

In The Cattle Markets

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Summer Heats Up And So Are Brisket Prices

Brisket prices are heating up just like summer temperatures. One of the most interesting beef demand trends over the last few years has been the growth in demand for briskets. It's not just new craft bbq joints popping up everywhere in Texas, but even big chains like Arby's jumping in and they all serve brisket.

Briskets used to be an inexpensive beef cut that benefitted from long, slow cooking at low temperatures. They are no longer inexpensive. What used to be a very inexpensive cut, the primal brisket is now only behind the primal rib and loin in value. In the last week of May, the comprehensive cutout brisket value was \$213.47 per cwt., up 19.4 percent from the same week the year before. Just during May brisket prices jumped from \$194.39 to \$213.47 by the end of the month. The monthly average price was up 12 percent compared to last year. In comparison, only the primal short plate was up as much as 1 percent and the primal rib and loin were both down about 1 percent from a year ago.

Many top-end bbq joints, called by some craft bbq, working to produce a truly exceptional meal use and advertise USDA Prime or Branded briskets. USDA Prime briskets hit \$215.76 per cwt at the end of May and were outpaced by Branded primal briskets that hit \$220.82 per cwt. Prime, Branded, and Choice primal briskets are up 21 percent compared to a year ago, while Select and Ungraded are "only" up 17 and 15 percent, respectively.

This is a case where demand is outstripping supply, leading to quickly rising prices. Fed steer and heifer slaughter is up a little less than 2 percent through May compared to last year. Quality grade composition of beef supplies matter. About 8.1 percent of cattle graded, graded Prime in May, compared to 6.9 percent in May 2018. Slightly fewer cattle graded Choice 70.1 percent in May 2019 compared to 70.4 percent in May 2018. Select supplies were down just over a percentage point in May. Increasing steer slaughter and cattle on feed should increase available supplies in coming months.

The future growth rate in the nation's cattle herd will be critical for brisket prices. While we cut many products from other primal beef cuts, a brisket is a brisket (forgive my simple economist description). As herd growth slows and overall cattle prices decline, brisket supply growth won't keep up with current demand growth. It's likely that restaurant prices will rise in response to higher wholesale brisket costs to try to preserve a bit of margin.

The Markets

Local auction calf prices have fallen hard in the last couple of weeks as feed costs have advanced on planting difficulties. Fed cattle prices remained about \$114 per cwt., close to

year ago levels on rising supplies. The Choice-Select spread narrowed about \$0.13 per cwt to \$15.39 compared to last Friday.

<i>Data Source: USDA-AMS Market News</i>		Week of 6/7/19	Week of 5/31/19	Week of 6/8/18
5-Area Fed Steer	all grades, live weight, \$/cwt	\$113.76	\$115.74	\$114.66
	all grades, dressed weight, \$/cwt	\$184.21	\$186.08	\$182.75
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$222.57	\$223.40	\$226.95
	Choice-Select Spread, \$/cwt	\$15.51	\$14.15	\$22.48
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$138.40	\$146.85	\$155.00
	Nebraska 7-market, \$/cwt	\$155.98	--	\$158.88
	Oklahoma 8-market, \$/cwt	\$135.90	\$137.89	\$145.17
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$174.73	\$172.77	\$183.00
	Nebraska 7-market, \$/cwt	\$177.61	--	\$185.76
	Oklahoma 8-market, \$/cwt	\$152.50	\$157.05	\$164.44
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$4.07	\$4.19	\$3.58
	DDGS, Nebraska, \$/ton	\$130.00	\$126.50	\$150.00