

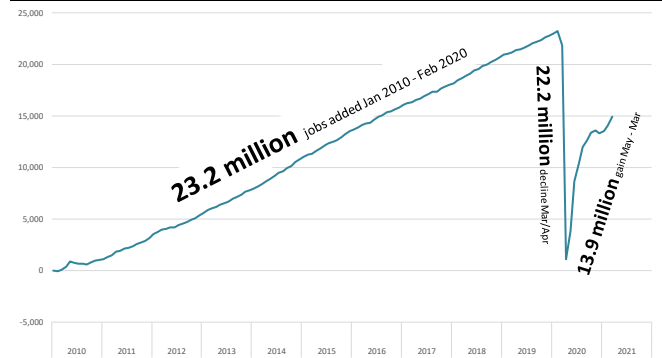
There is **a lot of talk about demand** these days. Real measurements will be possible only in the rear view, when economists have had a chance to look at supply availability and price response. But there is growing evidence that the demand picture is quickly improving. **More people employed, a more confident consumer and a pocket full of money goes a long way to bolstering meat demand.** This is especially true after a year of pandemic privations have left people busting at the seams for some normalcy and a need to celebrate.

Payroll data released today included a lot of good news. The economy added 916,000 new jobs in March, the biggest increase since last August. Additionally, job growth for February was revised up by 89,000 and January job gains were revised up by 67,000. Since last April, when government shutdown mandates resulted in the loss of 22.2 million jobs, the economy has brought about 14 million of those jobs back. Loosening of COVID-19 restrictions and improving weather clearly bolstered the job market in March, with big gains reported in construction and manufacturing. One hot button issue currently for many in our industry is labor availability. This has been a challenge throughout the pandemic and the \$1.9 trillion relief bill has further complicated matters. The bill added another \$300 per week on top of the state unemployment benefits. According to an analysis in the WSJ the average weekly benefit across the country now is \$619 per week. Getting people to come to work has become more difficult and packers are struggling to fully staff their trim lines.

The unemployment rate in the March payroll report was pegged at 6%, this is down from 14% last May. It is not surprising that the unemployment rate and consumer confidence are inversely related. As more people are employed and the employed ones feel more secure about the job they have, they will generally feel more confident about the economy. In March the consumer confidence index jump by 19 points to the highest level in a year. The improvement in the labor market was likely one piece of the jump in consumer confidence. Housing market has been on fire and home prices in January were up 11.2% from the previous year. This was the largest annual gain in 15 years and the gains were spread out across the country. Homes are the biggest asset for most families and gains in home values directly affect the net worth of most individuals. We think this wealth effect in addition to the wealth effect from rising equity market and the improvement in the labor market has added to the improvement in the mood of the consumer. Also don't forget all those hundreds of billions of dollars that was directly deposited to consumer accounts. Real per capita disposable income saw a big jump in April and then January thanks to the pandemic relief checks sent to millions of people. We will see another big spike in the attached chart when the data for March and April becomes available. All that money in the bank, pent up demand from months of privation and the wealth effect have combined to juice up meat demand going into spring.

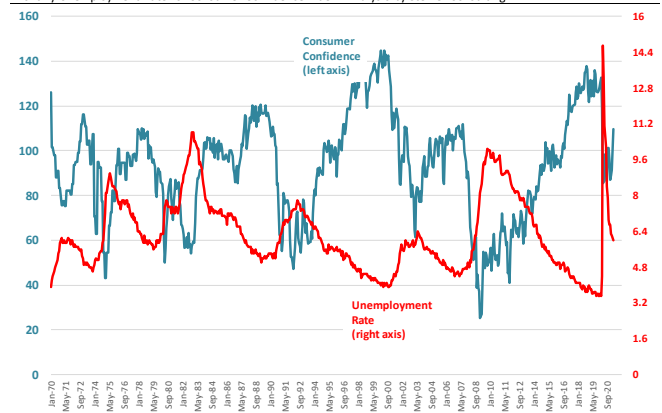
Jobs Gains/Losses in the Last 10 Years

Source: BLS. Analysis by Steiner Consulting



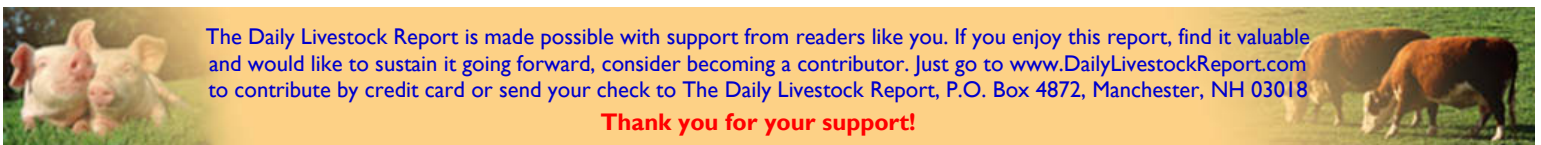
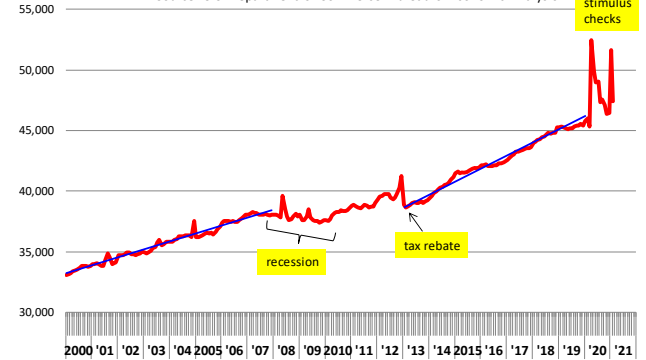
UNEMPLOYMENT RATE AND CONSUMER CONFIDENCE GO HAND IN HAND

Monthly Unemployment Rate vs. Consumer Confidence Index. Analysis by Steiner Consulting



Real Per Capita Disposable Income, US\$

Source: U.S. Department of Commerce: Bureau of Economic Analysis



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