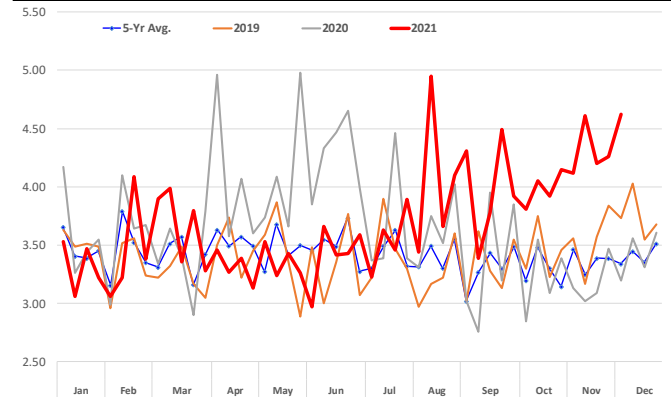


In about 10 days or so we will get an update on retail price inflation for meat products and we think it's a sure bet it will continue to show double digit beef price inflation. Last week we mentioned ham features and prices (11/23 DLR). The same USDA retail survey offers details on beef features and retail prices, as well. **Whether it was ground beef, loin or rib steaks, or beef rounds and chucks, retail beef feature prices in November were somewhere between 20% and 50% higher than a year ago.** Take retail features of one of the more popular items, ground beef with an 80-89% fat content. According to USDA, there were a total of 19,290 features for this item in the four weeks ending November 26, 4.6% more than the same four week period last year. The average feature price during this period was \$4.43/lb., a 40% increase from a year ago. When sirloin steak is now approaching \$9/lb, ground beef at \$4 seems a much better deal despite the higher price.

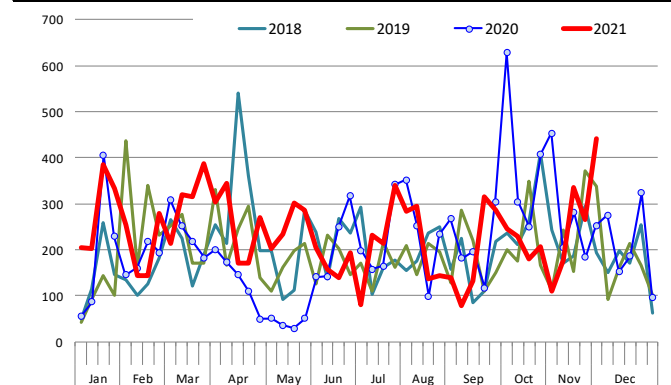
What is more uncertain currently is **whether the sharp spike in prices, which is now squarely hitting the consumer, is causing them to change their purchasing behavior and slow down spending on beef products.** As we noted in a previous letter (see 11/19 DLR), foodservice spending appears to have hit a wall while retail spending has picked up. One item we continue to watch are export orders and product sold for delivery out front. While there is a lot of volatility in the weekly numbers, overall the pace remains robust. Last week, USDA reported that packers sold 1,118 loads of beef (1 load =40k lb.) for delivery 22-60 days out. We think this is product that will be on retail shelves in January and early February. Last week's sales were similar to the volume sold for this time frame last year and about 30% higher than the comparable weeks in the last five years. Clearly retailers are not backing away. Rather, they are taking advantage of the brief pullback in the price of some items to cover their January needs. Packers also sold 441 loads of beef for delivery 61-90 days out, about double the volume of sales that we have seen for that time frame in recent years. **Concerns about supply availability appear to once again trump price for retailers.** So far they have been able to pass on the higher prices and thus continue to stock the meat case. Beef sales for delivery 90 days or more into the future are lower than what we have seen in the last two years. Our thinking is that given the current risk environment packers are adding significant premiums further out. Also, we think there are more foodservice buyers for product delivering that far out, and those buyers are balking at paying the premiums given their current menu structure. On the export front, USDA reported that **last week packers sold 1,415 loads of beef to non-NAFTA markets.** This is lower than the export sales booked during the same week last year (1,580) but still far ahead of any other comparable week pre-COVID. China emerged as the top market for US beef in November, at least in terms of product sold. **While Chinese buyers have significantly reduced their pork purchases, their appetite for US beef is only growing, especially as they have hit a wall in securing more beef in Argentina, Uruguay or Australia.**

Weekly Reported Retail Feature Prices, USDA National Retail Report: GROUND BEEF 80-89%
Source: USDA Weekly National Retail Report. Latest data point is for Nov 26, 2021



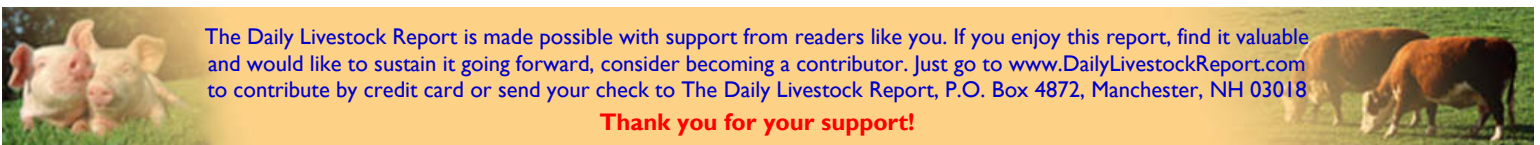
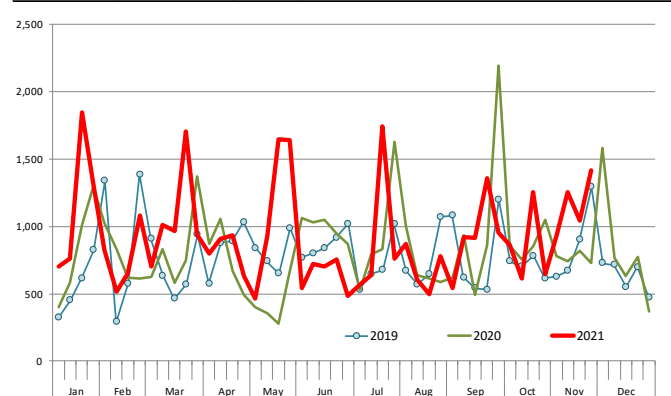
Beef Loads Sold For Delivery 61 - 90 Days

Data Source: USDA-AMS. Analysis by Steiner Consulting



of Loads Sold Markets outside North America. Weekly Data

Source: USDA Comprehensive Cutout Report. MPR System. AMS



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