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In The Cattle Markets

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Lower Retail Beef Prices

The October Consumer Price Index (CPI) was released last week to a lot of headlines given the importance of the latest inflation numbers. Retail beef prices are included in the CPI and beef is one of the items that has been below a year ago and falling further. Two average retail beef prices are reported: Choice beef and the All Fresh beef. The Choice beef price is an average beef price of USDA Choice quality grade. The All Fresh includes fresh beef of any USDA grade. They both represent a number of different cuts.

The Choice beef retail price was reported to be \$7.42 per pound in October. That was 6.1 percent below the record high of \$7.90 per pound in October 2021. The Choice beef price was below a year ago for the third consecutive month. The All Fresh average retail price was \$7.25 per pound, about 4 percent below a year ago. Prices are typically compared to a year ago because many items exhibit a seasonal trend and beef is no exception. Summer grilling tends to boost ground beef and some steaks. Fall and colder weather tends to boost roasts. And the rib primal gets a boost at the holidays. Over the last 5 years, on average, Choice and All Fresh beef prices tend to peak seasonally during May and June. This year, both exhibited fairly flat month-to-month prices with a slow decline in price with no pronounced seasonal peak. The Choice retail beef price declined \$0.18 per pound from September.

Across a variety of cuts that make up the retail average price, only ground beef prices were reported higher than a year ago. Extra lean beef was 4.9 percent higher than a year ago. Of the ground beef categories reported, only extra lean ground beef was reported higher than the previous month, by less than 1 percent. But, it was a record high at \$6.68 per pound. Chuck roasts and sirloin steaks led the way with price declines of 9 and 10 percent compared to a year ago, respectively.

It should not be a surprise that beef prices have been declining and fallen below year ago levels. Wholesale Choice beef prices, as reported by the boxed beef cutout, have been lower than a year ago for most of the year. In late Summer, the Choice cutout was as much as 25 percent lower than last year. Those lower wholesale prices have been slowly translated to lower retail prices. On the live cattle side, weekly average fed cattle prices have been above a year ago every week this year. The 5 market average fed steer price hit \$152 for the week of November 7th, up 18 percent from the same week last year.

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The Choice beef cutout dropped about \$4.33 per cwt last week to \$258.94 per cwt. The Select cutout also declined, but not as much, shrinking the C-S spread to \$23.68. The C-S spread had been over \$30 per cwt for the last month. Calf and feeder prices showed some

strength as slightly lower corn prices in recent weeks and higher fed cattle prices boosted potential returns. The lack of wheat pasture for winter grazing has likely continued to hurt stocker cattle prices.

<i>Data Source: USDA-AMS Market News</i>		Week of 11/11/22	Week of 11/4/22	Week of 11/12/21
5-Area Fed Steer	all grades, live weight, \$/cwt	\$152.71	\$151.98	\$131.47
	all grades, dressed weight, \$/cwt	\$241.34	\$241.90	\$206.58
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$263.27	\$263.74	\$286.28
	Choice-Select Spread, \$/cwt	\$27.42	\$30.67	\$17.75
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$182.60	\$173.00	\$153.64
	Nebraska 7-market, \$/cwt	\$180.96	\$182.26	\$164.07
	Oklahoma 8-market, \$/cwt	\$175.73	\$178.19	\$156.97
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$203.24	\$197.66	\$170.86
	Nebraska 7-market, \$/cwt	\$210.68	\$209.03	\$180.55
	Oklahoma 8-market, \$/cwt	\$188.25	\$190.15	\$169.77
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$7.03	\$7.23	\$5.64
	DDGS, Nebraska, \$/ton	\$271.40	\$271.00	\$195.00