Food and Fuel Prices on the Move

Many consumers have noticed sharp increases in food and energy prices while unemployment still hovers near 9 percent. It is estimated that these two factors of life have increased by nearly 40 percent in the past nine months. This price increase of 17 percent since January 1, 2011 is the second fastest growth rate experienced by consumers in recent memory. This combination of factors has placed additional constraints on the American consumer in an economy that the majority have shown a falling level of consumer confidence during the past three consecutive months.

The United States Department of Agriculture expects the average price of food in 2011 to increase by a rate of 4 to 6 percent over the 2010 time period. If food inflation comes in at 6 percent, it would be the most dramatic increase since 1982. This is the last time period that we saw food prices move so quickly in the United States since it rose by 8.7 percent form 1972-1979. Economic data supports the idea that the United States economy struggled during the late 1970’s and early 1980’s.

Projections for the current year suggest that consumers will spend almost 13 percent of their disposable income on food products while approximately 5 percent will be spent on gasoline. This indicates that the total impact of inflationary pressures felt by consumers related to food expenditures has a greater impact than gasoline and diesel expenditures will this year.

There are many indicators and factors that seem to have pushed the prices of food and fuel forward in a rapid manner. These may include; weather events, an expanding middle class in developing countries, a relatively weak US dollar, and an increasing demand for the US corn crop in the ethanol market. A singular impact of any of these factors may drive prices upward individually but when coupled in an aggregate manner the impact has been sharp and definite.

A direct relationship is present in the upward movement in oil prices relative to food prices. These impacts are felt in the overall price of processing food to the consumer level as well as transportation costs. Additional impacts are felt in the fertilizer markets and natural gas market. This combination of impacts coupled with investors speculating on oil futures have changed market structures in a manner that has many families across the globe feeling economic pressures that they had not experienced previously.

The future outlooks for these markets relative to price adjustments indicate a continued increase in price levels in the near future. Most industry experts are continuing to project food and fuel prices to reach record levels across the globe in the upcoming year. This speculation continues to worry consumers in an economy with many question marks already in place. Solutions are simply not present at this time, but an
obvious redistribution of discretionary spending seems the primary direction that most will choose for the remainder of 2011 and 2012.

**Upcoming Events**

*The 29th Annual Cattle and Horse Sale*

The 29th Annual Cattle and Horse Sale starts at 10:00 AM on Saturday, April 30, at the NMSU Horse Center, 400 W. Union, in Mesilla Park, NM. If you have any questions, you may e-mail us at ascience@nmsu.edu. Or go to our website at: [http://aces.nmsu.edu/academics/anrs/annual-cattle--horse-sal.html](http://aces.nmsu.edu/academics/anrs/annual-cattle--horse-sal.html) to view a map, performance reports, sale catalogs and photos. Breakfast and lunch items will be sold. The plan for the day is:

10:00   Cattle sale  
12:00   Horse preview  
2:00    Horse sale

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**Offices at New Mexico State University will be closed**

Friday, April 22nd due to the Easter Holiday

“Happy Easter”
NEW MEXICO INDIAN LIVESTOCK DAYS
MAY 10 & 11, 2011

Planning Committee:
Kathy Landers, McKinley County
Extension Agent
Pat Romero, Laguna Natural Resources
Pat Melendrez, Livestock Specialist
Wayne Franklin, Crownpoint
Extension Agent
Jesse Jim, Crownpoint Extension Agent
Elena Bowers, McKinley County
Home Ec Agent
Bob Alexander,
Laguna Natural Resources
John M. Romero, Sedillo Cattle Assoc.
Joseph Garcia, NMSU
CES Southern Pueblo’s
Steve Lucero, Sandoval County
4-H Agent
Jesse LeFevre,
Jicarilla Extension Agent
Mike Larsen, San Juan County
Extension Agent
Chase Elkins, Cibola County
Extension Agent
Gerald Moore,
Tri-State Extension Agent
Manny Encinias, Livestock Specialist

McKinley County
Cooperative Extension Service
REGISTRATION INFORMATION
Mail this brochure/form to:
McKinley CES Star Rt. 2, Box 59 Gallup, NM 87301

Registering is important to ensure that adequate seating space and meals are available. **Please circle your registration option.**
Full Program (2 day, lunch & breaks) $50
Tuesday Only (lunch & break) $30
Wednesday Only $30

**DEADLINE for Program Registration is April 22, 2011**

Please make money orders out to McKinley CES

Amount Paid: $____

Name: _________________________________

Address: ________________________________
_______________________________________

Phone: ________________________________

Email: ________________________________

Please go to the following website Indianlivestock.nmsu.edu to do online registration and for credit card payments.

Questions please call McKinley CES 505-863-3432

☐ If you are an individual with a disability who is in need of an auxiliary aid or service to participate in any event, please call (505)863-3432 at least one week in advance.