

**Note: Markets will be closed tomorrow in observance of the 4th of July holiday.** The next issue of the Daily Livestock Report will be published on Monday. USDA will not publish its regular supply updates on Friday. As a result we will include the regular weekly price and supply table in our Tuesday report.

As American consumers get ready to celebrate the 4th of July, typically a big grilling and bbq event, we thought it would be interesting to look at some of the retail trends as well as what we could expect to see at retail in the next 6 to 8 weeks.

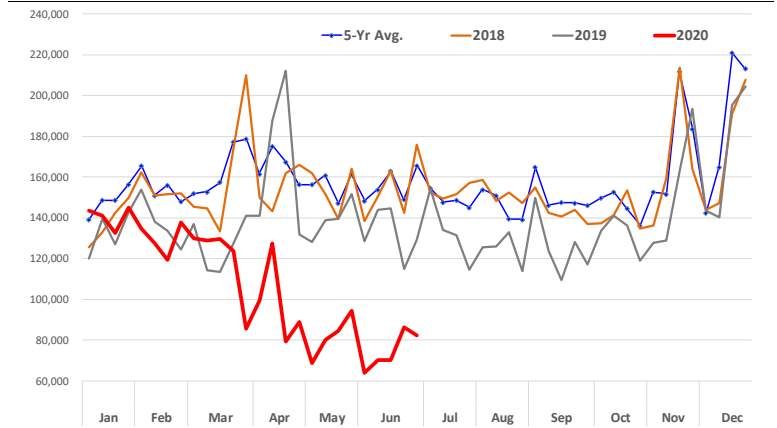
**Current trends:** For the week ending June 26, retailers had significantly increased the number of beef features at retail. According to USDA, the retail feature activity index for the week was up 70% compared to the Memorial Day weekend. Slaughter at major processing plants has normalized, helping resolve some of the supply chain bottlenecks that developed in late April and May. However, beef features for the most current week were still about 40% lower than the same time last year. This is important as we look at the sharp decline in wholesale beef prices and wonder if that will immediately push retailers to saturate the market with meat protein ads. While some retailers are able to do that, especially in less populated areas, some retailers still are trying to balance supply availability from packers with the supply bottlenecks in their own supply chain. Furthermore, it is important to note that while packers have been able to increase the slaughter pace, fabrication lines may still be facing a slower pace than normal. A study done a few years ago noted that over 70% of the meat that is sold at retail is case ready. This means that much of the work needed so product is ready for the consumer is done outside of the retail meat department. In addition to seeing fewer beef features at retail than a year ago, the price of beef features is generally higher than last year. Prices rose sharply in May and retailers are gradually lowering those prices, at a pace that is much slower than what we have seen at wholesale. Looking at an average of the features from the last USDA report, rounds in general were 14% higher than last year, chucks were 7% higher, ground beef was 19% higher and loins were about 12% higher.

Pork features have also increased by about 28% compared to the week prior to Memorial Day but they still remain about 36% lower than the previous year. Much of the feature planning is done well ahead of time and high prices/supply uncertainty in late May likely impacted how retailers decided to approach 4th of July meat protein merchandising. Pork prices are also higher, in general, compared to a year ago. Loin features were about 13% higher than last year although some loin products were priced at lower points than a year ago. Interestingly, some boneless pork products were especially high (boneless butts, for instance) while the feature price of bone-in butts was close to what it was a year ago. Lower belly prices appear to be affecting bacon prices, with the average price of bacon features last week down about 10% from a year ago.

**Summer trend:** While the decision making for 4th of July was influenced by May and early June prices, retailers look to be gearing up

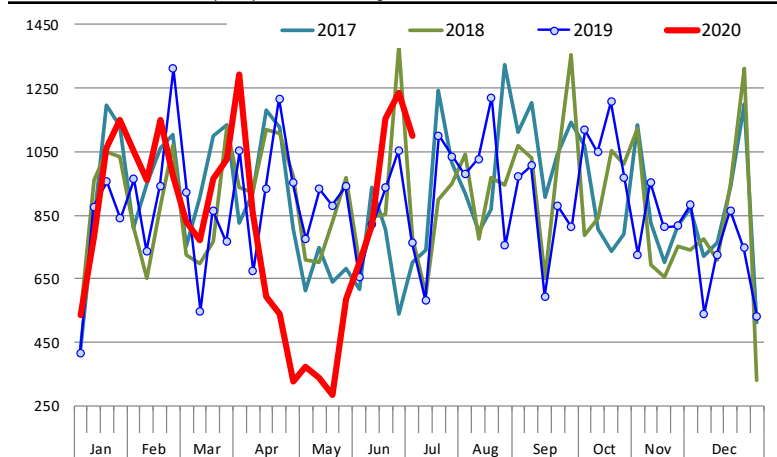
## NATIONAL RETAIL PORK FEATURES REPORT: ACTIVITY INDEX

Source: USDA. Latest data points is for June 26, 2020



## Beef Loads Sold For Delivery 22 - 60 Days

Data Source: USDA-AMS. Analysis by Steiner Consulting



for more features and lower prices for the next couple of months. In the last four weeks, sales of pork for forward delivery were up 76% compared to the same four week period a year ago. Sales of ribs and butts were up in triple digits compared to last year. Prices for pork cuts sold on a forward basis are now well below year ago levels, which should be reflected in lower feature prices (key word is should). Price of loins sold on a forward basis is down 7-11% from the same period a year ago while boneless butt prices were down as much as 17% from a year ago and a fraction of what they were in May. Beef forward sales have also increased sharply in the last three weeks. Last week packers sold 1100 loads for delivery 22-60 days out. That was the third consecutive week of +1000 load sales compared to 330 per week in late April and May. Lower ground beef and round/chuck prices should provide retailers with plenty of opportunities for features. But, before we say it's all roses, we need to caution that meat markets rest firmly on a three legged stool. Right now the retail leg is on very firm ground but foodservice and exports are still somewhat wobbly.

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