

U.S. per capita consumption of meat, poultry and fish declined by an estimated one pound per person in 2010 based on meat and poultry data from the Livestock Marketing Information Center. That statement assumes fish consumption held steady since fish consumption data come from the Department of Commerce instead of USDA and are not available yet for 2010. The decline to 224 pounds per person, retail weight, marks the fourth decline in a row and fifth in the past six years. Total meat, poultry and fish consumption peaked in 2004 at 237.5 pounds. That year, of course, was the high-water mark for high protein diets such as the Atkins diet and was within two years of the 60th birthdays of the first of the Baby Boomer generation.

Per capita beef consumption in 2010 was at the lowest level in our data set that goes back to 1955. 2010's 59.7 pounds broke the old low of 59.8 pounds set in 1958 and was 1.4 pounds lower than the level of 2009. Beef production grew last year but not by enough to offset by rising exports and a larger U.S. population.

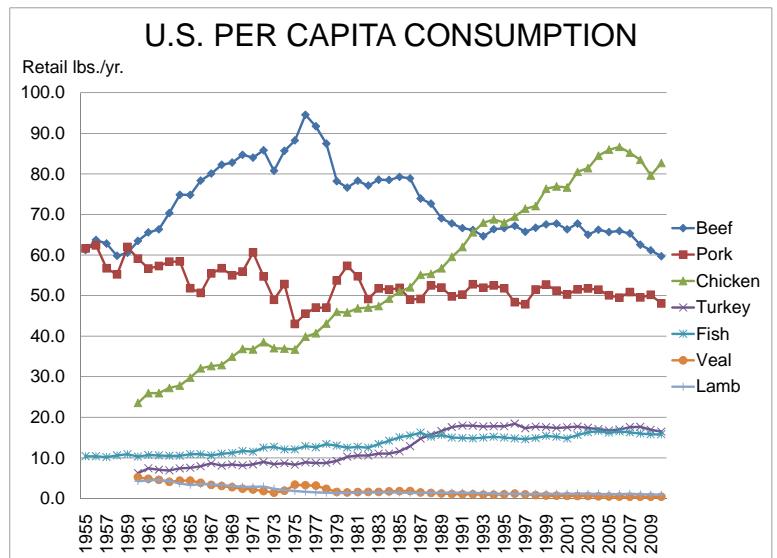
Per capita pork consumption fell by 2.2 pounds in 2010 to 48.0 pounds. That is the lowest annual figure since 1997 when Americans consumed 47.9 pounds of pork. The 2010 level is also well above the low of our data set, 43.0 pounds in 1975. The stability of U.S. per capita pork consumption is truly remarkable with every year of the past 30 years being between 47.9 and 42.8 pounds per person. Lower consumption in 2010 was the result of lower output, higher exports and, of course, population growth.

Chicken consumption rebounded last year as chicken companies increased output and U.S. chicken exports ran into a number of roadblocks, most notably in Russia. The increase in domestic availability did not have serious price implications but certainly left them at levels that would not cover the higher production costs of the year's second half. The increase follows a three-year run of lower U.S. per capita chicken consumption. The only time that had happened since 1960 was in 1973-1975.

Note that the 1973-1975 period was mentioned in both the discussion of both pork and chicken consumption. 1973 also saw the first significant drop in beef consumption in 15 years. A primary cause of these consumption/production declines is well known to the veterans among our readers: The Russian grain deals of July and August 1972. It is no coincidence that we are once again seeing record-low consumption levels and concurrent record-high prices in the wake of higher grain prices driven by federal biofuels policies.

An aside: For an interesting view of the Russian Wheat Deal, do a Google search for "Russian wheat deal hindsight" and check out the October 1973 paper from the St. Louis Federal Reserve by C. B. Luttrell. It is only 9 pages but is a treasure of information about past U.S. farm programs and the Russian deal itself, including its immediate impacts. Isn't Google a wonderful thing! SRM

Today's chart also addresses some recent questions from readers regarding our habit of ignoring other protein sources, especially fish. There are four reasons for our focusing primarily on beef, pork and chicken. First, only beef and pork futures are traded at CME Group and we know who pays our bills. Second, chicken is by far the most important competitor for beef and pork and has been the long-term driver of changes in beef and pork consumption patterns due to its efficiency, relatively low cost and product innovation. It has definitely earned the attention of protein market analysts. Third, lamb and veal are insignificant to total consumption, accounting for only 0.9 and 0.4 pounds per person, respectively. Neither of these were ever major protein sources in the U.S. as a whole even though they are very popular and important in some regions and among some ethnic groups. And fourth, fish and turkey consumption hardly ever changes. That is not to say they are unimportant. Turkey is a major player in deli meats and an important factor during the Thanksgiving and Christmas holidays. But turkey, though the darling of the early 1980s, has seen consumption of between 16.4 (last year) and 18.4 pounds (1996) per person in every year since 1988. Fish consumption is similarly consistent, running between 14.2 and 16.2 pounds per person in every year since 1983. Fish carries the further complication that fish isn't fish — that is, it is a conglomeration of everything from catfish to lobster with corresponding price differentiations. So, there is no "fish" price to go with "fish" consumption, making any demand analysis difficult at best. Expect us to stick to the big three—and maybe turkey.



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