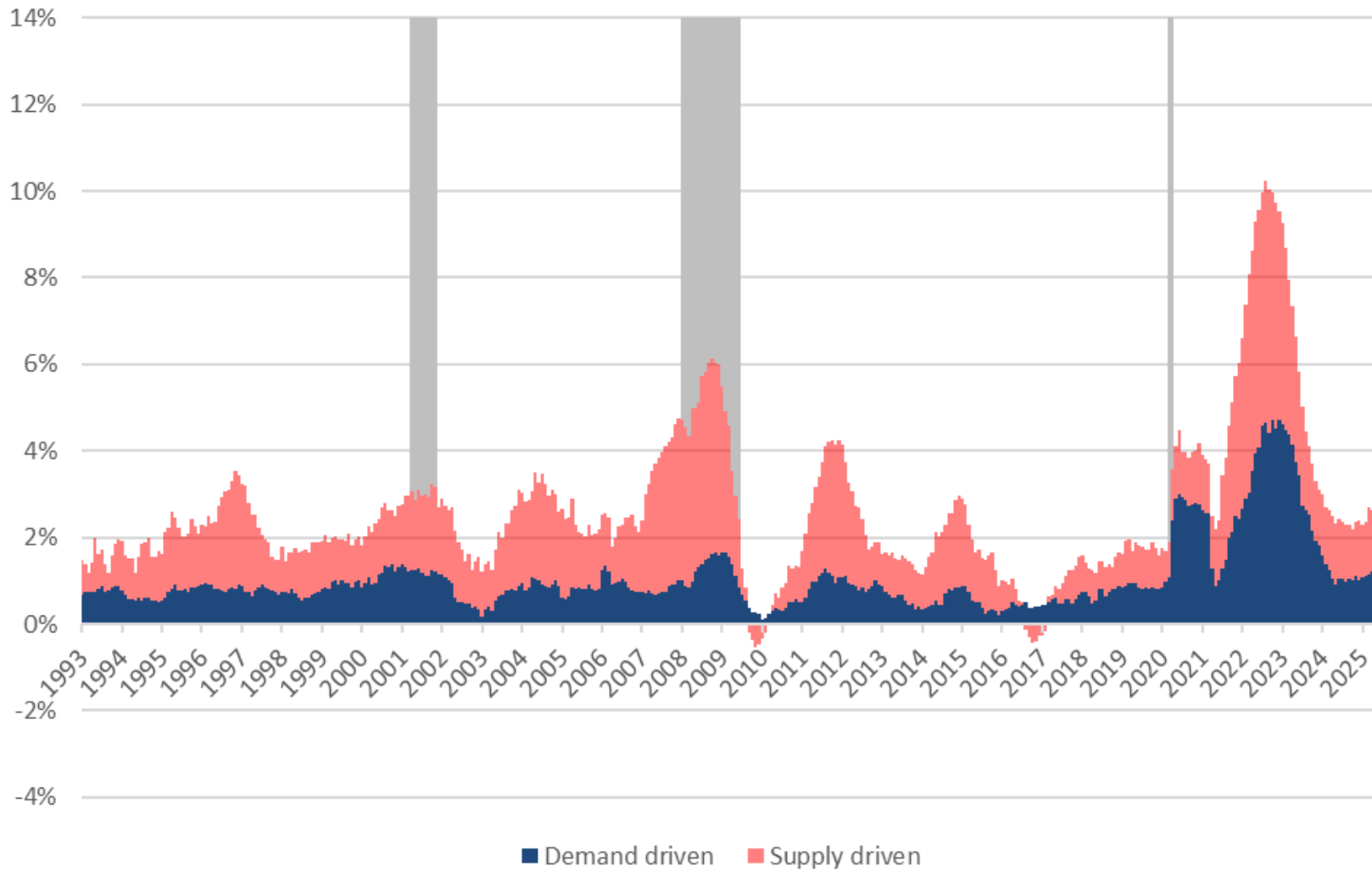
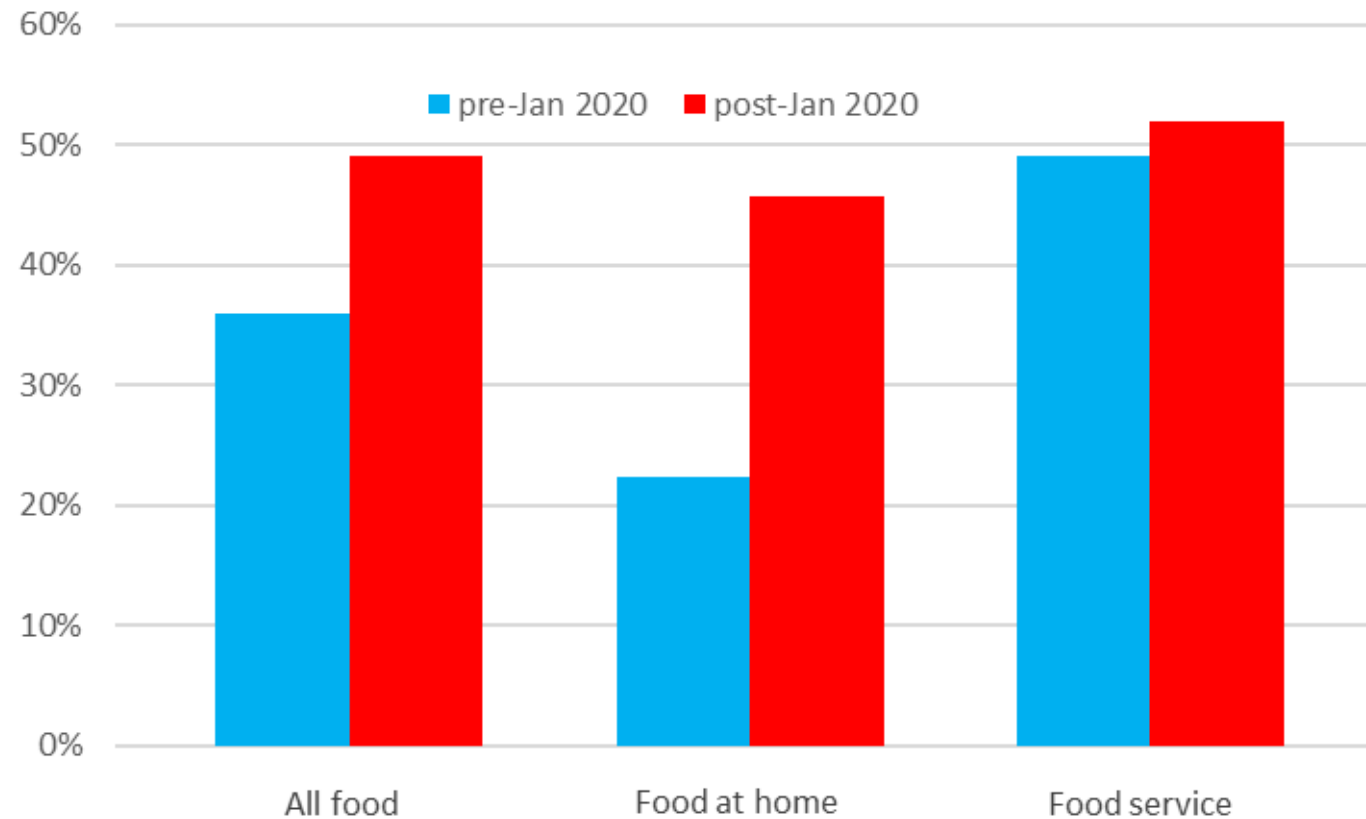


