

Dots & Plots

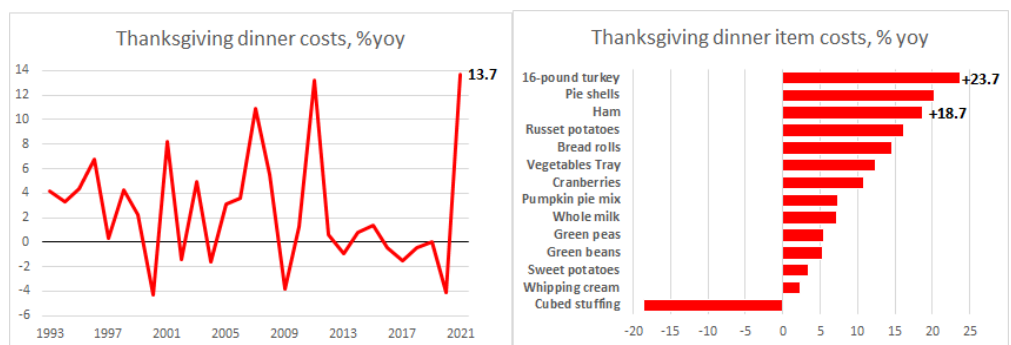
25 November 2021

Wellian Wiranto
 +65 6530 6818
WellianWiranto@ocbc.com

Dearer Dinner

US Thanksgiving cost adds another whiff of inflation concern

- Americans are celebrating Thanksgiving today, with families and friends gathering over a mouth-watering and gut-busting feast. From massive roast turkeys and stuffing drizzled with cranberry sauce, to mashed potatoes, green beans and pumpkin pie, there is a lot of food laid on the tables today.
- And those food items happen to cost more this year. In fact, a lot more. Going by a survey by the [Farm Bureau](#), which has tracked such things for decades, a full suite of traditional Thanksgiving dinner costs \$53.31 now. That is ~14% higher than last year, the largest annual increase since 1990.
- As with most products in recent times, the price increases have been driven by a combination of demand recovery and supply chain bottlenecks. The difficulty in predicting end-demand exacerbated the issue too. For instance, turkeys take up to 22 weeks to mature. Farmers’ concerns of over-supply, when they had to decide how many birds to rear half a year ago, may have led to the reverse problem of under-supply now, driving up prices in the end.
- Given the backdrop, it is perhaps not surprising to see that turkeys cost a whopping 23.7% more this year compared to the last Thanksgiving. Since turkey easily commands one-third of this specific consumption basket, that has added a lot to the overall cost increase. It is telling too that ham, another heavyweight on the menu for families that opt for a less traditional offering, has also notched up a considerable increase of 18.7% in price yoy.
- Granted, food is not a very big part of the US CPI basket – at 14% of total, compared to, say, 25% in Indonesia – but together with the recent uptick in gasoline prices at the pump, it is not hard to imagine that inflation will be a fodder for conversation at dinner tables across the US today. If the dearer costs of what the Americans eat literally feed into how high their inflation expectations will be, the policymakers will have a lot to chew on from here.
- Even as the potential for [pandemic resurgence in the US](#) – and a more distant likelihood of [China tariff removals](#) – might offer some respite to inflation concerns in the future, the rising costs that US consumers see right here, right now continue to be a big risk factor for the market to digest on.



Source: OCBC, Farm Bureau.

Treasury Research & Strategy

Macro Research

Selena Ling

Head of Research & Strategy
LingSSSelena@ocbc.com

Tommy Xie Dongming

Head of Greater China Research
XieD@ocbc.com

Wellian Wiranto

Malaysia & Indonesia
WellianWiranto@ocbc.com

Howie Lee

Thailand & Commodities
HowieLee@ocbc.com

Herbert Wong

Hong Kong & Macau
herberhtwong@ocbcwh.com

FX/Rates Strategy

Frances Cheung

Rates Strategist
FrancesCheung@ocbc.com

Terence Wu

FX Strategist
TerenceWu@ocbc.com

Credit Research

Andrew Wong

Credit Research Analyst
WongVKAM@ocbc.com

Ezien Hoo

Credit Research Analyst
EzienHoo@ocbc.com

Wong Hong Wei

Credit Research Analyst
WongHongWei@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

Co.Reg.no.:193200032W