

Colorado Beef Profit Alliance  
Trends in Consumer Choices  
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Economist

How Retailers Sell and Buy Beef (and other proteins)

**Sales**

**EDLP (Every Day Low Price) vs. High-Low vs. Blended  
Grade Implications**

**Buying**

**Turn business**

**USDA + overage (Formula)**

**Negotiated**

**Feature Ad business**

**USDA + overage (Formula)**

**Negotiated**

**Futures Implied Prices/Ratios to cattle (Basis matters!)**

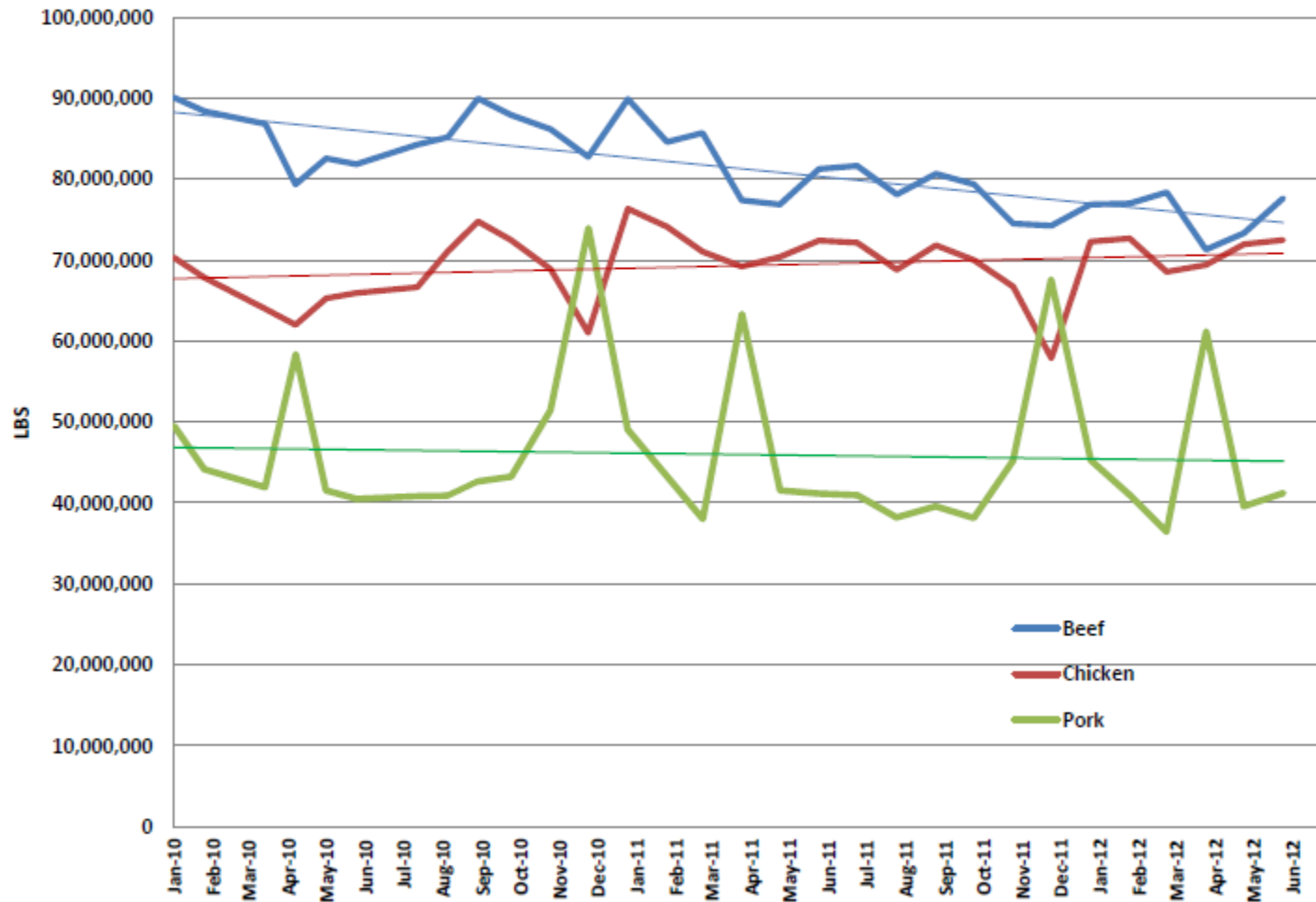
**Straight Negotiation**

**Futures Implied Formula**

**Whole Carcass**

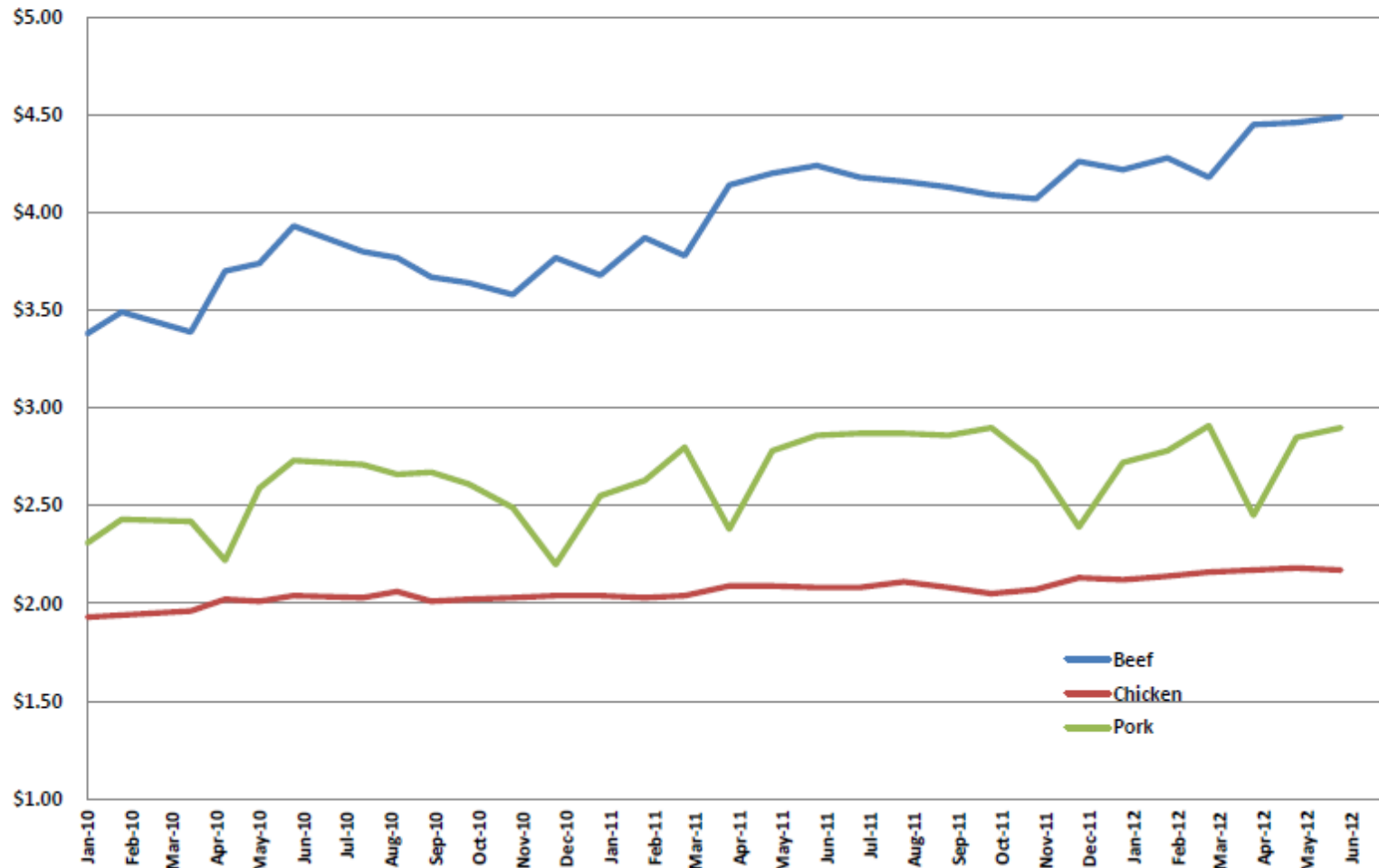
In January of 2010 there was a 20 million lb. spread between beef tonnage and fresh chicken tonnage sold at retail. By April of 2012 that spread was just 2 million lbs.

