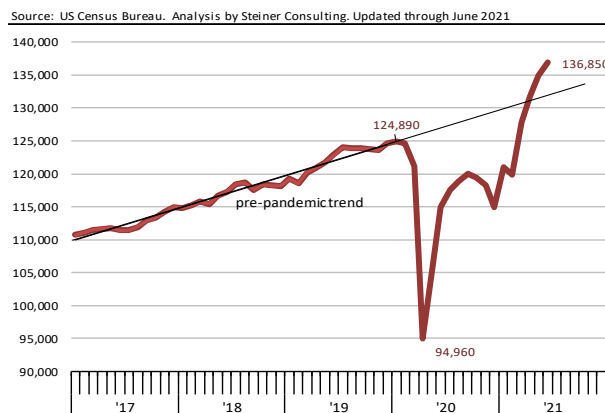


Retail sales data for June came out this morning and the topline numbers beat estimates. Total retail sales in June were up 0.6% from the previous month, a notable improvement over May when sales dropped 1.7% m/m. Coming into the report analysts were thinking we could see sales flat to slightly lower than in May. Auto sales and gas have been especially volatile. When excluding autos, sales were up 1.3% from the previous month and when excluding autos and gas sales were up 1.1%. While overall sales were higher, individual sectors showed both increases and decreases. **Of special importance to this audience were food sales at both grocery stores and foodservice and in both cases June sales gained over the previous month.** Sales at grocery stores in June were estimated at \$66.292 billion, 0.4% higher than the previous month and 2.5% higher than the previous year. Grocery store sales have been increasing m/m for the last four consecutive months, defying some expectations that the resurgence in foodservice business would start to subtract from grocery store dollar sales. In part we think that higher inflation at the grocery store level has helped bolster dollar sales. But changes brought about from the pandemic also appear to have had lasting effects. **Robust grocery store sales on top of strong sales at foodservice have contributed to meat price inflation this past spring.**

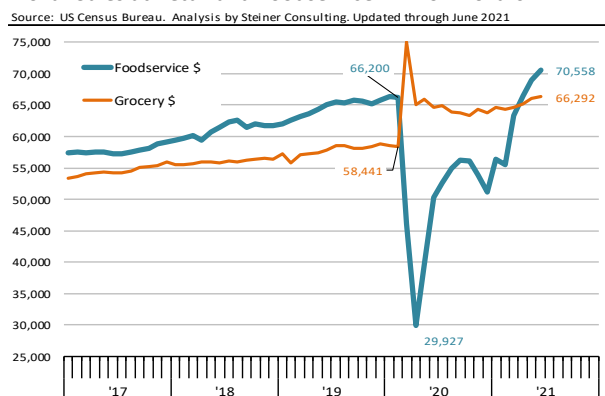
Foodservice sales are now at all time record levels, driven by a combination of higher foot traffic as COVID restrictions have been removed, consumer pent up demand, and price inflation. **June sales at foodservice and drinking places was estimated at \$70.558 billion**, the first time sales have broken above the \$70 billion mark. This was **2.3% higher than the previous month.** Sales posted strong growth vs. May even as may sales were revised higher by \$1.669 billion. Combined sales at grocery stores and foodservice were a combined \$136.85 billion, 1.4% higher than the previous year.

It is quite impressive that food sales have managed to surpass pre-Pandemic levels despite continued labor constraints. Indeed, it seems that some of the labor challenges are a result of demand far outpacing supply. In a recent report from NFIB, 47% of respondents indicated that they had raised prices and also planned to raise prices in the next three months. This is by far the largest share expecting to push through higher prices since the early 1980s and an indication that inflation expectations may start to become entrenched. The tight labor market may continue to feed the inflationary cycle. Unemployment claims last week dropped to a pandemic low of 360k but the picture is mixed with regard to the effect of phasing out the \$300 extra UI benefit. The point here is not that the benefit should stay in place, at the margin it likely makes the situation worse. Rather, that some of the upheaval created by the pandemic and government policies will take time to sort out. In the meantime, continued consumer strong demand and a tight labor market may continue to keep meat prices at elevated levels.

Total Dollar Sales at Retail and Foodservice. Million Dollars



Dollar Sales at Retail and Foodservice. Million Dollars



NFIB Survey of Small Businesses: Actual / Planned Price Increases Net Percent ("Higher" minus "Lower") vs. Three Months Prior. SA



The Daily Livestock Report is made possible with support from readers like you. If you enjoy this report, find it valuable and would like to sustain it going forward, consider becoming a contributor. Just go to www.DailyLivestockReport.com to contribute by credit card or send your check to The Daily Livestock Report, P.O. Box 4872, Manchester, NH 03018

Thank you for your support!

The Daily Livestock Report is published by Steiner Consulting Group, DLR Division, Inc. To subscribe, support or unsubscribe please visit www.dailylivestockreport.com.

The Daily Livestock Report is not owned, controlled, endorsed or sold by CME Group Inc. or its affiliates and CME Group Inc. and its affiliates disclaim any and all responsibility for the information contained herein. CME Group®, CME® and the Globe logo are trademarks of Chicago Mercantile Exchange, Inc.

Disclaimer: The Daily Livestock Report is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.