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## BEEF PRICES INFLATION OUTPACES OVERALL RETAIL TREND

Still no change in **USDA's ECONOMIC RESEARCH SERVICE's** outlook for food-at-home prices this year, with retail food prices seen climbing between 2.5% and 3.5% on an annualized basis. In May, retail food prices overall were up 2.8% from a year ago – within USDA's projected range. USDA notes that its projections are based on normal weather patterns. Last week, concerns about dry weather in several leading growing regions concerned both farmers and analysts.

For beef eaters, however, those retail projections may seem on the low side as beef prices during May were about double the overall retail food inflation rate at 5.4% and ground beef prices up closer to 6%. For more on beef see page 2. Pork prices decreased 0.8% in May and are 0.3% below last May's level. Retail prices have started to fall in accordance with wholesale prices, resulting in ERS's revised forecast of a 2% to 3% increase for pork prices in 2012.

Poultry prices decreased 1.4% in May and are 3.9% above prices last year at this time, with chicken prices up 2.5% and other poultry prices (including turkey) up 8.9%. Fish and seafood prices were down 0.4% from April to May and are 1.9% above the May 2011 level. Japanese output is expected to continue recovering throughout 2012, but seafood prices should remain high in 2012.

## USDA Lowers Pork Price Projection, All Else Unchanged

Item	Relative Importance <sup>1</sup> Percent	Month-to-Month Apr to May	Year-over-Year May '11 to '12	Annual 2010	Annual 2011	Forecast 2012 <sup>2</sup>
Percent change						
<b>Consumer Price Indexes</b>						
<b>All food</b>	100.0	0.0	2.8	0.8	3.7	2.5 to 3.5
Food away from home	39.6	0.2	2.9	1.3	1.9	2.0 to 3.0
Food at home	60.4	-0.1	2.7	0.3	4.8	2.5 to 3.5
Meats, poultry, and fish	12.9	-0.4	2.9	1.9	7.4	3.5 to 4.5
Meats	8.4	-0.1	2.8	2.8	8.8	3.5 to 4.5
Beef and Veal	3.8	0.6	5.4	2.9	10.2	4.0 to 5.0
Pork	2.6	-0.8	-0.3	4.7	8.5	2.0 to 3.0
Other meats	1.9	-0.7	2.2	-0.1	6.4	2.5 to 3.5
Poultry	2.3	-1.4	3.9	-0.1	2.9	3.0 to 4.0
Fish and seafood	2.2	-0.4	1.9	1.1	7.1	4.0 to 5.0
Eggs	0.8	-5.9	1.4	1.5	9.2	1.0 to 2.0
Dairy products	6.4	-0.4	2.3	1.1	6.8	2.0 to 3.0
Fats and oils	1.8	0.7	7.8	-0.3	9.3	3.5 to 4.5
Fruits and vegetables	9.0	0.5	-0.4	0.2	4.1	2.0 to 3.0
Fresh fruits & vegetables	6.9	0.6	-2.1	0.6	4.5	1.5 to 2.5
Fresh fruits	3.5	1.7	2.6	-0.6	3.3	2.0 to 3.0
Fresh vegetables	3.3	-0.8	-6.9	2.0	5.6	1.0 to 2.0
Processed fruits & vegetables	2.1	0.5	5.4	-1.3	2.9	3.0 to 4.0
Sugar and sweets	2.1	-0.5	4.6	2.2	3.3	2.0 to 3.0
Cereals and bakery products	8.7	0.2	3.7	-0.8	3.9	3.5 to 4.5
Nonalcoholic beverages	6.7	-0.8	1.2	-0.9	3.2	1.5 to 2.5
Other foods	11.9	0.4	4.3	-0.5	2.3	3.0 to 4.0

<sup>1</sup>BLS estimated expenditure shares, December 2010. Food prices represent approximately 14% of the total CPI.