

Much of the talk in the last few weeks has been about the resurgence in meat supplies and the sharp price correction in wholesale meat prices. That has yet to show up in the retail meat case and, if history is any guide, **retail prices may stick at high levels longer than some expect.** Below is a brief recap of June retail prices for the three main species.

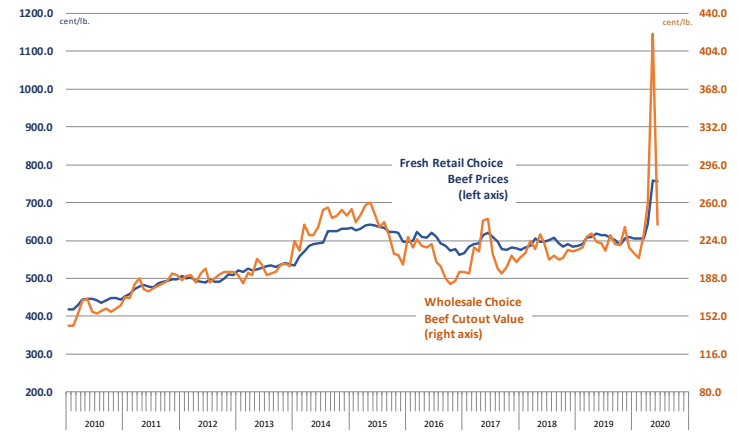
**Beef:** The **average retail beef price in June** was estimated at \$7.56 per pound, slightly less than in May but still **23% higher than a year ago.** Wholesale beef prices were dramatically higher in May as plant closures caused beef supplies to be down by as much as 40% at a time when retailers were getting ready for the all important Memorial Day weekend. Retail prices in May jumped but the increase was nowhere close to what we would normally expect. Some of the high May wholesale prices likely filtered through into June as retailers booked product ahead due to the uncertainty. But the wholesale complex came down quite sharply in June. The average price for the month was around \$2.39/lb., 43% lower than the previous month but still about 8% under last year. As of this writing choice wholesale beef prices are hovering around \$2 per pound and it is quite possible we could see prices dip even lower given the steady drift down of middle meats. Will this result in lower prices in July and August? Possibly although historically retailers have shown that they do not like to make very abrupt changes in price (see chart for price trends in 2014 and then again in 2017). The spike in May retail prices was forced by the magnitude of wholesale price gains. The tendency for retail prices to be sticky in the near term could present more headwinds for fed cattle values, which already face the challenge of a hobbled restaurant industry.

**Pork:** Retail pork prices continued to gain in June even as wholesale prices quickly retreated from May levels. **The average retail pork price in June was estimated at \$4.25 per pound, 4.9% higher than the previous month and 8.3% higher than a year ago.** The increase came even as wholesale pork prices quickly declined in June. As with beef, some of the pork that was featured/sold in June was booked ahead of time at possibly much higher prices. Also, the mix of product used to calculate the retail price is a bit different than the mix of product used to calculate the average wholesale price. Lower ham and belly prices really pulled down the wholesale price average for the month. Average wholesale pork prices in June were \$0.685 per pound, 35% lower than in May and 14.7% lower than a year ago. Lower prices for pork loins, butts and picnics should encourage more pork features, and eventually lower pork prices in July and August. But as with beef, retail pork prices tend to be sticky. Case in point is the price level achieved in 2014 following the price spike related to PEDv. Even as wholesale pork prices moved sharply lower once supplies recovered, retail prices did not adjust down to the same degree. Good export demand helped pork producers in the last three years to move more supply to other markets. With retail pork prices high, export business is now more important than even.

**Chicken:** The average retail broiler composite price in June was estimated at \$2.08 per pound, **1.7% higher than the previous month and 10.8% higher than the previous year.** As with beef and pork, retail chicken prices in June hit all time record levels. Currently retail beef prices are trading at 3.6 multiple to chicken vs. 3.3 last year and 2.5 in 2010. On the other hand, **the pork price multiple to chicken has been steady for quite some time. In June the pork to chicken multiple was 2 compared 2.1 last year and 2 in June 2018.**

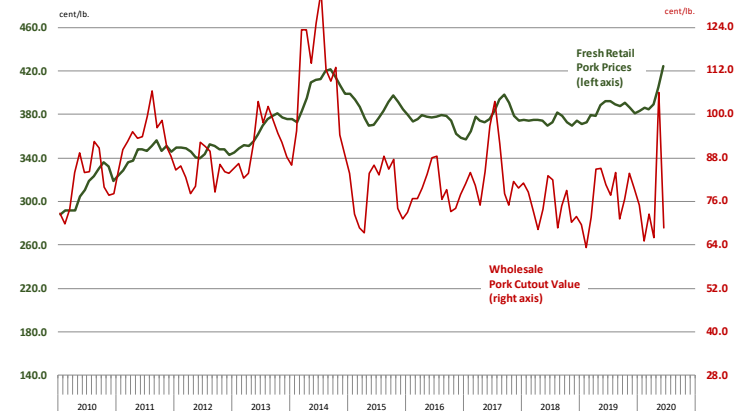
## Retail Choice Beef Prices vs. Wholesale Choice Beef Cutout

Data Source: USDA Monthly Retail Price Series, USDA Mandatory Price Reporting System & Steiner Consulting



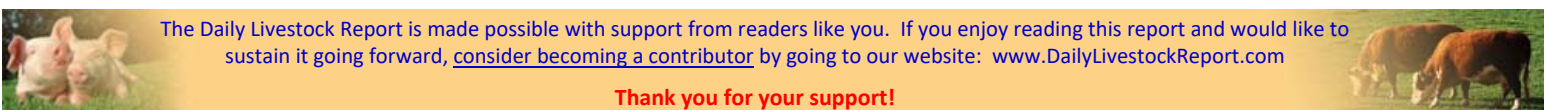
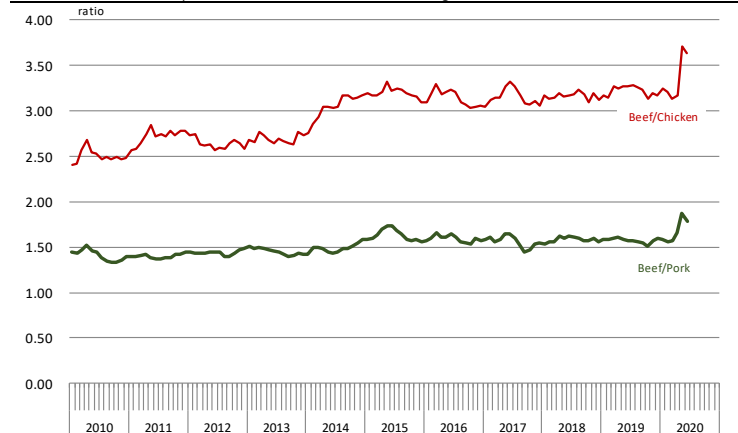
## Retail Pork Prices vs. Wholesale Pork Cutout

Data Source: USDA Monthly Retail Price Series, USDA Mandatory Price Reporting System & Steiner Consulting



## RATIO OF RETAIL BEEF PRICE TO PRICE OF PORK AND CHICKEN

Data Source: USDA Monthly Retail Price Series and Steiner Consulting



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