

**Outlook 2011:****Higher Retail Food Prices Are On The Way**

In 2011, the Consumer Price Index (CPI) for all food is projected to increase 3 to 4%. Both food-at-home (grocery store) and food-away-from-home (restaurant) prices are also forecast to increase 3 to 4%. Although food price inflation was relatively weak for most of 2009 and 2010, higher food commodity and energy prices have recently exerted pressure on wholesale and retail food prices. These cost pressures, along with strengthening global food demand, have pushed inflation projections upward for 2011.

The all-food CPI increased 0.8% between 2009 and 2010, the lowest food inflation rate since 1962. Food-at-home prices increased by 0.3%-the lowest annual increase since 1967-with cereal and bakery prices declining 0.8% and processed fruit and vegetable prices dropping 1.3%. Food-away-from-home prices rose 1.3% in 2010, the lowest annual increase for restaurant prices since 1955.

Item:	Relative Weights	Final 2007	Final 2008	Final 2009	Final 2010	Forecast 2011
<b>Consumer price indexes</b>	<b>%</b>					
All food	100	4	5.5	1.8	0.5 to 1.5	<b>3.0 to 4.0</b>
Food away from home	44.3	3.6	4.4	3.5	1.0 to 2.0	<b>3.0 to 4.0</b>
Food at home	55.7	4.2	6.4	0.5	0.5 to 1.5	<b>3.0 to 4.0</b>
Meats	7.9	3.3	3.5	-0.6	2.5 to 3.5	<b>4.0 to 5.0</b>
Beef and Veal	3.8	4.4	4.5	-1	2.5 to 3.5	<b>3.5 to 4.5</b>
Pork	2.4	2	2.3	-2	5.0 to 6.0	<b>5.5 to 6.5</b>
Other Meats	1.7	2.3	3.1	2.3	0.0 to 1.0	<b>3.0 to 4.0</b>
Poultry	2.3	5.2	5	1.7	0.0 to 1.0	<b>2.5 to 3.5</b>
Fish and seafood	2.1	4.6	6	3.6	1.0 to 2.0	3.5 to 4.5
Eggs	0.7	29.2	14	-14.7	0.0 to 1.0	<b>3.5 to 4.5</b>
Dairy products	6.2	7.4	8	-6.4	1.5 to 2.5	4.5 to 5.5
Fats and oils	1.6	2.9	13.8	2.3	0.0 to 1.0	<b>4.5 to 5.5</b>
Fruits and vegetables	8.2	3.8	6.2	-2.1	0.5 to 1.5	<b>3.0 to 4.0</b>
Fresh fruits and vegetables	6.2	3.9	5.2	-4.6	0.5 to 1.5	<b>3.0 to 4.0</b>
Fresh fruits	3.1	4.5	4.8	-6.1	0.0 to 1.0	<b>3.0 to 4.0</b>
Fresh vegetables	3.1	3.2	5.6	-3.4	1.5 to 2.5	<b>3.0 to 4.0</b>
Processed fruits & vegetables	1.9	3.6	9.5	6.6	0.0 to 1.0	<b>3.0 to 4.0</b>
Sugar and sweets	2.1	3.1	5.5	5.6	2.0 to 3.0	<b>2.5 to 3.5</b>
Cereals and bakery products	7.9	4.4	10.2	3.2	0.0 to 1.0	<b>3.5 to 4.5</b>
Nonalcoholic beverages	6.7	4.1	4.3	1.9	0.0 to 1.0	<b>2.0 to 3.0</b>
Other foods	10.1	1.8	5.2	3.7	0.0 to 1.0	<b>2.5 to 3.5</b>

*\*Revised February 24, 2011. Bolded entries reflect changes from the previous month's forecast.*