

USDA Economic Research Service (ERS) released the [meat price spreads](#) for August on Friday, September 11, 2020. The data contains monthly average prices at the farm, wholesale, and retail levels of the marketing chain for beef, pork, and broilers. This DLR will focus on retail pork prices and pork demand.

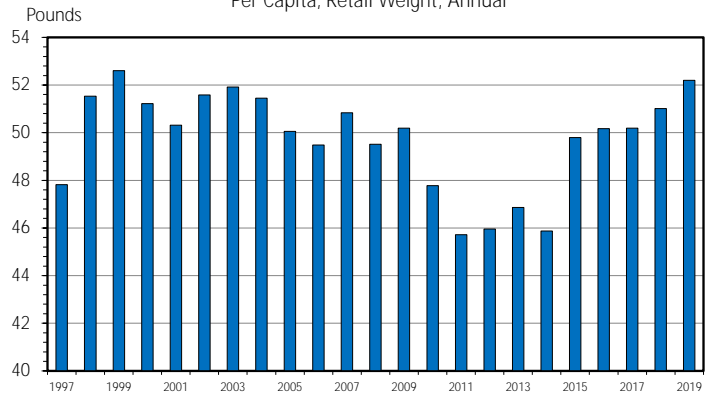
The August retail pork price was \$4.08 per pound which is lower by 2.3% (-\$0.09) than the prior month, but 4.8% (\$0.19) above the prior year. Part of the decline in retail prices in August is due to weekly hog slaughter numbers tracking above last year's levels since the first part of June, except for the holiday weeks of July 4th and Labor Day. Higher slaughter levels have led to a 2.7% increase in pork production through the second week of September (based on weekly data) which creates more pork on the market and pressures prices lower. Retail prices are still at elevated levels with most retail pork cuts showing gains year-over-year.

Each retail pork category posted gains in August compared to the prior year, except bacon. Retail bacon (sliced) was \$5.56 per pound in August, down 0.3% from last year and 3.8% from last month. Chops (center cut, bone-in) rose 2.0% to \$4.06 per pound, chops (boneless) increased 14.8% to \$4.34 per pound, and all pork chops grew 12.1% to \$3.79 per pound. Ham (boneless not canned) improved 4.0% to \$4.63 per pound and all other pork excluding canned and sliced increased 13.3% to \$3.05 per pound.

One way to determine how the changes in retail pork prices affect domestic demand is through a pork demand index. The Livestock Marketing Information Center (LMIC) calculates quarterly and annual indexes and the demand index is calculated using a demand elasticity. Recall the demand elasticity is the degree to which the quantity preference for a good changes as the price of that good changes.

## US PORK CONSUMPTION

Per Capita, Retail Weight, Annual

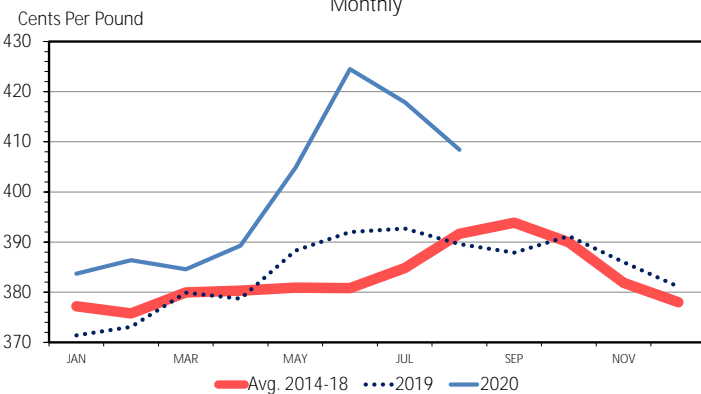


Data Source: USDA-NASS and USDA-ERS, Compiled & Analysis by LMIC  
Livestock Marketing Information Center  
M-C-14  
08/13/20

This year the second quarter 2020 pork index showed a decline in demand from the prior year. The pork demand index was 88 which is down -19 (-17.8%) from 107 just a year ago. The second quarter demand index reached its highest value in 2002 at 110 and bottomed at 73 in 2014. The 2020 value of 88 is the lowest in six years when it reached 82 in 2014. Much of the decline in the pork demand index is mainly due to the jump in pork prices that occurred in May and June during the peak disruptions to hog slaughter from the pandemic. It is also important to keep in mind that per capita pork consumption last year was the highest in two decades at 52.2 pounds per person (retail weight) and retail prices were much lower than this year's. Price sensitivity among U.S. consumers is likely to continue as long as the economy continues to sputter and unemployment levels remain high.

## RETAIL PORK PRICE

Monthly

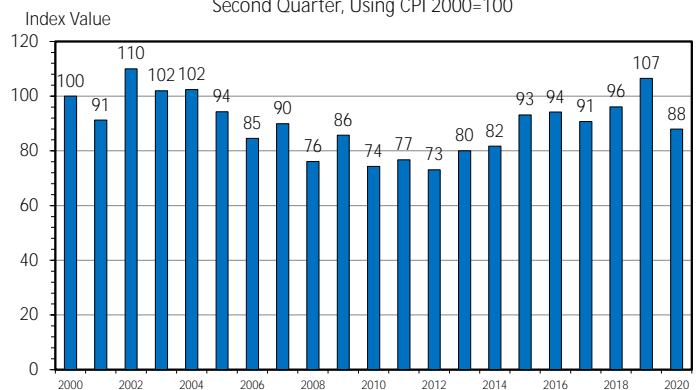


Data Source: Bureau of Labor Statistics & USDA-ERS  
Livestock Marketing Information Center

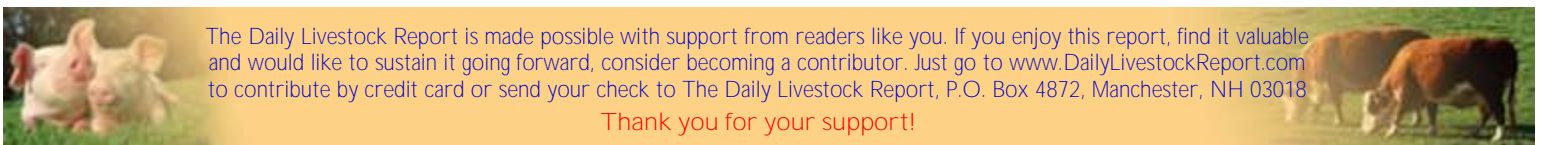
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## RETAIL PORK DEMAND INDEX

Second Quarter, Using CPI 2000=100



Data Source: Bureau of Labor Statistics, USDA-ERS, Compiled & Analysis by LMIC  
Livestock Marketing Information Center



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