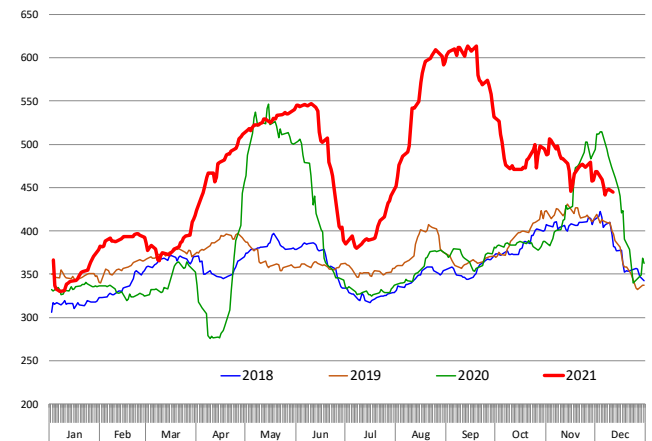


The choice beef cutout was \$1.32/cwt lower last night and it has declined about \$20/cwt or 7% in the past month. The choice cutout value quoted last night was the lowest since early April, and a sign that the market is slowly adjusting from the frothy August levels. It is also a reminder that eventually the consumer needs to agree to pay those eye watering prices, not once in a pinch or because of that special event, but on a steady consistent basis. As we look at how various primals have performed in the past month, it is not a surprise to see rounds and chucks down 12% and 8%, respectively. After all, this is what normally happens in late November and early December as retailers focus on holiday items and consumers have plenty of meat protein options during the holidays. But what failed to happen is the normal rally in the value of the rib primal, which usually helps offset the decline in the price of end cuts. Rather than peak in late November or early December, the rib primal briefly rose in October and has been drifting lower ever since. Normal seasonality would suggest that the rib primal is due for more downside in the near term. Last year, the value of the rib primal dropped almost \$100/cwt between the first and third week of December. If such a decline happened again this year it would shave another \$11/cwt from the current cutout value.

Extremely high prices for beef ribs in the fall clearly impacted how retailers approached their holiday features and the extent to which they were willing/able to use marketing dollars to subsidize those features. In the past featuring rib roasts and selling them at or below cost was as natural as strapping a Christmas tree on the roof of your car and driving it home. But last August retailers quickly found out that packers were not willing to lock up a price that the retailer could live with. The price of bone-in choice ribeyes in August averaged near \$11/lb and in September it approached \$13/lb. Last year the average price during those two months was \$7.2 and \$7.6. It is one thing to sell a subsidized \$5.99 rib roast when the market is \$7. It is all but impossible to put that price on something that is selling for \$13. No wonder then that rib retail features for the week ending 10/10 were down 26% compared to the already low levels of a year ago and 48% lower than two years ago. Features of bone-in ribeye roasts were down 76% compared to pre-Pandemic levels and the average price was close to \$9.8/lb., 27% higher than in 2019. As we look ahead at January, the price of end cuts and ground beef will come more into focus. Retailers have been featuring more rounds and ground beef even as prices are substantially higher, looking to provide customers with beef products that they can afford. Talk of inflation is all the rage but there is still plenty of competition even within the same species. For beef packers the failure of ribs to catch during the high demand time of the year should be a warning sign. Chicken and pork producers will look to capitalize, especially if the tight labor market starts to ease and foodservice operators and retailers adjust.

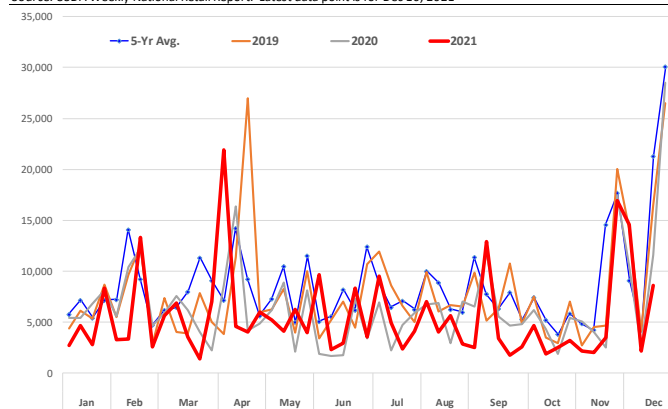
Primal Rib

Daily Prices. Source: USDA-AMS. Analysis by Steiner Consulting



Beef Rib Retail Activity Index. USDA National Retail Report

Source: USDA Weekly National Retail Report. Latest data point is for Dec 10, 2021



Retail Beef Rib Feature Price for Latest Reported Week vs. 2020 & 2019

Source: USDA-AMS. Analysis by Steiner Consulting

	12/13/2019		12/11/2020		12/10/2021		2019 % Feat. Ch.	2019 % Price Ch.
	store features	price in \$/lb.	store features	price in \$/lb.	store features	price in \$/lb.		
BNLS RIBEYE ROAST	1,210	8.07	690	8.64	2,240	7.34	85%	-9%
BNLS RIBEYE STEAK	2,680	9.00	940	8.96	620	12.12	-77%	35%
BONE-IN RIBEYE ROAST	8,760	7.72	5,020	7.24	2,100	9.82	-76%	27%
BONE-IN RIBEYE STEAK	3,850	8.72	4,970	8.81	3,670	11.65	-5%	34%
Total Features and Wt. Avg. Price	16,500	8.19	11,620	8.13	8,630	10.12	-48%	24%

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