

Food Inflation on the Uptick

If you haven't been to a grocery store in the past year, you might not be aware that the cost of groceries has gone up an aggregate 5.4% in the past year, and the prices of staples like meat, dairy, eggs, sugar and coffee have surged even faster. In just under a year, the average cost of a pound of bacon has gone up from \$5.72 to \$7.32, while a dozen eggs now cost, on average, \$1.82, up from \$1.41. That's a 28% and 29% rise in price, respectively. The U.S. economy hasn't seen that kind of food inflation in 31 years.

Of course, food tends to be the most visible indicator of inflation for most Americans, since most of us buy groceries every week and sometimes every day. The dramatic rises have made it harder for the U.S. government to argue that inflation is 'transitory,' especially when there are reports that meat processors are struggling to attract and retain workers, and there is stiff competition for workers and rising wages in the manufacturing sector overall.

It's still possible that labor and supply shortages will moderate, and supply chain problems will eventually be resolved whenever we finally get Covid under control. But with food production workers receiving higher wages, we also can't expect food prices to go back to where they were last year.

Source:

<https://www.marketwatch.com/story/high-inflation-causes-meat-sugar-and-other-grocery-staple-prices-to-soar-11636726612>

<https://www.advisorperspectives.com/articles/2021/12/16/soaring-food-prices-are-approaching-a-peak-cargill-ceo-says>