higher prices for competing red meats, reduced supplies for many of the fishery products, and general increases in costs due to the inflationary trend will add strength to the market. Retail prices are expected to increase 9 to 10 percent in 1978 compared to last year.

Fruits. Generally smaller supplies of both fresh and processed fruit are in prospect for 1978. The orange crop is down 9 percent and the grapefruit crop is off 3 percent. Cold storage stocks of fresh apples and pears are down substantially from last year. While inventories of major canned fruits are adequate, frozen concentrated orange juice stocks are sharply lower than a year ago.

Major fruits for processing are expected to be in shorter supply this year than last. The weather in California has not been conducive to good pollinization. This will affect cling peaches, Bartlett pears, apricots, and sweet cherries.

Strawberries are a notable exception in that the California crop was large. Also, frozen strawberry supplies are liberal.

The first estimate of peach production in nine Southern States is 3 percent larger than last year but 9 percent less than the 1976 crop.

In general, retail fruit prices are expected to continue higher. Higher raw product prices this summer will be followed by higher prices for processed fruits this fall.

Vegetables. A more normal supply of vegetable crops is anticipated for the summer than the reduced supplies of this spring. Vegetable supplies from Florida have been increasing seasonally with heavy receipts of corn and tomatoes. The temporary shortages of lettuce which occurred during the middle of the spring quarter ended by mid-June.

Retail fresh vegetable prices should show a sharp seasonal decline. Prices during the summer may not be greatly different from last year.

Wet spring weather has delayed processed vegetable planting and in parts of the Pacific Northwest, growers of snapbeans, corn, and peas may not have been able to plant all their intended acreage. Also, acreage in California is below last year and wholesale prices for tomato products can be expected to advance this fall with tighter supplies.

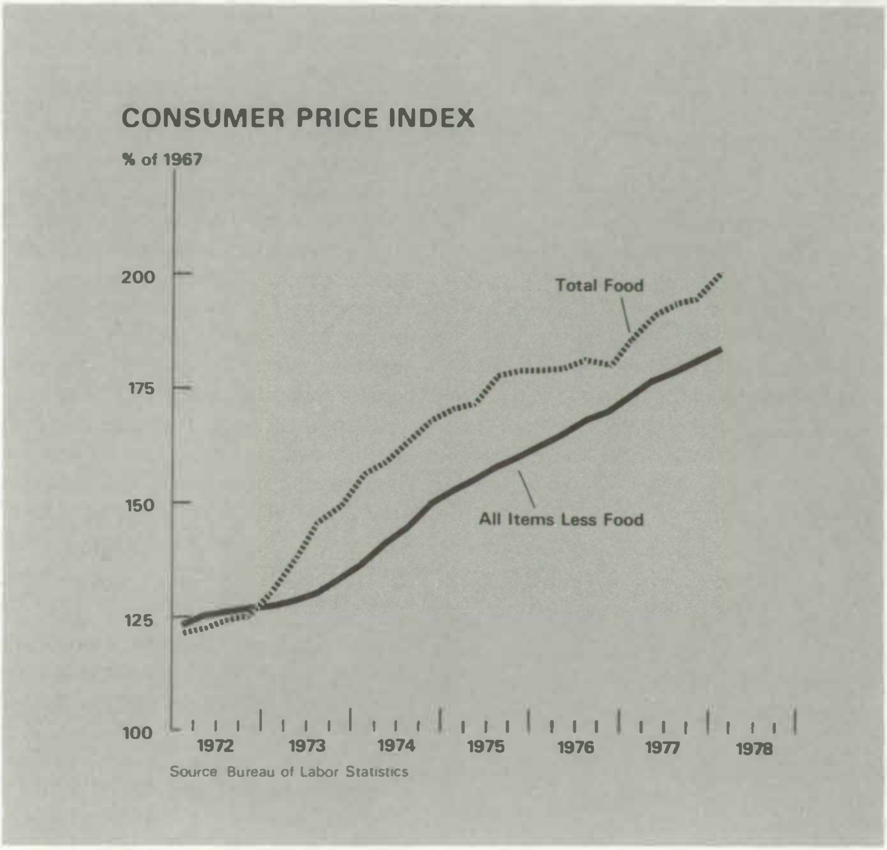
The summer potato crop is anticipated to be 6 percent smaller this year. Prices are rising seasonally and will likely move above last year. The seasonal pressure of the large fall crop will not take place until September.

