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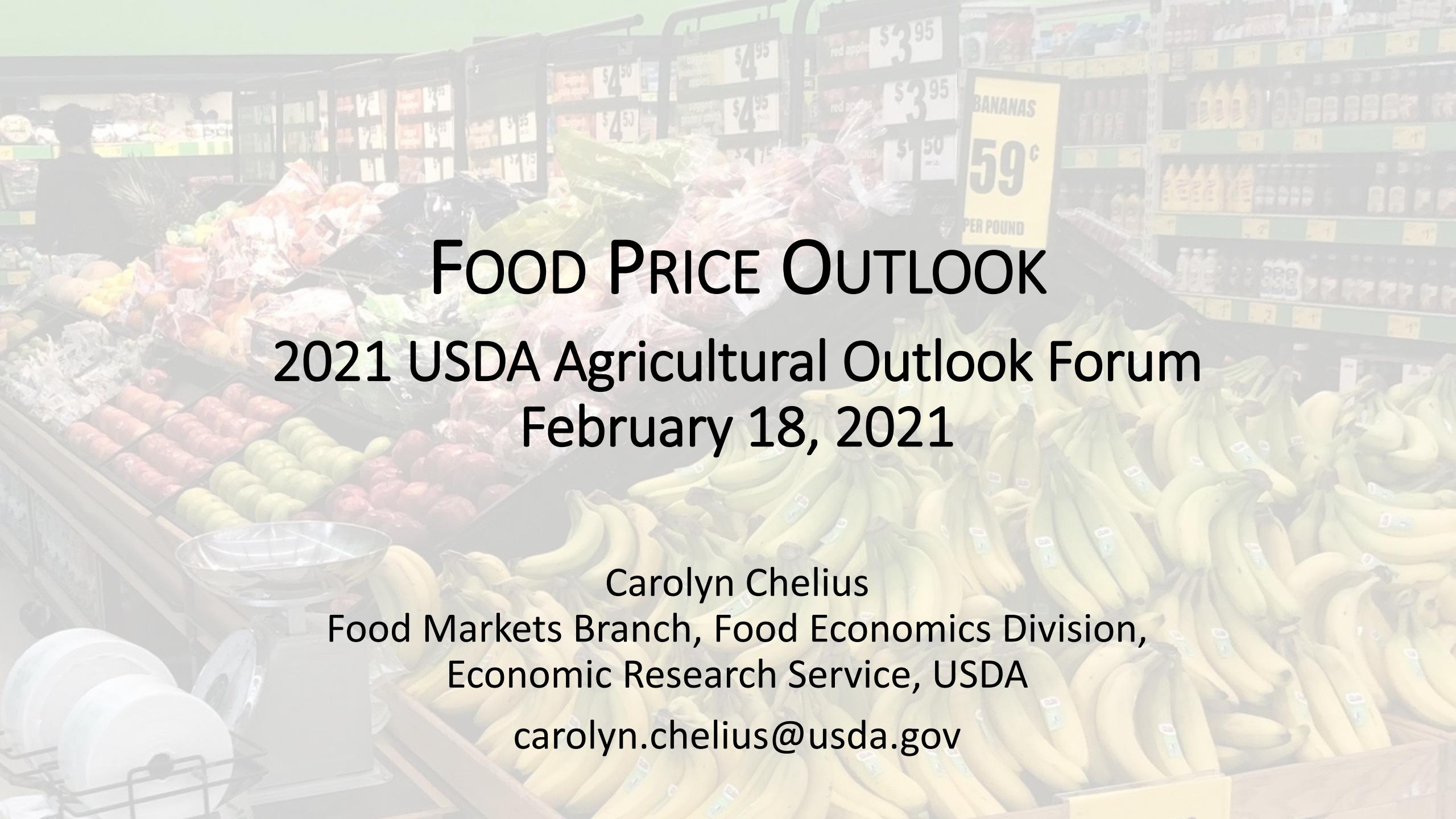
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FOOD PRICE OUTLOOK

2021 USDA Agricultural Outlook Forum

February 18, 2021

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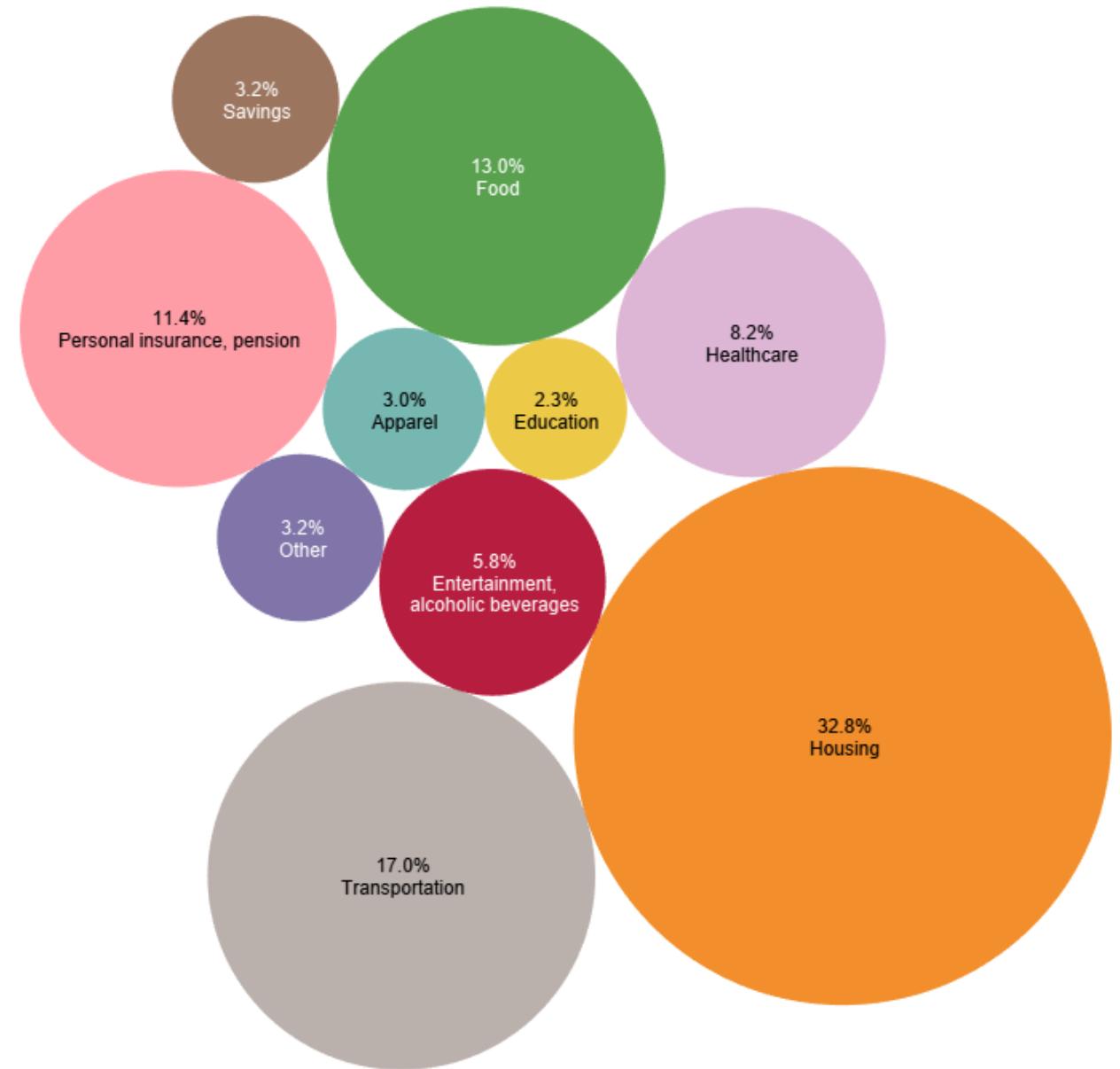
OUTLINE

- Overview of consumer spending on food
- Food price trends over time
- What happened to food prices in 2020
- 2021 food price forecasts in historical context
- Next Food Price Outlook release: **Thursday, Feb. 25th**
- Additional useful ERS publications

