

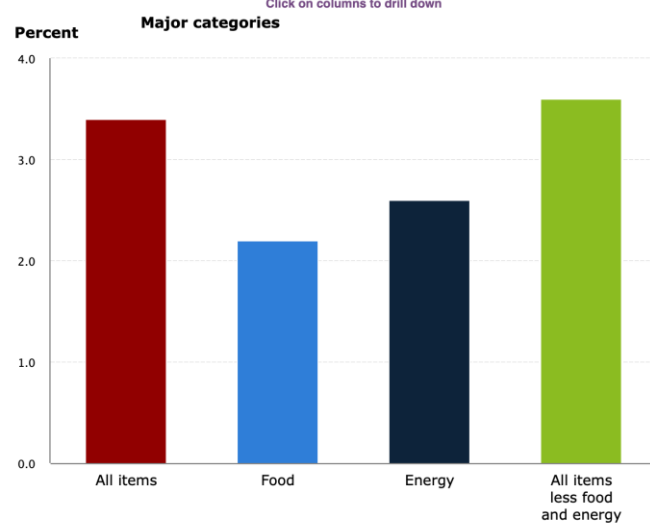


To: KC Farm Bureau
Date: May 16, 2024
Re: Agriculture Trade Report
From: Aaron Hegde

The Economy

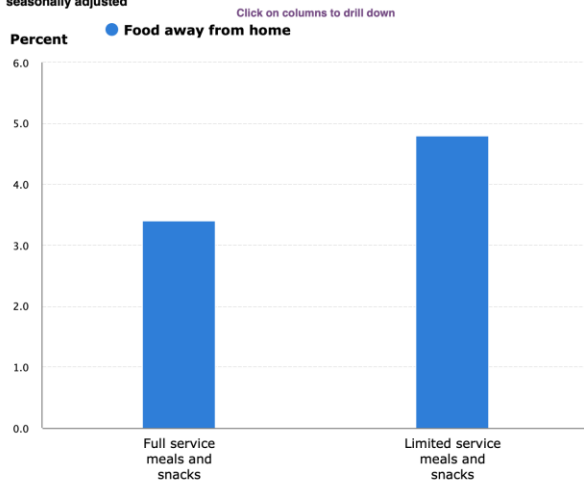
The Consumer Price Index (CPI) report for April indicated that prices increased by 0.3% compared to March and by 3.4% compared to April 2023. The graphs below show the annual

12-month percentage change, Consumer Price Index, selected categories, April 2024, not seasonally adjusted



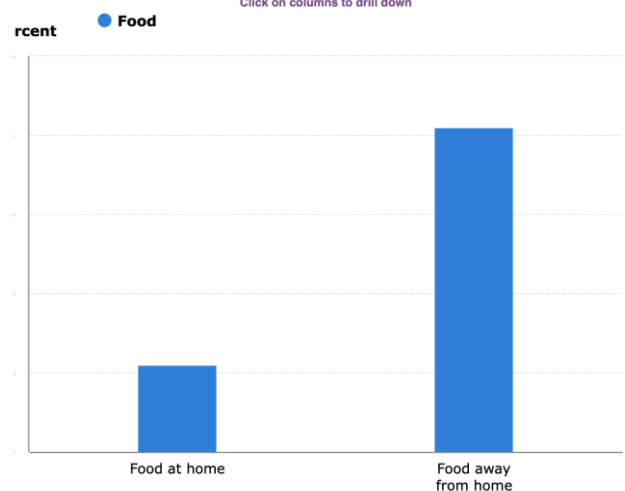
Source: U.S. Bureau of Labor Statistics.

12-month percentage change, Consumer Price Index, selected categories, April 2024, not seasonally adjusted



Source: U.S. Bureau of Labor Statistics.

12-month percentage change, Consumer Price Index, selected categories, April 2024, not seasonally adjusted

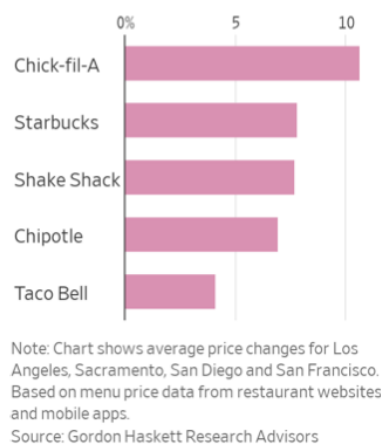


Source: U.S. Bureau of Labor Statistics.

