

## FARM-RETAIL PRICE SPREADS: 2005 – 2007 and Selected Months of 2007

| COMMODITY                                       | Annual |       |       | 2007  |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|   | 2005   | 2006  | 2007  | June  | July  | Aug   | Sept  | Oct   | Nov   | Dec   |
| <b>Market Basket <sup>1</sup></b>               |        |       |       |       |       |       |       |       |       |       |
| Retail cost (1982-84=100)                       | 198.2  | 201.8 | 211.0 | 210.4 | 210.9 | 211.6 | 213.3 | 214.5 | 215.5 | 216.4 |
| Farm value (1982-84=100)                        | 122.2  | 119.5 | 141.9 | 139.6 | 144.4 | 143.6 | 148.0 | 146.4 | 151.0 | 152.2 |
| Farm-retail spread (1982-84=100)                | 239.2  | 246.2 | 248.3 | 248.5 | 246.8 | 248.3 | 248.4 | 251.2 | 250.2 | 251.0 |
| Farm value-retail cost (%)                      | 21.6   | 20.7  | 23.6  | 23.2  | 24.0  | 23.8  | 24.3  | 23.9  | 24.5  | 24.6  |
| <b>Meat Products</b>                            |        |       |       |       |       |       |       |       |       |       |
| Retail cost (1982-84=100)                       | 187.5  | 188.9 | 195.0 | 197.7 | 196.2 | 196.1 | 196.2 | 196.6 | 196.8 | 195.6 |
| Farm value (1982-84=100)                        | 121.4  | 116.7 | 124.7 | 119.6 | 120.4 | 123.8 | 126.9 | 123.9 | 125.1 | 124.3 |
| Farm-retail spread (1982-84=100)                | 255.4  | 263.0 | 267.1 | 277.8 | 274.0 | 270.3 | 267.3 | 271.2 | 270.4 | 268.8 |
| Farm value-retail cost (%)                      | 32.8   | 31.3  | 32.4  | 30.6  | 31.1  | 32.0  | 32.8  | 31.9  | 32.2  | 32.2  |
| <b>Dairy Products</b>                           |        |       |       |       |       |       |       |       |       |       |
| Retail cost (1982-84=100)                       | 182.4  | 181.2 | 194.8 | 191.4 | 197.9 | 201.7 | 203.5 | 205.3 | 206.0 | 205.3 |
| Farm value (1982-84=100)                        | 118.7  | 101.7 | 152.9 | 159.8 | 173.1 | 173.5 | 174.0 | 172.1 | 175.3 | 170.9 |
| Farm-retail spread (1982-84=100)                | 241.1  | 254.5 | 233.3 | 220.5 | 220.8 | 227.7 | 230.7 | 235.9 | 234.3 | 237.0 |
| Farm value-retail cost (%)                      | 31.2   | 26.9  | 37.7  | 40.1  | 42.0  | 41.3  | 41.0  | 40.2  | 40.8  | 39.9  |
| <b>Poultry</b>                                  |        |       |       |       |       |       |       |       |       |       |
| Retail cost (1982-84=100)                       | 185.3  | 182.0 | 191.4 | 194.4 | 194.9 | 195.4 | 197.1 | 195.6 | 194.6 | 194.0 |
| Farm value (1982-84=100)                        | 139.4  | 128.5 | 154.8 | 166.1 | 165.1 | 163.2 | 159.3 | 146.3 | 151.8 | 144.7 |
| Farm-retail spread (1982-84=100)                | 238.1  | 243.7 | 233.4 | 227.0 | 229.2 | 232.5 | 240.6 | 252.4 | 243.9 | 250.8 |
| Farm value-retail cost (%)                      | 40.3   | 37.8  | 43.3  | 45.7  | 45.3  | 44.7  | 43.3  | 40.0  | 41.7  | 39.9  |
| <b>Eggs</b>                                     |        |       |       |       |       |       |       |       |       |       |
| Retail cost (1982-84=100)                       | 144.1  | 150.6 | 195.3 | 176.3 | 188.1 | 196.4 | 211.6 | 208.0 | 214.7 | 234.0 |
| Farm value (1982-84=100)                        | 60.1   | 69.5  | 136.3 | 85.4  | 139.6 | 123.1 | 165.0 | 137.8 | 202.8 | 220.0 |
| Farm-retail spread (1982-84=100)                | 295.2  | 296.2 | 301.3 | 339.6 | 275.3 | 328.1 | 295.3 | 334.1 | 236.1 | 259.2 |
