Consumers might face a choice this spring: Spend more on clothes, food or gasoline.

Inflation will be rearing its head across the shopping spectrum over the next few months, extending from apparel to bread and milk to filling up the gas tank. The result could see retailers struggling to maintain the momentum built up at holiday as shoppers once again slam their wallets shut when it comes to stocking up their wardrobes with clothes and accessories.

Economists typically look past food and energy prices when they gauge inflation — prices there are simply too volatile and skew the overall picture. But for consumers, their regular visits to the pump and the grocery store are inescapable.

“These are what you call ‘daily irritants.’ When you go out to buy food or gas, it reminds you on a daily basis that prices are going up,” said Rajeev Dhawan, director of the Economic Forecasting Center at Georgia State University.

Steady price hikes can give consumers the impression that their spending money is slipping away, even if the increases represent a small chunk of their expenses. A World Bank report said rising food prices could “derail” the global recovery to some degree. U.S. government figures show that year-over-year food prices crept up 1.5 percent in November and the new crop yield report suggests prices will continue to climb.

Adding fuel to the inflation fire (pun intended), the American Automobile Association said a gallon of regular gasoline averaged $3.09 Wednesday, up from $2.75 a year ago. And it could get much worse. There is an 8 to 10 percent chance that prices could top $4 in August and September, according to the U.S. Energy Information Administration.

So a shopper who stops to get gas on the way to the mall might be taking a closer look at price tags when she gets there. “People are attentive to cues that signal things are better, and higher prices are not necessarily indicative of the fact that my life as a consumer is getting better,” said Deborah MacInnis, editor at the Journal of Consumer Research and professor at the University of Southern California.

Economists are largely taking a wait-and-see approach to gas and food prices and inflation overall, however, believing that the recovering job market and recent tax breaks will win out over price increases — at least this year.

“Consumers will live with those higher prices this year,” said Michael Niemira, chief economist and director of research for the International Council of Shopping Centers. “I worry about next year. That’s when you start to pay the price of inflation from food and energy, and I also think it will mean higher core inflation as the year progresses — 2012 could be a much more challenging year.”

Apparel is also dealing with its own pricing problems as increased cotton, labor and shipping costs work their way through the supply chain. Emanuel Chirico, chairman and chief executive officer of Phillips-Van Heusen Corp., said this week that costs would increase a manageable 5 percent in the first half and then jump 15 percent in the second half.

There is at least some good news on the cotton front, though. Domestic cotton production for the current crop year is expected to rise 50 percent over 2009, according to the U.S. Department of Agriculture’s Crop Production Summary for 2010, released Wednesday. Worldwide cotton production is expected to rise by a more modest 15 percent.

An increase in production could eventually help ease cotton prices, which have soared to their highest level in more than a decade, but it will take some time for prices to come back to earth, said Jon Devine, economist with Cotton Incorporated.
"We would have to look at production estimates for next fall to start talking about prices easing. If it’s still roughly in line with consumption, then prices will stay high," Devine said.

The price of cotton rose 51 percent to $1.42 a pound in the year ended Dec. 27.

The USDA said corn, sorghum — a major feed for livestock — and soybean yields will be lower in 2010 than they were in 2009. Corn production hit a record high in 2009.

Crop yields are likely to contribute to rising commodity and food prices, though there are no major supply problems in the industry, said Tom Jackson, a senior economist with IHS Global Insight.

"From a crop standpoint production wasn’t too bad, not a record high but not bad," Jackson said. Prices are probably being driven up by a confluence of factors including increased demand for food from developing countries, increased demand for exports of soybeans and corn from the U.S., ethanol production and some weather-related problems for wheat crops in other countries, he said.

Rising food prices could have a larger impact internationally.

The World Bank predicted "slower but solid" global GDP growth of 3.3 percent this year, but warned that rising food prices could be one area "in the short run that could derail the recovery to differing degrees."

The real concern, according to the bank’s economists, lies in the potential for increases in other prices such as energy prices or a second year of bad crops.

"In such circumstances, prices could continue strengthening and become once again a major source of increased poverty," the report said.

Rising food prices “create a hypersensitivity to pricing in other, unrelated categories," said USC’s MacInnis.

Stock markets generally shrugged off any threat of slower growth. On Wall Street Wednesday, the S&P Retail Index rose 1.44 points, or 0.3 percent, to 502.71 as the broader market rallied on strength in financial stocks. The Dow Jones Industrial Average logged a 83.56 point, or 0.7 percent, increase to finish the day at 11,755.44. Major overseas indices also rose, led by the CAC 40’s 2.2 percent improvement, to 3,945.07, in Paris.

The biggest upward mover among issues tracked by WWD was Zale Corp., shares of which skyrocketed $1.73, or 42.9 percent, to $5.76 following its report Tuesday that its same-store sales rose 8.5 percent during the holiday season after a period of persistent declines. Major advances were also scored by The Wet Seal Inc., ahead 11.6 percent to $3.84 following its Tuesday appointment of Susan McGalla as CEO, and Lululemon Athletica Inc., up 8.3 percent to $72.85 after its upward revision of its fourth-quarter earnings estimates.

Contributing to the momentum among retail stocks was the Federal Reserve’s Beige Book report, which indicated that holiday sales in most regions of the U.S. were higher in 2010 than in 2009 and in some cases beat expectations. Same-store sales results from national retailers, reported last Thursday, in many cases fell short of analysts’ estimates.