



To: KC Farm Bureau
Date: February 15, 2026
Re: Agriculture Trade Report
From: Aaron Hegde

The Economy

12-month percentage change, Consumer Price Index, selected categories, January 2026, not seasonally adjusted

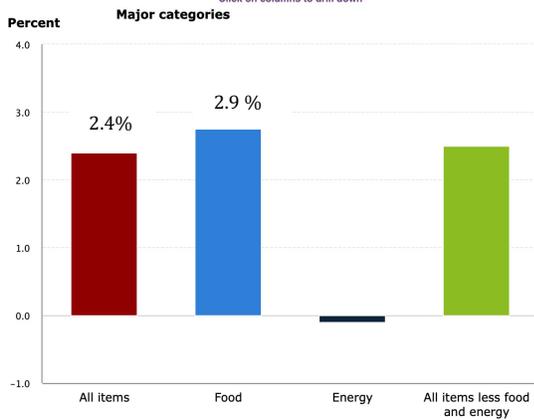


Figure 1 Twelve-month CPI Change. Source: BLS

12-month percentage change, Consumer Price Index, selected categories, January 2026, not seasonally adjusted

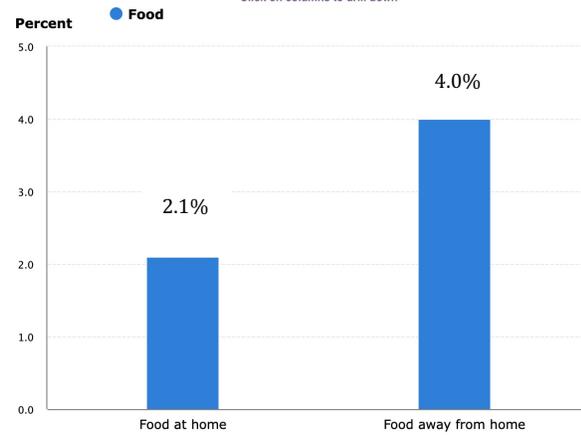


Figure 2 Change in Food CPI. Source: BLS

12-month percentage change, Consumer Price Index, selected categories, January 2026, not seasonally adjusted

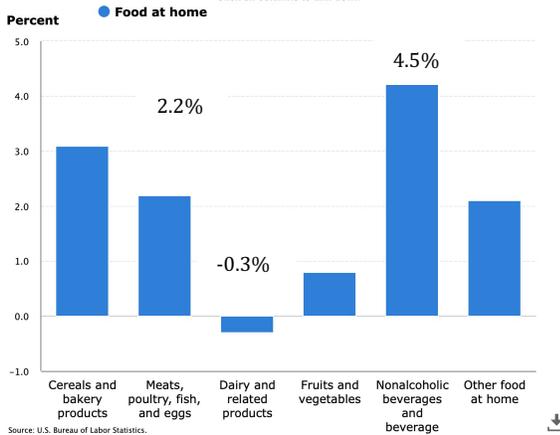


Figure 3 Food at Home. Source: BLS

12-month percentage change, Consumer Price Index, selected categories, January 2026, not seasonally adjusted

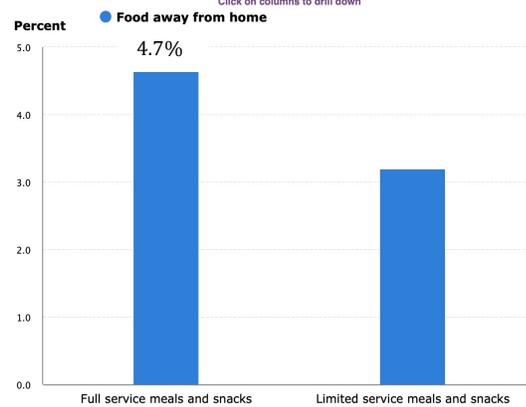
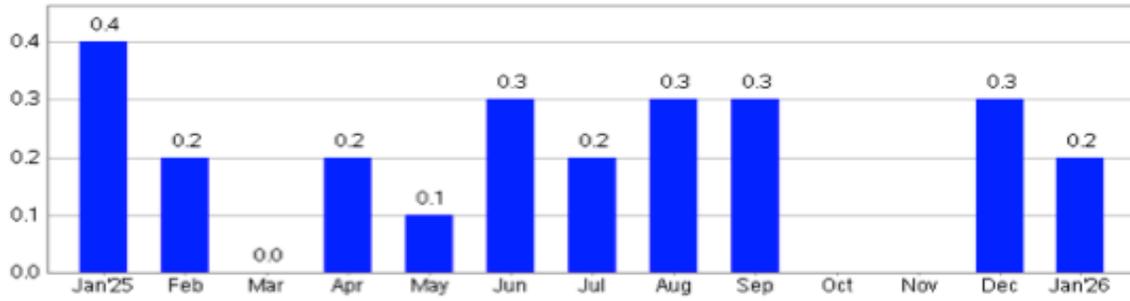