| Farm value-retail cost (%)                      | 26.8   | 29.7  | 44.8  | 31.1  | 47.7  | 40.3  | 50.1  | 42.6  | 60.7  | 60.4  |
| <b>Cereal and Bakery Products</b>               |        |       |       |       |       |       |       |       |       |       |
| Retail cost (1982-84=100)                       | 209.0  | 213.0 | 222.1 | 222.6 | 223.3 | 224.0 | 223.4 | 224.7 | 225.7 | 226.5 |
| Farm value (1982-84=100)                        | 96.4   | 111.1 | 149.5 | 138.8 | 143.1 | 148.1 | 166.6 | 192.5 | 177.9 | 187.3 |
| Farm-retail spread (1982-84=100)                | 224.6  | 227.2 | 232.2 | 234.3 | 234.5 | 234.6 | 231.3 | 229.2 | 232.4 | 232.0 |
| Farm value-retail cost (%)                      | 5.7    | 6.4   | 8.2   | 7.6   | 7.8   | 8.1   | 9.1   | 10.5  | 9.7   | 10.1  |
| <b>Fresh Fruit</b>                              |        |       |       |       |       |       |       |       |       |       |
| Retail cost (1982-84=100)                       | 330.7  | 350.6 | 367.6 | 363.7 | 352.2 | 353.0 | 365.2 | 369.1 | 381.0 | 385.1 |
| Farm value (1982-84=100)                        | 173.4  | 195.8 | 193.4 | 197.0 | 191.5 | 188.5 | 202.1 | 188.9 | 214.2 | 214.2 |
| Farm-retail spread (1982-84=100)                | 403.3  | 422.1 | 448.1 | 440.7 | 426.4 | 429.0 | 440.5 | 452.3 | 458.0 | 464.0 |
| Farm value-retail cost (%)                      | 16.6   | 17.6  | 16.6  | 17.1  | 17.2  | 16.9  | 17.5  | 16.2  | 17.8  | 17.6  |
| <b>Fresh Vegetables</b>                         |        |       |       |       |       |       |       |       |       |       |
| Retail cost (1982-84=100)                       | 271.7  | 283.0 | 293.5 | 283.5 | 280.1 | 274.4 | 282.3 | 292.7 | 300.4 | 306.1 |
| Farm value (1982-84=100)                        | 145.5  | 156.7 | 169.0 | 161.9 | 146.8 | 127.6 | 126.9 | 151.7 | 141.3 | 165.5 |
| Farm-retail spread (1982-84=100)                | 336.7  | 347.9 | 357.4 | 346.0 | 348.6 | 349.9 | 362.2 | 365.2 | 382.2 | 378.4 |
| Farm value-retail cost (%)                      | 18.2   | 18.8  | 19.6  | 19.4  | 17.8  | 15.8  | 15.3  | 17.6  | 16.0  | 18.4  |
| <b>Processed Fruits and Vegetables</b>          |        |       |       |       |       |       |       |       |       |       |
| Retail cost (1982-84=100)                       | 192.3  | 201.2 | 208.7 | 209.5 | 211.5 | 211.9 | 212.6 | 212.1 | 207.7 | 210.7 |
| Farm value (1982-84=100)                        | 137.7  | 140.1 | 145.8 | 144.9 | 146.9 | 146.4 | 146.1 | 147.2 | 148.7 | 150.0 |
| Farm-retail spread (1982-84=100)                | 209.4  | 220.3 | 228.3 | 229.6 | 231.6 | 232.3 | 233.4 | 233.3 | 226.1 | 229.6 |
| Farm value-retail cost (%)                      | 17.0   | 16.6  | 16.6  | 16.4  | 16.5  | 16.4  | 16.3  | 16.5  | 17.0  | 16.9  |
| <b>Fats and Oils</b>                            |        |       |       |       |       |       |       |       |       |       |
| Retail cost (1982-84=100)                       | 167.7  | 167.8 | 172.9 | 171.6 | 173.7 | 174.3 | 174.1 | 173.7 | 174.3 | 174.1 |
| Farm value (1982-84=100)                        | 108.2  | 101.9 | 150.9 | 148.0 | 153.3 | 148.6 | 162.6 | 153.3 | 148.6 | 162.6 |
| Farm-retail spread (1982-84=100)                | 189.6  | 192.1 | 181.1 | 180.3 | 181.2 | 183.7 | 178.3 | 181.2 | 183.7 | 178.3 |
| Farm value-retail cost (%)                      | 17.3   | 16.3  | 23.5  | 23.2  | 23.7  | 22.9  | 25.1  | 23.7  | 22.9  | 25.1  |
