Have higher corn prices *really* driven consumer food prices higher in the last six months?
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?
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)
Ground Beef (lb.)

Jan. 2006: $2.74
Mar. 2007: $2.81

Beef Steak (lb.)

Jan. 2006: $5.06
Mar. 2007: $5.29

No. 2 Yellow Corn, Cash (bu.)

Jan. 2006: $1.98
Mar. 2007: $3.76

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

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

No. 2 Yellow Corn, Cash (bu.)
Jan. 2006: $1.98
Mar. 2007: $3.76

Source: Food prices=BLS; Corn price=USDA, ERS (Cent. Illinois)
# Grocery Bill Comparison for Selected Items

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

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

Source: BLS