ON AVERAGE, U.S. CONSUMERS SPEND 13 PERCENT OF EXPENDITURES ON FOOD

SHARE OF U.S. HOUSEHOLD CONSUMER
EXPENDITURES BY MAJOR CATEGORIES,
2019

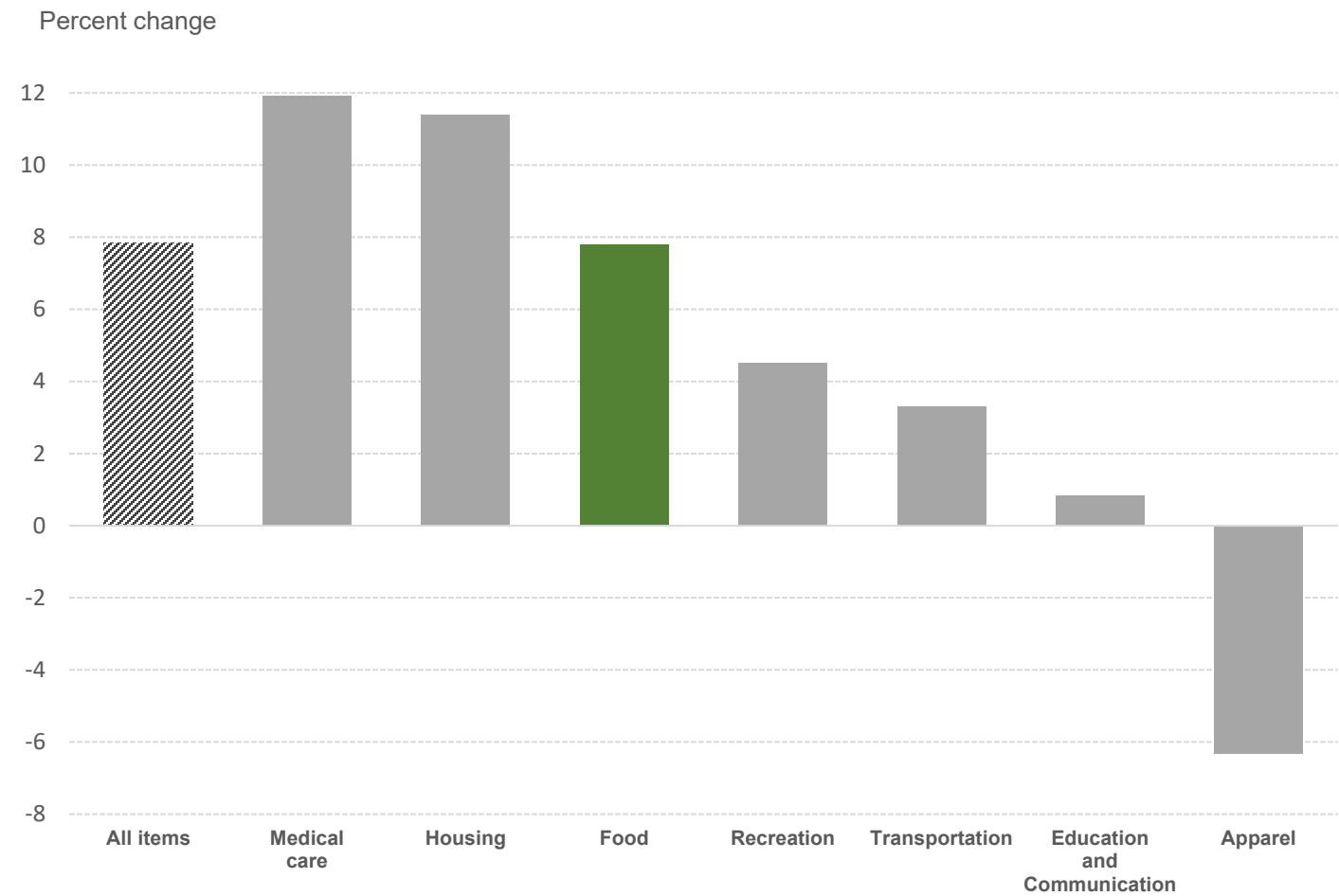
Source: USDA, ERS using BLS Consumer
Expenditure Survey data



FOOD PRICE INFLATION IS EQUAL TO ALL-ITEMS INFLATION FOR LAST FIVE YEARS

PERCENT CHANGE IN SUBSET
OF CPI CATEGORIES FROM 2016
TO 2020

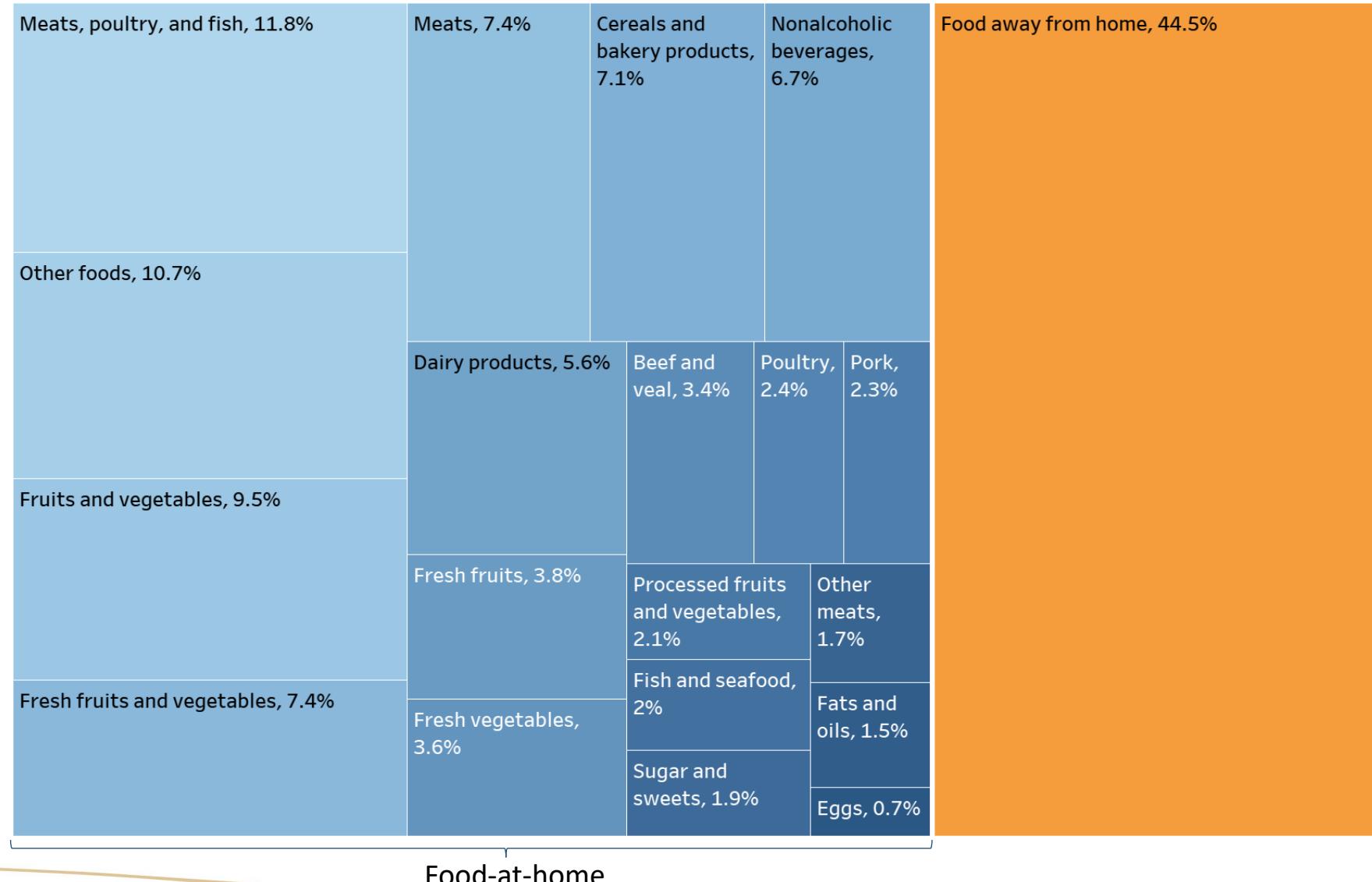
Source: USDA, ERS using BLS CPI-U
data, not seasonally adjusted