# Contributions to all-food price inflation (yoy)



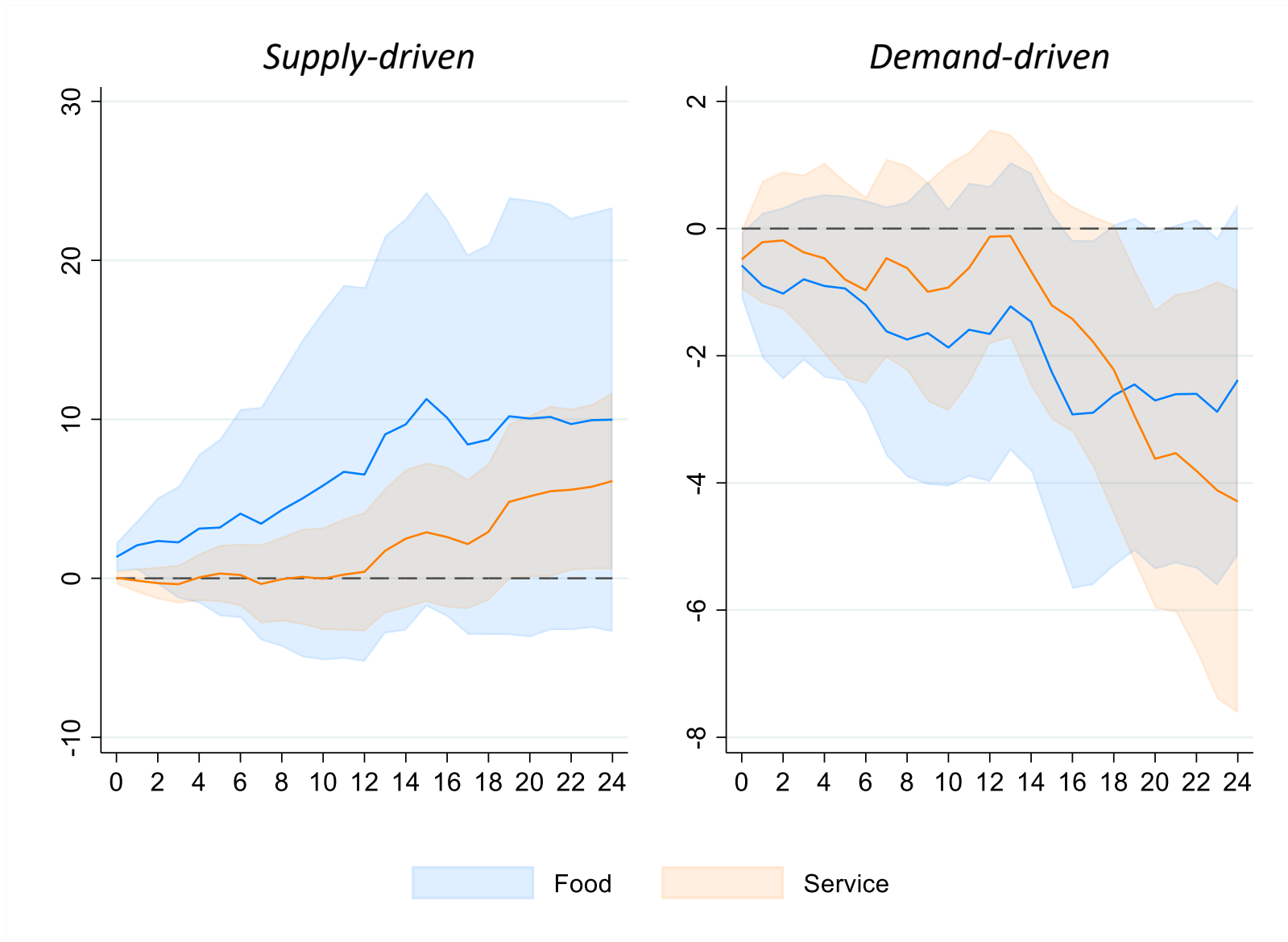
Source: Author calculations based on BEA data.

