

**Have higher corn prices *really* driven
consumer food prices higher in the
last six months?**

Deconstructing the Issue

- Numerous recent media reports have suggested food prices have already been driven higher as a result of increased demand for corn from the ethanol sector.
- A look at recent retail food price data from the Bureau of Labor Statistics shows this simply has not been the case.

Key Questions

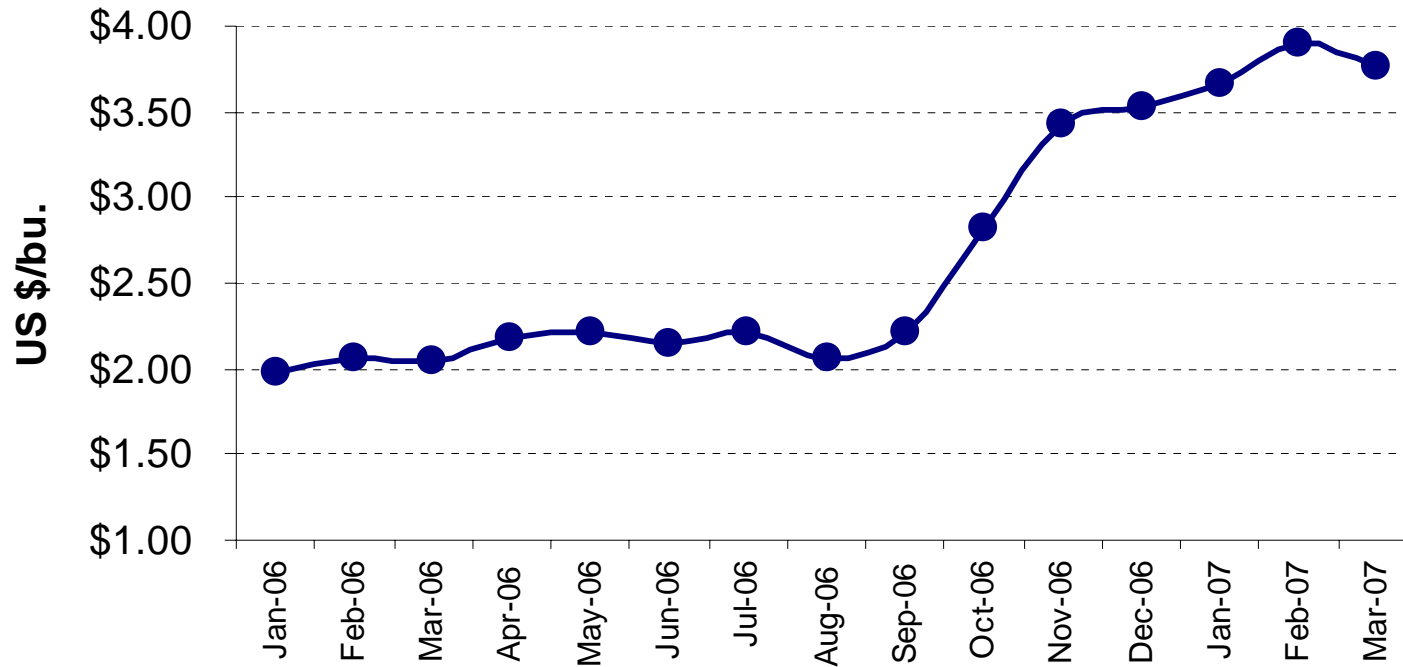
- Have retail food prices *really* increased?
- If so, by how much?
- If so, what items are increasing in price?
- If so, is corn the driving factor behind the increases?
- Are there other factors at play?
- How much corn is actually in our grocery items?
- What is the bottom line to the consumer grocery bill?

BLS CPI-Food Database

- On a monthly basis, the Bureau of Labor Statistics (BLS) monitors average retail food prices for more than 120 common items.
- The BLS data is carefully controlled and based on surveys of hundreds of retail outlets.
- The BLS sample includes survey data from a variety of U.S. markets, including large cities and small towns in all regions of the country.
- The BLS sample includes dozens of items that include corn as a direct or indirect production input.
- The BLS is the most accurate and reliable pricing data available.
- This study is based on retail price information from the BLS database.

Yes, Corn Prices are Higher

Yellow No. 2 Corn, Cash Price, Central Illinois



But what impact has that had on retail food prices?

Source: USDA, ERS (Cent. Illinois)

Dairy Products



No. 2 Yellow Corn, Cash (bu.)

