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Several interesting reports were released last week related to consumers. Meat price spread data was released by USDA Economic Research Service (ERS), and Consumer Price Index (CPI) was released by Bureau of Labor Statistics.

The CPI data includes a food at-home and away-from-home indices. Food away from home has posted year-over-year gains every month this year to tune of 3.6% or more. May came in the highest, a 4% bump from May of last year. The index for food consumed at home has not retreated either. Those values climbed more than 3% from January through March, but April and May both showed the rate of increase slowing. April's data came in only 1.2% above a year ago, and May was 0.6%. Pent up demand for restaurants and outside the home eating experiences are playing into these numbers, but at higher and higher prices does sticker shock become an issue? The CPI is a measure or prices over time, and does not include a quantity component. Economic theory dictates quantities purchased should move lower as prices rise.

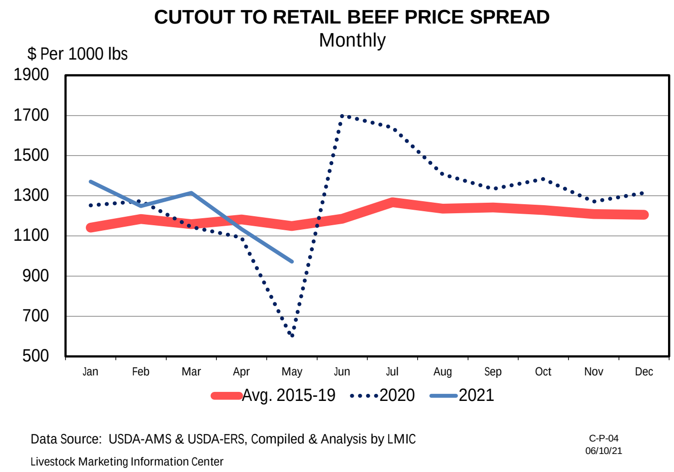
According to the USDA ERS Meat spreads data, all fresh beef prices at the retail level hit the highest level in 10 months at $6.73 per pound. Only three months in this data back to 1987 have been higher, and all three occurred last year in May-July. Month-over-month all fresh beef prices have increased 1% in three of the last 5 month. May increased 4% from April. USDA ERS calculates the retail value of the supply chain for beef has increased 3% and 4% in April and May.

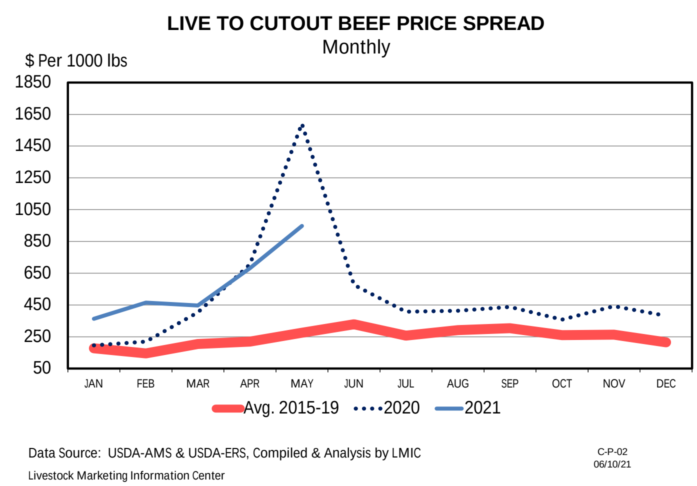
These values are far behind the increases seen at the wholesale value. The last two months wholesale values, calculated by USDA ERS, have increased 18% and 14% higher from the preceding month. Retailers have appeared not to pass on the majority of those increases onto consumers, for now. High boxed beef prices have held well past Memorial day and have continued into 4th of July buying. Seasonally, there are arguments to be made that after that holiday boxed beef prices will wane. The magnitude and velocity though may not mirror historical norms, as 2021 still is having some ripple effect from 2020, both on consumer demand and supply chain logistics.

