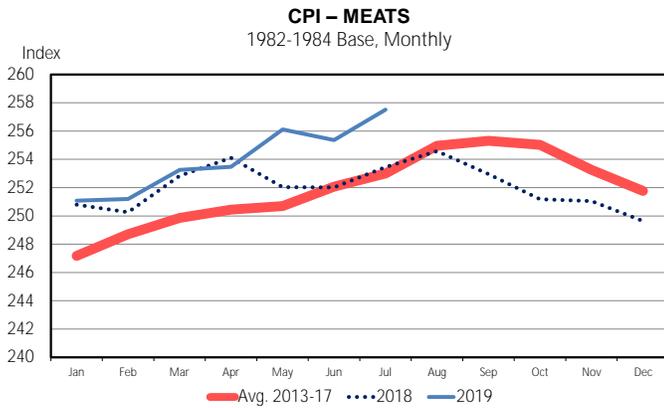


The Department of Labor reported on Tuesday that consumer price inflation was perking up in July after being close to unchanged in June. The Consumer Price Index (CPI) for all items was up 0.3% in July and up 1.8% from a year earlier, based on seasonally adjusted data. In June, the All Items measure was only up 1.6% from a year earlier. This was the first uptick in overall inflation since March.



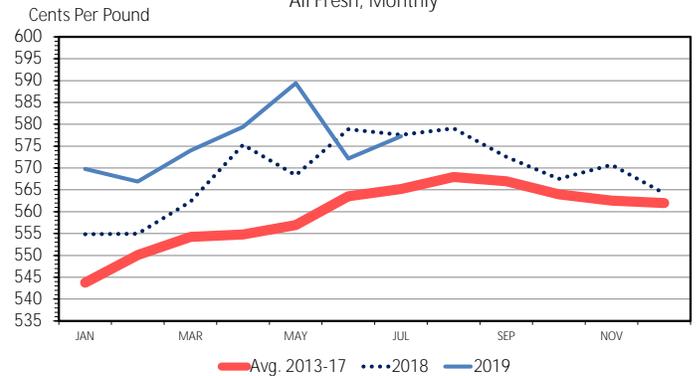
Data Source: Bureau of Labor Statistics
Livestock Marketing Information Center
08/13/19

The seasonally adjusted CPI for meats jumped in July after dipping in a contra-seasonal manner in June. Lack of inflation in the overall CPI in June was a bit of surprise with the decline in meat prices playing a significant role in the behavior of the aggregate price measure. The June CPI report provided a basis for the Federal Reserve's downward adjustment to its benchmark interest rate at its late July meeting.

USDA-Economic Research Service (ERS) clarifies the Department of Labor price data as it pertains to retail meat prices. In June, the measure of grocery store beef prices sold in fresh form declined sharply. This category of beef includes beef not graded choice, such as cow and bull beef as well as imported beef. These are important sources of material for ground beef (i.e. hamburger). Normally, prices for beef sold in fresh form increase during June. The decline in price helped to stoke consumer demand for ground beef during the second quarter, which has been surprisingly good since late 2018. Conversely, the trend in wholesale beef prices in the last six weeks has been disappointing, which may be related to the rebound in grocery store beef prices during July.

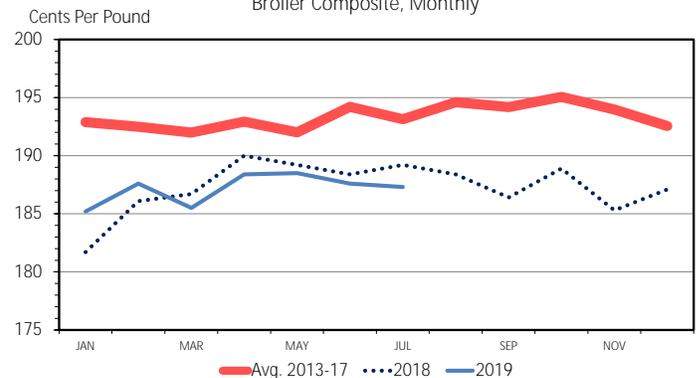
The behavior of grocery store chicken prices has been a distinct contrast to beef. The aggregate measure of chicken prices has stayed within a 4 cent range this year compared to a 20 cent range for fresh beef, with the last four months essentially unchanged. Consumer

RETAIL BEEF PRICE All Fresh, Monthly



Data Source: Bureau of Labor Statistics & USDA-ERS
Livestock Marketing Information Center
M-P-11
08/13/19

RETAIL CHICKEN PRICE Broiler Composite, Monthly



Data Source: Bureau of Labor Statistics & USDA-ERS
Livestock Marketing Information Center
M-P-12
08/13/19

demand for chicken has been stable in the last two months; not a surprise considering grocery store pricing. A potential issue for coming months could be breast meat pricing. Last year, grocery store breast meat prices dropped from \$3.11 per pound in July to \$2.90 in September. This July, breast meat prices were already at \$2.98. Wholesale breast meat price during the last three weeks have averaged \$1.06. A year ago, wholesale breast meat prices averaged \$1.20 during the same weeks, which suggests that beef (and pork) will be facing tough competition from chicken breast meat in the next couple months.



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