inflation rate and the changes in the major components of the CPI. Food prices are still driving some of the higher levels of inflation, although not as much as other goods and services, especially housing and gasoline costs. The cost of consuming food at home increased by 1.1% in April from a year ago, while food away from home increased by 4.1% over the same period, which contributed the most to the overall category of food, which increased by 2.2% in April 2024, compared to the same time in 2023. Limited service restaurants (fast food) saw an increase of 4.8% over the past

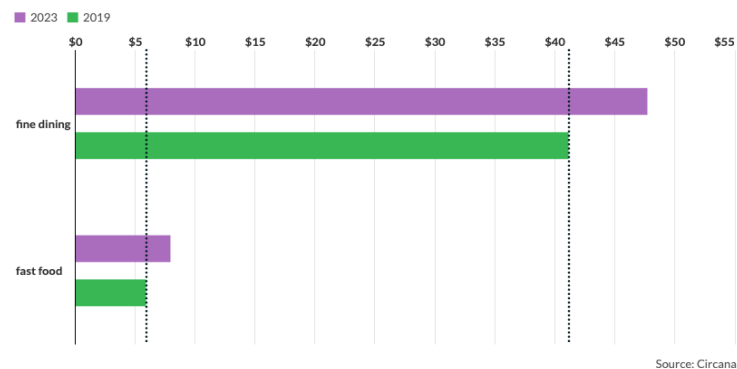
year. The following chart show the increase in various fast-food outlets over the last few months.

Price changes in California, Feb. 15-April 15



Dining out is getting more expensive

The average cost for a meal out per person in 2019 vs. 2023

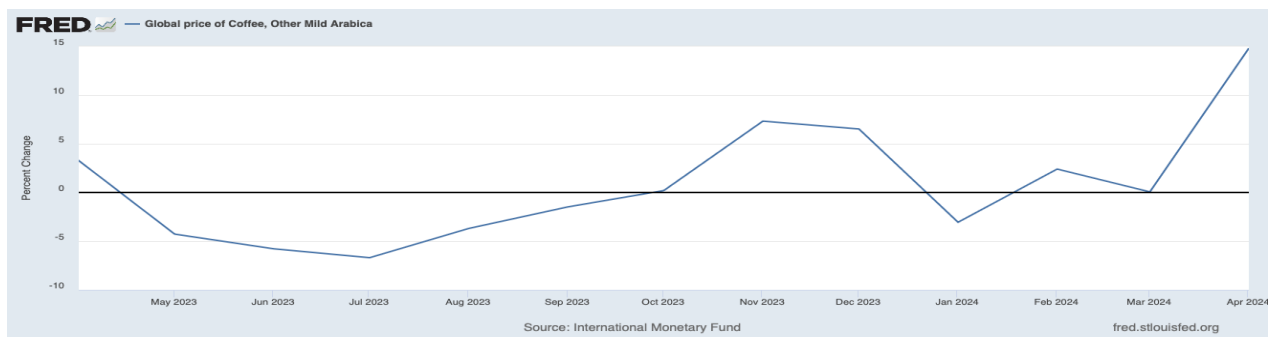


Given these increases in average prices, restaurants are noticing a decrease in traffic, especially from households making less than \$50,000 per year, according to MarketWatch. Households making more than \$150,000 per year, however, are increasing their visits to restaurants (food away from home), even as the cost of dining out is increasing.