The farm gross value estimate for beef has moved in the opposite direction, down 1% in May from April, but had increased 6% April over March.

These differences in changing values have been highlighted by spreads between each of these levels.

LMIC calculates these spreads per 1000 pounds of steer. In the graphs below, the packer gross margin (live to cutout spread) and the retail gross margins (retail to cutout spread) have moved in very different directions over the last two months. Retail gross margins are estimated to be well below the 5 year average, while packer margins are seeing levels that are historically higher than average. Consumers are likely to see continued high prices both at home and grocery store this summer, which may slow beef demand.



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# PRODUCTION & PRICE SUMMARY

Week Ending 6/12/2021

*Source: Various USDA Agricultural Marketing Service (Market News) reports. DATA ARE PRELIMINARY .*

| | Item | Units | Current Week | Last Week | Pct. Change | Last Year | Pct. Change | YTD | Y/Y % Change |
|---|---|---|---|---|---|---|---|---|---|
| | | | 12-Jun-21 | 5-Jun-21 | | 13-Jun-20 | | | |
| | Beef, Pork, Chicken, & Turkey | Mil Lbs., cwe | 1,725 | 1,763 | -2.1% | 1,959 | -11.9% | 44,843 | 1.4% |
| C | FI Slaughter | Thou. Head | 665 | 538 | 23.6% | 645 | 3.1% | 14,746 | 5.7% |
| A | FI Cow Slaughter ** | Thou. Head | 124 | 123 | 1.1% | 103 | 20.4% | 9,096 | 0.2% |
| T | Avg. Dressed Weight | Lbs. | 822 | 825 | -0.4% | 832 | -1.2% | 831 | 0.8% |
| T | Beef Production | Million Lbs. | 545.7 | 443.0 | 23.2% | 535.0 | 2.0% | 12,260 | 6.6% |
| L | Live Fed Steer Price, 5-Mkt | $ per cwt | 120.02 | 119.92 | 0.1% | 104.47 | 14.9% | | |
| E | Dressed Steer Price, 5-Mkt | $ per cwt | 190.66 | 190.68 | 0.0% | 166.40 | 14.6% | | |
| | Oklahoma Steer (600-700 lbs) | $ per cwt | NQ | 150.68 | N/A | 139.83 | N/A | | |
| & | Choice Beef Cutout | $ per cwt | 338.33 | 338.56 | -0.1% | 240.77 | 40.5% | | |
| | Hide/Offal | $ per cwt, live wt | 12.32 | 12.23 | 0.7% | 7.17 | 71.8% | | |
| B | Rib, Primal, Choice | $ per cwt | 545.83 | 543.51 | 0.4% | 446.37 | 22.3% | | |
| E | Round, Primal, Choice | $ per cwt | 262.41 | 258.86 | 1.4% | 169.82 | 54.5% | | |
| E | Chuck, Primal, Choice | $ per cwt | 253.48 | 254.27 | -0.3% | 175.16 | 44.7% | | |
| F | Trimmings, 50%, Fresh | $ per cwt | 97.80 | 94.42 | 3.6% | 83.43 | 17.2% | | |
| | Trimmings, 90%, Fresh | $ per cwt | 271.88 | 265.84 | 2.3% | 282.77 | -3.9% | | |
| | FI Slaughter | Thou. Head | 2,440 | 1,975 | 23.5% | 2,464 | -1.0% | 58,010 | 1.7% |
| H | FI Sow Slaughter ** | Thou. Head | 62.2 | 60.1 | 3.6% | 55.7 | 11.7% | 4,674 | 6.3% |
