

THE FOOD INSTITUTE REPORT



87th Year No. 38

A Weekly Publication

SEPT. 22, 2014

JUMP IN BEEF PUSHED AUGUST RETAIL PRICE INDEX HIGHER

The food at home index was up 0.4% in August versus July, with proteins posting the largest gains. The index for beef and veal rose 4.2%, its largest increase since November 2003, while pork rose 2.1%. However, wholesale beef prices declined during the month, but that decline will likely take 60-90 days to move through the pricing structure.

In contrast, the index for fruits and vegetables fell 0.9% in August, with the indexes for fresh fruits and fresh vegetables both declining. The index for nonalcoholic beverages also declined in August; its 0.2% decrease was its first decline since April. The index for other food at home, which rose 0.7% in July, decreased 0.2% in August.

The retail food inflation rate through the first eight months of 2014 was 2.9%, driven by an 8.8% increase in the protein sector.

The index for food away from home advanced 0.2% in August and has increased 2.5% over the past 12 months.

Consumer Food Prices August

Items:	Aug. Index 1982/84=100	% Chge. July '13	% Chge. Aug. '13	Yr.-to-Date 14 v. '13
All Items	237.9	-0.2	1.7	1.8
All Food	243.8	0.3	2.7	2.0
Food At Home	240.7	0.4	2.9	1.9
Food Away From Home	249.8	0.2	2.5	2.2
Cereal & Cereal Products	234.3	-0.3	0.5	0.2
Bakery Products	293.3	0.2	0.3	0.3
Beef & Veal	309.9	4.2	15.1	9.0
Pork	238.3	2.1	11.4	8.8
Poultry	238.6	0.3	1.7	2.3
Fish & Seafood	292.1	0.0	6.2	6.3
Eggs	240.9	0.8	9.7	8.6
Dairy Products	226.4	0.6	4.4	2.7
Fresh Fruits & Vegetables	333.9	-0.9	0.3	1.7
Proc. Fruits & Vegetables ^a	158.1	-0.3	-0.4	0.1
Sugar & Sweets	208.1	0.3	-0.5	-1.3
Fats & Oils	231.5	0.4	1.1	-0.8
Carbonated Drinks	158.1	0.0	-0.1	-0.9
Coffee	205.5	1.7	1.7	-3.7
Other Foods	221.4	-0.2	1.9	0.7

a. Base year has been changed by BLS to Dec. 1997.

Note: All Item data reflects BLS revision. Food items unaffected.

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HAVE BEEF PRICES PEAKED?

For the first time this year, beef and veal prices at the wholesale level declined from the prior month according to **FOOD INSTITUTE** analysis of the government's Producer Price Index report.

The decline was a slight 0.3% and still left beef prices up 28.6% versus a year earlier. In the last four months of 2013, beef prices rose an additional 5% based on the Producer Price Index. **USDA** projects that cattle prices in the fourth quarter will be relatively unchanged from the third quarter.

In the meantime, however, retail beef prices posted their largest monthly gain in over a decade according to the Consumer Price Index report for August, which was released last week. That put the inflation rate for beef through August at 9%. See page 1 for more details.

Pork prices declined slightly more, by 0.9%, but again prices during August were still up 25.8% from a year ago. Other proteins, also declined from July levels, with eggs falling 13.4%, chicken down 1.3%, and seafood down 6.8%.

On the "up" side, coffee prices during the month jumped 1.9%, and dairy rose 1.4%, but most other categories were little changed. And even with all of the inflation in wholesale proteins this year, the overall wholesale inflation rate reflected by the All Finished Consumer Foods index was up 3.9%.

Producer Price Index - August

	Aug. Index 1982=100	% Chge. Jul-14	% Chge. Last Year	% Chge. Acc. 14
Unadjusted				
All Finished Consumer Foods	215.1	0.0	5.0	3.9
Crude	182.2	-4.0	-8.9	1.5
Processed	218.3	0.3	6.6	4.9
Fresh Fruits	124.4	-0.2	9.2	2.7
Fresh & Dry Vegetables	182.7	0.4	-25.3	-2.8
Eggs (Dec. '91=100)	144.9	-13.4	2.0	16.4
Bakery Products	270.7	-0.1	1.2	1.5
Milled Rice	219.7	0.1	3.8	4.3
Pasta Products (June '85=100)	197.5	-1.7	-2.9	-1.6
Beef & Veal	250.3	-0.3	28.6	15.1
Pork	215.8	-0.9	25.8	23.5
Processed Young Chickens	182.0	-1.3	3.2	-0.4
Processed Turkeys	177.1	-1.0	20.4	16.0
Fish & Shellfish	315.9	-6.8	7.6	8.8
Dairy Products	223.9	1.4	12.5	12.0
Processed Fruits & Vegetables	195.8	1.0	1.6	-0.4
Confectionery End Products	275.0	0.3	2.6	2.8
Soft Drinks	195.5	0.5	1.6	0.4
Roasted Coffee	204.7	1.9	4.8	-2.2
Shortening & Cooking Oil	258.2	-0.5	-6.4	-8.0
Frozen Specialties	190.0	0.6	2.0	1.1
Final Demand Foods	122.5	-0.5	3.8	2.6