

## In The Cattle Markets

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### Retail Beef Prices Continue Higher Than Last Year

One common question from back in 2020 was how quickly retail beef prices would return to pre-pandemic levels. Retail beef prices have declined, but remain above year ago levels.

USDA's All Fresh beef price series peaked at \$7.38 per pound in June, 2020. The December monthly average price (released on January 14<sup>th</sup>) was \$6.23 per pound. Retail beef prices declined fairly quickly after the June peak and were averaged \$6.38 in August. This data, reported by USDA, is gathered by the Bureau of Labor Statistics and reflects a monthly price from grocery stores across all beef quality grades and a range of beef cuts.

All fresh retail beef prices in 2020 were above those of 2019 the entire year. The price in March, pre-pandemic, averaged \$5.96 per pound and finished the year at \$6.23. Compared to December 2019, December 2020's all fresh beef price was \$0.264 per pound, or 4.4 percent higher.

For the year, beef prices increased 9.7 percent over 2019. That was the largest annual increase in beef prices since 2014 when beef prices increased 13.4 percent. Price increases in 2014 were driven by drought induced tight beef supplies. Most of the increase in beef prices in 2020 occurred in the second quarter of the year, with price increasing 18 percent year-over-year. Beef prices also increased by 11 percent in the 3<sup>rd</sup> quarter over the prior year. In the aftermath of the drought, beef prices registered 5 consecutive quarters of year over year increases as supplies continued to decline and demand grew. In case anyone wondered, 2016 and 2017 were the last years that average all fresh retail beef prices declined compared to the prior year.

Beef prices were above the year before in December for a variety of beef cuts. Increases ranged from about 2 percent for ground beef to about 6 percent for chuck roasts and a number of steak cuts. USDA reports data on grocery store retail featuring activity and this data indicates some growth in retail beef featuring across a variety of cuts, particularly chucks and briskets.

Several factors may be contributing to higher reported retail prices when wholesale and live cattle prices have been at, or below, last year's levels. The data reflects only grocery store prices. Grocery stores have sold more beef, in volume and value, compared to the year before due to restaurant shutdowns. It's also likely that costs have increased between wholesale and retail levels due to compliance with corona virus restrictions and constraints in processing. It may be difficult to get average retail prices below pandemic levels in coming months as beef production is expected to decline, cyclically, this year and, hopefully, the economy is able to fully open expanding restaurant demand.

## The Markets

Corn prices continue to surge. In the Southern Plains corn is \$1.50 per bushel higher than this time last year. Local markets have reported steady to higher prices to begin the new year. Recent rains have helped some areas of the state, but much of Texas and the West remain in drought.

<i>Data Source: USDA-AMS Market News</i>		<b>Week of 1/15/21</b>	<b>Week of 1/8/21</b>	<b>Week of 1/17/20</b>
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$109.52	\$111.27	\$124.03
	all grades, dressed weight, \$/cwt	\$173.06	\$175.79	\$199.04
<b>Boxed Beef</b>	Choice Price, 600-900 lb., \$/cwt	\$210.82	\$206.73	\$212.58
	Choice-Select Spread, \$/cwt	\$11.42	\$10.25	\$2.10
<b>700-800 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	--	\$135.65	--
	Nebraska 7-market, \$/cwt	--	\$144.22	\$152.13
	Oklahoma 8-market, \$/cwt	\$132.61	\$136.06	\$145.49
<b>500-600 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	--	\$170.89	\$178.23
	Nebraska 7-market, \$/cwt	--	\$173.50	\$181.32
	Oklahoma 8-market, \$/cwt	\$163.74	\$161.91	\$168.91
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$5.15	\$4.81	\$3.72
	DDGS, Nebraska, \$/ton	\$228.00	\$231.00	\$158.50