# Share of U.S. food price increases explained by the demand side, 1992-2025



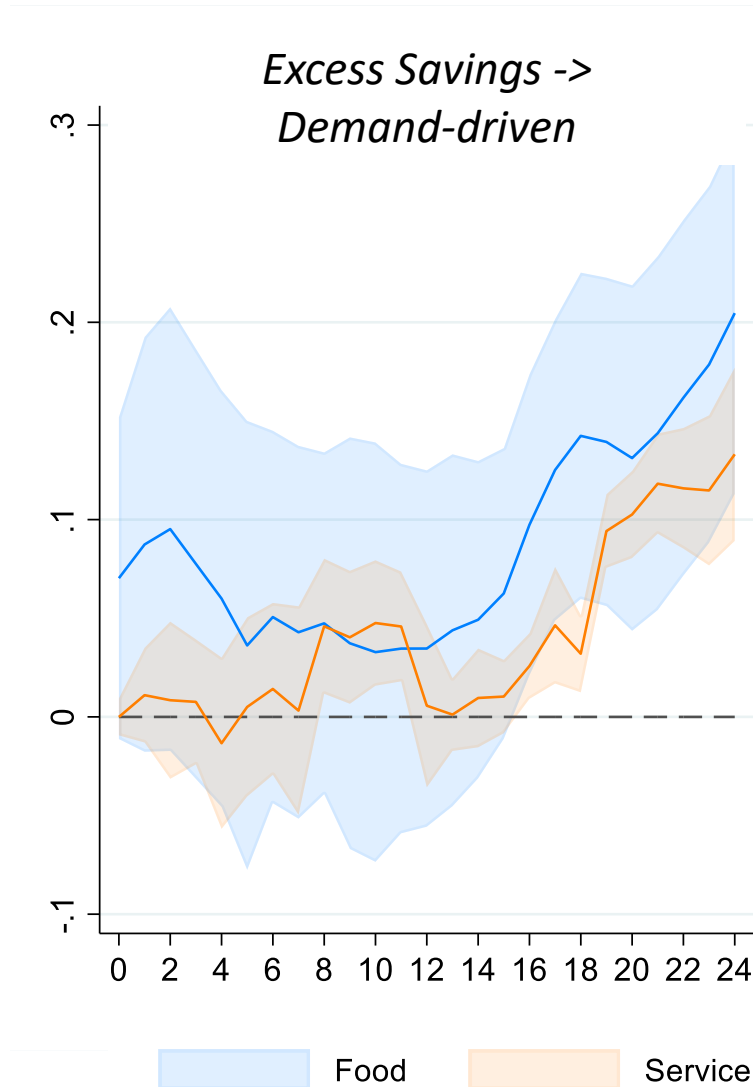
Source: Author calculations based on BEA data.

# Monetary tightening is dichotomous



- Tightening **raises** the supply-side contribution to FAFH prices, possibly through higher borrowing costs that (small) firms pass onto consumers
- Mean effects of a shock are large, but they are balanced by the **opposite-sign demand effect**, which is negative for both FAH and FAFH prices; expected since they reduce consumption (see, e.g., Smets and Wouters, 2003)