### Average Weekly US Retail Tonnage Sold

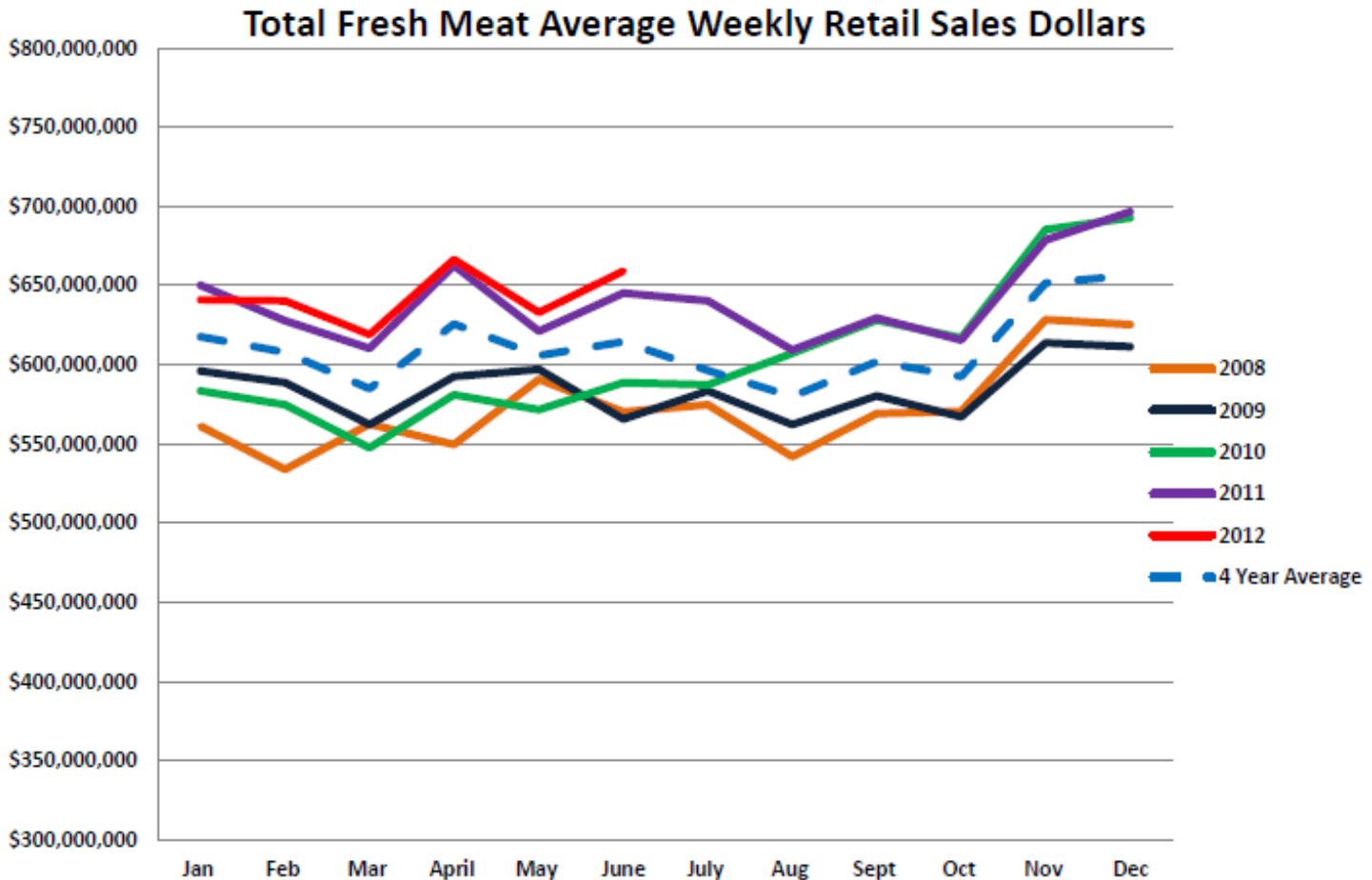


During that 2½ year period of time beef prices have increased about \$1.11 per lb. and pork prices increased by about \$.59 while fresh chicken prices are up just \$.24.