FOOD CATEGORIES HAVE DIFFERENT WEIGHTS IN OVERALL CPI

RELATIVE IMPORTANCE
OF FOOD TYPES IN
CONSUMER PRICE INDEX
(CPI), Nov 2019

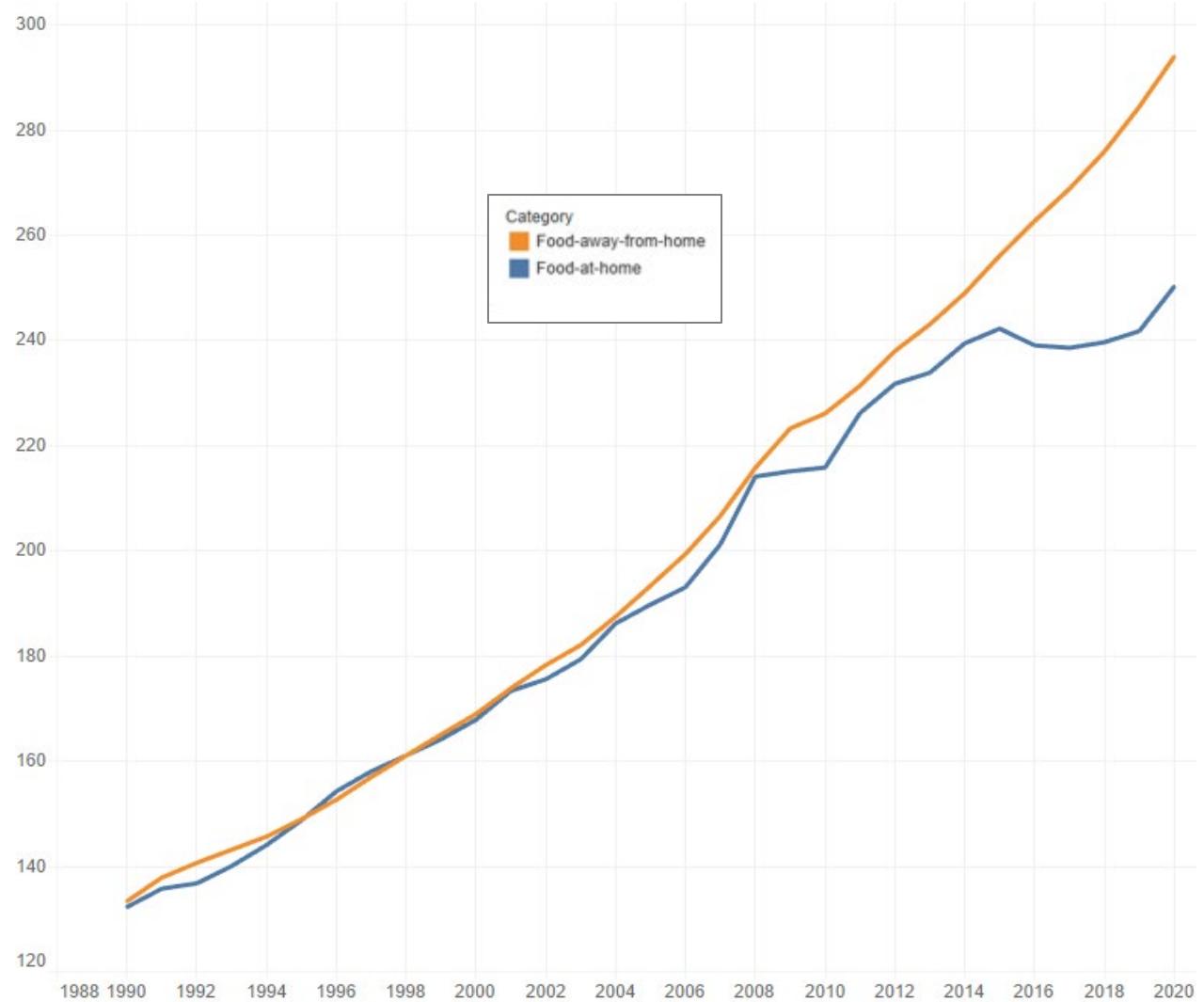
Source: USDA, ERS
using BLS CPI-U data



FOOD PRICE GROWTH IS DIFFERENT FOR AT-HOME VERSUS AWAY-FROM-HOME

CONSUMER PRICE INDEX (CPI)
FOR FOOD AT HOME AND
FOOD AWAY FROM HOME,
1990-2020

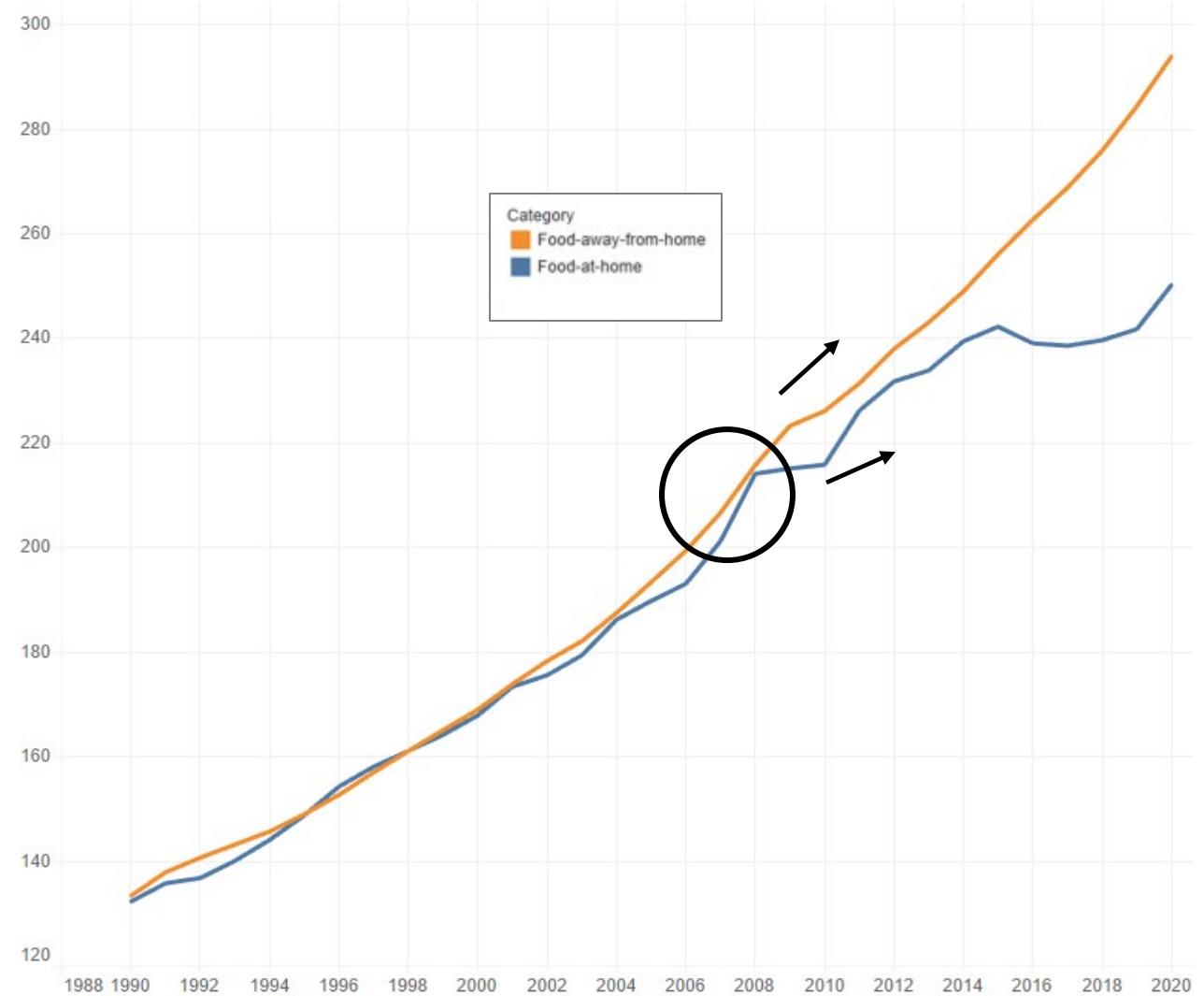
Source: USDA, ERS
using BLS CPI-U data,
not seasonally adjusted



FOOD PRICE GROWTH IS DIFFERENT FOR AT-HOME VERSUS AWAY-FROM-HOME

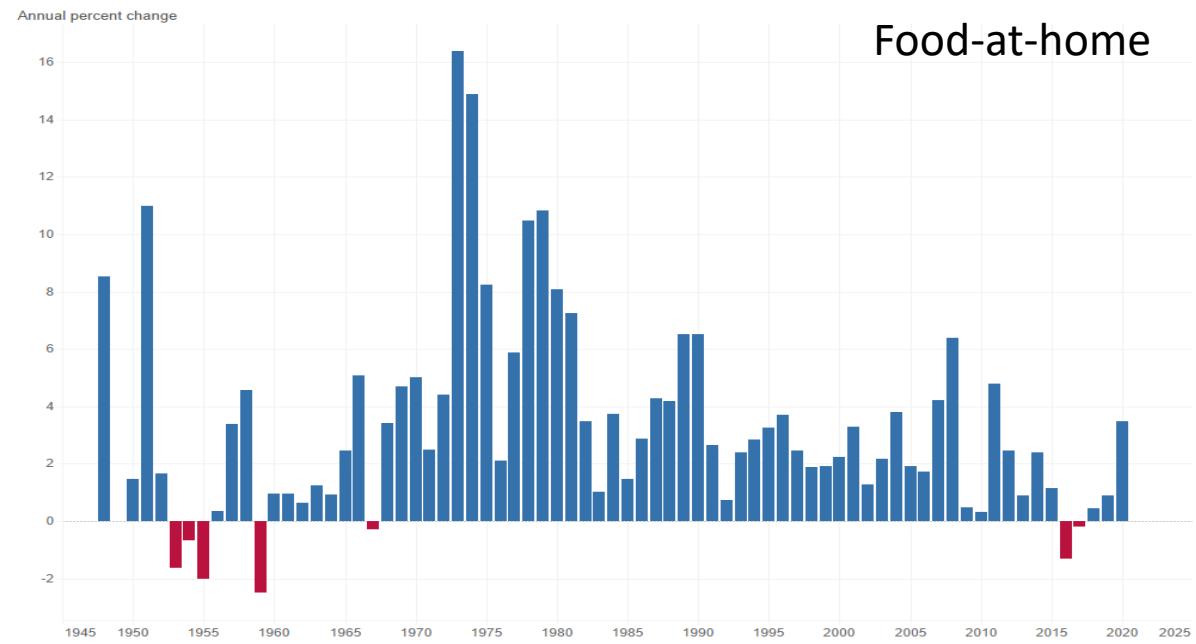
CONSUMER PRICE INDEX (CPI) FOR FOOD AT HOME AND FOOD AWAY FROM HOME, 1990-2020

Source: USDA, ERS
using BLS CPI-U data,
not seasonally adjusted



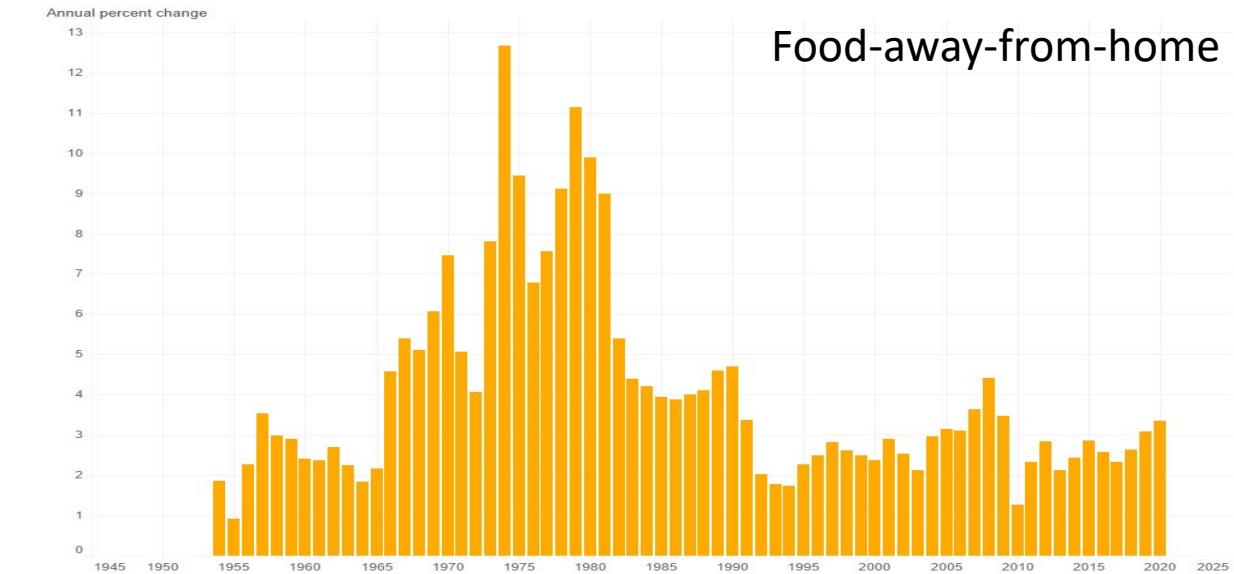
FOOD PRICE VOLATILITY HAS CHANGED OVER TIME

