Soaring Costs Could Cut Down the Gobbling on Turkey Day

By Meghan Baker
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It may be easier to count blessings than dollars this Thanksgiving, as Americans will be shelling out more money than ever to put food on their Turkey Day table.

Prices for all of the holiday trimmings, from the turkey and sweet potatoes to the pumpkin for the pie, have soared, in some cases up 33 percent, according to the Food Institute.

One reason is that farmers have to pay more to raise and grow the food, and then they pass their increased costs on to the consumer.

The honored guest -- the turkey -- will cost an average of 79 cents to $1.05 per pound this year, pushing the cost of a 16-pound bird up by about $4.

Bill Mattos, president of the California Poultry Federation, says the primary reason for this increase is that more corn is being used to produce ethanol, raising the cost of every ear and leaving fewer kernels to the turkeys.

"Sixty percent of the cost of raising turkeys is the feed, and if corn prices continue to rise, there is no way a farmer can raise the livestock and make a profit," Mattos said.

Global demand and a grain shortage have driven prices up further, and as supply goes down, it costs farmers more to feed their turkeys.

Government data from the U.S. Department of Agriculture show that poultry production will decline 1.3 percent this year to about five and a half billion pounds. This means...
supermarkets will not be supplied with as many turkeys as they requested, and that will lower overall sale numbers and increase the price per bird.

But Mattos said shoppers should note that the government's bean counters do not incorporate holiday discounting in their price estimates, and the weeks leading up to Thanksgiving remain the best time of the year to find a deal.

“Grocery stores often offer deals like a free frozen turkey to customers who have spent a certain amount on groceries in their store,” Mattos said. But he said consumers are unlikely to find deals on premium fresh, free range, organic, or heritage turkeys, and they will pay 3 percent to 5 percent more for those birds.

“Grocery stores and retailers know that people are willing to pay more for these premium birds and they are not as easily stored as frozen poultry,” Mattos said.

Ordinarily, Thanksgiving is a windfall for turkey farmers. But not this year.

Tom Reynolds of Farmer Tom’s Farm Fresh, located in Reisterstown, Md., knows this first hand.

"My profit margin will be down 20 to 30 percent because my feed costs went up 20 to 30 percent. It's just that simple," Reynolds told MyFoxDC.com.

He said his flock of 2,300 turkeys ate $3,000 worth of feed last week, and he's waiting for another $4,000 delivery to get him through the next 10 days.

Foreseeing a slim return on his turkey flock is tough to take.

"It's getting awful difficult," Reynolds said. "It's a tough time for everybody right now. I have to figure out a way that this farm is sustainable. Not only for me, but for the next guy who gets it or the next person who gets it."

The price of turkey is not the only thing to flap about -- that sweet potato and marshmallow casserole is going up in price as well. Those potatoes will cost you around $2.50 more a pound.

And no Thanksgiving is complete without pumpkin pie, but the price for canned pumpkin is up 6 percent. Other menu spikes: Potatoes are up, from $3.50 to $4 for a 5-pound bag; pecan halves are up 41 percent, from $4.25 to $6 per pound; onions are up 23 percent.

Luckily, some fruit and veggie prices have seen a decrease, but not enough to offset the rise in the price of other table goodies. September’s overall Consumer Price Index indicates that retail food prices are up 1.4 percent from September 2009. These reduced-price goods include celery (down 35 percent), frozen carrots (down 5 percent), canned green beans (down 6 percent) and fresh cranberries (down 3 percent).

Peter Furey of the New Jersey Farm Bureau explained that farmers generally make only 19 cents for every dollar spent on their farmed goods. "This is important to point out because the slight increase in Consumer Price Index may not be coming from the farm, but from packaging, advertising or transportation of those goods," he says.

He says a good option for affordable food is to shop at your local farmers market. “The U.S. has a very competitive agriculture industry that is constantly improving, making fresh food readily available -- especially through the buy local movement,” Furey said.

You may not only be spending more on the ingredients this year, but it's going to cost you more to get to grandma's house, too. Gasoline costs 5 percent more than last year. And you'll want to hope for warm weather, because natural gas prices are 3.7 percent higher and electricity rates are up 1.5 percent.
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