

**Consumer price inflation has accelerated in the last few months and it is currently at the highest point since the summer of 2008.**

Price inflation for all items was 0.5% higher than the previous month and **5.3% higher than the previous year**. The pace of inflation slowed down compared to June (+0.9% m/m) but annual inflation remains at elevated levels. Core CPI (inflation that has been stripped of food and energy which tend to be volatile) was up 0.3% from the previous month. In the previous three months inflation was up by a monthly average of 0.9%. For the readers of this report, however, it is one of those volatile items, food, which is of utmost importance. And in that regard the latest data continued to show that US consumers face rising costs, both for food purchased for consumption at home as well as food consumed at various foodservice establishments.

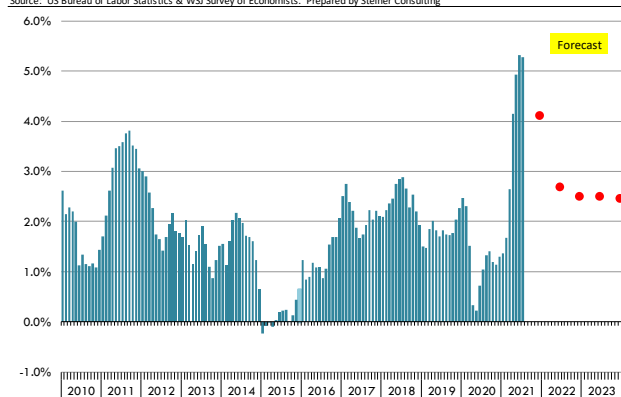
**Food costs at restaurants and other outlets outside the home jumped 0.8% from the previous month and they are now up 4.6% from a year ago.**

This is the highest y/y increase in the cost of food consumed away from home since April 2009. However, the acceleration of cost inflation in this category has far exceeded estimates. In May costs increased 0.6% from the previous month, then they were up 0.7% in June and then up 0.8% in July. **This is the biggest m/m jump in cost inflation for this category since the early 1980s.** It appears unlikely that cost pressures for restaurants will subside anytime soon. Food costs, especially the cost of meat protein, surged higher in July and it will likely be higher again in August. Distributors that work with restaurants have been especially aggressive in their pricing, as well as their policies, often dropping restaurants that are resisting the ever escalating price increases. **Getting shorted on product has become a common occurrence, resulting in a bidding war to get product.**

In some restaurants, beef and pork items no longer have a price but the MP designation, usually reserved for clams and lobsters. But food is only part of the challenge for restaurants. The JOLT survey (Job Openings and Labor Turnover Survey) published a couple of days ago showed that there are currently 10.1 million open jobs in the country, with 1.65 million open jobs in leisure and hospitality. Within that category, **accommodation and food services had 1.438 million open jobs.** What's more, the industry is facing significant turnover as workers are attracted by better terms elsewhere. The survey showed that in June 722k people employed in accommodation and food services quit their jobs, which is near decade highs. Higher labor costs will likely continue to drive food cost inflation, especially at limited service (fast food) establishments. These operations have been working with razor thin margins and usually employ low wage workers. Food cost inflation at limited service restaurants started to accelerate at the beginning of the pandemic. Initially this was due to the shift in demand as often these were the only operations open with drive thrus and know how to deliver. That high rate of food cost inflation has continued given rising raw material and labor costs.

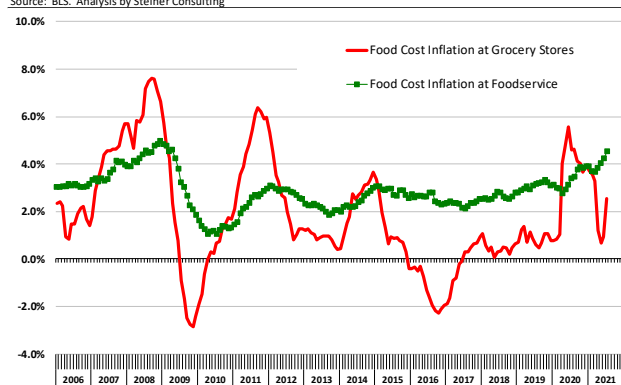
**Consumer Price Inflation. All Items. % Ch. From a Year Ago.**

Source: US Bureau of Labor Statistics & WSI Survey of Economists. Prepared by Steiner Consulting



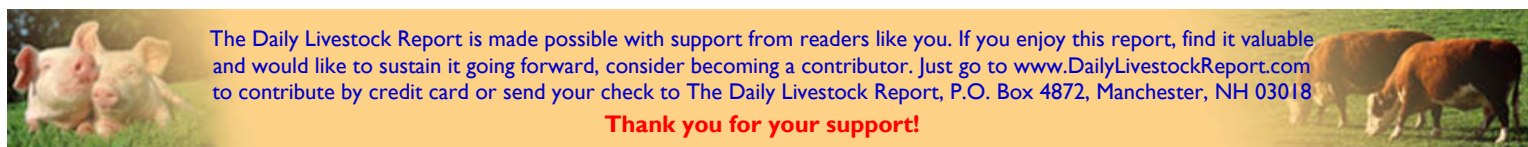
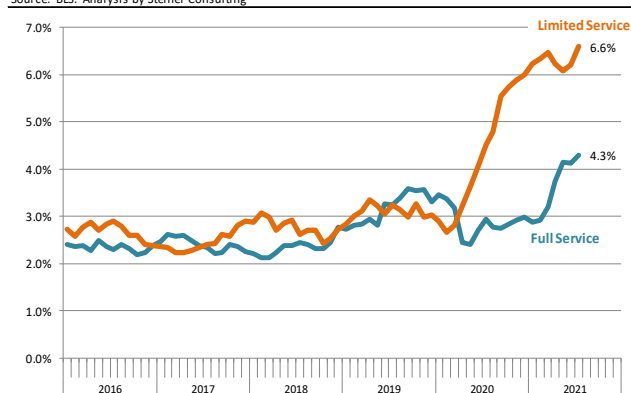
**Food Inflation at Grocery Stores and Foodservice. Y/Y Ch.**

Source: BLS. Analysis by Steiner Consulting



**Food Price Inflation at Full Service and Limited Service Establishments**

Source: BLS. Analysis by Steiner Consulting



The Daily Livestock Report is made possible with support from readers like you. If you enjoy this report, find it valuable and would like to sustain it going forward, consider becoming a contributor. Just go to [www.DailyLivestockReport.com](http://www.DailyLivestockReport.com) to contribute by credit card or send your check to The Daily Livestock Report, P.O. Box 4872, Manchester, NH 03018

**Thank you for your support!**

The Daily Livestock Report is published by Steiner Consulting Group, DLR Division, Inc.. To subscribe, support or unsubscribe please visit [www.dailylivestockreport.com](http://www.dailylivestockreport.com).

The Daily Livestock Report is not owned, controlled, endorsed or sold by CME Group Inc. or its affiliates and CME Group Inc. and its affiliates disclaim any and all responsibility for the information contained herein. CME Group®, CME™ and the Globe logo are trademarks of Chicago Mercantile Exchange, Inc.

Disclaimer: The Daily Livestock Report is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.