Food-at-home



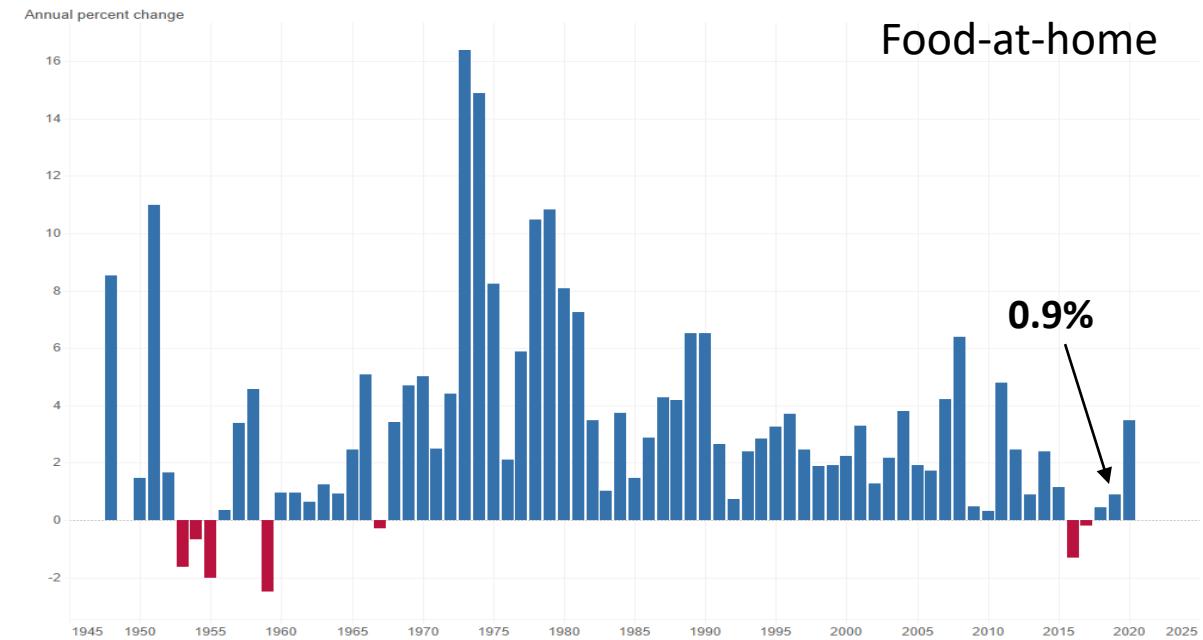
ANNUAL PERCENT CHANGE, FOOD-AT-HOME AND FOOD-AWAY-FROM-HOME CPI

Food-away-from-home



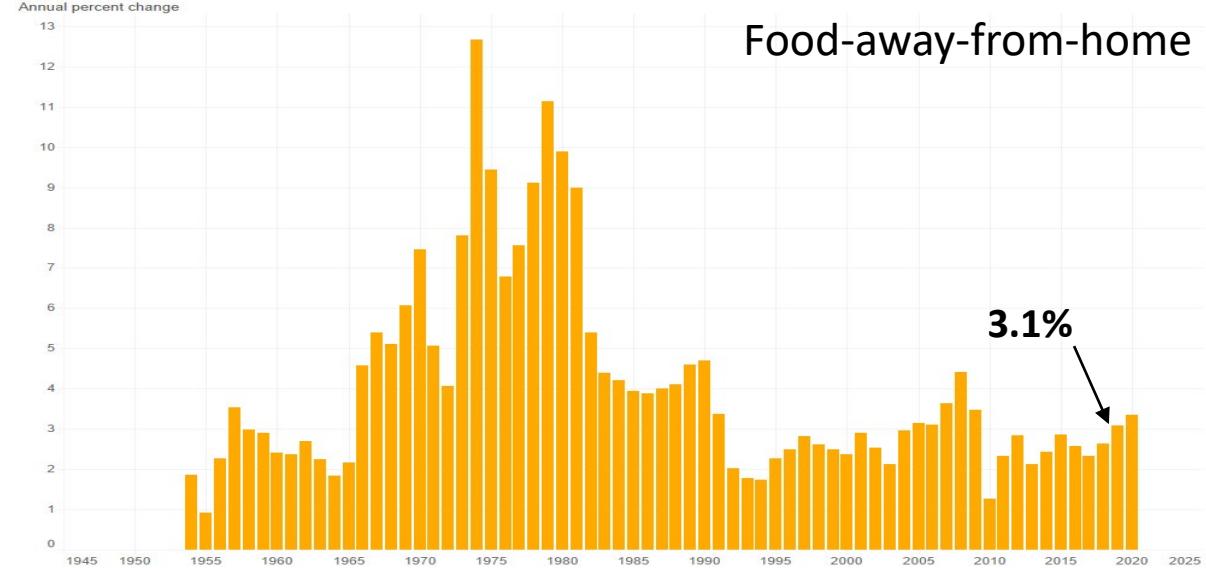
Source: USDA, ERS using
BLS CPI-U data,
not seasonally adjusted

FOOD PRICE VOLATILITY HAS CHANGED OVER TIME



ANNUAL PERCENT CHANGE, FOOD-AT-HOME AND FOOD-AWAY-FROM-HOME CPI

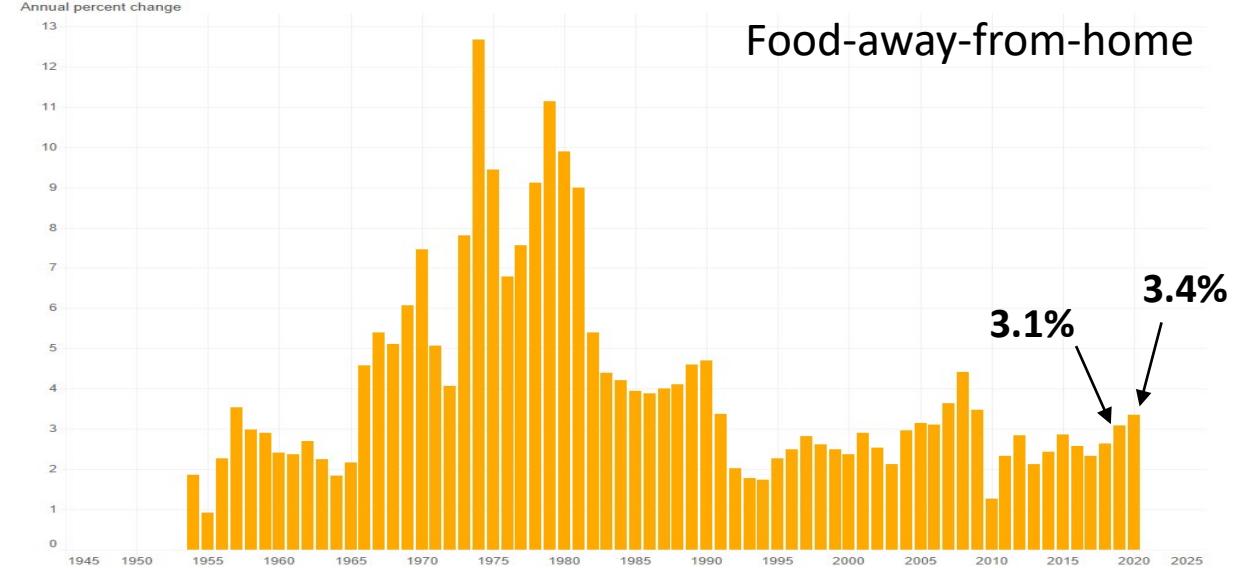
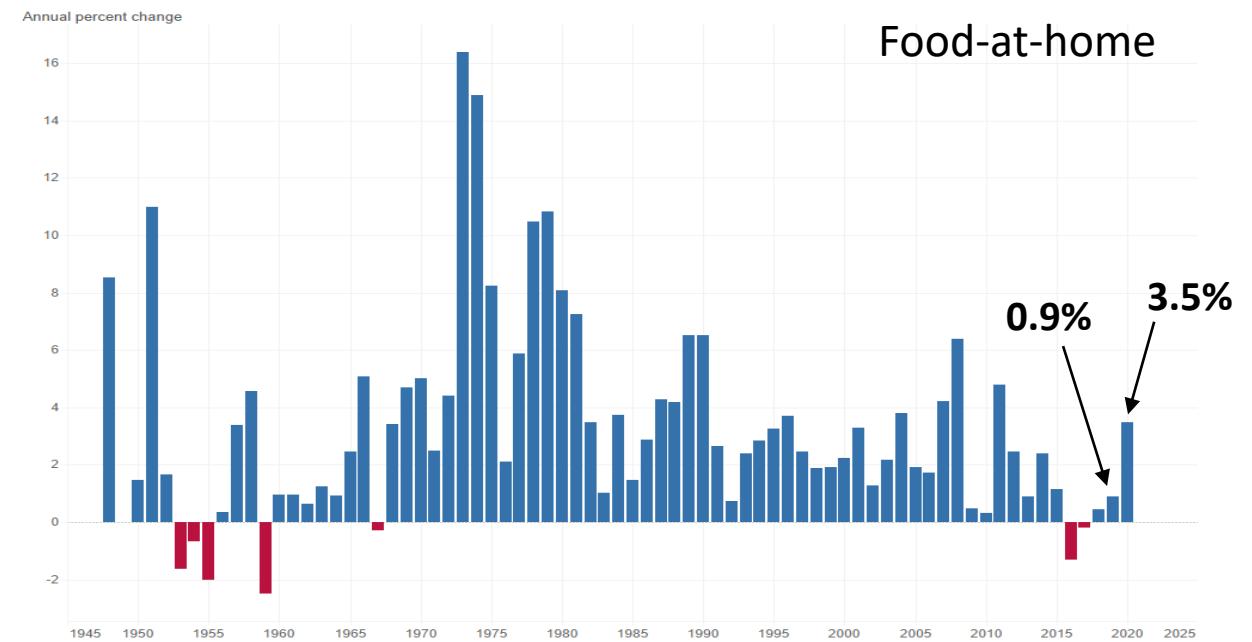
Source: USDA, ERS using BLS CPI-U data, not seasonally adjusted