### Average Weekly Retail Price per Lb

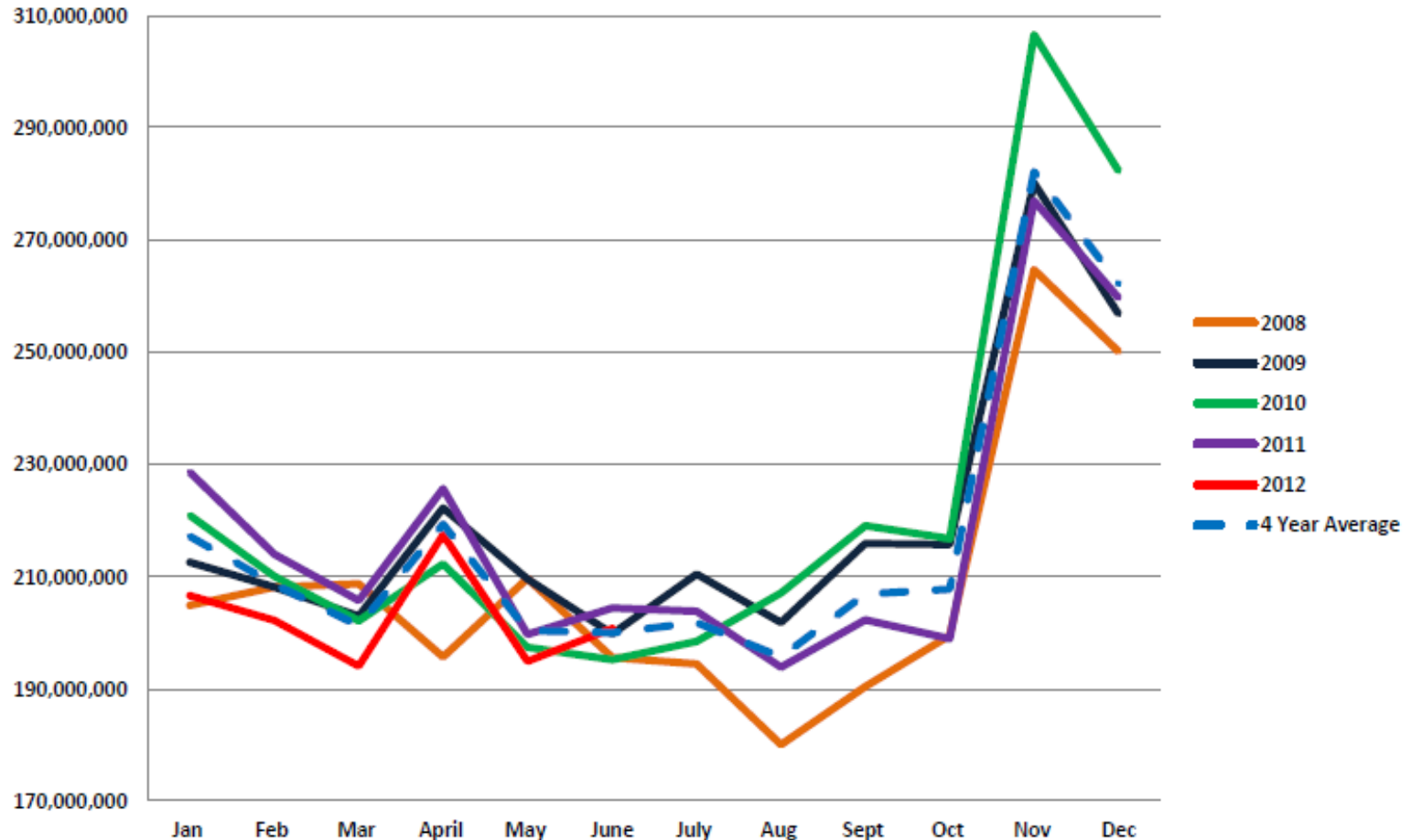


Total fresh meat average weekly dollar sales at retail for June were 2.1% greater than in 2011 and were approximately 7.2% greater than the past 4 year average. This month over month sales increase was the largest since August of last year and the 6<sup>th</sup> highest dollar sales week in the past 5 years.



