Holiday aid: Food, gas costs may fall soon

Commodities speculators' flight cut grain, energy market prices

By Dan Piller and Adam Belz
USA TODAY

Consumers may catch a break on the price of gasoline and baked goods and sweets as the Thanksgiving-Christmas season approaches, thanks to a sudden tumble in worldwide commodity markets.

The consumer price outlook has brightened, in part, because commodity speculators have fled the energy and grain markets in the face of fears of a global recession triggered by the European debt crisis, says Tomm Pfitzenmaier of Summit Commodity Brokerage.

The price of regular gasoline dropped Tuesday to a national average of $3.41 a gallon. It is down about 15 percent since peaking in May near $4 a gallon. The Department of Energy forecasts gas prices won't rise sharply until spring — although crude oil jumped $2.91 to finish at $82.59 per barrel Thursday in New York.

Flour prices have risen more than 50 percent this year, according to Jeremy Reichart, vice president of Orchestrate Management, which operates several restaurants and a food market in Des Moines, Iowa. But they should fall in coming months, as the price of wheat has tumbled 25 percent since last summer, according to the Chicago Board of Trade.

The price of wheat shot up from less than $6 a bushel in early 2010 to about $9 by the beginning of this year on worldwide shortages. But Russia, Ukraine and even India, which had to deal with drought and shortages last year, are back to selling wheat in world export markets.

On the sweets front, the price of cocoa is down about 15 percent from record levels since midsummer, according to the International Cocoa Organization, raising the possibility that manufacturers' costs for making chocolate might ease.

Not all the consumer price news is good. Food prices rose in August, according to the latest U.S. government report. And while motorists and lovers of pasta and baked items might see prices coming down, beef lovers should brace for continued high prices. Prices for hamburger and choice beef cuts have risen 15 percent to 20 percent this year, according to the Department of Agriculture. Cattle supplies began 2011 at 50-year lows because of high feed costs and have grown tighter as ranchers reduce their herds in response to drought and record heat.