

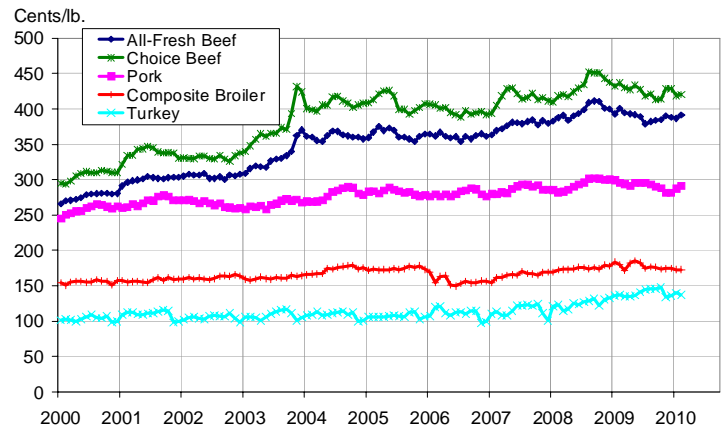
Daily Livestock Report

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USDA's monthly estimates of retail meat prices, released on Thursday, indicate that the average prices of beef and pork increased from January while chicken prices were steady and turkey prices fell slightly. The monthly prices for Choice beef, Select beef, pork, chicken and turkey appear in the graph at right. Note that the pork, chicken and turkey prices are all very near all-time highs and beef prices are less than 10% below their highs which occurred back in 2008. Some details of the prices, which are published monthly as part of the Economic Research Service's Meat Price Spreads series, include:

- The average price of Choice grade beef in February was \$4.204/pound, 3.8% lower than last month and 0.4% higher than last year. That price is just over 30 cents per pound lower than the record set back in August 2008.
- The All-Fresh beef price, which includes Select and store-grade beef as well as Choice product, rose 1.2% from January's level to \$3.914/pound. That price is 2.3% lower than one year ago.
- The average price of pork at retail outlets in February was \$2.914/pound, 1.4% higher than in January but still 1.5% lower than one year ago. Retail pork prices have risen over 10 cents per pound since November and will likely continue to rise if cash hog prices remain strong, especially if they reach levels suggested by CME Lean Hogs futures price for summer contracts.
- February retail prices of both whole broilers (not shown on the chart) and composite broilers were equal to those of January but were 1.9% and 4.0% lower, respectively, than one year ago. Neither broiler price series showed much improvement last year as chicken production fell from year-earlier levels. Whole broilers averaged \$1.265/pound in February while the composite broiler price, which is based on prices of individual chicken parts much as are the beef and pork prices, was \$1.730/pound.
- The average turkey price in February was \$1.375/pound, 1.6% lower than in January but 0.4% higher than one year ago. Of all the major species, turkey prices remain closest to their historic highs, set last October.

RETAIL MEAT PRICES, USDA



These USDA retail price estimates are always important to the meat industry since they represent the only publicly-available data on retail values. Private data firms such as IRI and Nielsen gather these data in one manner or another but they are available only to subscribers of those companies or of Freshlook Marketing, a separate firm that purchases and compiles retail scanner data on random weight products such as retail meat cuts from IRI.

Second, the data are always important to those of us who try to measure the status of meat and poultry demand at the consumer level. These are all that we have to indicated the prices of meat protein items. To our knowledge, there is no data available on the prices of meat protein items sold by foodservice establishments. Obviously, it would be very difficult to break out the value of a steak from the price of a steak dinner or of a serving of bacon from a hearty breakfast. In addition, many of these foodservice products have extra processing, portion control, preparation and packaging which are provided to aid the foodservice establishment as much or more than they are provided to enhance the products' value to the end user. Most analysts have simply applied the published retail price to the entire amount of consumption (which includes both at-home and foodservice purchases), allowing the retail price to be the "shadow price" of the foodservice product. That is, the retail price represents the fundamental value of the meat or protein item in those foodservice meal sans all of the added preparation, service, etc.

Finally, these prices are going to be a major topic when the fifth of the USDA/DOJ Competition Workshops rolls around in December. That workshop is scheduled to deal with price spreads or the differences between prices at successive levels of the meat and poultry value chains. These retail price series, which we still believe are fundamentally flawed because the individual price observations are not weighted by sales volumes since USDA does not gather any volume data, will be a key piece of information in determining the level of farm-to-retail and wholesale-to-retail price spreads. The lack of sales volumes make these prices appear to not decline much when supplies are high and farm and wholesale prices are low and thus make the spreads appear wider than they may actually be.

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