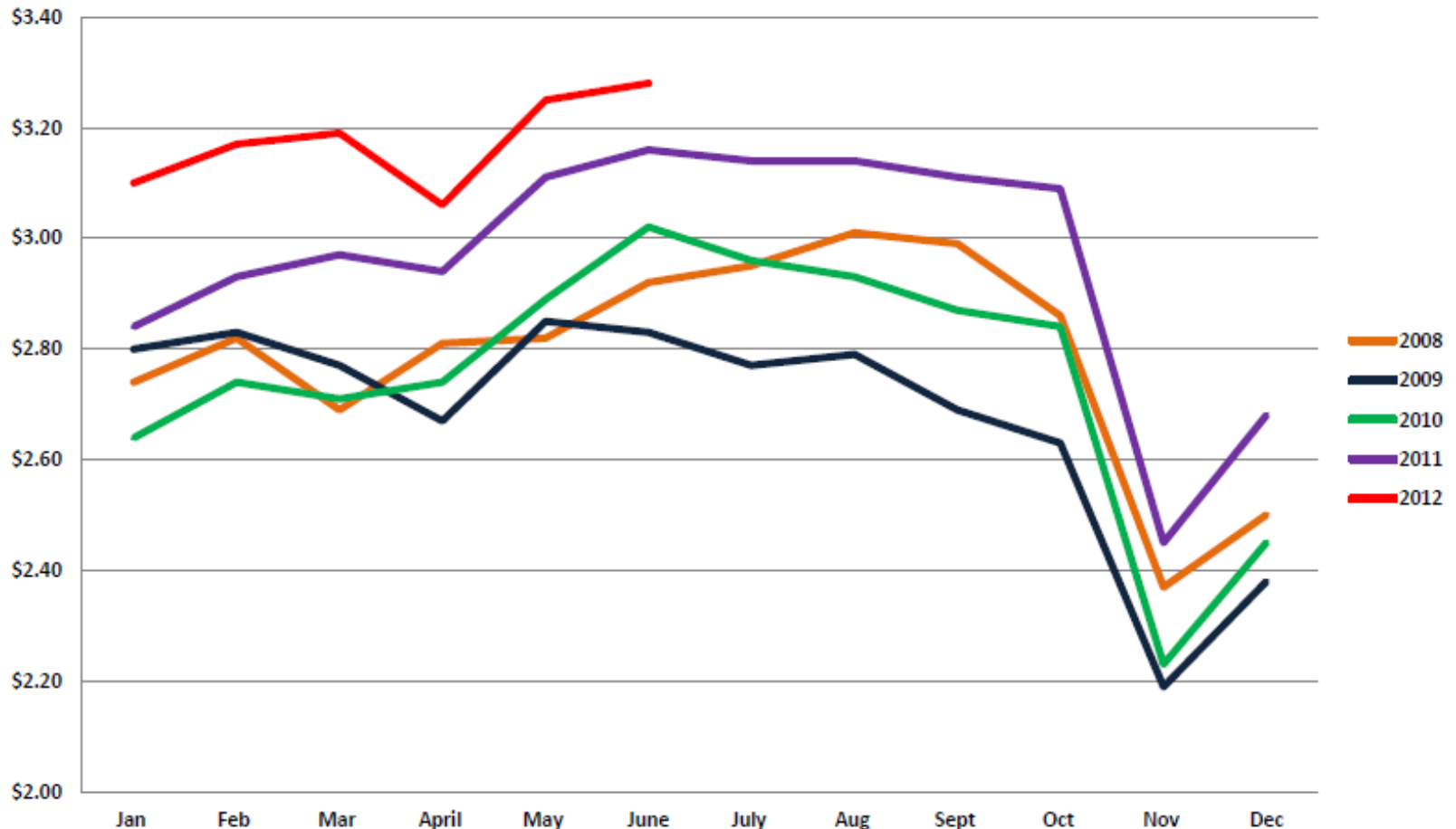
Average weekly fresh meat tonnage in June crept above the 4 year average for the 1<sup>st</sup> time this year but fell 1.6% below the month of June last year this was also an improvement from the previous month of May.