# Excess savings raises prices



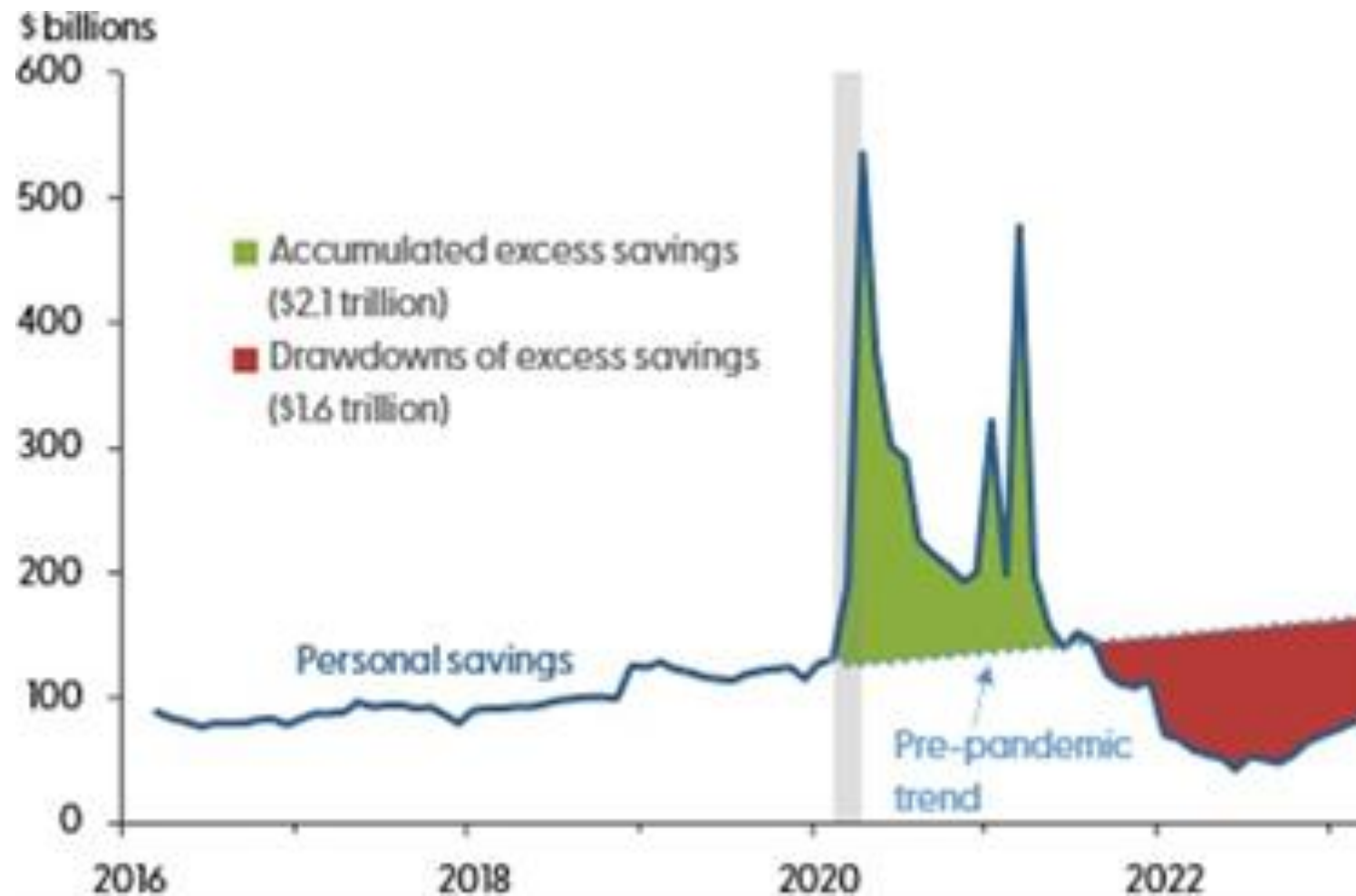
- Increases in excess savings predict more demand-side inflation after about a year... aligns with the historically-large pandemic stimulus

