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Summary Findings

Food Price Outlook, 2021

This page summarizes the October 2021 forecasts, which incorporate the September 2021 Consumer Price Index and Producer Price Index numbers.

See **Changes in Food Price Indexes, 2019 through 2022** (</data-products/food-price-outlook/>) for data files.

Consumer Price Index for Food (not seasonally adjusted)

The **all-items Consumer Price Index (CPI)**, a measure of economy-wide inflation, increased by 0.3 percent from August 2021 to September 2021 before seasonal adjustment, up 5.4 percent from September 2020. The CPI for all food increased 0.8 percent from August 2021 to September 2021, and food prices were 4.6 percent higher than in September 2020.

The level of food price inflation varies depending on whether the food was purchased for consumption away from home or at home:

- The food-away-from-home (restaurant purchases) CPI increased 0.5 percent in September 2021 and was 4.7 percent higher than September 2020; and
- The food-at-home (grocery store or supermarket food purchases) CPI increased 1.1 percent from August 2021 to September 2021 and was 4.5 percent higher than August 2020.

In 2021 thus far compared with 2020 (reported as "Year-to-date avg. 2020 to avg. 2021"), food-at-home prices have increased 2.5 percent and food-away-from-home prices have increased 3.6 percent. The CPI for all food has increased an average of 3.0 percent. Of all the CPI food-at-home categories tracked by the U.S. Department

of Agriculture (USDA), Economic Research Service (ERS), the beef and veal category has had the largest relative price increase (6.5 percent) and the fresh vegetables category the smallest (0.6 percent). No food categories have decreased in price in 2021 compared with 2020.

In 2021, food-at-home prices are expected to increase between 2.5 and 3.5 percent, and food-away-from-home prices are expected to increase between 3.5 and 4.5 percent. In 2022, food-at-home prices are expected to increase between 1.5 and 2.5 percent, and food-away-from-home prices are expected to increase between 3.0 and 4.0 percent.

Recent Historical Overview

Between the 1970s and early 2000s, food-at-home prices and food-away-from-home prices increased at similar rates. Since 2009, however, their rates of growth have diverged; while food-at-home prices deflated in 2016 and 2017, monthly food-away-from-home prices have been rising consistently since then. The divergence is partly due to differences between the costs of serving prepared food at restaurants and retailing food in supermarkets and grocery stores.

In 2019, retail food-at-home prices rose 0.9 percent. This increase was the second in 4 years, but the rate was still below the 20-year annual average of 2.0 percent. While prices for poultry, eggs, fats and oils, and fresh fruits declined in 2019, prices for all other food categories increased. Fresh vegetables had the largest annual average increase of 3.8 percent in 2019, and eggs the largest annual average decrease of 10.0 percent.

In 2020, food-at-home prices increased 3.5 percent and food-away-from-home prices 3.4 percent. This convergence was largely driven by a rapid increase in food-at-home prices, while food-away-from-home price inflation remained within 0.2 percentage points of the 2019 inflation rate. The largest price increases were for meat categories: beef and veal prices increased by 9.6 percent, pork prices by 6.3 percent, and poultry prices by 5.6 percent. The only category to decrease in price in 2020 was fresh fruits by 0.8 percent.

CPI Forecast Changes This Month

Forecast ranges for 6 of 7 protein CPI food categories were revised upward this month: beef and veal, pork, other meats, poultry, fish and seafood, and eggs. Forecast ranges for the aggregate categories of meats; and meats, poultry, and fish were revised upward as well. The forecast ranges for fats and oils and processed fruits and vegetables were also revised upward this month.

Beef and veal prices increased 3.3 percent from August to September 2021, pork prices increased 1.2 percent, and other meat prices increased 1.8 percent. Prices have been driven up by strong domestic and international demand, labor shortages, supply chain disruptions, and high feed and other input costs. Winter storms and drought impacted meat prices this spring, and processing facility closures due to cybersecurity attacks impacted beef and other meat production in May.

