



HOME

PERSONAL FINANCE RETIREMENT CAREERS BUSINESS &amp; ECONOMY FUNDS

Orange Savings  
Account™

## How to Stock Your Kitchen Without Blowing Your Budget

### Food for thought on how to counter rising prices in 2013

By GEOFF WILLIAMS

January 4, 2013

Some analysts have been predicting lower gas prices in 2013, but if you've been worrying about what you're going to do with all your extra money, not to fret: Food prices are going up.

In fact, according to the trade association the Food Institute, an average omnivorous family of four will spend \$351.12 more on food this year than last. The U.S. Department of Agriculture supports the projection, with figures indicating that the food people prepare at home will increase by as much as 4 percent and that consumers will spend 3.5 percent more when eating out.

If your budget is tight enough already and you're the type of person who plans ahead, here's what you should know about food prices in 2013:

**The reason for the rise.** The expected spike in food prices comes courtesy of last summer's drought, which, for some parts of the country, is still ongoing, particularly in New Mexico, Oklahoma, Texas, Colorado, and Kansas. The drought is considered among weather experts to be the worst on record in the past 25 years, and some say since the 1930s. As one might expect, Mother Nature's stinginess with water has done a number on crops, creating a ripple effect on food products that goes beyond vegetables. For instance, cattle tend to enjoy eating corn and soybeans, both of which have been hammered by the drought.

#### [Read: [7 Foolish Grocery-Shopping Mistakes.](#)]

The notion of rising food prices should be kept in perspective, however. According to the Department of Agriculture, retail food prices have climbed, on average, 2.5 to 3 percent annually for the last 20 years. So keep in mind that the cost of food is continually rising—but it's expected to increase more than usual this year.

"American consumers spend far less on food as a proportion of their incomes than any other country, and half of that is for food consumed away from home, namely restaurants," says Steve Ford, a full-time farmer and an associate professor of economics at Sewanee—University of the South, in Sewanee, Tenn. "Most American families won't be affected much by food-price increases. However, those families currently struggling in today's economy will find 2013 even more trying."

**What's going to cost more?** To some extent, everything. "Higher grain prices have hurt meat, egg, and dairy producers," says Ford, who adds that less-processed foods cost more. For example, Ford expects bread prices to increase more than corn flakes or high-sugar cereals.

The Consumer Price Index's December 2012 report forecasts that in 2013, virtually all food items will increase by 3 to 4 percent. With or without the so-dubbed "dairy cliff," dairy products could go up by as much as 4 percent. Many soda and other nonalcoholic beverages are expected to increase in price by 3.5 percent, and fresh vegetables may climb as high as 5 percent.

Seafood will see a smaller increase of 2 to 3 percent. The rise is likely part of the natural progression of rising food prices, although the fishing industry lost millions of dollars due to the drought.

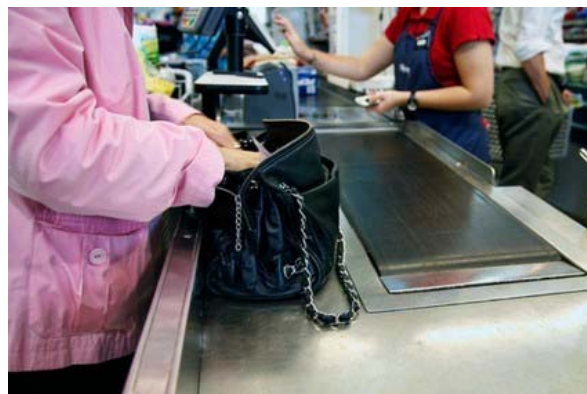
Also relatively unaffected by the drought are fats and oils, sugar, and candy, which are expected to rise 2 to 3 percent.

#### [Read: [The Heavy Price of Losing Weight](#)]

**How to combat the high cost of food.** So what's a consumer to do? The usual: Try to shop smartly. Devin Alexander, the chef on NBC's *The Biggest Loser* and the host of *America's Chefs on Tour* on PBS, recommends that consumers stock up on chicken and seafood when they go on sale, since these items can stay frozen for a long period of time.

"They usually say a year. I'd recommend months," says Alexander. "That is, I recommend that unless you live in a Hurricane Katrina-type area where you might have to abandon your house. But otherwise, I'd buy frozen [food] for those purposes."

Alexander also says people who wash and dry their produce should wrap it loosely in a paper towel and store it in a paper bag (not plastic). That way, she says, the moisture will be attracted to the paper. "Your food will last three to five times as long," says Alexander, and if you extend the life of your produce, odds are better that you won't forget about it and end up having to throw it out.



**[In Pictures: 10 Ways to Save on Food Costs]**

Corinne Kantor, a registered dietician in Orange County, Calif., who blogs about nutrition on TheFoodCop.com, says there's no shame in frequenting discount stores, many of which carry plenty of canned fruit and vegetables, as well as fresh and organic foods. She is a believer in buying in bulk and in adopting an age-old strategy that has carried many consumers through tough times: starting a garden. "You don't need a large yard," Kantor says. "Container gardens are perfect for small spaces."

"You can always grow your own food to save money," she adds. A packet of 50 tomato plant seeds, for instance, can be found for \$3.95, and the same price will give a consumer 675 spinach seeds. As long as consumers are willing to get their hands a little muddy, growing one's food has always been dirt-cheap.

**You might be interested in...**



[Make These 50 Smart Money Moves Now](#)



[See Our Best Mutual Funds Ratings](#)

**Tags:**shopping,prices,consumers,food and drink,personal finance

**INVESTING MONEY»**

**10 Books Investors Should Read**

Here is a list of timeless big-picture investing books that explain things like the relationship of skill to luck, the power of large numbers, and the nature of risk.

**PERSONAL FINANCE»**

**50 Ways to Improve Your Finances in 2013**



**YOUR RETIREMENT»**

**Best Places to Retire for Under \$40,000**

Low housing costs coupled with the amenities retirees need make these cities great places to retire on an income of less than \$40,000 per year.

**YOUR CAREER»**

**The 100 Best Jobs for 2013**



**INVESTING MONEY»**

**Best Mutual Funds Best ETFs**

Research thousands of mutual funds and ETFs to find the right investment for you.

Copyright © 2013 U.S. News & World Report LP All rights reserved.  
Use of this Web site constitutes acceptance of our Terms and Conditions of Use and Privacy Policy.