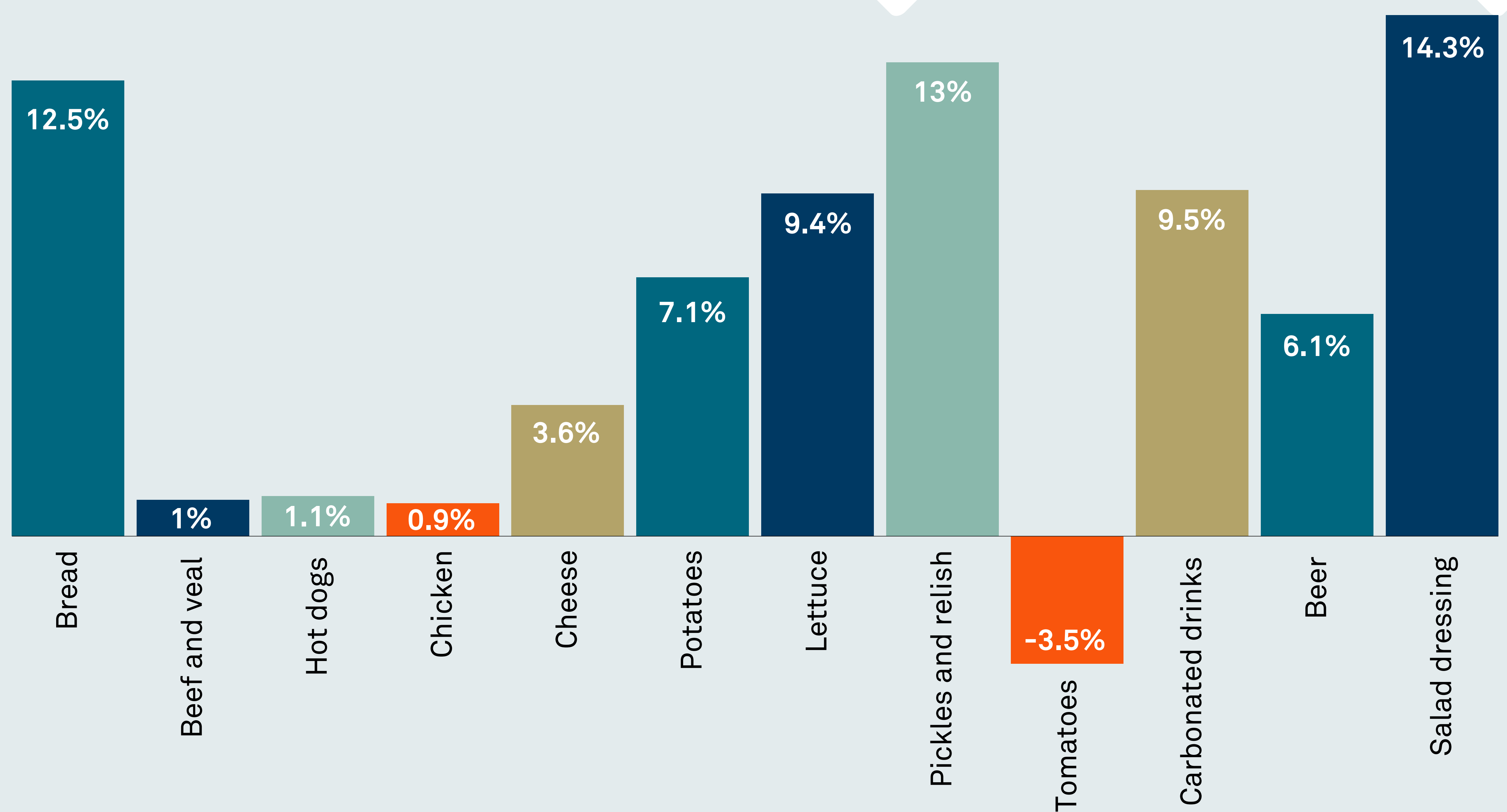
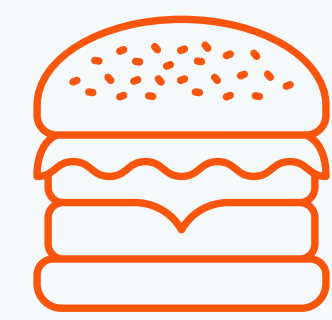


Costly cookouts

PRICE CHANGE IN MAY 2023 OVER MAY 2022

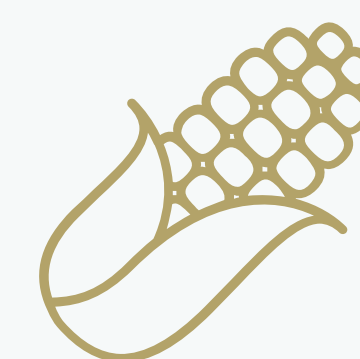


Source: US Bureau of Labor Statistics. Accessed June 2023.



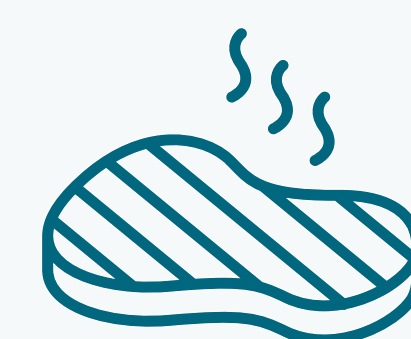
A pound of ground beef cost
US\$4.80
in 2022, up from
US\$2.41
in 2008.¹

¹ Statista. January 2023.
² Statista. July 2022.
³ Statista. November 2022.



In 2021/2022, the US consumed about

12.4
billion bushels
of corn.²



Steak was the favorite grilled food of roughly one third of Americans in

2020.³



Sizzling rise of food inflation

Commodity costs moved abruptly higher when the Ukraine/Russia war broke out February last year. Key food sector inputs (i.e., wheat, corn, soy, packaging, freight, oil, etc) started rising at that time. The way in which these costs flow through to on-shelf food prices differs by product, company and geography.

Companies typically employ hedging strategies which delays the impact of input cost moves giving companies time to adjust pricing. Many companies began bringing prices up as they saw these costs rise, made material price increases in July/August 2022, and continued taking price incremental increases through the fall 2022 and into the winter of 2022/early 2023. With commodity prices rolling, there is a view that it will be difficult for companies to raise prices significantly in H2 2023. Therefore, as we annualize the higher prices pushed through last summer and if the input cost environment remains benign, it is expected that food inflation will moderate.

Karen Miki Behr, portfolio manager, Newton Investment Management

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