Cereal and Bakery Products. Rising ingredient costs indicate moderately higher retail prices for cereal and bakery products in 1978. Wheat prices have continued to rise from the low level reached last summer. Growers' participation in the loan and reserve programs, a pickup in export sales, and prospective cutbacks in 1978 plantings have caused prices to strengthen. Stronger prices for dairy products, fats and oils, and sugars and sweeteners also are anticipated.

Manufacturing and marketing costs will rise due to the inflationary trend. This will support strengthening retail prices.

Food Fats and Oils. Per capita consumption of edible fats and oils during 1978 is estimated at around 56 pounds, approximately 1½ pounds above 1977. Larger supplies of vegetable oils—particularly soybean oil—at lower prices should encourage usage. The expansion is expected primarily among the vegetable oils, as animal fats consumption is not expected to change significantly.

The largest gains are expected for shortening, and cooking and salad oils, the two fastest growing segments among the food fats group. A smaller increase is expected for margarine. Butter use likely will remain near last year's level while the direct use of lard



may decline slightly. Production of both of these animal fats probably will be lower, thus putting a constraint on use.

Soybean oil supplies are at record levels and, along with lower prices, are a major inducement to increased use. Although wholesale prices have increased from the seasonally low levels of last fall, they still are averaging below year-ago levels and are expected to average below the high levels of last summer. Cottonseed oil supplies also are up sharply from the previous season and prices are lower. However, cottonseed oil exports are strong and are expected to account for roughly one-half of total use. Also, imports of palm and coconut oils are trailing last year, which is helping boost soybean oil use.

Although peanut supplies are down about a tenth from last year, they are more than adequate to cover requirements for domestic edible use. Roughly one-half of the 1977 peanut crop is expected to be used for edible purposes, mainly in peanut butter production, salted peanuts, roasted peanuts, and peanut candy. Per capita use is estimated at around 6.4 pounds (kernel basis), near the level of last season.

Retail prices of fats and oils in 1978 are expected to average moderately above 1977. Increases in manufacturing and marketing costs will likely be reflected in retail prices.

Sugar. U.S. sugar consumption will probably show a small decline in 1978. This includes sugar used in the production of soft drinks, candy, cakes, canned fruit, ice cream, and other food items as well as direct use. This will mostly be offset by increased use of other sweeteners, particularly high fructose corn syrup.

The world sugar situation is currently characterized by abundant supplies and weakening prices. However, the U.S. price is partially isolated from the lower world price by import duties, import fees, and shipping costs. This is required to maintain a viable domestic sugar industry.

Increases in the domestic support price for the 1978/79 sugar crop are in prospect in order to meet higher production costs. Also, new legislation has been introduced in Congress which would raise prices by an additional amount. The administration believes this legislation is overly price-inflationary. In any event, sugar prices and prices of products containing sugar can be expected to increase in 1978.

Beverages. Consumers have reacted to the high coffee prices by slashing consumption. In 1977, per capita coffee consumption totaled 9.4 pounds (green bean equivalent), down 27 percent from the previous year.

However, the decline in coffee use in early 1978 from a year ago slowed significantly. Per capita coffee consumption in January-March totaled 2.7 pounds, down slightly from 3.0 pounds a year ago. And first quarter use rose sharply from 1977's last quarter total of 2.2 pounds.

Coffee consumption will likely trail seasonally in the spring and summer quarters. For all of 1978, coffee use per person may continue to decline, but probably only marginally from last year.

Coffee prices at all levels are expected to continue to decline this year. The seasonal increase in use during the first quarters, plus domestic roasters' willingness to modestly increase green coffee stocks, have tended to slow earlier declines in green coffee prices. Moreover, several countries which produce other milds have withheld substantial supplies from the market, which has also slowed the decline in green coffee prices.

Another prospective large 1978/79 coffee crop is expected to result in adequate coffee supplies for world consumption in line with prospective high retail price levels. Since coffee use has been discouraged by high retail prices around the world, green coffee prices will probably continue to decline but perhaps more slowly than in earlier months.

The U.S. average price of a 1-pound case of roasted coffee was

$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 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 nondurables, 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.

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

Item	1977 II	1977 III	1977 IV	1978 I
	Percent			
Personal consumption expenditures	1.8	2.1	3.4	1.8
Durable goods	.9	-.1	4.9	-1.5
Nondurable goods	1.7	1.6	3.8	.8
Food	3.2	1.6	2.6	2.2
Other	.4	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

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

Item	From fourth quarter 1977	From first quarter 1977
	Percent	
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	—