

Food Institute: Food Spending Will Rise in 2013

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Compiled by staff

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The Food Institute reports that food inflation, including the impact of the severe drought in the Midwest, will cost a family of four \$351.12 more in food spending in 2013 than in 2012.

Food-at-home spending will increase about \$4.00 a week, and away-from-home spending by about \$2.50, according to The Food Institute. These figures are only slightly more than the 2.5% to 3.5% increase projected by USDA for all of this year.

The cost is calculated by the Food Institute using USDA's latest food price projections for 2013, which indicate prices for food-at-home will increase as much as 4.0% next year, with food away-from-home prices projected to rise as much as 3.5%.



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The Food Institute combined the recent USDA figures for 2013 with its annual book, the Demographics of Consumer Food Spending, which relies on data from the Bureau of Labor Statistics to forecast 2013 household spending in this category.

The [USDA's Consumer Price Index report](#), which was updated late last month, suggests food price increases won't be truly felt until 2013, however USDA data did find that higher crop prices will eventually creep into cereals, more shelf-stable products and meat.

Food Institute's breakdown by department also shows most of the increase will be experienced at meat counters, where annual costs are seen rising about \$44 next year for a family of four, and about \$30 for a two-person households, according to The Food Institute's estimates. Beef costs would account for nearly one-third of that increase.

USDA estimates that the immediate increases in beef prices are due to pre-existing market factors, and not entirely the drought, according to Ricky Volpe, USDA Economic Research Service economist.

Fresh produce prices will add another \$23.44 to a family's grocery bill next year, but processed fruit and vegetable expenditures should go up only about \$11, The Food Institute projects. Canners and freezers may take note of this opportunity to promote their products.

A contrasting report comes from the USDA CPI. They estimate that inflation for fruits and vegetables will stay steady.

And for those families eating away-from-home, the Food Institute says two-person households will be spending an average \$86.73 more next year, with a family of four spending an additional \$125.

However, as is always the case with food, these spending projections could vary as substitutions are made in one category or another. Consumers could opt to spend more on canned and frozen products to offset higher prices for fresh; or buy poultry instead of higher-priced beef. Other discounts offered by manufacturers and retailers, including coupons could impact expenditures as well.

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