FOOD PRICE VOLATILITY HAS CHANGED OVER TIME

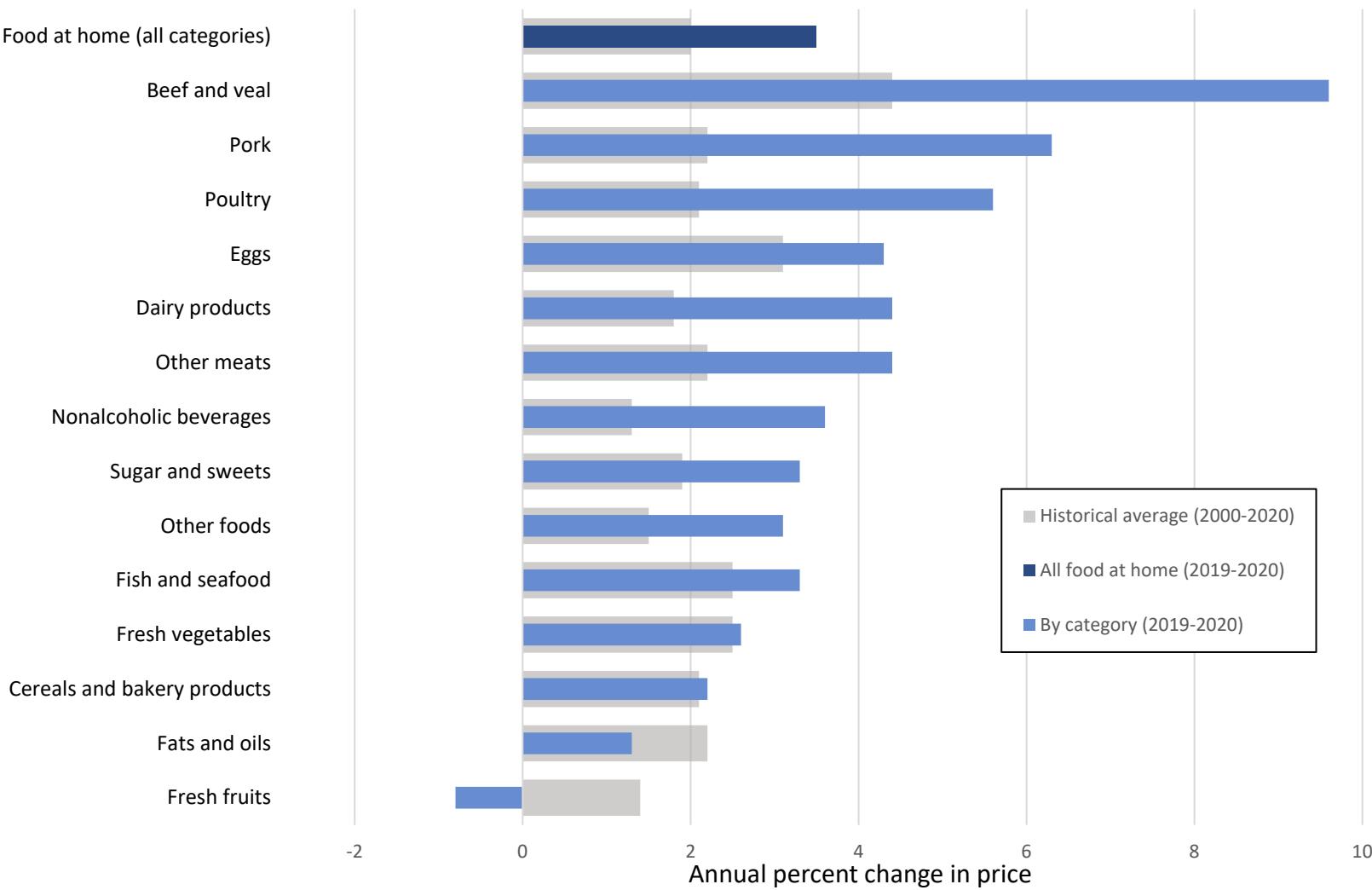
ANNUAL PERCENT CHANGE, FOOD-AT-HOME AND FOOD-AWAY-FROM-HOME CPI

Source: USDA, ERS using BLS CPI-U data, not seasonally adjusted



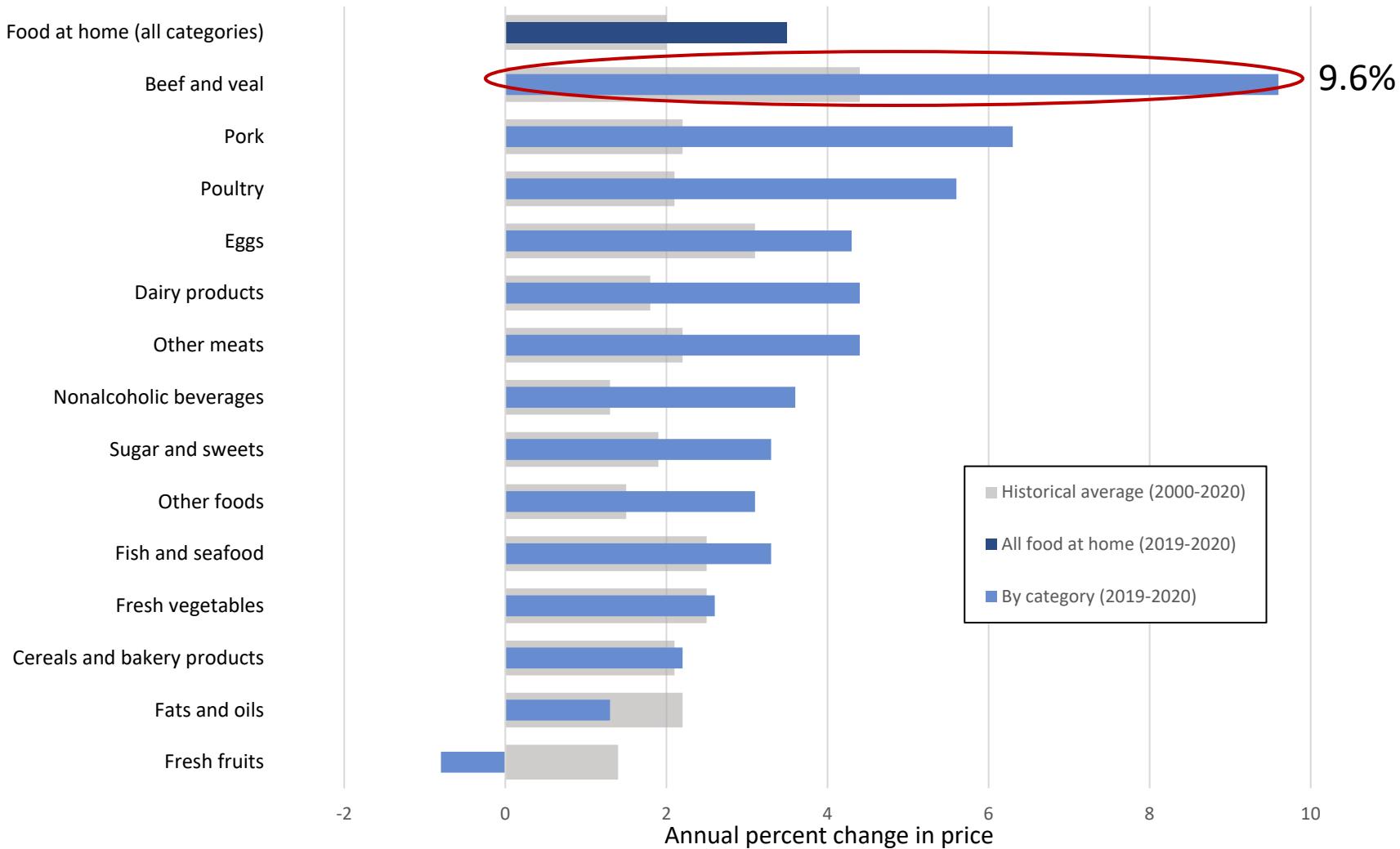
ANNUAL PERCENT CHANGES IN RETAIL PRICE, 2020