Figure 4 Food Away From Home. Source: BLS

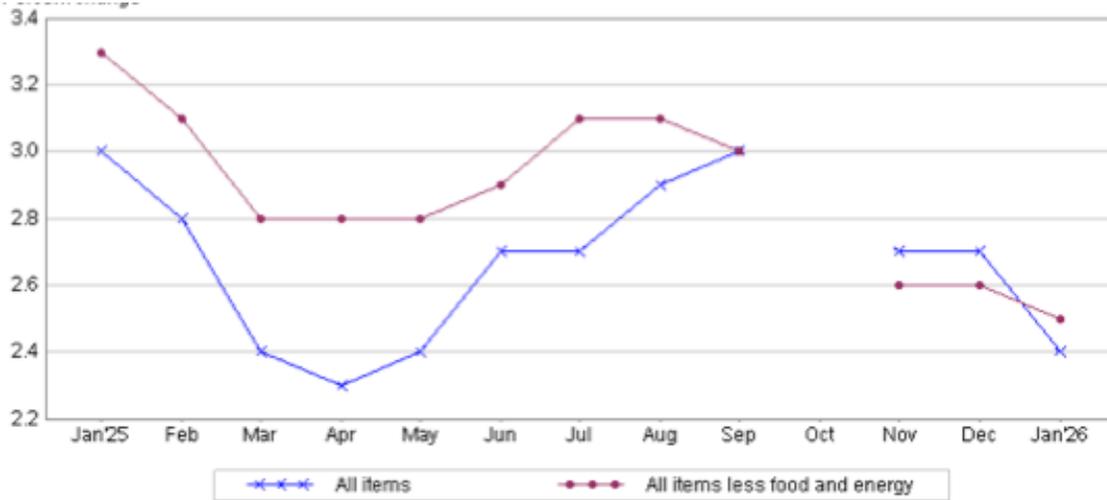
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NOTE: The Oct and Nov 2025 data values are not available due to the 2025 lapse in appropriations.

Figure 5a One-month Percent Change in CPI (1/25-1/26)

Source: <http://www.bls.gov>



NOTE: The Oct 2025 data values are not available due to the 2025 lapse in appropriations.