Consolidation in the meat industry could also have an effect on prices. **Beef and veal prices are predicted to increase between 6.5 and 7.5 percent in 2021, pork prices are predicted to increase between 6.5 and 7.5 percent, other meat prices are predicted to increase between 1.5 and 2.5 percent, and poultry prices are predicted to increase between 3.5 and 4.5 percent. Prices for the aggregate category of “meats” are predicted to increase between 5.5 and 6.5 percent.**

Fish and seafood prices increased 1.2 percent from August to September 2021. Low imports, labor shortages, and strong domestic demand, particularly within the foodservice sector, have increased prices. **Fish and seafood prices are predicted to increase between 4.0 and 5.0 percent in 2021. Prices for the aggregate category of “meats, poultry, and fish” are predicted to increase between 4.5 and 5.5 percent.**

Egg prices increased 3.3 percent from August to September 2021, and are 3.3 percent higher, on average, in 2021 compared with 2020. Egg prices are high partly due to robust foreign demand, especially from South Korea and neighboring countries, which were impacted by avian influenza earlier this year. **U.S. egg prices are predicted to increase 3.0 to 4.0 percent in 2021.**

Producer Price Index (PPI) for Food (not seasonally adjusted)

A Producer Price Index (PPI) resembles a CPI in that it reflects price changes over time. However, instead of retail prices, a PPI provides a measure of the average prices paid to domestic producers for their output. PPIs are reported for nearly every industry in the goods-producing sector of the economy. Three major PPI commodity groups are of interest to food markets: *unprocessed foodstuffs and feedstuffs* (formerly called crude foodstuffs and feedstuffs), *processed foods and feeds* (formerly called intermediate foods and feeds), and *finished consumer foods*. These groups give a general sense of price movements across various stages of production in the U.S. food supply chain.

The PPIs—measures of changes in farm and wholesale prices—are typically far more volatile than the downstream CPIs. Price volatility decreases as products move from the farm to the wholesale sector to the retail sector. Because of multiple processing

stages in the U.S. food system, the CPI typically lags movements in the PPI. The PPI is thus a useful tool for understanding what may soon happen to the CPI.

The USDA Economic Research Service does not forecast industry-level PPIs for unprocessed, processed, and finished foods and feeds. However, these prices have historically shown a strong correlation with the all-food and food-at-home CPIs.

PPI Forecast Changes This Month

PPI forecasts for wholesale beef, wholesale poultry, farm-level eggs, farm-level vegetables, farm-level wheat, and wholesale wheat flour were revised upward this month. The forecast for farm-level soybeans was revised downward.

Wholesale beef prices increased 7.5 percent from August to September 2021. High feed costs, increased demand, and changes in the supply chain have increased prices for wholesale beef. Consolidation in meat processing may also affect meat prices and the spreads between different points along the supply chain. While wholesale beef prices increased, prices for cattle decreased by 0.2 percent between August and September 2021. **Wholesale beef prices are predicted to increase between 21.0 and 24.0 percent in 2021.** Wholesale poultry prices, however, experienced only slight increases from August to September—1.6 percent—which followed another slight price increase from July to August. Given this increasing trend, forecasts have been adjusted upward: **wholesale poultry prices are predicted to increase between 18.0 and 21.0 percent.**

Farm-level egg prices increased by 22 percent from August to September 2021. Prices increased due to strong international demand and increased exports, partially attributable to a highly pathogenic avian influenza outbreak in South Korea. In response to these recent price increases, **farm-level egg prices are predicted to increase between 10.0 and 13.0 percent.**

Higher-than-expected soybean stocks led to an 8.0 percent price decrease from August to September 2021. **Farm-level soybean prices are predicted to increase between 51.0 and 54.0 percent**—an adjustment downward from the 53.0 to 56.0 percent predicted last month.

Farm-level wheat prices and wholesale wheat flour prices decreased only slightly from August to September 2021, after large increases in prices from July to August, at 14.3 and 7.6 percent, respectively. As a result, forecasts have been adjusted upward: **farm-level wheat prices are predicted to increase between 36.0 and 39.0 percent in 2021; wholesale wheat flour prices are predicted to increase between 16.0 and 19.0 percent.**

For official USDA farm-level price forecasts, see: **World Agricultural Supply and Demand Estimates at a Glance** (</topics/farm-economy/commodity-outlook/wasde-projections-at-a-glance/#99403>). For additional information, detailed explanations, and analyses of farm-level prices, see USDA Economic Research Service Outlook publications including **Livestock, Dairy, and Poultry** (<https://www.ers.usda.gov/publications/pub-details/?pubid=102399>), **Oil Crops** (<https://www.ers.usda.gov/publications/pub-details/?pubid=102347>), **Wheat** (<https://www.ers.usda.gov/publications/pub-details/?pubid=102369>), **Fruit and Tree Nuts** (<https://www.ers.usda.gov/publications/pub-details/?pubid=102266>), and **Vegetables and Pulses** (<https://www.ers.usda.gov/publications/pub-details/?pubid=100968>).

See **Changes in Food Price Indexes, 2019 through 2022** (</data-products/food-price-outlook/>) for data files.

Food Price Outlook

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