

Food Prices and Expenditures

The Consumer Price Index (CPI) for food is projected to rise moderately in the baseline, increasing at an average rate of about 2.5 percent from 1997 to 2007. This compares to a 3.1-percent average rise expected in the CPI for all items, continuing a long-term trend of food prices increasing at slightly less than the general inflation rate. Moderate but steady economic growth, with sustained increases in disposable personal income, will have a positive impact on consumer demand for food.

Increases in prices for food away from home, which contain a large service component, are being held down by competition in the food industry. As a result, away-from-home prices rise at a moderate annual average rate of about 2.5 percent from 1997 to 2007. Prices for food at home also increase about 2.5 percent per year. For foods purchased for consumption at home, the strongest price increases generally occur among the more highly processed foods such as cereals and bakery products and other prepared foods. Prices for these foods are related more to the costs of processing and marketing than to the costs of farm commodities and, therefore, rise at a rate close to the general inflation rate.

Total food expenditures rise at a 4.1-percent average annual rate in the baseline. Expenditures for meals eaten away from home account for a growing share of food spending, reaching almost half of total food expenditures by 2007. Growth in expenditures for food eaten away from home will average 4.5 percent a year while expenditures for food at home will rise 3.7 percent annually.

Table 31. Consumer food price indexes and food expenditures baseline

CPI category	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Consumer price indexes:												
	<i>1982-84=100</i>											
All food	153.3	157.4	160.8	165.5	170.0	174.2	178.2	182.8	187.4	192.0	196.6	201.4
Food away from home	152.7	157.0	161.1	165.0	169.3	173.8	178.4	182.9	187.4	192.0	196.6	201.6
Food at home	154.3	158.3	161.3	166.5	171.1	175.1	178.8	183.4	188.1	192.8	197.3	202.1
Meats	140.2	144.0	145.8	151.4	154.5	154.7	154.8	157.2	159.8	161.9	163.8	165.3
Beef and veal	134.5	137.0	142.0	151.7	155.8	154.7	153.6	155.5	158.2	160.4	162.4	164.2
Pork	148.2	155.0	151.0	146.4	147.0	150.4	153.5	156.9	159.3	161.0	162.4	163.4
Other meats	144.0	147.0	149.0	159.2	163.5	162.3	161.1	163.2	166.0	168.3	170.4	172.3
Poultry	152.4	156.1	159.0	168.7	174.6	175.2	176.9	182.8	189.1	195.3	201.1	207.4
Fish and seafood	173.1	177.5	183.9	190.3	197.0	203.9	211.0	218.4	226.0	233.9	242.1	250.6
Eggs	142.1	140.0	140.0	140.6	143.8	146.5	149.0	151.6	154.0	156.3	158.7	161.3
Dairy products	142.1	145.0	143.8	147.4	149.5	153.5	155.3	158.7	161.7	164.8	168.0	171.1
Fats and oils	140.5	141.8	147.3	150.5	153.9	157.6	161.6	166.6	171.7	176.5	180.9	185.9
Fruits and vegetables	183.9	186.6	192.8	199.3	206.1	212.8	219.0	225.8	232.3	239.1	245.3	252.3
Sugar and sweets	143.7	147.8	150.5	153.9	157.6	161.4	165.3	169.1	172.9	176.8	180.7	185.0
Cereals and bakery products	174.0	177.8	181.1	186.6	193.3	199.9	206.3	212.5	218.8	225.3	231.7	238.7
Nonalcoholic beverages	128.6	138.7	142.2	145.8	149.4	153.1	156.9	160.8	164.8	168.9	173.1	177.4
Other prepared foods	156.2	161.3	165.4	170.2	175.6	181.2	187.0	192.7	198.4	204.3	210.3	216.8
Food expenditures:												
	<i>Billion dollars</i>											
All food	692.6	723.0	753.2	783.4	816.0	849.8	883.7	920.1	957.4	996.0	1,034.9	1,076.7
Food at home	376.6	391.6	405.7	421.6	437.6	453.7	469.2	486.9	504.9	523.3	541.4	560.8
Food away from home	316.0	331.4	347.5	361.8	378.4	396.1	414.5	433.2	452.5	472.7	493.5	515.9

Table 32. Changes in consumer food prices, baseline

CPI category	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
	<i>Percent</i>											
All food	3.3	2.7	2.2	2.9	2.7	2.5	2.3	2.6	2.5	2.5	2.4	2.4
Food away from home	2.5	2.8	2.6	2.4	2.6	2.7	2.6	2.5	2.5	2.5	2.4	2.5
Food at home	3.7	2.6	1.9	3.2	2.8	2.3	2.1	2.6	2.6	2.5	2.3	2.4
Meats	3.5	2.7	1.3	3.8	2.0	0.1	0.1	1.6	1.7	1.3	1.2	0.9
Beef and veal	-0.3	1.9	3.6	6.8	2.7	-0.7	-0.7	1.2	1.7	1.4	1.2	1.1
Pork	9.9	4.6	-2.6	-3.0	0.4	2.3	2.1	2.2	1.5	1.1	0.9	0.6
Other meats	3.6	2.1	1.4	6.8	2.7	-0.7	-0.7	1.3	1.7	1.4	1.2	1.1
Poultry	6.2	2.4	1.9	6.1	3.5	0.3	1.0	3.3	3.4	3.3	3.0	3.1
Fish and seafood	0.9	2.5	3.6	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Eggs	17.9	-1.5	0.0	0.4	2.3	1.9	1.7	1.7	1.6	1.5	1.5	1.6
Dairy products	7.0	2.0	-0.8	2.5	1.4	2.7	1.2	2.2	1.9	1.9	1.9	1.8
Fats and oils	2.3	0.9	3.9	2.2	2.3	2.4	2.5	3.1	3.1	2.8	2.5	2.8
Fruits and vegetables	3.5	1.5	3.3	3.4	3.4	3.3	2.9	3.1	2.9	2.9	2.6	2.9
Sugar and sweets	4.5	2.9	1.8	2.3	2.4	2.4	2.4	2.3	2.2	2.3	2.2	2.4
Cereals and bakery products	3.9	2.2	1.9	3.0	3.6	3.4	3.2	3.0	3.0	3.0	2.8	3.0
Nonalcoholic beverages	-2.4	7.9	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Other prepared foods	3.4	3.3	2.5	2.9	3.2	3.2	3.2	3.0	3.0	3.0	2.9	3.1