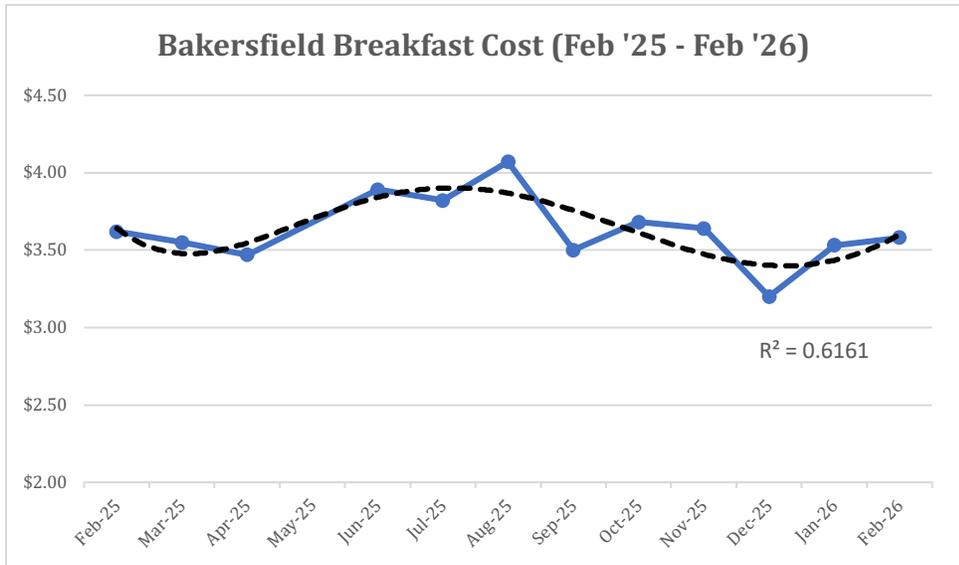
Figure 5b Twelve-month % change in CPI

Source: BLS

Bakersfield Breakfast Barometer

Item	Q	Price (Jan '26)	Cost	Percent Change (MoM)	Percent Change (YoY)
Toast	2	\$5.04/ loaf	\$0.63	+21%	+22%
Butter	1 tbs	\$4.73/lb	\$0.15	-19%	-30%
Egg	1	\$5.73/dozen	\$0.48	+8%	-33%
Bacon	2 slices	\$9.48/ 12 oz	\$1.35	-4%	+6%
Orange Juice	8 oz	\$5.31/ 52 oz	\$0.82	0%	+4%
Coffee	8 oz	\$23.62/33.7oz	\$0.10	0%	+46%
Cream	0.4 oz	\$4.28/ 32 oz	\$0.05	0%	+6%
Total			\$3.58	+1%	-1%

Table 1 Cost of breakfast in Bakersfield for 1 person



The regularly tracked Bakersfield Breakfast Barometer indicated a 1% increase in the cost of a typical breakfast in Bakersfield for February, compared to the same in January. The price of butter

Figure 6 BFL breakfast cost (Jul '24 – Jan '26))

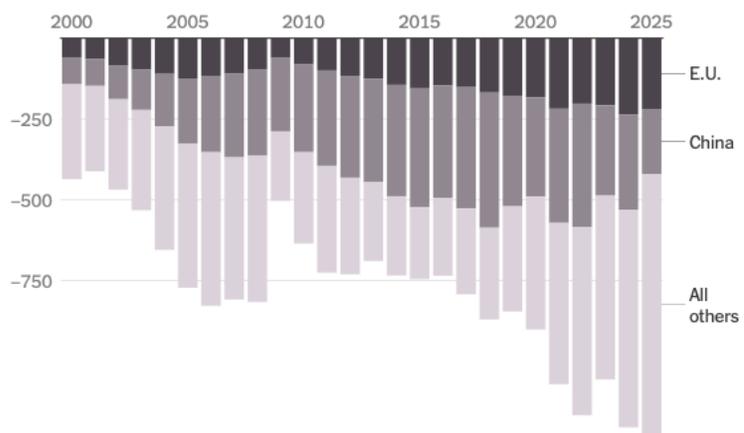
continued its decline from January and in fact has decreased 30% since February of 2025. While the price of eggs increased by 8% in February, they are still down 33% compared to this last year. Coffee did not cost any more in February than it did the previous month, however, it is still about 46% more expensive compared to the same time in 2025.

Tariffs and Trade

Ag trade and consumers: A lower trade deficit, specifically for agriculture, is being forecasted for FY 2026. However, the decline reflects reduced trade volumes rather than stronger export performance, as was the justification provided for imposing record level tariffs this past year. Higher tariffs are suppressing imports, while U.S. exports remain constrained by retaliatory duties. For Kern County agriculture, this means higher input costs—particularly for fertilizer, machinery, and equipment maintenance—while for consumers it translates into \$1,300–\$1,700 annual increase in household costs.

U.S. trade balance by partner

Annual balance of goods traded, in billions of dollars.



Source: Bureau of Economic Analysis. The New York Times

Figure 7 Trade balance by partner

Shifting trade 1: The overall trade deficit decreased from \$903B in 2024 to \$901B in 2025¹. When

¹ <https://www.nytimes.com/2026/02/19/business/economy/imports-tariffs-trade-deficit.html>

you consider overall trade, there has been a shift in trading partners, mostly away from China. Figure 7 shows US trade balance by partner country. As can be seen, we imported 30% less from China and more from other countries, in fact increasing it enough to increase the trade deficit compared to 2024. So, our import reliance has shifted away from China to other countries, yet it still exists.