# Thank you!

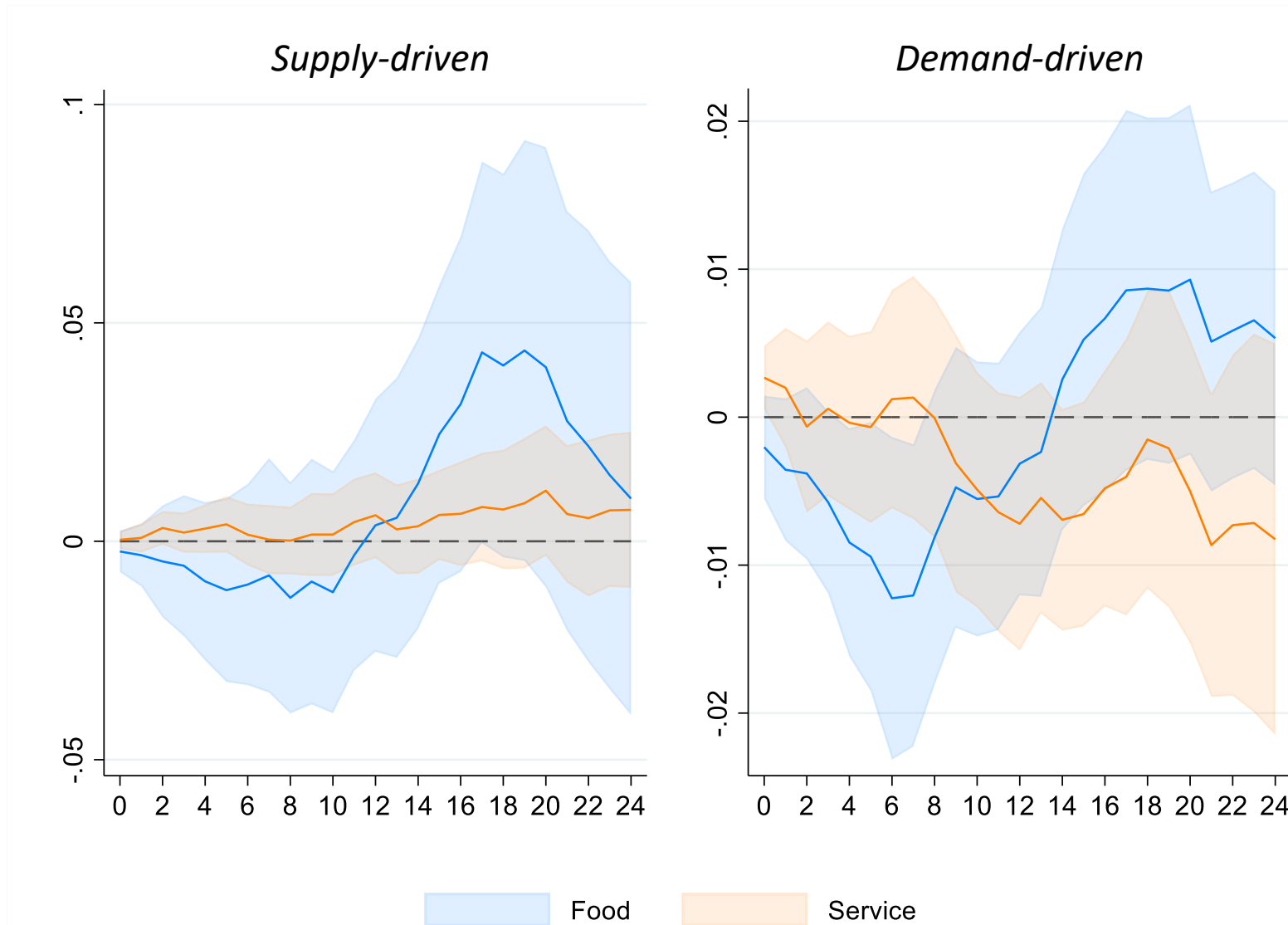
Michael.Adjemian@uga.edu

# Excess savings accumulation and drawdown

(Abdelrahman and Oliveira, 2023; figure 2)