| <b>Beef, All Fresh Retail Value (cents/lb.)</b> | 364.3  | 361.3 | 377.0 | 361.7 | 379.1 | 382.1 | 384.5 | 377.3 | 383.5 | 373.6 |
| <b>Beef, Choice</b>                             |        |       |       |       |       |       |       |       |       |       |
| Retail value (cents/lbs.) <sup>2</sup>          | 409.1  | 397.0 | 415.8 | 392.1 | 414.3 | 415.9 | 422.7 | 413.0 | 415.9 | 411.3 |
| Wholesale value (cents/lbs.) <sup>3</sup>       | 226.1  | 228.0 | 231.0 | 221.6 | 218.1 | 222.9 | 226.6 | 222.0 | 223.6 | 228.1 |
| Net farm value (cents/lbs.) <sup>4</sup>        | 191.7  | 187.3 | 197.8 | 185.3 | 190.7 | 196.1 | 201.1 | 196.3 | 198.2 | 196.9 |
| Farm-retail spread (cents/lbs.)                 | 217.4  | 209.7 | 218.0 | 206.8 | 223.6 | 219.8 | 221.6 | 216.7 | 217.7 | 214.4 |
| Wholesale-retail (cents/lbs.) <sup>5</sup>      | 183.0  | 169.0 | 184.8 | 170.5 | 196.2 | 193.0 | 196.1 | 191.0 | 192.3 | 183.2 |
| Farm-wholesale (cents/lbs.) <sup>6</sup>        | 34.4   | 40.7  | 33.2  | 36.3  | 27.4  | 26.8  | 25.5  | 25.7  | 25.4  | 31.2  |
| Farm value-retail value (%)                     | 46.9   | 47.2  | 47.6  | 47.3  | 46.0  | 47.2  | 47.6  | 47.5  | 47.7  | 47.9  |
| <b>Pork</b>                                     |        |       |       |       |       |       |       |       |       |       |
| Retail value (cents/lbs.)                       | 282.7  | 280.8 | 287.1 | 276.8 | 293.6 | 293.1 | 290.6 | 292.9 | 286.3 | 285.9 |
| Wholesale value (cents/lbs.)                    | 124.9  | 121.4 | 121.5 | 119.4 | 126.9 | 127.2 | 120.7 | 114.6 | 111.1 | 110.6 |
| Net farm value (cents/lbs.) <sup>4</sup>        | 88.0   | 83.3  | 82.0  | 78.7  | 90.9  | 90.2  | 80.6  | 72.5  | 63.7  | 68.0  |
| Farm-retail spread (cents/lbs.)                 | 194.7  | 197.5 | 205.1 | 198.1 | 202.7 | 202.9 | 210.0 | 220.4 | 222.6 | 217.9 |
| Wholesale-retail (cents/lbs.) <sup>5</sup>      | 157.8  | 159.4 | 165.6 | 157.4 | 166.7 | 165.9 | 169.9 | 178.3 | 175.2 | 175.3 |
| Farm-wholesale (cents/lbs.) <sup>6</sup>        | 36.9   | 38.1  | 39.5  | 40.7  | 36.0  | 37.0  | 40.1  | 42.1  | 47.4  | 42.6  |
| Farm value-retail value (%)                     | 31.1   | 29.7  | 28.6  | 28.4  | 31.0  | 30.8  | 27.7  | 24.8  | 22.2  | 23.8  |

<sup>1</sup> Retail costs are based on CIP-U of retail prices for domestically produced farm foods, published monthly by the Bureau of Labor Statistics (BLS). Farm value is the payment for the quantity of farm equivalent to the retail unit, less allowance for by-product. Farm values are based on prices at first point of sale, and may include marketing charges such as grading and packing for some commodities. The farm-retail spread, the difference between the retail value and farm value, represents charges for assembling, processing, transporting, and distributing.

<sup>2</sup> Weighted-average value of retail cuts from pork and choice yield grade 3 beef. Prices from BLS.

<sup>3</sup> Value of wholesale (boxed beef) and wholesale cuts (pork) equivalent to 1 pound of retail cuts adjusted for transportation costs and by-product values.

<sup>4</sup> Market value to producer for live animal equivalent to 1 lb. of retail cuts, minus value of by-products.

<sup>5</sup> Charges for retailing and other marketing services such as wholesaling and in-city transportation.

<sup>6</sup> Charges for livestock marketing, processing, and transportation.

SOURCE: *Economic Research Service (ERS) USDA*. Information contacts: Howard Elitzak (202) 694-5375, William F. Hahn (202) 694-5175.