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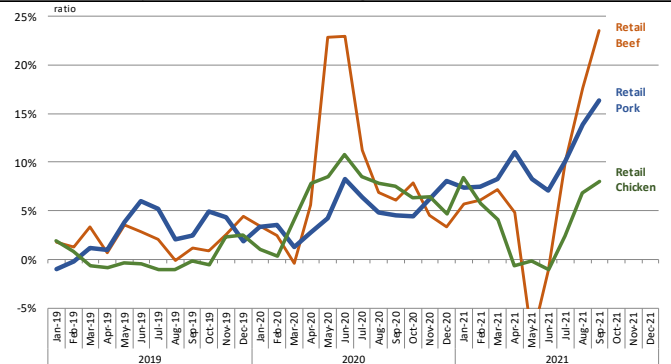
One of the questions we are asked often these days is **the relative competitiveness of the main proteins at both wholesale and retail**. Last month we covered the topic of meat price inflation and overall protein demand (see 10/14 DLR). Today we will focus on relative prices and how this may impact protein price inflation in 2022.

Beef prices have increased at a faster pace than other proteins during the pandemic. In September the average price of beef at retail was \$7.87 per pound, 24% higher than the previous year and the highest price on record. The increase in beef retail prices follows double digit gains at wholesale. During Jun-Aug, the choice beef cutout increased at an average 40% compared to the same three month period in 2020. That sort of increase at wholesale gave retailers little choice but to ratchet up retail prices. In September the choice cutout was up 45% from the previous year and in October it was up 34%. Next week we will get an update about October retail beef prices and we expect another month of double digit price inflation. Pork retail prices jumped 16% in September while chicken prices were up 8%. No surprise here either as wholesale pork prices during Jun-Aug averaged 74% above year ago levels and broiler wholesale price was up 42% compared to last year. Given the pace of wholesale price inflation, we would expect pork and chicken prices at retail to also increase at double digits when October data comes out next week.

The two charts to the right show how retail prices for beef, pork and chicken compare. The middle chart shows the retail price ratios for the three main proteins. **Beef prices have steadily gained relative to chicken prices at retail.** In September, the average price of beef at retail was trading at a 3.6 multiple to the price of chicken, just shy of the 3.7 multiple that we saw just after the pandemic started in the spring of 2020. Back in 2010, retail beef price multiple vs. chicken was under 2.5. Chicken breast prices are currently trading at around \$180/cwt compared to around \$85/cwt. However, when viewed in the context of beef prices at retail (and we would argue at foodservice as well), chicken remains competitive and we see no reason why end users will change/modify chicken promotion plans for 2022. Pork prices have also increased relative to the price of chicken but the increase has been smaller than with beef. Pork retail prices are currently hold a 2.2 multiple vs. chicken prices compared to a 1.8 multiple ten years ago. Interestingly, the price multiple of beef to pork has been fairly stable at around 1.5-1.6. Beef prices became more expensive vs. pork briefly last year but pork prices have caught up. Beef prices are expected to remain high in 2022, a function of limited beef supply and continued strong demand in domestic and export markets. This should be supportive for both pork and chicken prices, which offer less expensive alternatives at both retail and foodservice. More broadly, however, **we have seen similar price inflation at wholesale for the three main proteins and this will continue to underpin retail price inflation.** The choice beef cutout in October was 37% higher than it was three years ago (Oct 2018). During this period, the pork cutout was up 30% and the calculated chicken cutout value was up 35%.

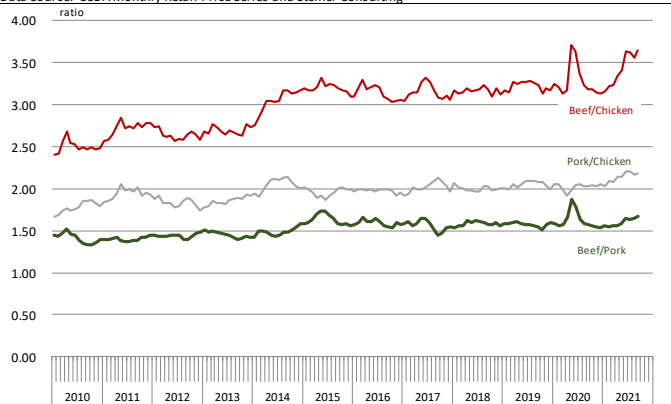
Year/Year Change in Beef, Pork and Chicken Prices at Retail

Data Source: USDA Monthly Retail Price Series and Steiner Consulting



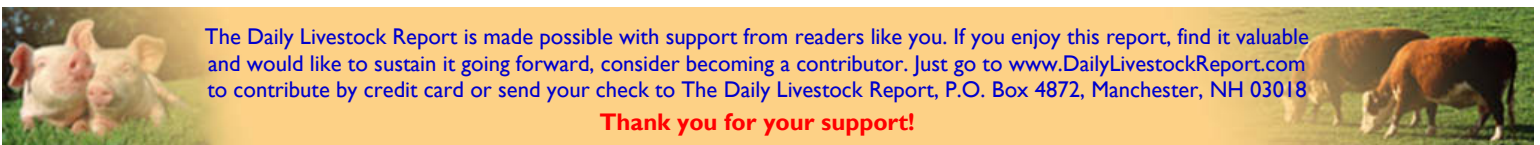
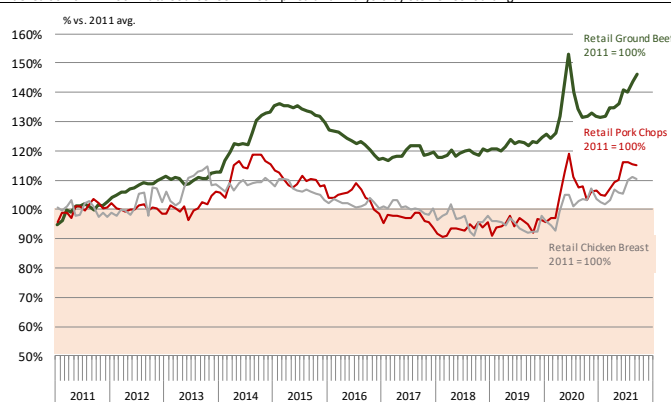
RATIO OF RETAIL BEEF PRICE TO PRICE OF PORK AND CHICKEN

Data Source: USDA Monthly Retail Price Series and Steiner Consulting



RETAIL GROUND BEEF, PORK LOIN AND CHICKEN BREAST PRICE INFLATION

Indexed so 2011 = 100. Data Source: USDA. Compiled and Analysis by Steiner Consulting



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