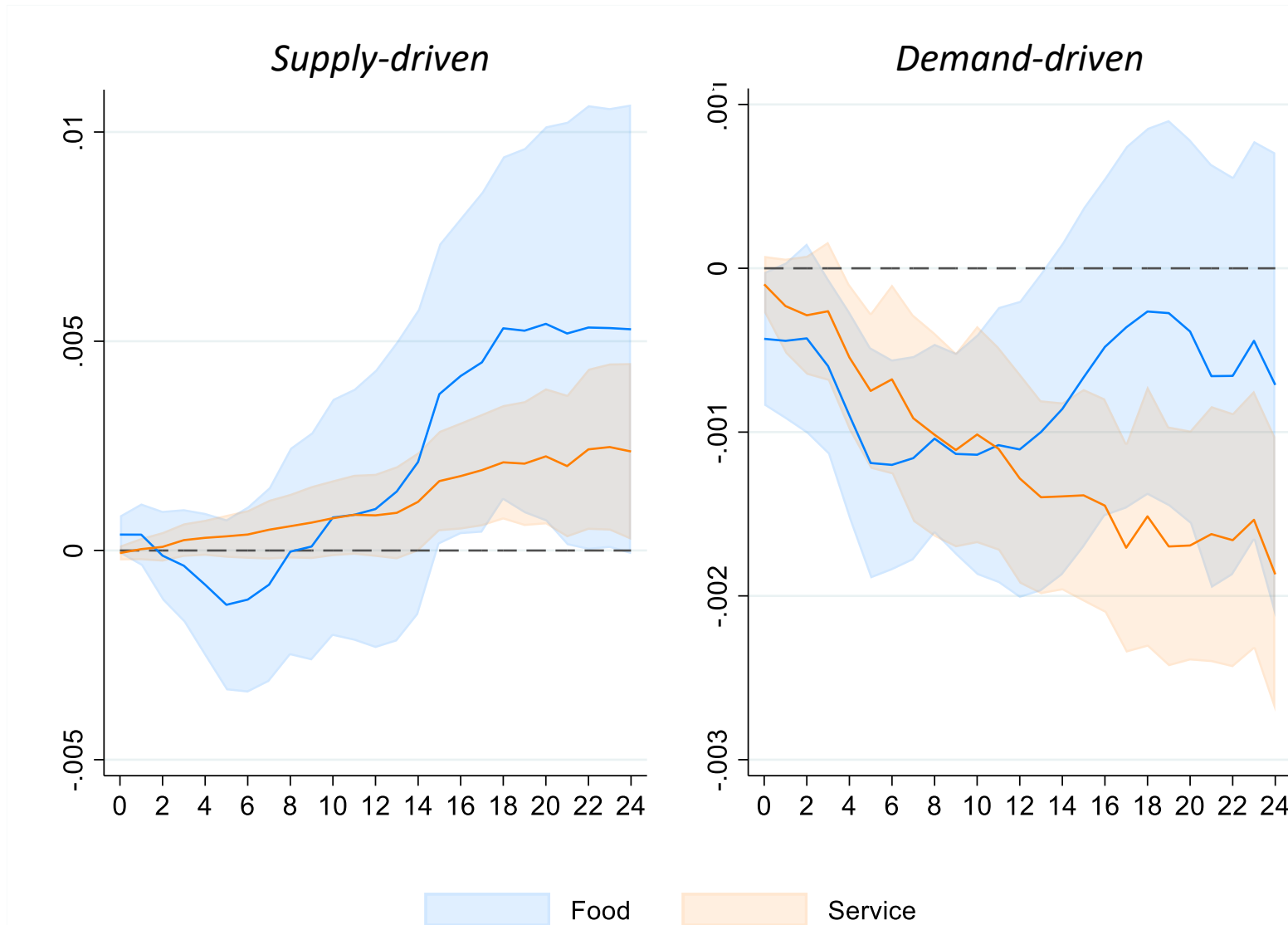


# Bad harvest news



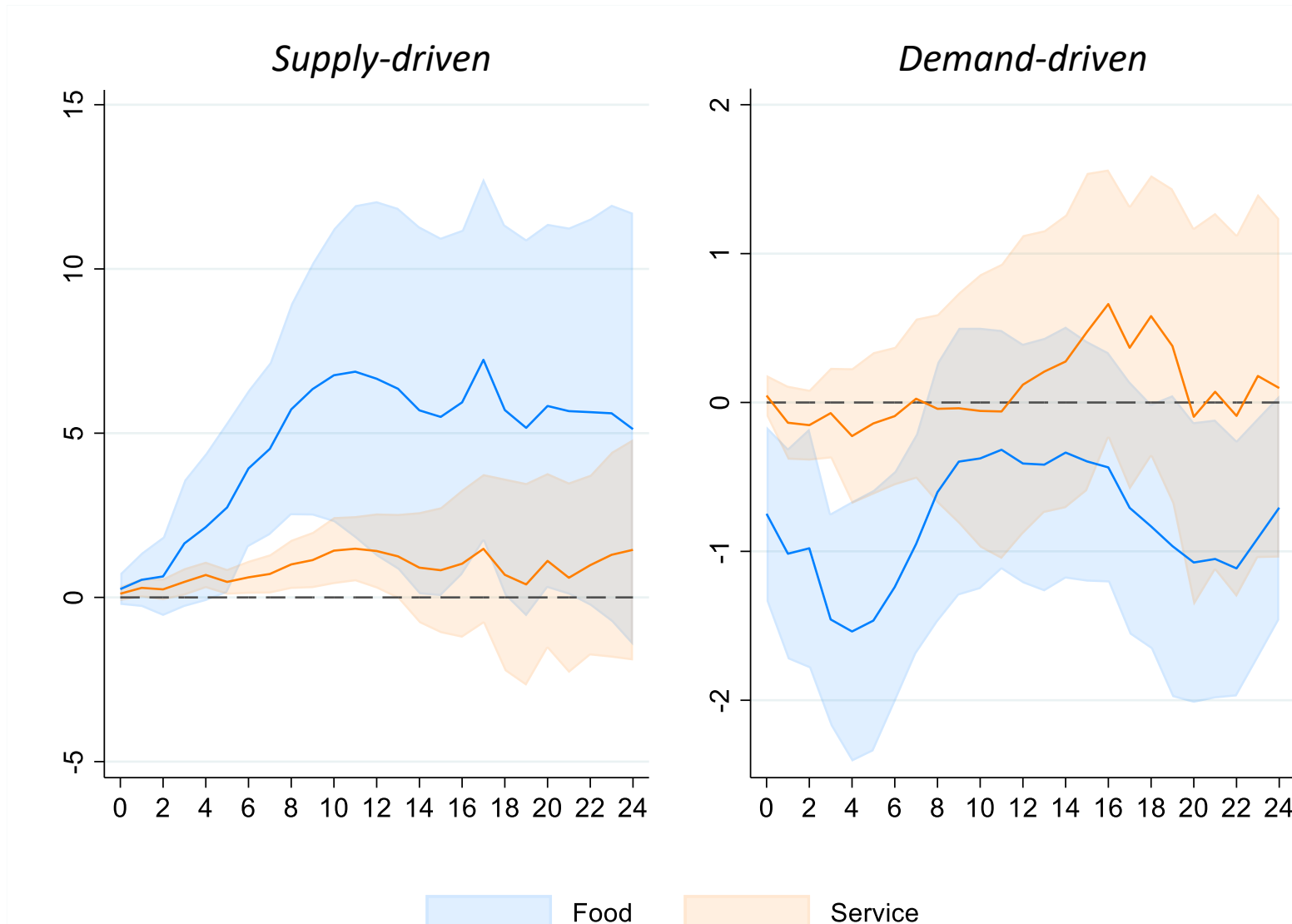
- increases supply-driven FAH inflation (after harvest); does not significantly affect FAFH, which has a less sensitive cost structure to agricultural shocks
- the mean demand-side effect is negative for both FAH and FAFH; this may be tied to economic output reduction such shock carries