Tariff incidence and jobs: A report² by the Federal Reserve Bank of NY found that tariff incidence (or burden) mostly fell on US importers (between 86 – 94% of the tariff) rather than exporters as was promised when tariffs were implemented. Most of the importers have been passing along these higher costs to their consumers, which was the case when tariffs were last imposed in 2018 and 2019. They also found that import prices increased by 11% due to the tariffs. Finally, tariffs were to bring back manufacturing jobs in America, as producers switched to domestic production rather than importing. Figure 8 shows the change in manufacturing jobs in the last three decades. Between January 2025 and 2026 manufacturing employment decreased by 0.7% (83,000 jobs).



Figure 8 US Manufacturing jobs

Trade

The world consumption of wine has been declining for almost two decades (Figure 9). It last peaked in 2007 when global consumption was 250 mhl³ (or about

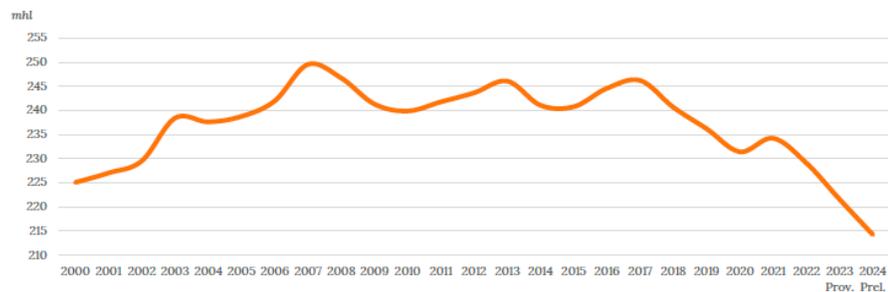


Figure 9 Global Wine Consumption (mhl)

Source: OIV

² <https://libertystreeteconomics.newyorkfed.org/2026/02/who-is-paying-for-the-2025-u-s-tariffs/>

³ One hectoliter is approximately 26.42 gallons.

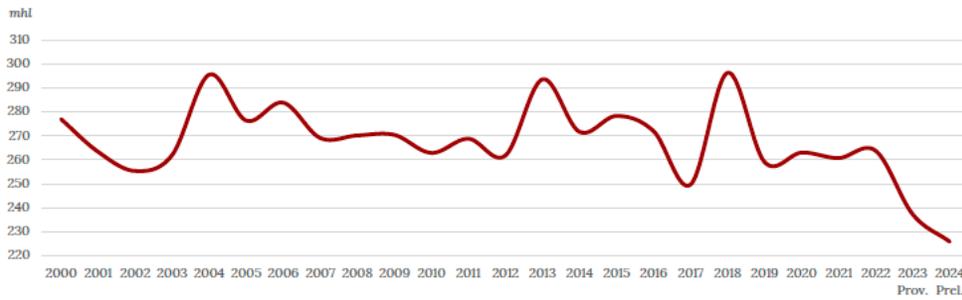


Figure 10 World Wine Production

Source: OIV

6.6B gallons). As of 2024, it is estimated to be about 215 mhl, a decrease of 14% over the past two decades⁴. There is a similar

trend in world wine production as well, as can be seen in Figure 10 above. Over the same time-period, between 2007 and 2024, wine production decreased 17%. However, the same cannot be said about the international trade in wine, which has dramatically increased between 2007 and 2024 by over 75% in value and 11% in volume (Figures 11a and 11b).

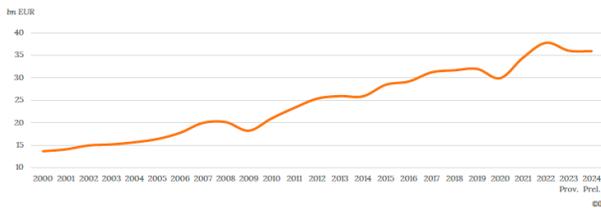


Figure 11a International Trade in Wine (B Euros)

Source: OIV

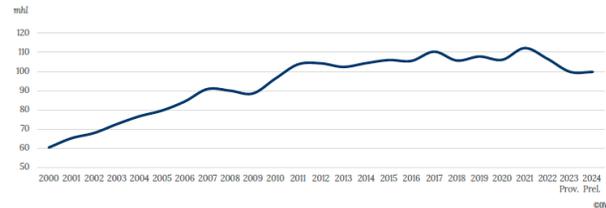


Figure 11b International Trade in Wine (mhl)

Source: OIV

The same can be said for wine exports from the US, which saw an increase of 41% in value between 2007 and 2024. What's interesting, however, is the change in the direction of that trade during the same period.

