



Rising Food Costs

Dear Dr. Per Cap:

I've noticed rising prices at the grocery store from the coronavirus. How long before prices drop down to normal?

Signed, Top Chef Dad

Dear Top Chef

Don't hold your breath. As we all know COVID-19 has disrupted our entire way of life, and the grocery industry has experienced some of the biggest impacts. A tidal wave of demand for food, infected workers at food processing plants, and the redesigning of stores and warehouses are all driving higher prices.

We've all seen the shortages of bread, meat, scratch ingredients like flour and sugar, and cleaning products. With so many people staying at home and cooking something had to give. Some of it is also the result of panic induced hoarding. Good thing I've always loved Spam.

Mercifully much of the initial fear of COVID-19 has eased up and all 50 states are beginning to reopen. Unfortunately, food suppliers and stores are still playing catch up. These changes put upward pressure on food prices which are ultimately driven by supply and demand.

Grocery stores have also seen a huge jump in pick-up and delivery. Although convenient these services task employees with fulfilling online food orders and add another layer of costs that are passed on to shoppers. And if you haven't already noticed, stores are offering fewer discounts and coupons. That's because they don't have to make any extra effort to reel in shoppers these days.

Inflation is most easily described as a measure of how much more you have to pay this year than last year to achieve the same level of well-being. Inflation is reflected in the general price of goods and services, such as housing, food, and fuel. For much of the past decade food prices have been manageable but the risk of their inflation is much greater today thanks to COVID-19.

For folks who love to cook at home the adjustment hasn't been quite so tough. Other families are rediscovering the pleasure of eating a good home cooked meal. While people, such as myself, are

making fewer trips for groceries but purchasing more when we go. I think some of these changing consumer habits are going to stick around awhile.

When looking to save, old strategies still work best to reduce food costs. Plan meals in advance, make a shopping list before going to the store or buying food online, reinvent meals using leftovers, and never shop for groceries on an empty stomach. 2020 might also be the year to finally grow a garden, if you haven't already, or run a few cleaning patches down the bore of that old deer rifle. Stay safe!

Ask Dr. Per Cap is a program funded by First Nations Development Institute with assistance from the FINRA Investor Education Foundation. For more information, visit www.firstnations.org. To send a question to Dr. Per Cap, email askdrpercap@firstnations.org.