Source: USDA, ERS
using BLS CPI-U data,
not seasonally adjusted



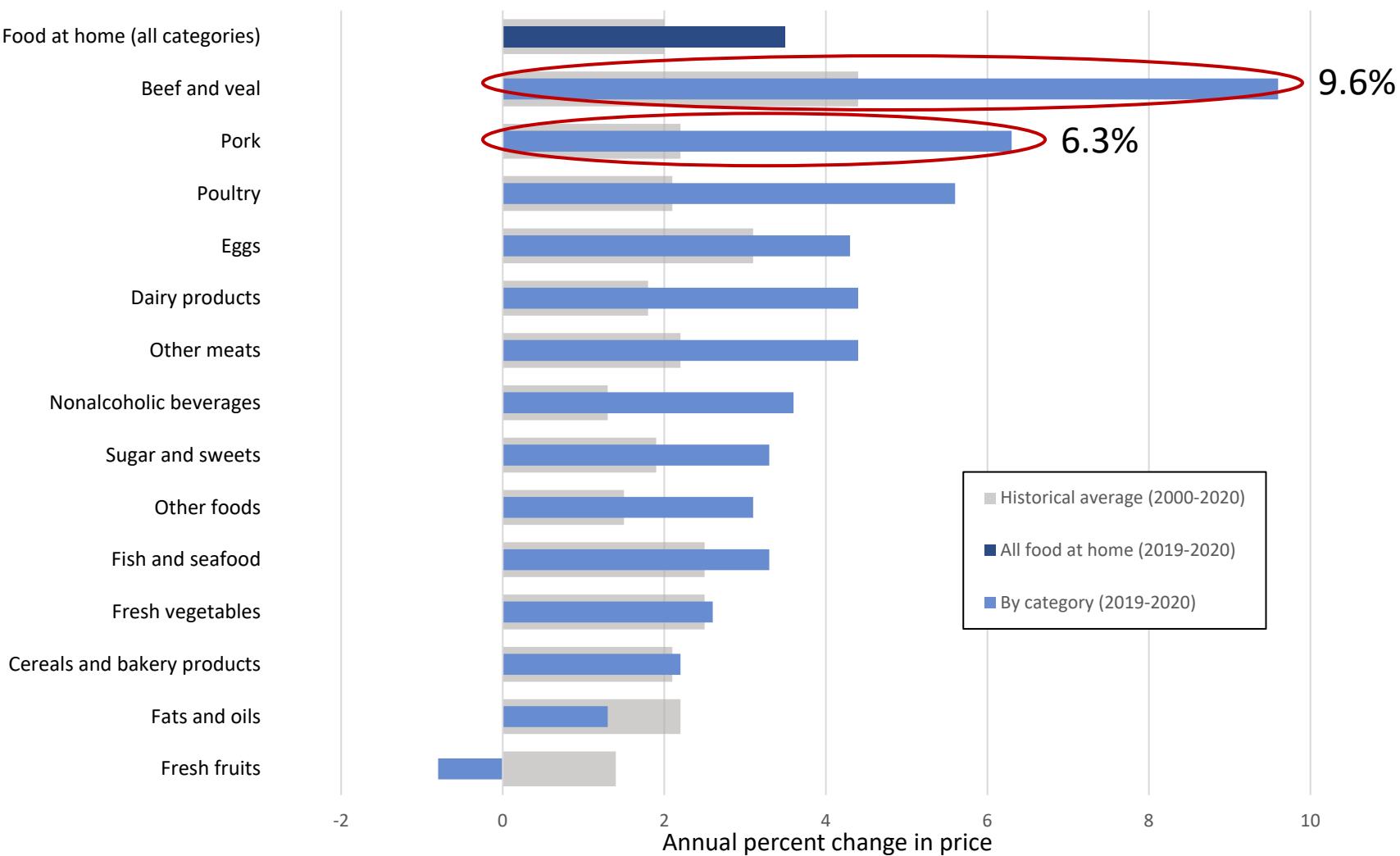
ANNUAL PERCENT CHANGES IN RETAIL PRICE, 2020

Source: USDA, ERS
using BLS CPI-U data,
not seasonally adjusted



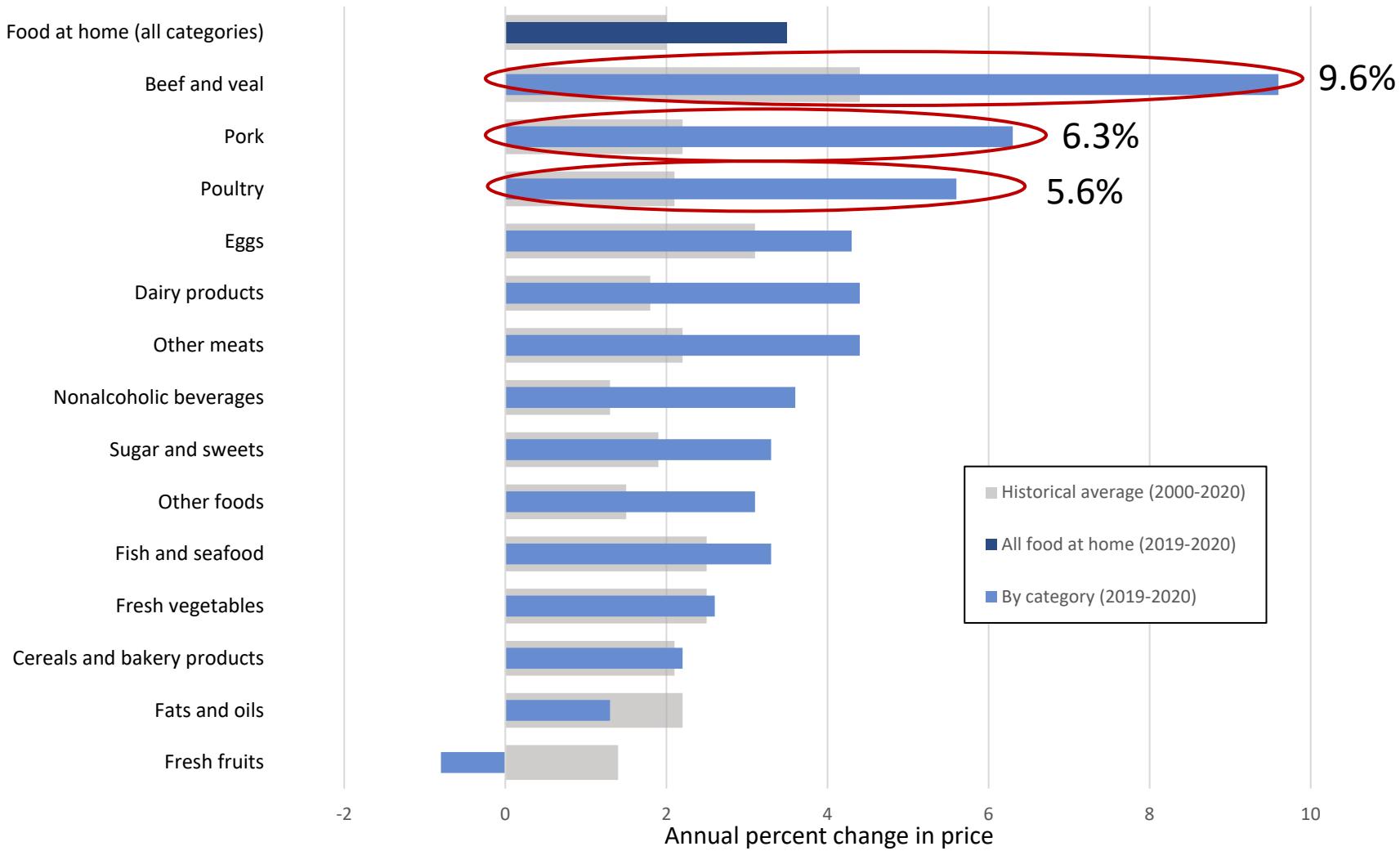
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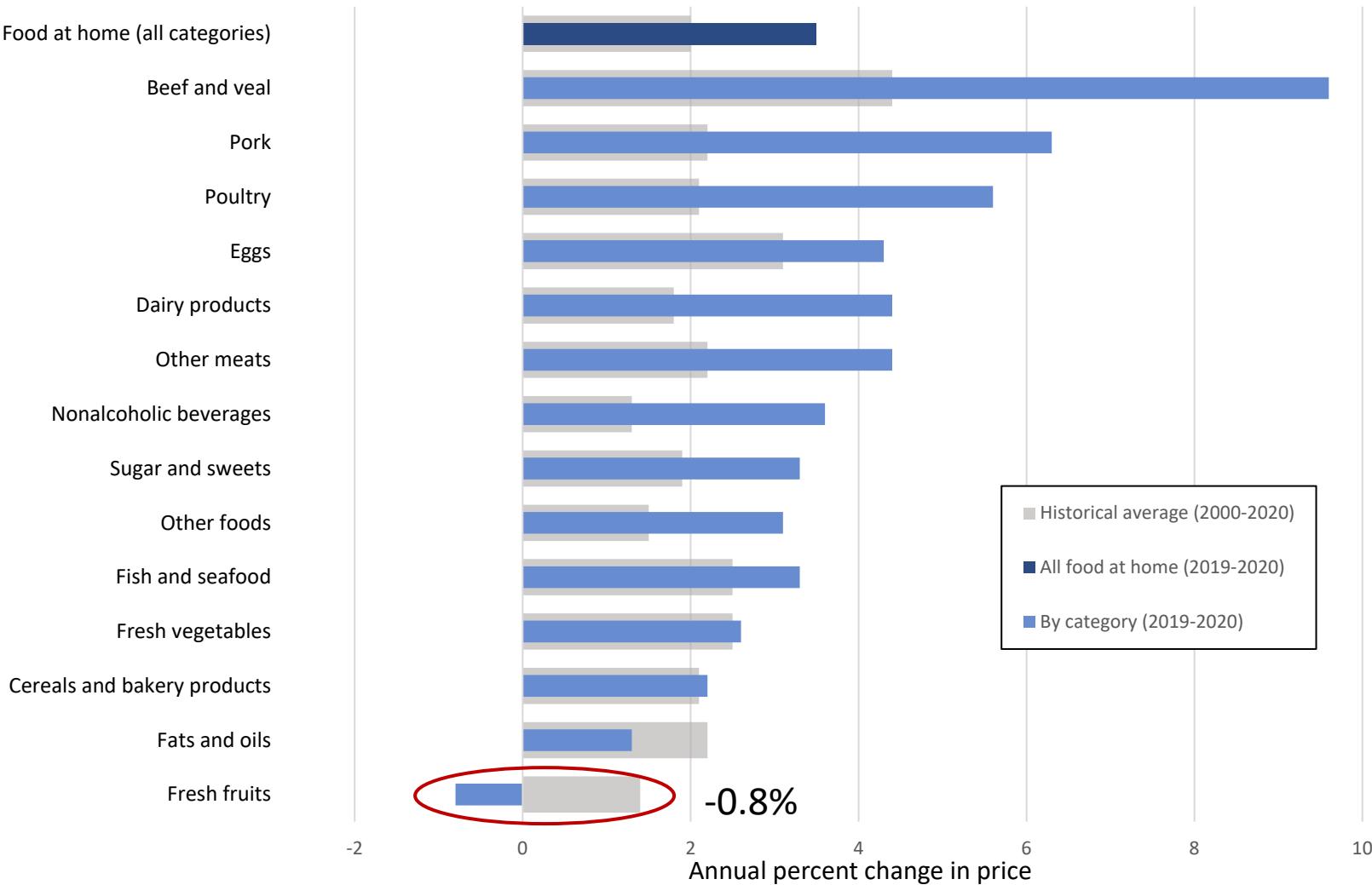
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using BLS CPI-U data,
not seasonally adjusted