### Total Fresh Meat Average Weekly Retail Tonnage Sold



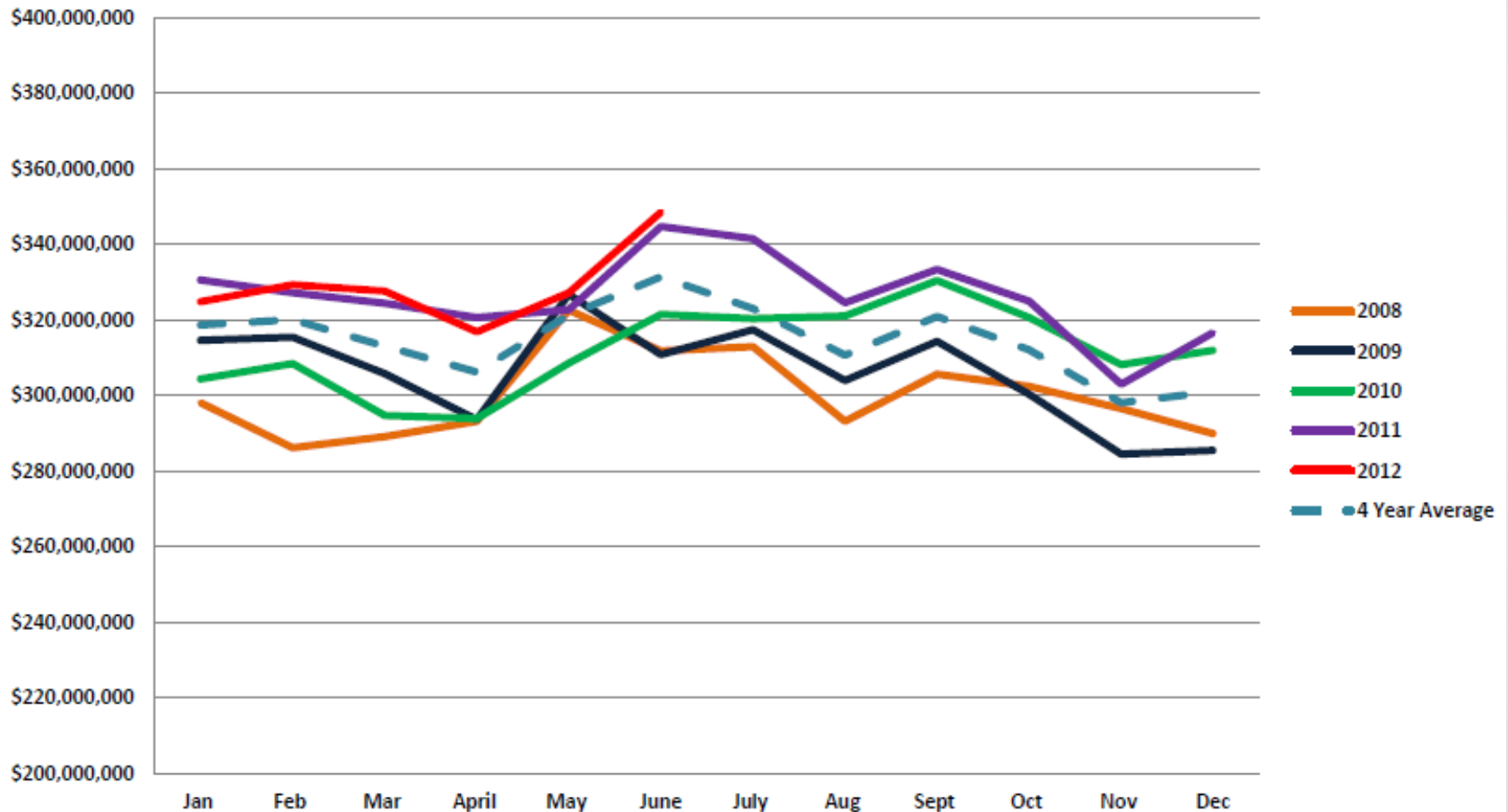
Weighted average fresh meat retail prices hit a new 5 year high in June at \$3.28 lb. and was \$0.12 or 3.8% higher than the average price per lb. last year in June.

