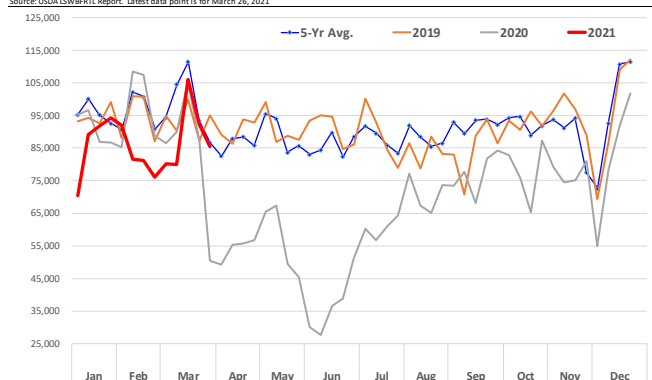


Beef prices have surged sharply higher in the last few days as strong retail features have helped clean up the spot market and **packers are seeing significantly more interest for beef features/higher consumption into the spring and summer**. According to the USDA retail feature report, beef features in the first half of March showed a notable improvement, which is common for that time of year. While the **beef activity index** (a measure of features across stores surveyed) was still about 5% lower than the previous year, it was **6% higher than in 2019**. For the most current week (March 26), ground beef was an especially popular item at retail. Features were almost double vs. the extremely low levels of last year and 24% higher than the five year average. **In the last three weeks, ground beef features were up 31% from the five year average**. You will notice in the attached chart that last year beef features were sharply lower in April, May and June. This was largely a function of available supply, as well as changes in consumer purchasing behavior. Last year retailers had a difficult time to keep the meat case stocked. Featuring product was not a priority, getting product delivered was.

This year we think there will be more competition, and **retailers will rely more on features to keep consumers coming through their doors**. But even as outdoor and indoor dining adds to the competitive landscape, retailers recognize the lingering effects of the pandemic, and the changes that it has brought about. Recent data has shown a significant increase in meat consumption among Americans. **The wealth effect from the stimulus checks, high savings, big home value gains and near record equity values should continue to underpin meat protein demand into the spring**. Last week USDA reported that packers sold 1,457 loads of beef for delivery 22-60 days out. This is product that will help support features at the end of April and into Memorial Day. This volume of forward sales is 59% higher than 2015-19 average for the comparable week. Forward sales for product delivering between Memorial Day and July 4th was more than double the same week last year and 120% higher than the average of the last five years. Sales for delivery 90 days or more into the future have been extremely strong for much of the quarter and last week was no different. Packers booked 587 loads of product for delivery late into the summer and fall compared to 161 during the same week last year and an average of 235 for the 2015-19 period. Talk of inflation, concerns about supply availability and higher prices for competing products have caused end users, be this retailers, processors or foodservice operators, to be more aggressive in trying to cover future needs. **Wholesale beef prices have been quite strong as a result, helping bolster packer margins**. Our calculation of the gross packer margin for last week is \$563/head, about similar to the COVID distorted market last year and \$264 higher than the same week in 2019.

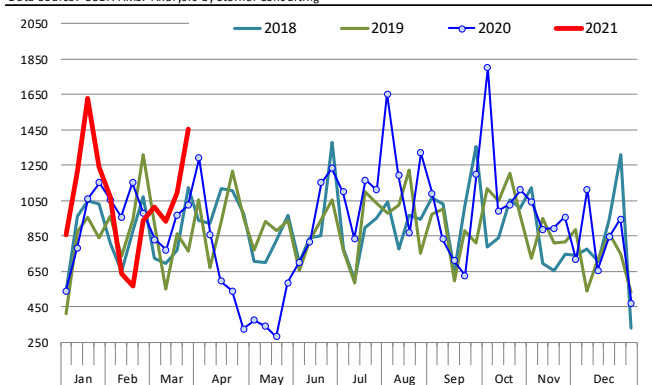
NATIONAL RETAIL BEEF FEATURE REPORT: ACTIVITY INDEX

Source: USDA LSW#RTR Report. Latest data point is for March 26, 2021



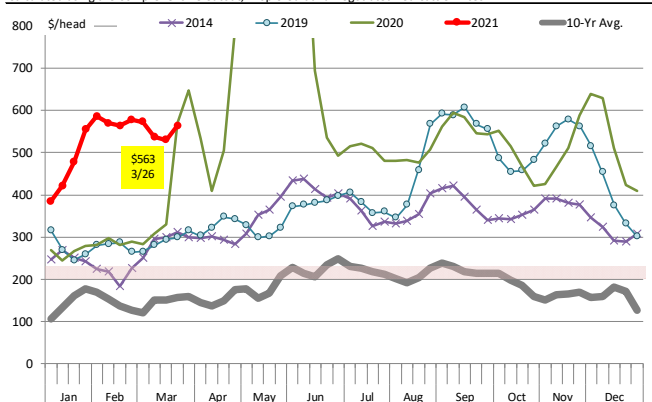
Beef Loads Sold For Delivery 22 - 60 Days

Data Source: USDA-AMS. Analysis by Steiner Consulting



BEEF PACKER CALCULATED GROSS MARGIN, \$/head

Calculated using the Comprehensive Cutout, Drop Credit and Negotiated Fed Cattle Prices



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