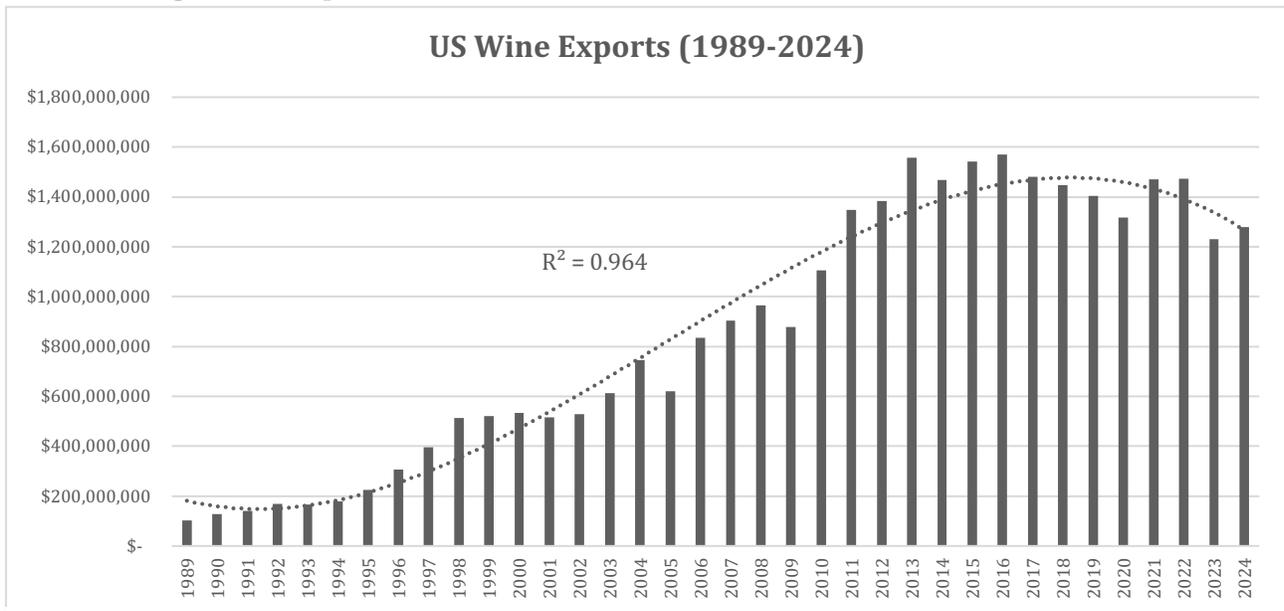


Figure 12 US Wine Exports (\$) Source: USITC

⁴ State of the World Vine and Wine Sector in 2024. (2025). International Organization of Vine and Wine https://www.oiv.int/sites/default/files/documents/OIV-State_of_the_World_Vine-and-Wine-Sector-in-2024.pdf

Since 1991, the UK and Canada have been the largest importers of American wine, with each importing an increasing amount annually up through 2007. Through 2007, the UK was the