ANNUAL PERCENT CHANGES IN RETAIL PRICE, 2020

Source: USDA, ERS
using BLS CPI-U data,
not seasonally adjusted



FACTORS TO WATCH IN 2021

PANDEMIC-RELATED

- Disease transmission, vaccination, stay-at-home orders
- Restaurant re-openings, supply chain adjustments
- Unemployment, lost wages, shifting safety net programs



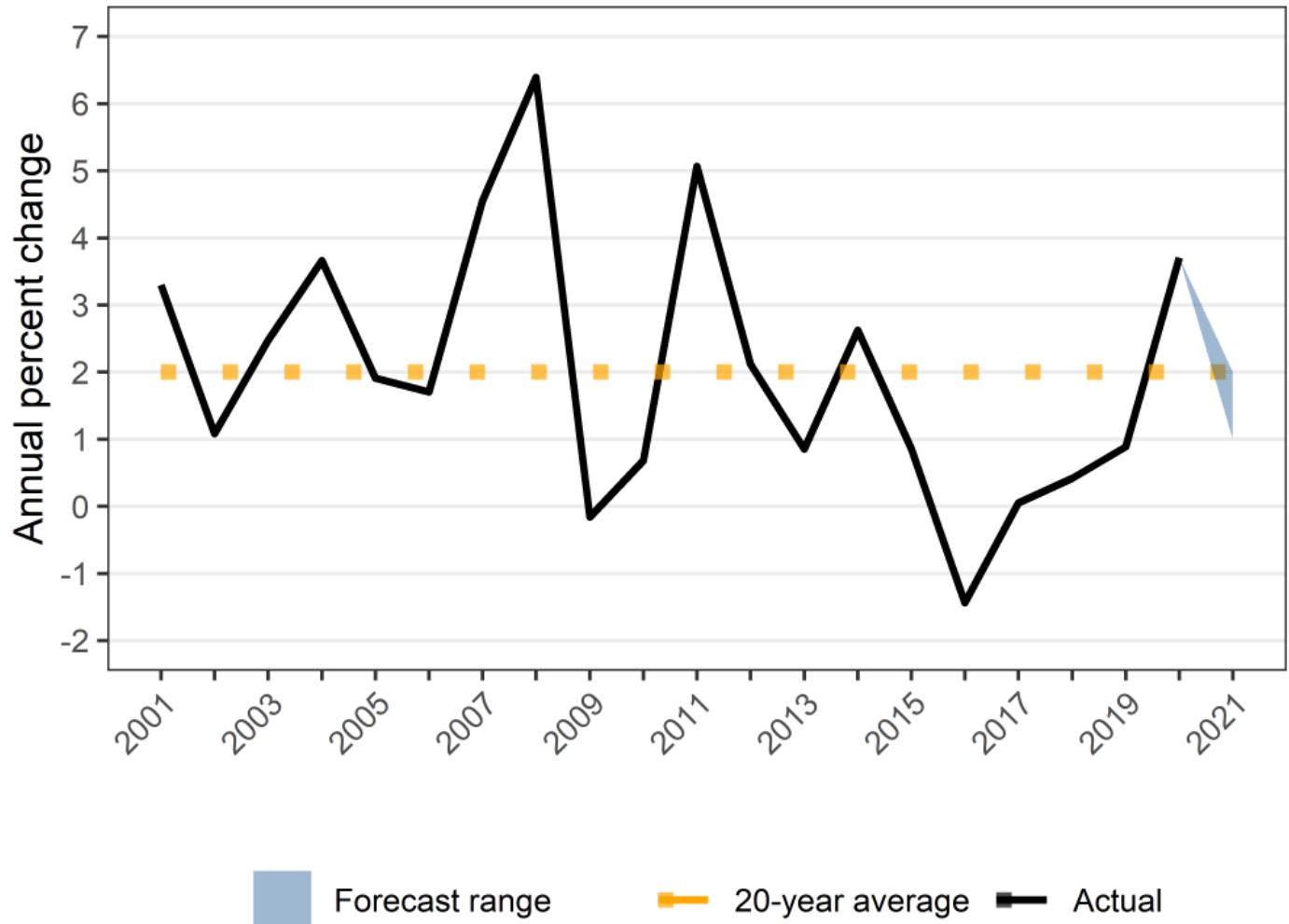
ADDITIONAL FACTORS

- Phase 1 trade deal, African Swine fever, weather

2021 FOOD-AT-HOME PRICE INFLATION FORECAST BETWEEN 1-2%

FOOD-AT-HOME INFLATION, 2000-2020

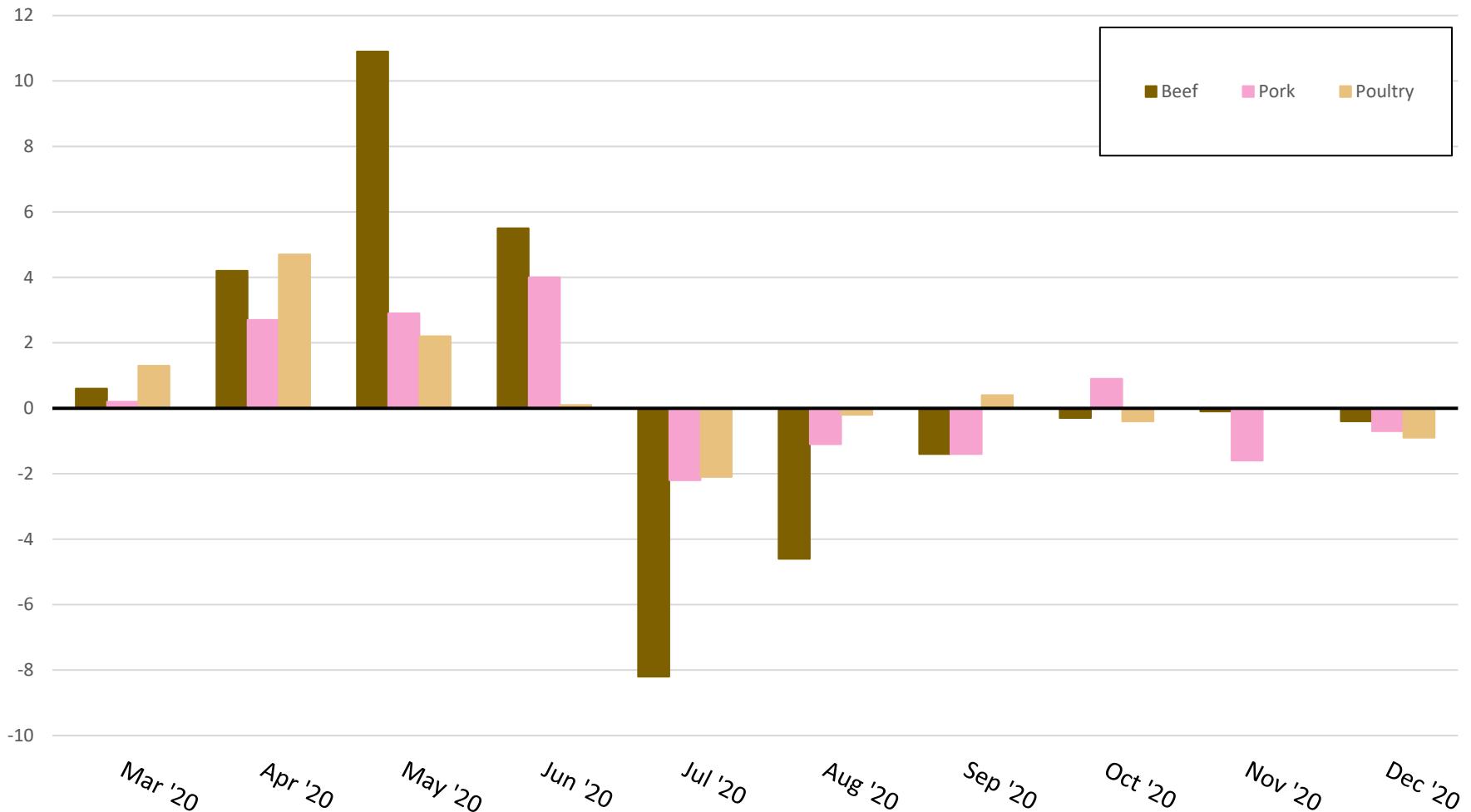
Source: USDA, ERS using
BLS CPI-U data, not
seasonally adjusted



