

USDA ERS released monthly retail meat prices last week for the month of September. Most major animal proteins showed a month over month decline in retail values with the exception of turkey. The “all fresh” beef price and National Composite wholesale broiler price posted the largest declines from the prior month showing over a 4 cents per pound loss in retail prices. Retail pork prices fell by 3.2 cents per pound while the broiler retail price lost \$0.02 per pound.

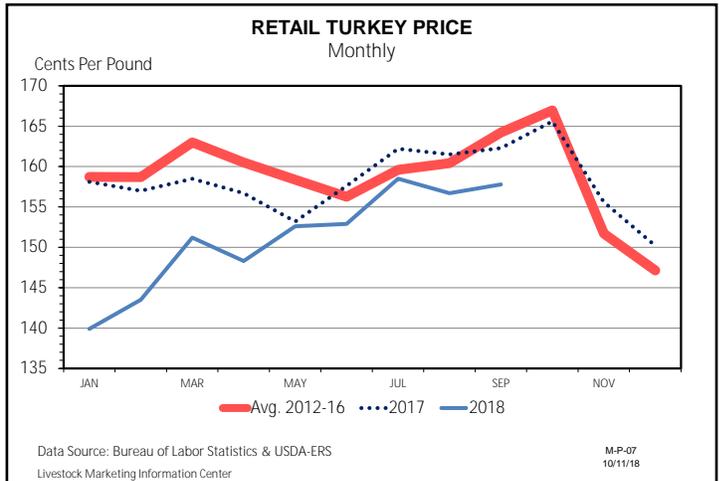
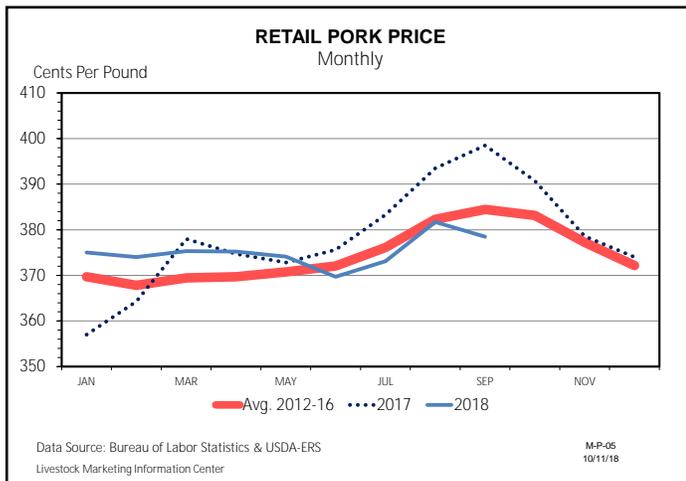
Broiler and beef retail prices maintained prices above a year ago this month which is somewhat surprising given the high levels in cold storage and robust production numbers that have been posted this year. Demand for beef has been very strong in domestic and international markets. Broiler prices are a little less explainable. We suspect that there is a different pricing strategy in effect at the retail level than in years past. Other meats such as pork and beef are being offered in ways that drive consumer traffic into retail stores as opposed to market clearing prices. Retail beef appears to continue to be supported by demand, while retail pork prices have struggled. In September retail pork prices were down \$0.20 per pound from last year. Retail beef prices, on the other hand, have shown strength all year, dipping below 2017 only two months this year.

Retail pork prices have been below 2017 prices for the last four months. In 2017 pork prices rallied at the retail level and gained over \$0.40 per pound between January and September.

This year prices have remained in a 15 cent range all year (See graph below).

Turkey retail prices started 2018 at \$1.40 per pound and climbed all year while still remaining below a year ago. In September retail turkey prices hit \$1.57 close to the highest value seen all year. Seasonally, turkey prices should peak in October and fall through November and December. This year, there are some potential nuances to the turkey market. First, wholesale turkey prices have shown very little increase in October, which doesn't point to much risk of a seasonal rally in the grocery store. Second, cold storage levels, although high for other meat products, have followed a typical seasonal pattern for turkey. Whole birds in cold storage were even with a year ago in the latest Cold Storage report but should be watched moving forward. At this point, it seems unlikely turkey retail prices will reach the \$1.65 per pound indicated by last year's peak and the five year average.

Seasonal meat offerings are expected to litter weekly feature flyers in preparation for the holidays. But, it is unlikely that a substantial amount of consumers will take whole turkeys off the Thanksgiving table. Hams, the most likely substitute, have managed to maintain retail value where other pork cuts have fallen. In September, retail ham was selling for \$4.17 per pound, over 2.5 times as much as frozen whole turkey, not to mention they face an uphill battle against tradition. Ham and turkey are more likely to compete in the deli meat case next spring and in fast casual spaces rather than through the Thanksgiving season.



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