Jan. 2006: **\$1.98**

Mar. 2007: **\$3.76**



Milk (1 gallon)

Jan. 2006: **\$3.20**

Mar. 2007: **\$3.07**



American Cheese (lb.)

Jan. 2006: **\$3.94**

Mar. 2007: **\$3.77**



Butter (lb.)

Jan. 2006: **\$3.13**

Mar. 2007: **\$2.98**



Ice Cream (1/2 gal.)

Jan. 2006: **\$3.70**

Mar. 2007: **\$3.97**

Source: Food prices=BLS; Corn price=USDA, ERS (Cent. Illinois)

Poultry Products



No. 2 Yellow Corn, Cash (bu.)

Jan. 2006: **\$1.98**

Mar. 2007: **\$3.76**



Turkey, frozen (lb.)

Jan. 2006: **\$1.07**

Mar. 2007: **\$1.08**



Chicken, fresh (lb.)

Jan. 2006: **\$1.06**

Mar. 2007: **\$1.06**



Chicken breast (lb.)

Jan. 2006: **\$3.31**

Mar. 2007: **\$3.34**



Eggs (dz.)

Jan. 2006: **\$1.45**

Mar. 2007: **\$1.63**

Source: Food prices=BLS; Corn price=USDA, ERS (Cent. Illinois)

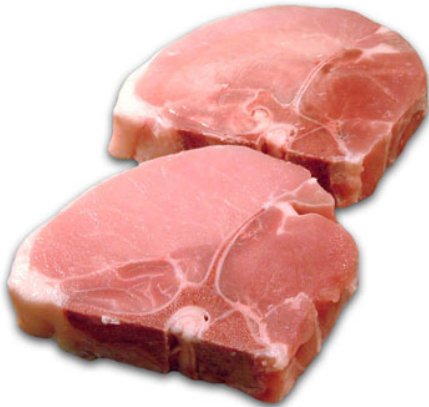
Pork Products



No. 2 Yellow Corn, Cash (bu.)

Jan. 2006: **\$1.98**

Mar. 2007: **\$3.76**



Pork Chops (lb.)

Jan. 2006: **\$3.15**

Mar. 2007: **\$3.14**



Sliced Bacon (lb.)

Jan. 2006: **\$3.36**

Mar. 2007: **\$3.46**



Ham (lb.)

Jan. 2006: **\$2.21**

Mar. 2007: **\$2.33**

Source: Food prices=BLS; Corn price=USDA, ERS (Cent. Illinois)

Beef Products



No. 2 Yellow Corn, Cash (bu.)

Jan. 2006: \$1.98

Mar. 2007: \$3.76



Ground Beef (lb.)

Jan. 2006: \$2.74

Mar. 2007: \$2.81



Beef Steak (lb.)

Jan. 2006: \$5.06

Mar. 2007: \$5.29

Source: Food prices=BLS; Corn price=USDA, ERS (Cent. Illinois)

Beverage Items



No. 2 Yellow Corn, Cash (bu.)

Jan. 2006: \$1.98

Mar. 2007: \$3.76



Non-Diet Cola (2 ltrs.)

Jan. 2006: \$1.13

Mar. 2007: \$1.22



All Malt Beverages (16 ozs.)

Jan. 2006: \$1.11

Mar. 2007: \$1.16

Source: Food prices=BLS; Corn price=USDA, ERS (Cent. Illinois)

Grocery Bill Comparison for Selected Items

ITEM	QTY	JAN. 06 PRICE	MAR. 07 PRICE
Milk	1 gal.	\$3.20	\$3.07
American Cheese	1 lb.	\$3.94	\$3.77
Butter	½ lb.	\$1.57	\$1.49
Ice cream	½ gal.	\$3.70	\$3.97
Turkey	2 lbs.	\$2.14	\$2.16
Chicken breast	2 lbs.	\$6.62	\$6.68
Eggs	1 dz.	\$1.45	\$1.63
Pork Chops	2 lbs.	\$6.30	\$6.28
Bacon	2 lbs.	\$6.72	\$6.92
Ground beef	1 lbs.	\$2.74	\$2.81
Beef steak	2 lbs.	\$10.12	\$10.58
Cola, non-diet	2 ltrs.	\$1.13	\$1.22
Malt Beverage	72 ozs.	\$5.00	\$5.22
TOTAL		\$54.63	\$55.80

- Aggregate increase for these items from Jan. 06 to Mar. 07 is 2.1%
- 25-Year average annual food inflation is 2.9%