Percent change in price

PERCENT CHANGE IN MEAT PRICES, Mar – Dec, 2020

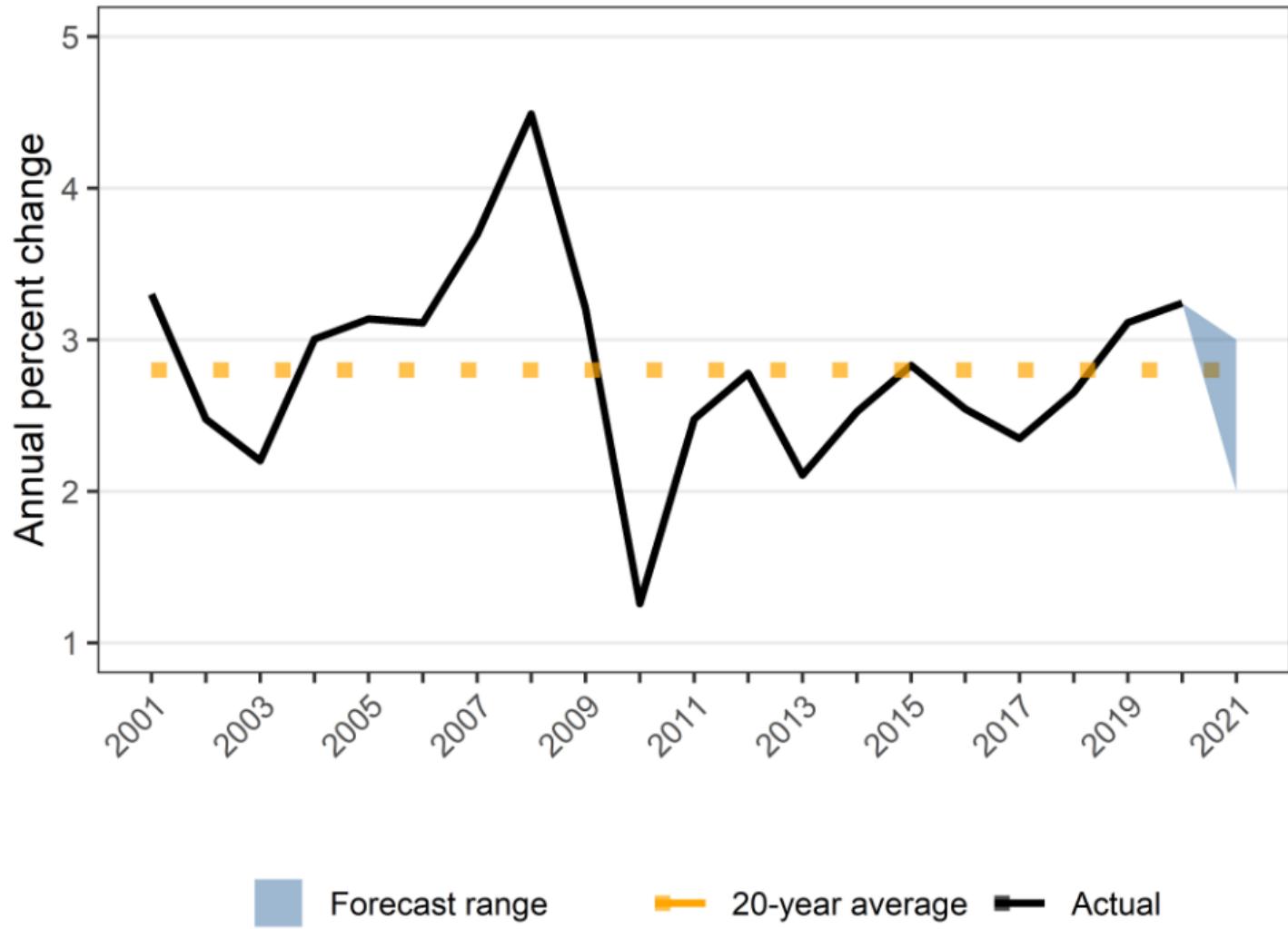
Source: USDA, ERS using
BLS CPI-U data, not
seasonally adjusted



2021 FOOD-AWAY-FROM-HOME PRICE INFLATION FORECAST BETWEEN 2-3%

FOOD-AWAY FROM-HOME INFLATION, 2000-2020

Source: USDA, ERS
using BLS CPI-U data,
not seasonally adjusted



KEY TAKEAWAYS

- 2020
 - High food-at-home price inflation (75% above 20-year historical average)
 - Meats sector most impacted
 - Fresh fruits only commodity to decrease in price
- 2021
 - Pandemic and non-pandemic-related factors create considerably uncertainty.
 - Food-at-home prices predicted to increase 1-2%.

WHAT'S NEXT?

FOOD PRICE OUTLOOK UPDATE: TUESDAY, FEB. 25TH

- Forecasts cover the current calendar year, and the succeeding calendar year, starting in July
- Forecast 7 farm, 6 wholesale, and 22 retail food categories
- Available at: <http://www.ers.usda.gov/data-products/food-price-outlook>

CALENDAR YEAR 2021: MODEL DEVELOPMENT

- New data sources, methods, approach to modeling uncertainty



The screenshot shows the USDA Economic Research Service website. The top navigation bar includes links for Home, Topics, Data Products, Publications, and Newsroom. Below this, a breadcrumb navigation shows Home > Data Products > Food Price Outlook. The main content area is titled "Food Price Outlook" and includes a sub-section "Overview". To the right, there is a sidebar with the same title "Food Price Outlook" and a brief description: "The Consumer Price Index (CPI) for food is a composite measure of the change over time in the prices paid by urban consumers for a fixed basket of food items".

Changes in Consumer Food Price Indexes, 2018 through 2021			
Consumer Price Index item	Relative importance ¹	Month-to-month Nov. 2020 to Dec. 2020	Year-to-year 2019 to 2020
	Percent	Percent change	
All food	100.0	0.4	
Food away from home	45.0	0.4	
Food at home	55.0	0.3	
Meats, poultry, and fish	11.6	-0.4	
Meats	7.3	-0.3	
Beef and veal	3.4	-0.4	
Pork	2.3	-0.7	
Other meats	1.6	0.3	
Poultry	2.3	-0.9	



OTHER ERS FOOD MARKETS BRANCH WORK

Food Expenditure Series: Comprehensive data set that measures the U.S. food system, quantifying the value of food acquired in the United States by type of product, outlet, and purchaser.

<https://www.ers.usda.gov/data-products/food-expenditure-series/>

Price Spreads from Farm to Consumer: Comparisons of prices paid by consumers for food with prices received by farmers for corresponding commodities.

<https://www.ers.usda.gov/data-products/price-spreads-from-farm-to-consumer/>



Economic Research Service
Technical Bulletin Number 1948
September 2018
Measuring the Value of the U.S. Food System: Revisions to the Food Expenditure Series

Abigail M. Okrent
Howard Elitzak
Timothy Park
Sarah Henkamp



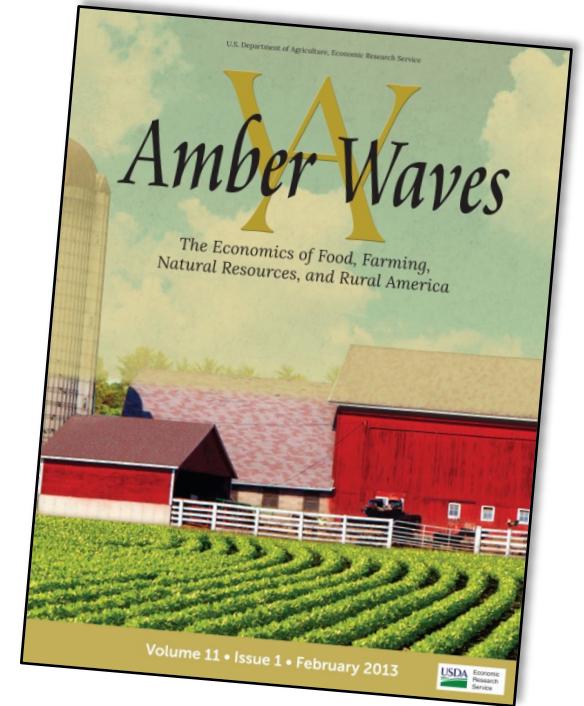
ADDITIONAL ERS RESOURCES

Amber Waves: Current ERS economic and policy research on agriculture, food, rural America, and the environment for policymakers, academics and the public.

Charts of Note: Highlights from ERS current and past research.
A version of the 2021 food-at-home forecast slide is a chart of note today.

Charting the Essentials: 70 charts and maps covering key information about agricultural markets and trade, farm income, food prices and consumption, food security, rural economies, and the interaction of agriculture and natural resources.

-> [Subscribe online](#) for email notifications on updates to these and more



CHECK OUT THE VIRTUAL ERS BOOTH!

- Open:
 - 7:45am – 3:30pm 2/18
 - 8:15am – 4:30pm 2/19
- My slot: 11:15am – 2:00pm, 2/19
- More information here: <https://www.ers.usda.gov/newsroom/trending-topics/agricultural-outlook-forum-resources/>.





Thank you!

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