# Negative oil supply news



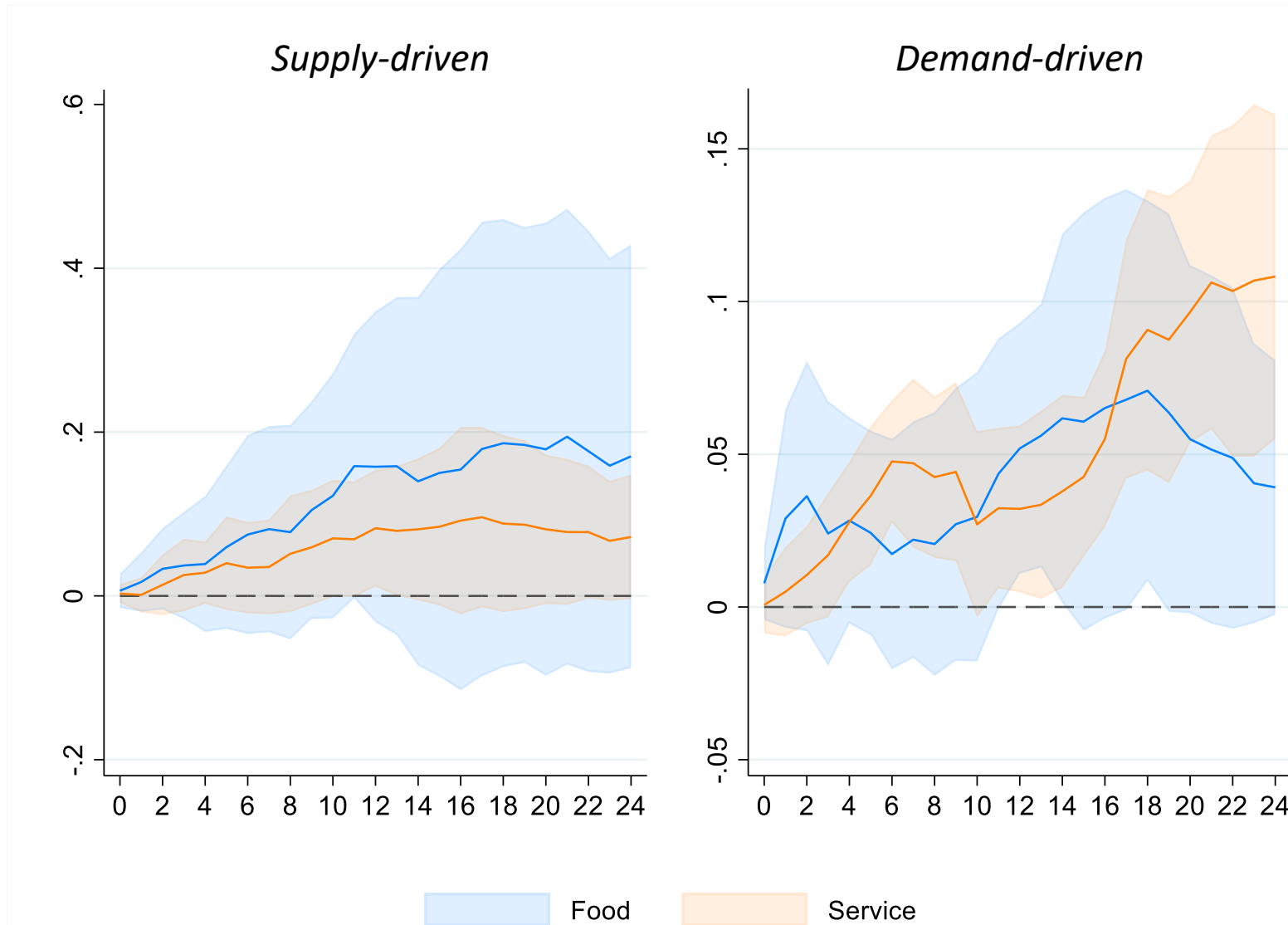
- Raises supply-side pressure on both FAH and FAFH prices
- lower oil prices act as negative demand shocks and reduce demand-driven inflation (see, e.g., Lee and Ni, 2002; Hamilton, 2008; Edelstein and Kilian, 2009)

# Global industrial production



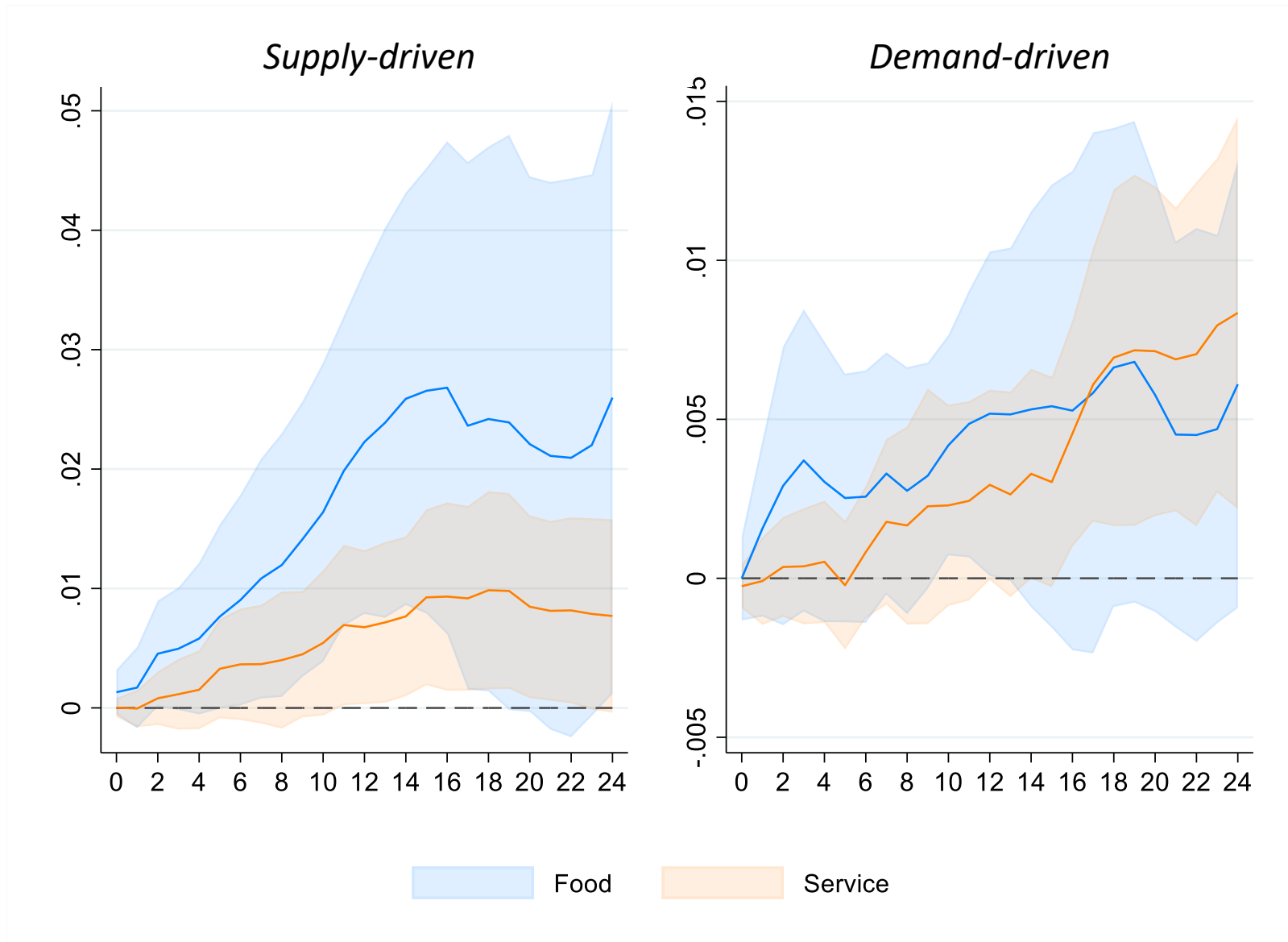
- Increases supply-driven FAH and FAFH inflation—possibly through increased competition for inputs (like labor, energy, and agricultural commodities)
- Reduces demand-side pressure on FAH, as the supply of food increases

