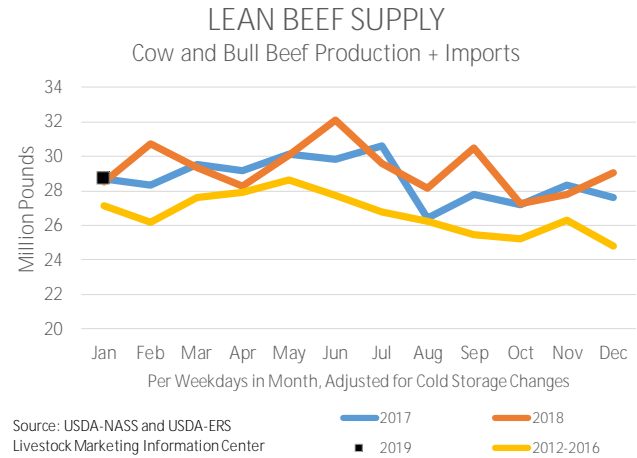


The demand for lean beef, generally associated with ground beef for hamburgers appears to be favorable so far this year. Supplies are similar to the past two years, which was a sizable increase from the earlier part of the decade. Meanwhile, prices at both wholesale and retail are rising, if not maintaining a premium to past years. This is in the face of stiff price competition from pork and chicken.

Cow and bull beef production during January and February was only up half a percent from a year earlier, but was up 10% from 2017. Cow slaughter in the first two months has been up 3% from a year earlier, yet average cow carcass dressed weights were 2% lighter in January and almost a 3% decline in February. Bull slaughter, which is a much smaller component of lean beef production than cow slaughter was down 7% from a year ago in the first two months and bull carcass dressed weights were also lighter, similar to cows.

Monthly data on beef imports is only available for January, which were up 2% from a year earlier. Beef shipments from New Zealand were down close to 40% from a year earlier in January but this shortfall was filled by small increases from other countries, with Canada's shipments up more than 10% and Australia reversing the downhill slide of the past two years with a 7% gain.

The consumer demand-pull for lean beef is best shown by wholesale lean beef trimmings prices (90% lean) that started the year 15 cents per pound lower than at the start of 2018, but finished the quarter on par with a year earlier. These prices are similar to the values at the start of 2017, even though supplies are 10% larger. Prices for Australian cow beef landed at US East Coast ports started the year at an 8 cent per pound premium to domestic 90% lean beef trimmings and has maintained that premium through the first quarter of 2019. These

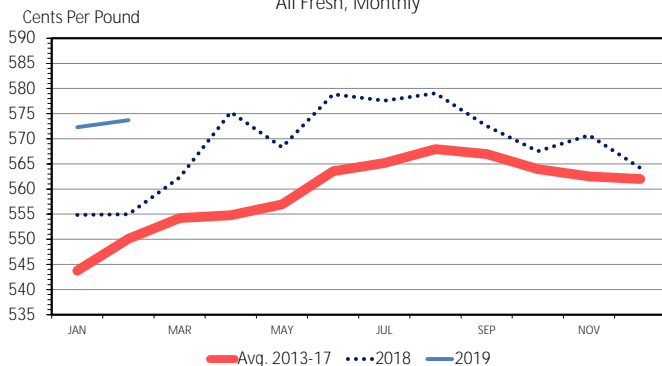


buoyant values for imported product could be the rationale for continued increases in beef imports during the first half of 2019.

Prices for beef at the retail level, as reflected by the USDA-Economic Research Service (ERS) calculation of fresh beef grocery store prices, includes non-Choice graded product (inclusive of cow and bull beef and imports). Prices are up 3% from a year ago, compared to grocery store pork prices that are slightly lower than a year ago and chicken prices that are unchanged to fractionally higher. More expensive beef relative to pork and chicken has not mitigated the need to pay high prices for beef at wholesale to satisfy meat consumer tastes.

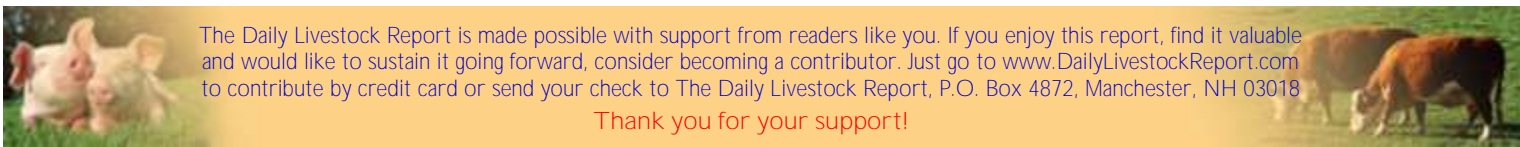
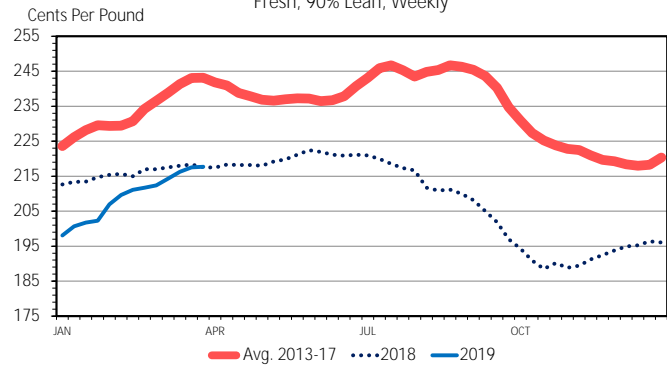
### RETAIL BEEF PRICE

All Fresh, Monthly



### WHOLESALE BONELESS BEEF PRICES

Fresh, 90% Lean, Weekly



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