

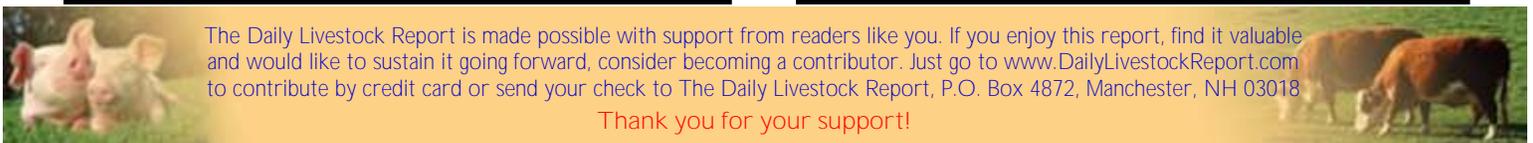
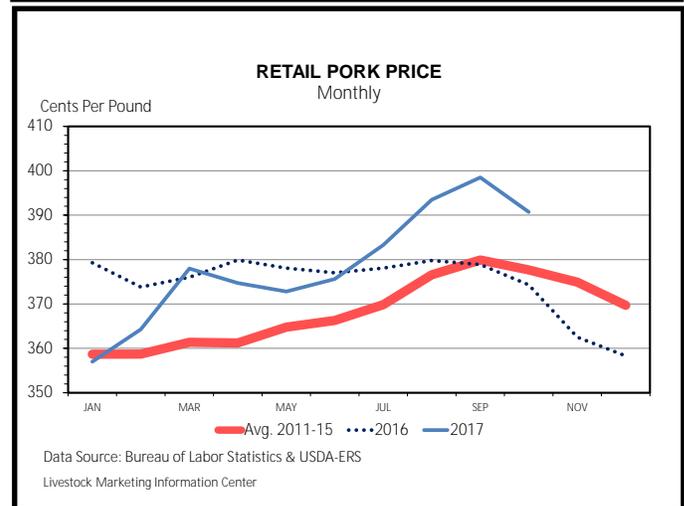
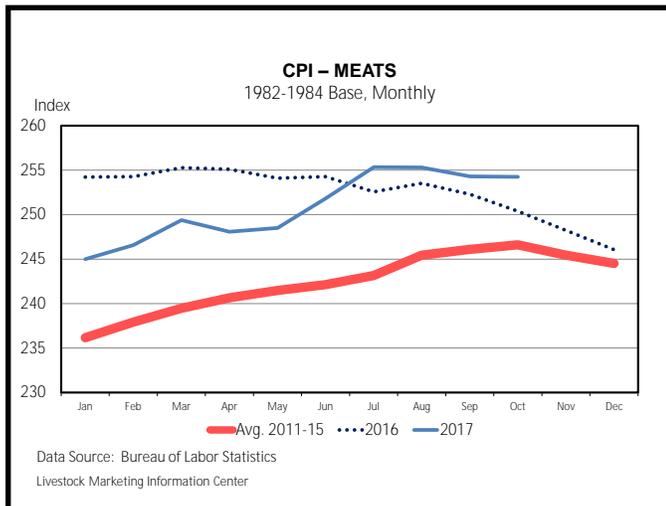
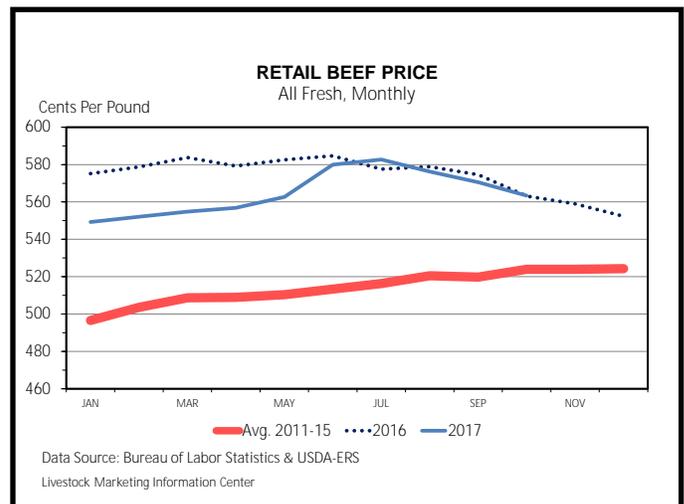
Last week, the U.S. Bureau of Labor Statistics published the monthly Consumer Price Index (CPI), which is based on their surveys of a fixed basket of goods/items. For purchased food items to be consumed at home, they send enumerators to collect meat case prices at a sample of retail outlets. From the limited number of beef, pork, lamb, and veal cuts collected, they publish a CPI index for meats. Also, from the meat cuts, USDA's Economic Research Service (ERS) calculates a monthly beef and a pork price, both of which use several assumptions.

The CPI index for meats has been rather stable since July of this year, but that index increased from 245 in January of this year to about 255 in October, a gain of 3.8%. Compared to a year ago, the October's index value has risen by only 1.5%.

We turn now to the ERS calculations from the data collected to establish the national CPI (those data for meats and poultry are available [here](#)). ERS makes two beef calculations, one for just Choice beef cuts and the second is All Fresh. The All Fresh calculation includes Select graded beef cuts and some ungraded items along with hamburger. Since July of this year, the All Fresh beef price has declined and has been similar to a year ago (see graphic). The ERS retail pork price has been above 2016's since July and slipped by 10 cents per pound from September to October (see graphic).

ERS also calculates spreads along the marketing chain (i.e., farm-to-wholesale and wholesale-to-retail), those spread calculations are on the website line highlighted above. Their

spreads tricky to interpret and describe because they use a "retail weight equivalent." The U.S. retail sector is very competitive in seeking customers, but that is not always apparent in data as it is collected for CPI purposes. However, we point out the recent trends in the ERS wholesale-to-retail spread for beef. October's was down 12.1 cents per pound (retail equivalent) compared to September, a one month drop of 4.3%. Compared to a year earlier, the beef wholesale-to-retail price spread declined by 22.9 cents per pound or by 7.8%. In our assessment, the meat case has been used to attract customers into traditional retail stores.



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