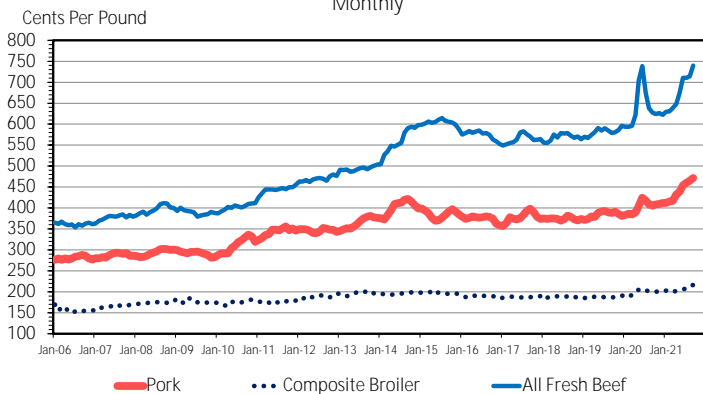


**Are high retail prices destroying meat demand?** Bureau of Labor Statistics released the retail price data for the month of September yesterday, which compellingly showed meat prices continue to escalate. Data released as part of the consumer price index (CPI) in September indicated that the “meat” basket of goods is up 12.6% from a year ago and the poultry index is 6.1% higher than last year.

### RETAIL PRICE COMPARISON Monthly

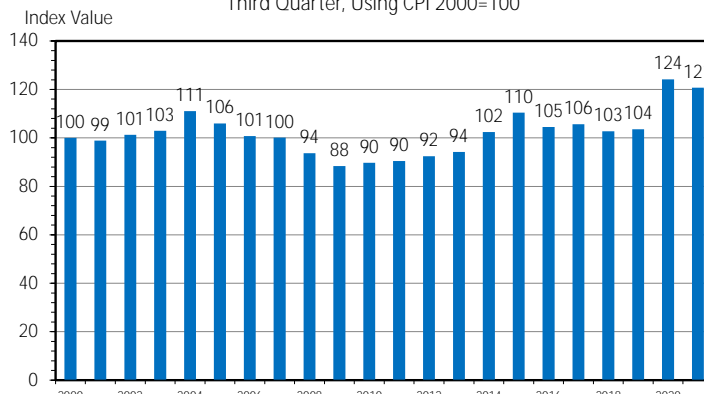


Data Source: Bureau of Labor Statistics & USDA-ERS  
Livestock Marketing Information Center

September marks the end of the third quarter. Livestock Marketing Information Center calculates a meat demand index to estimate relative changes in meat demand using the CPI and a base year of 2000. Second quarter demand index calculations indicated strong demand for both pork and beef outpacing a year ago. However, strong wholesale prices over the summer proved to dampen retail enthusiasm. The all fresh beef demand index fell to 121 from 124 the year before, but is still the second highest index value in the series. Pork retail demand index, however, proved to have a significant set back falling back to 100, slightly ahead of the 2018 value. It appears third quarter beef and pork demand did fade in response to the lofty prices seen this summer. However, beef demand still remains a strong level compared to longer term trends.

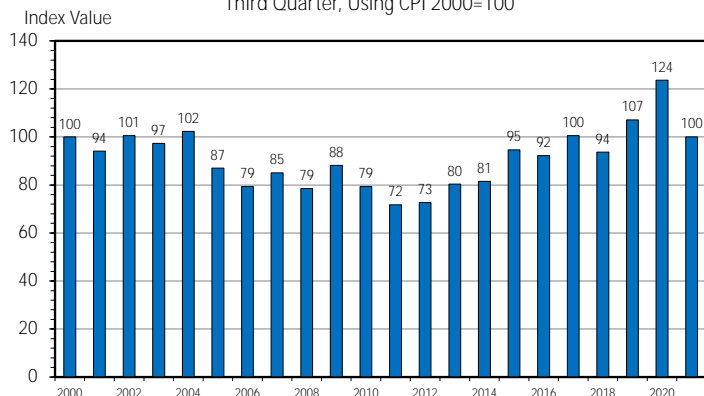
Fourth quarter pork consumption in recent years has been over 13.5 pounds per person in recent years, which is generally larger than pork consumption in the second quarter. Last year the pork demand index hit a record high, at 119. Pork cutout values have come down about \$20 per cwt since the highs seen this summer. This should provide some relief to consumers. Trends in total beef consumption in the fourth quarter are typically about stable between 3rd and 4th quarter. Last year the retail

### RETAIL ALL FRESH BEEF DEMAND INDEX Third Quarter, Using CPI 2000=100



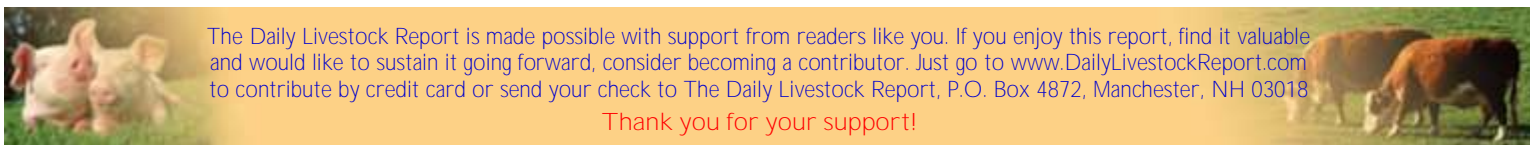
Data Source: Bureau of Labor Statistics, USDA-ERS, Compiled & Analysis by LMIC  
Livestock Marketing Information Center

### RETAIL PORK DEMAND INDEX Third Quarter, Using CPI 2000=100



Data Source: Bureau of Labor Statistics, USDA-ERS, Compiled & Analysis by LMIC  
Livestock Marketing Information Center

all fresh beef demand index also hit a new record high at 120. The comprehensive boxed beef cutout value has slipped more than \$20 from the peaks seen this summer, which could help demand stabilize. Third quarter estimates did not show nearly the steep demand decrease as it did for pork, so it may be more of a question in tastes and preferences. In recent years, beef has made inroads into the holiday season. However, prices were more favorable to consumers during that time.



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