# Google searches for “shortage”



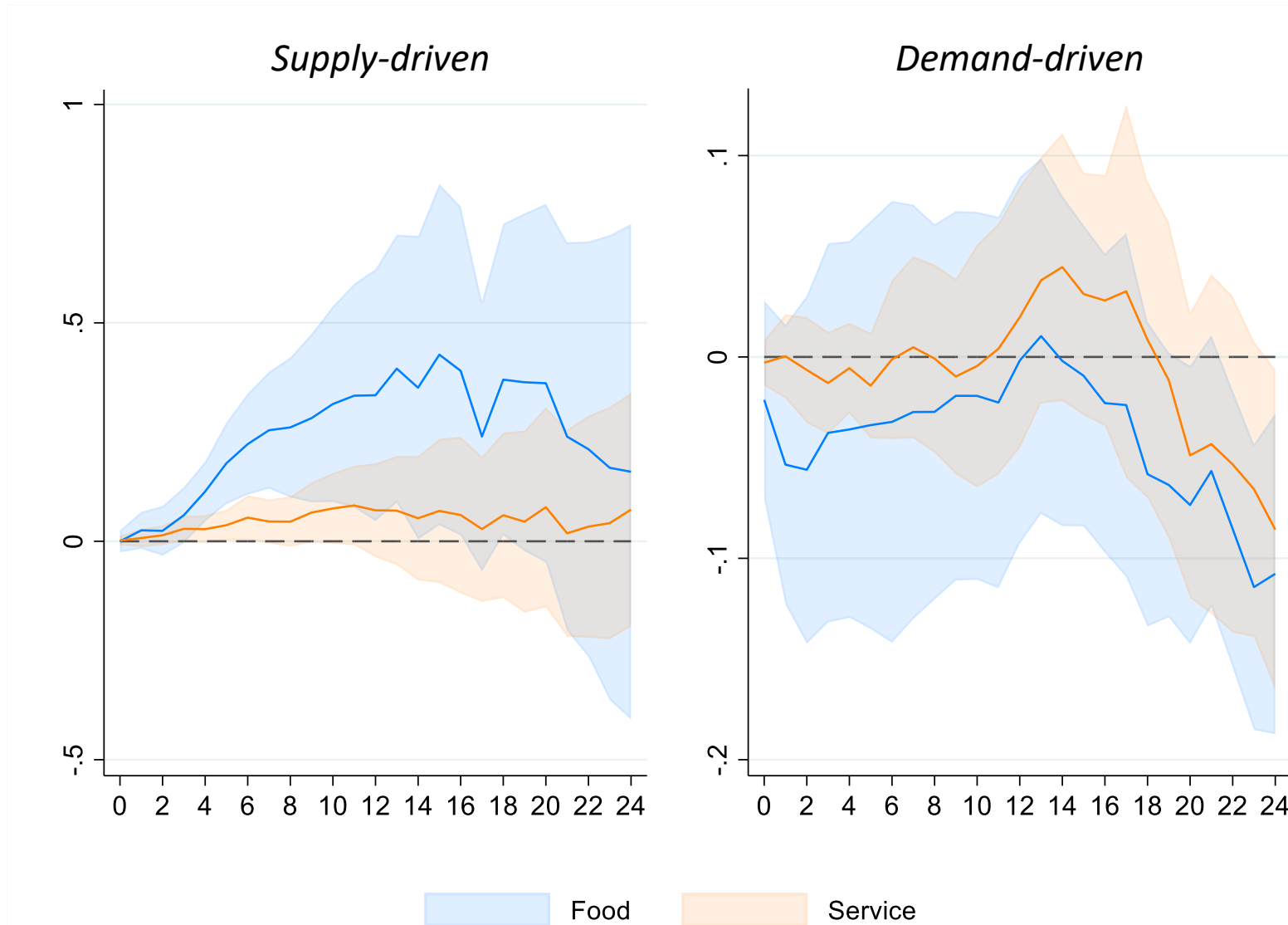
- On the supply side, searches predict actual and anticipated supply-side shortages -> prices must increase to clear markets
- Searches may correlate to panic-FAH (or lockdown FAFH) buying, where consumers rush to secure goods, driving up prices through demand pressure

# Supply chain pressure



- Increased supply chain pressure (bottlenecks, delivery delays, and scarcity) and costs predict supply-driven price increases
- Can also signal weakness in the availability of goods to consumers, pressuring prices higher through precautionary demand

# Vacancy ratio



- Predicts more short-run supply-driven inflation since a tight labor market increases labor and therefore production costs
- Surprising reduction in demand-side inflation pressure over longer-run, possibly as firms substitute capital for labor