| O | Avg. Dressed Weight | Lbs. | 215.0 | 215.0 | 0.0% | 216.0 | -0.5% | 217 | 0.6% |
| G | Pork Production | Million Lbs. | 523.4 | 424.4 | 23.3% | 531.6 | -1.5% | 12,609 | 2.2% |
| S | Natl. Negotiated Purchase | Wtd. Avg. | 114.44 | 109.75 | 4.3% | 30.45 | 275.8% | | |
| | Natl. Base Carcass Price | Wtd. Avg. | 112.51 | 108.83 | 3.4% | 53.18 | 111.6% | | |
| & | Natl. Net Carcass Price | Wtd. Avg. | 114.58 | 110.80 | 3.4% | 54.98 | 108.4% | | |
| | Natl. Early Wean Feeder | 10-12 Lbs. | 44.33 | 45.19 | -1.9% | 14.85 | 198.5% | | |
| P | Pork Cutout | $ per cwt | 134.13 | 130.22 | 3.0% | 69.69 | 92.5% | | |
| O | By-product Value | $ per cwt, live wt | 4.97 | 4.97 | 0.0% | 3.69 | 34.7% | | |
| R | Ham, Primal | $ per cwt | 93.83 | 95.97 | -2.2% | 50.89 | 84.4% | | |
| K | Loin, Primal | $ per cwt | 126.61 | 119.52 | 5.9% | 78.01 | 62.3% | | |
| | Belly, Primal | $ per cwt | 202.43 | 192.67 | 5.1% | 102.13 | 98.2% | | |
| | Trimmings, 72%, Fresh | $ per cwt | 133.49 | 130.20 | 2.5% | 111.47 | 19.8% | | |
| C | Young Chicken Slaughter * | Million Head | 116.8 | 165.6 | -29.4% | 161.80 | -27.8% | 3,679 | -2.6% |
| H | Avg. Weight (RTC) | Lbs. | 4.90 | 4.86 | 0.8% | 4.89 | 0.2% | 4.83 | 1.1% |
| I | Young Chicken Production (RTC) | Million Lbs. | 572.8 | 805.5 | -28.9% | 791.9 | -27.7% | 17,753 | -1.5% |
| C | Eggs Set (US) | Million | 240.3 | 239.6 | 0.3% | 235.9 | 1.9% | 17,505 | 0.6% |
| K | Chicks Placed (US) | Million Head | 186.4 | 188.3 | -1.0% | 185.2 | 0.7% | 13,904 | -0.1% |
| E | National Composite Whole Bird | Composite | 107.24 | 105.83 | 1.3% | 73.15 | 46.6% | | |
| N | Northeast Breast, B/S | $ per cwt | 212.11 | 215.90 | -1.8% | 121.94 | 73.9% | | |
| | Northeast Leg Quarters | $ per cwt | 44.61 | 45.4 | -1.7% | 31.96 | 39.6% | | |
| T | Total Turkey Slaughter * | Million Head | 3.32 | 3.52 | -5.7% | 3.98 | -16.6% | 84.2 | -6.6% |
| U | Avg. Weight (RTC) | Lbs. | 25.03 | 25.48 | -1.8% | 25.20 | -0.7% | 26.36 | 0.4% |
| R | Turkey Production (RTC) | Million Lbs. | 83.1 | 89.7 | -7.4% | 100.3 | -17.2% | 2,221 | -6.3% |
| K | National Hen (8-12 Lbs) | $ per cwt | 118.90 | 120.00 | -0.9% | 105.50 | 12.7% | | |
| G | Corn, Omaha | $ per Bushel | 7.08 | 6.87 | 3.1% | 3.18 | 123.0% | | |
| R | Distillers Grain, IA | $ per Ton | 212.50 | 220.00 | -3.4% | 132.50 | 60.4% | | |
| A | Soybean, Cntrl IL | $ per Bushel | 15.69 | 15.80 | -0.7% | 8.74 | 79.5% | | |
| I | Soybn Meal 48%, Cntrl IL | $ per Ton | 391.30 | 402.70 | -2.8% | 291.20 | 34.4% | | |
| N | | | | | | | | | |

* Chicken & turkey slaughter & production are 1 week earlier than the date at the top of this sheet.

** Cow and sow slaughter reflect levels from two weeks ago (part of 'actual" rather than "preliminary" weekly slaughter report).