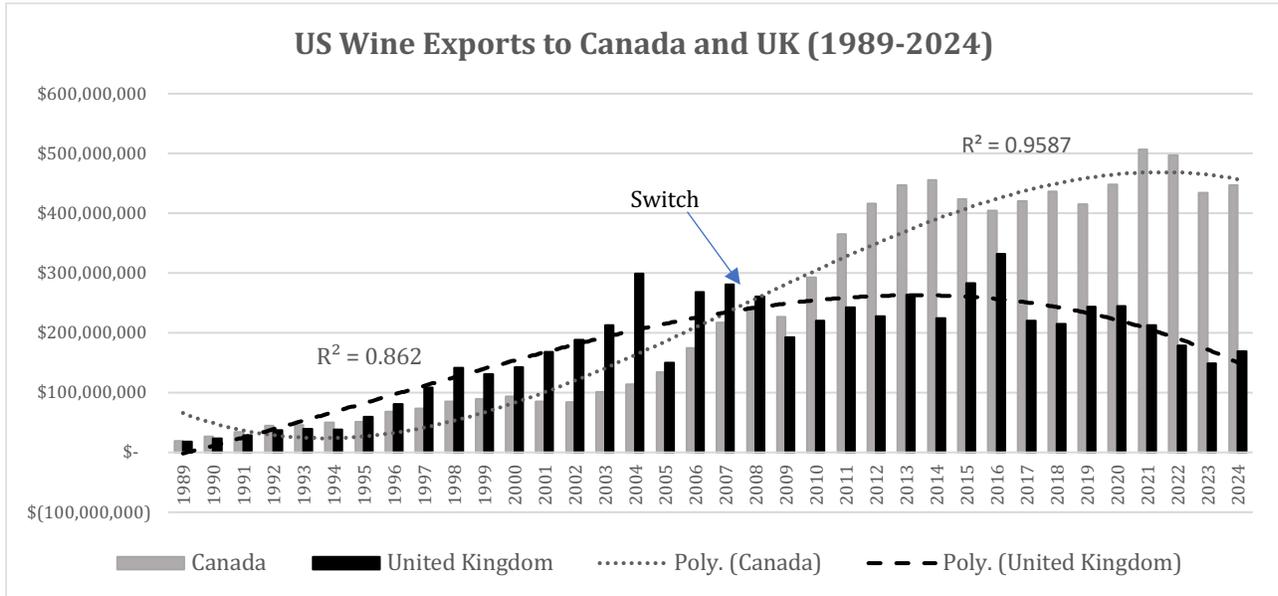


Figure 13 Wine Exports to Canada and the UK

Source: USITC

largest importer of US wine. However, post-2009, Canada became, and remains, the largest destination for US wines (see Figure 13).

Shifting trade 2: As can be seen in Figure 13 above, the switch to Canada as the largest importer of US wine took place around 2009. Since then, the trend in Canadian imports has been increasing (53% between 2010 and 2024), though it has tapered off more recently. It is after 2010 that exports to UK start declining (23% decline between 2010 and 2024). Figure 14 displays the amount of wine imported into the UK from the rest of the world.

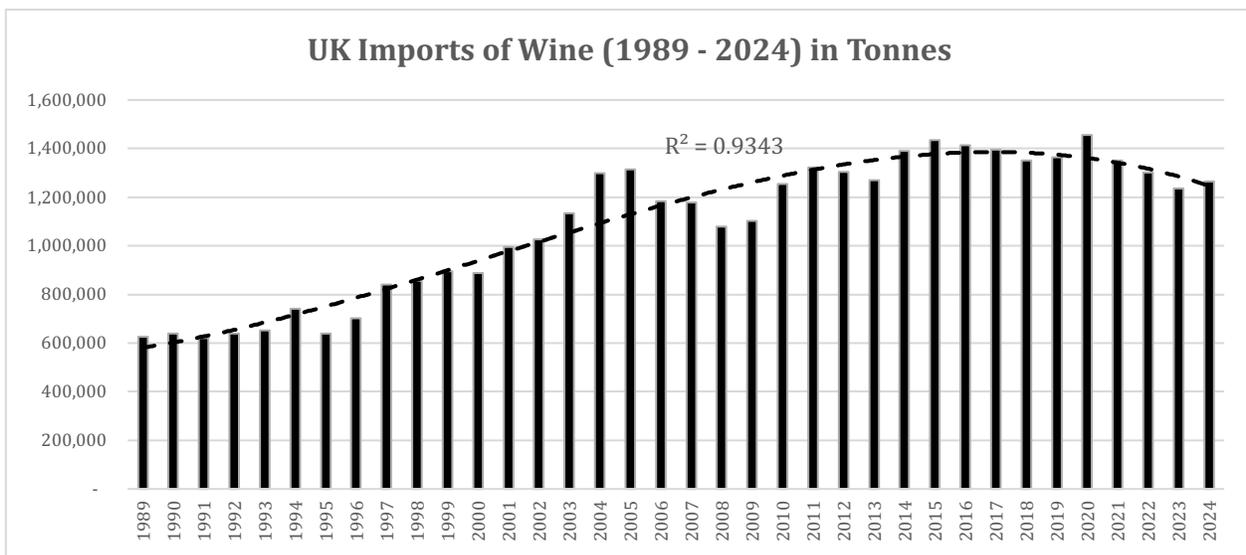


Figure 14 UK Imports of Wine from the Rest of the World

Source: FAO

So, the UK reduced its imports of wine from the US, however it was probably not due to lowered consumption, as has been the case with the rest of the world. In fact, the UK increased its wine imports by 1% over the last decade and a half. Based on the previous figures, it is obvious that the UK has shifted away from the US in its imports of wine.