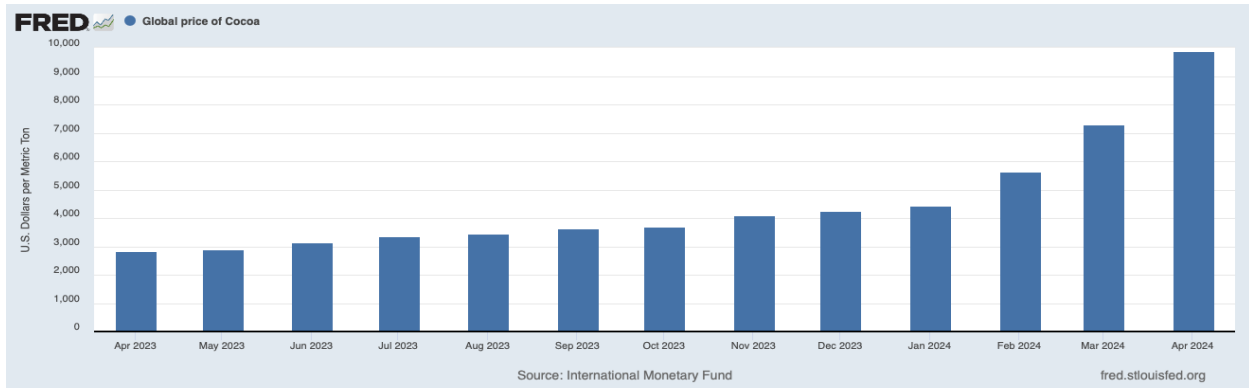
Bakersfield Breakfast Barometer

Item	Q	Price	Cost		Percent Change
			Apr 17	May 16	
Toast	2	\$4.12/ loaf	\$0.53	\$0.52	-2%
Butter	1 tbs	\$6.27/ lb	\$0.21	\$0.20	-5%
Egg	1	\$5.14/dozen	\$0.43	\$0.43	0%
Bacon	2 slices	\$7.56/ 16 oz	\$1.35	\$1.08	-20%
Orange Juice	8 oz	\$4.47/ 52 oz	\$0.69	\$0.69	0%
Coffee	8 oz	\$14.39/33.7oz	\$0.05	\$0.06	+20%
Cream	0.4 oz	\$4.03/ 32 oz	\$0.05	\$0.05	0%
Total			\$3.31	\$2.97	-10%

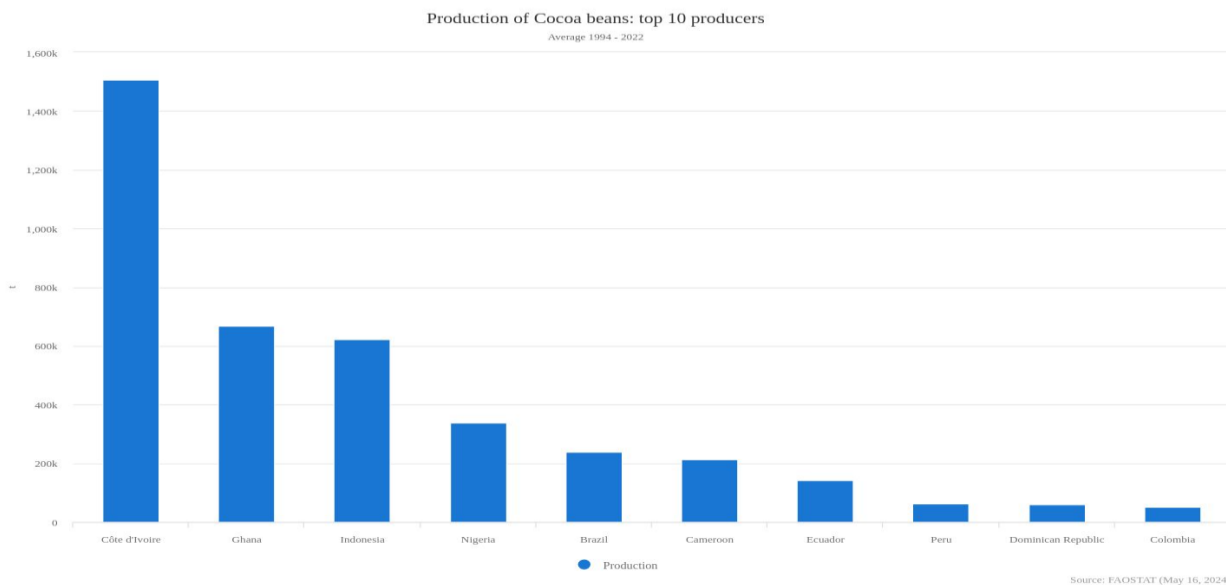
There was a decrease of 10% in the cost of the average breakfast consumed at home in Bakersfield in the last month (since April). The decrease in the price of bacon was the biggest



driver. While not a large component of the breakfast cost, the price of coffee has risen over the past few months, as indicated in the above chart. Erratic weather resulting in a lack of adequate water has caused a supply crunch of coffee in the large coffee growing nations, specifically Vietnam, have led to higher prices for coffee. The 2023-24 harvest was relatively weak resulting in lower global supplies of coffee. Vietnam produces about one-third of the world's supply of robusta coffee, which has spilled over into the arabica market as seen in the graph above. Some investor speculation on coffee futures (arabica futures up 50% over the last couple of months) have led to the increase in prices. Some of this is spillover from the futures market for cocoa, which has seen a drastic increase in global prices. See chart below.



The typical price per metric ton of cocoa has been around \$3,000 to \$4,000. The April price per metric ton was \$9,865. This dramatic rise in prices started around December of 2023. Prices this level have not been seen in 60 years. Resulting increases in price of chocolates has been about 20%. The main reason for this increase in the global price of cocoa is lower crop yields in West Africa, a region that grows approximately $\frac{3}{4}$ of the world's supply. A



combination of heavy rains and diseases wiped out large swaths of the crop. Ivory Coast, the largest exporter of cocoa, saw declines of 36% of the crop. Ivory Coast produces approximately 40% of the world's cocoa beans, while Ghana and Indonesia produce 17% and 16% respectively.