

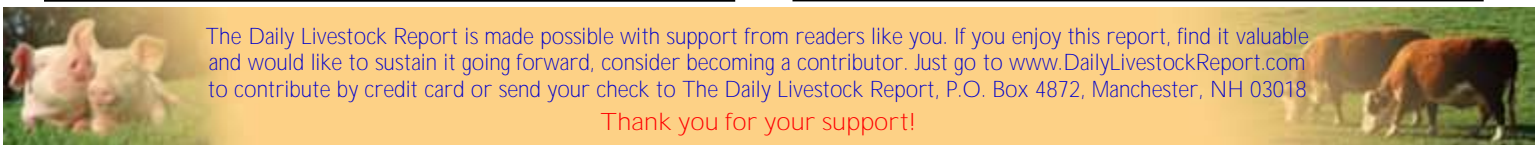
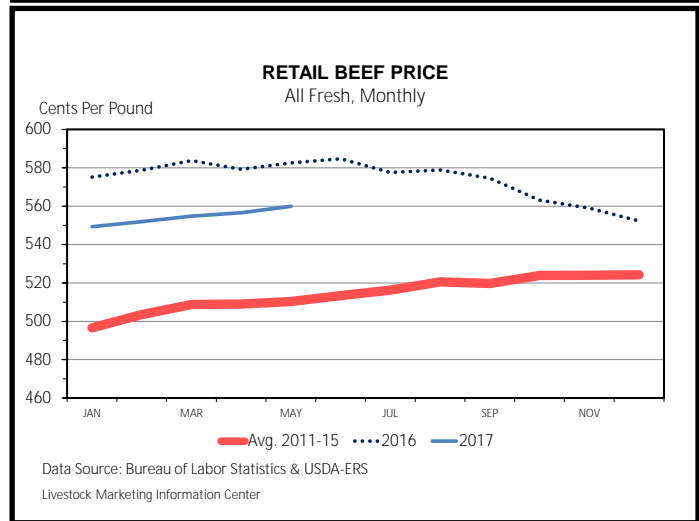
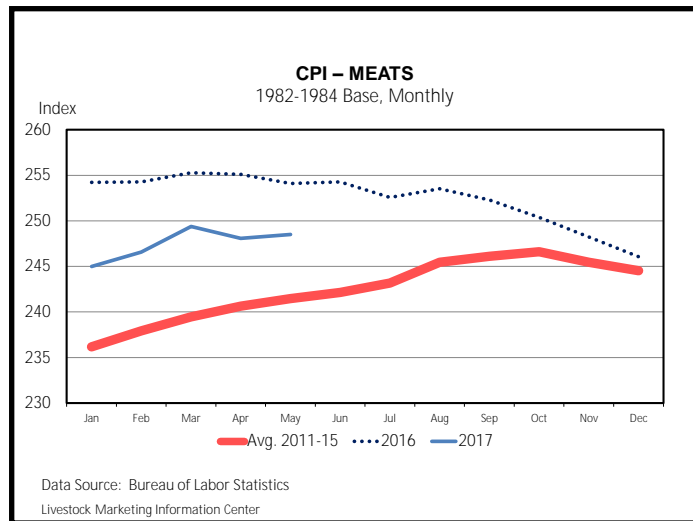
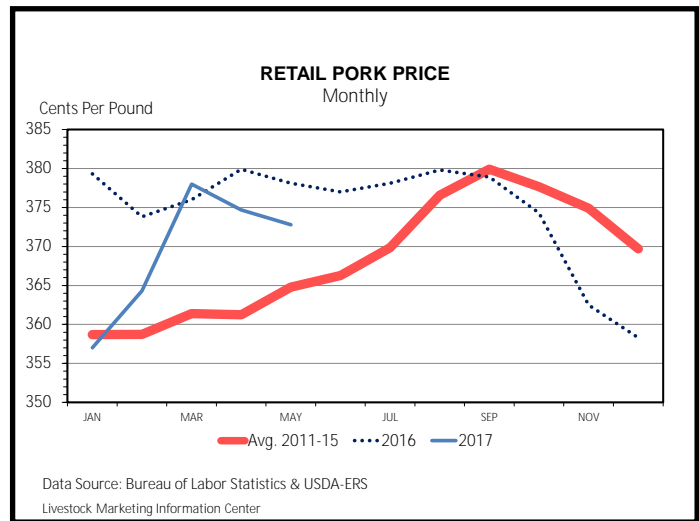
Yesterday, the U.S. Bureau of Labor Statistics released the monthly Consumer Price Index (CPI) data for May. For all items, the May CPI (unadjusted for seasonality) was 1.9% higher year-over-year and was up a rather strong .09% compared to one month ago. Many categories within the overall CPI are published (energy, medical care, etc.). Food and beverages is one of the major subcategories, in May that basket of goods posted a year-over-year increase of 0.9%, which was fully 1% below the annual change in the overall CPI.

One of the categories within food and beverages is meat. That category includes beef, pork, and lamb. Retail establishments in U.S. cities are visited and prices are recorded for a specific list of items (e.g. a few selected beef cuts). In May, retail meat prices dropped by 2.2% compared to 2016's. Compared to one month ago, the meat category posted a slight price increase (up 0.2%). So, the basket of meat items used in the CIP had lower prices year-over-year, while the overall food and beverage category had higher prices.

Some of the items within the CPI basket of goods have reported prices, rather than just an index value, including a limited number of pork and beef cuts. USDA's Economic Research Service (ERS) aggregates those cut prices using a set of assumptions to calculate a monthly retail beef and a pork price (see data [here](#)).

A seasonal pattern in the ERS pork retail price is apparent (see the averages for 2011-15 in the provided graphic). So far 2017, the ERS retail pork price pattern has been non-typical. In May, the

ERS retail pork price was down year-over-year (declining 1.4%) and also slipped slightly for the month. For beef, ERS has two retail calculations: 1) Choice; and 2) All Fresh. The Choice beef calculation only uses muscle cuts that are of that quality grade. The All Fresh price includes Select cuts (which is a lower quality grade than Choice) and importantly it additionally includes ground beef (i.e. hamburger). For May, the ERS Choice beef price was above a year ago (increased 1.0%). In contrast, the retail All Fresh beef price was down 3.9% compared to 2016's.



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