



Consumer Focus

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Retail food prices decline in Q4

Shoppers paid a bit less for food at the grocery store during the fourth quarter of 2012, with some popular fruits and vegetables showing a decline in retail price. Lower retail prices for Russet potatoes, bagged salad and apples, among other foods, resulted in a slight decrease in the latest American Farm Bureau Federation (AFBF) Quarterly Marketbasket Survey.

Price changes

The informal survey shows the total cost of 16 food items that can be used to prepare one or more meals was \$50.54, down \$1.36 or about 3% compared to the third quarter of 2012. Of the 16 items surveyed, 10 decreased and six increased in average price compared to the prior quarter.

“While prices were down from the third quarter, compared to a year ago, the marketbasket price was actually higher compared to a year ago, by about 3%,” said John Anderson, AFBF’s deputy chief economist. “Throughout 2012, food prices were relatively stable, thanks to very slow but steady growth in the general economy coupled with fairly stable energy prices. For this year, we expect food prices to rise by 3% to 4%, which is slightly higher than the average rate of inflation over the past 10 years.”



Items **showing retail price decreases** for the third quarter included:

- Russet potatoes, down 39¢ to \$2.62 for a 5-pound (lb.) bag;
- bagged salad, down 35¢ to \$2.59 per lb.;
- deli ham, down 31¢ to \$4.89 per lb.;
- apples, down 26¢ to \$1.60 per lb.;
- sirloin tip roast, down 22¢ to \$4.52 per pound;
- flour, down 20¢ to \$2.37 for a 5-lb. bag;
- chicken breasts, down 7¢ to \$3.10 per lb.;
- vegetable oil, down 5¢ to \$2.86 for a 32-ounce (oz.) bottle;
- eggs, down 4¢ to \$1.90 per dozen; and
- bacon, down 2¢ to \$4.21 per lb.

These items **showed modest retail price increases** for the quarter:

- whole milk, up 18¢ to \$3.73 per gallon (gal.);
- orange juice, up 11¢ to \$3.41 per half-gal.;
- white bread, up 10¢ to \$1.85 for a 20-oz. loaf;
- ground chuck, up 8¢ to \$3.55 per lb.;
- shredded cheddar cheese, up 5¢ to \$4.31 per lb.; and
- toasted oat cereal, up 3¢ to \$3.03 for a 9-oz. box.

The year-to-year direction of the marketbasket survey tracks with the federal government’s Consumer Price Index (www.bls.gov/cpi/) report for food at home. As retail grocery prices have increased

gradually over time, the share of the average food dollar that America’s farm and ranch families receive has dropped.

“Through the mid-1970s, farmers received about one-third of consumer retail food expenditures for food eaten at home and away from home, on average. Since then, that figure has decreased steadily and is now about 16%, according to the Agriculture Department’s revised Food Dollar Series,” Anderson said. Details about USDA’s new Food Dollar Series may be found online at www.ers.usda.gov/publications/err-economic-research-report/err114.aspx.

Using the “food at home and away from home” percentage across-the-board, the farmer’s share of this quarter’s \$50.54 marketbasket would be \$8.09.

AFBF, the nation’s largest general farm organization, has been conducting the informal quarterly marketbasket survey of retail food price trends since 1989. The mix of foods in the marketbasket was updated in 2008.

According to USDA, Americans spend just under 10% of their disposable annual income on food, the lowest average of any country in the world. A total of 107 shoppers in 31 states participated in the latest survey, conducted in October.

Tracking milk and egg trends

Milk:

1 gal. regular milk	\$3.73
½ gal. regular milk	\$2.38
½ gal. organic milk	\$4.00
½ gal. rBST-free milk	\$3.15

Eggs:

1 dozen regular eggs	\$1.90
1 dozen “cage-free” eggs	\$3.38

Editor’s Note: This article was provided by the American Farm Bureau Federation.