**Total Fresh Meat Weighted Average Price per Lb.**



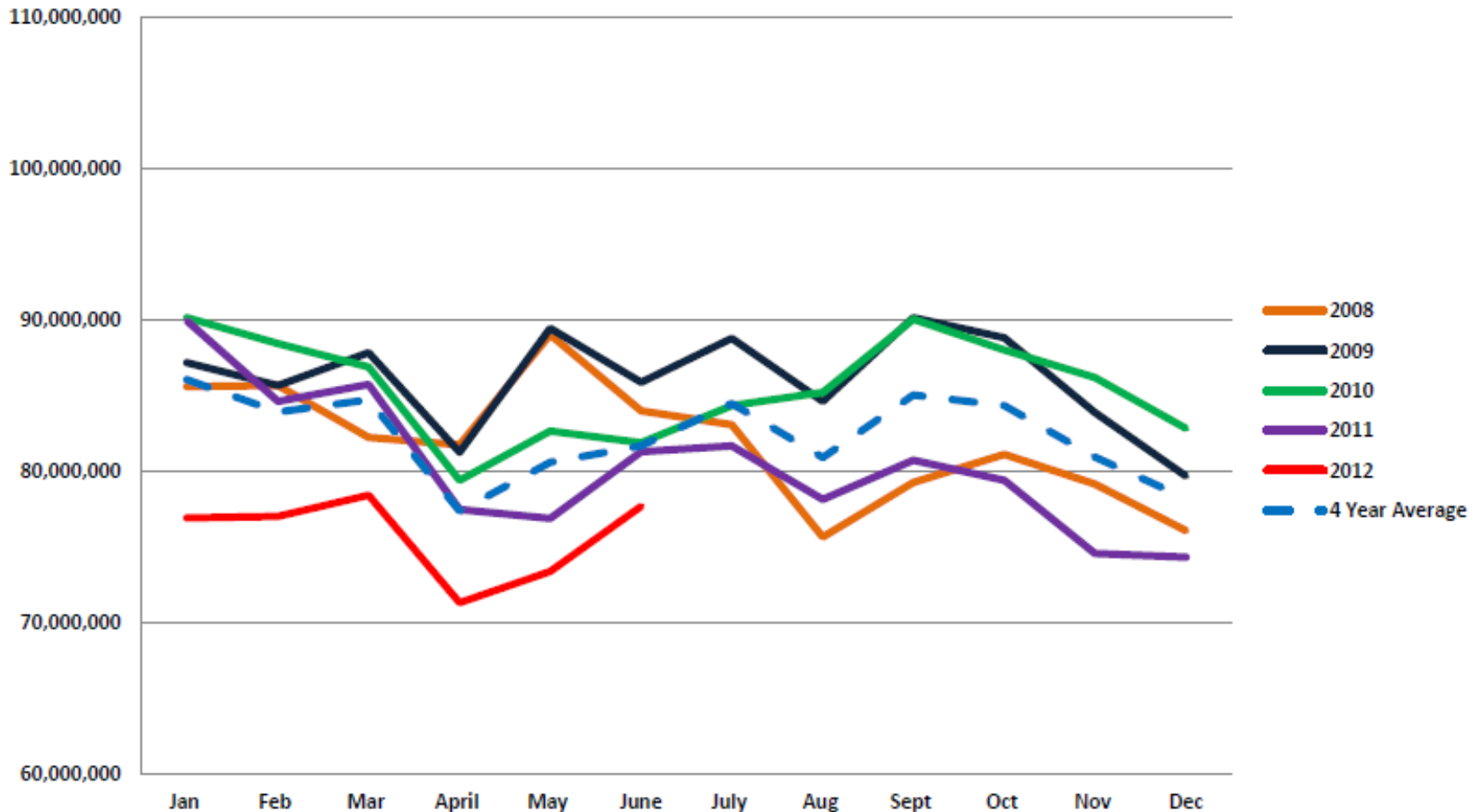
Average weekly beef dollar sales at retail increased significantly in June over May to a 5 year high. Beef sales were 1.2% greater than June of 2011. Much of this increase was likely due to the Memorial Day sales.

**Total Beef Average Weekly Sales Dollars**



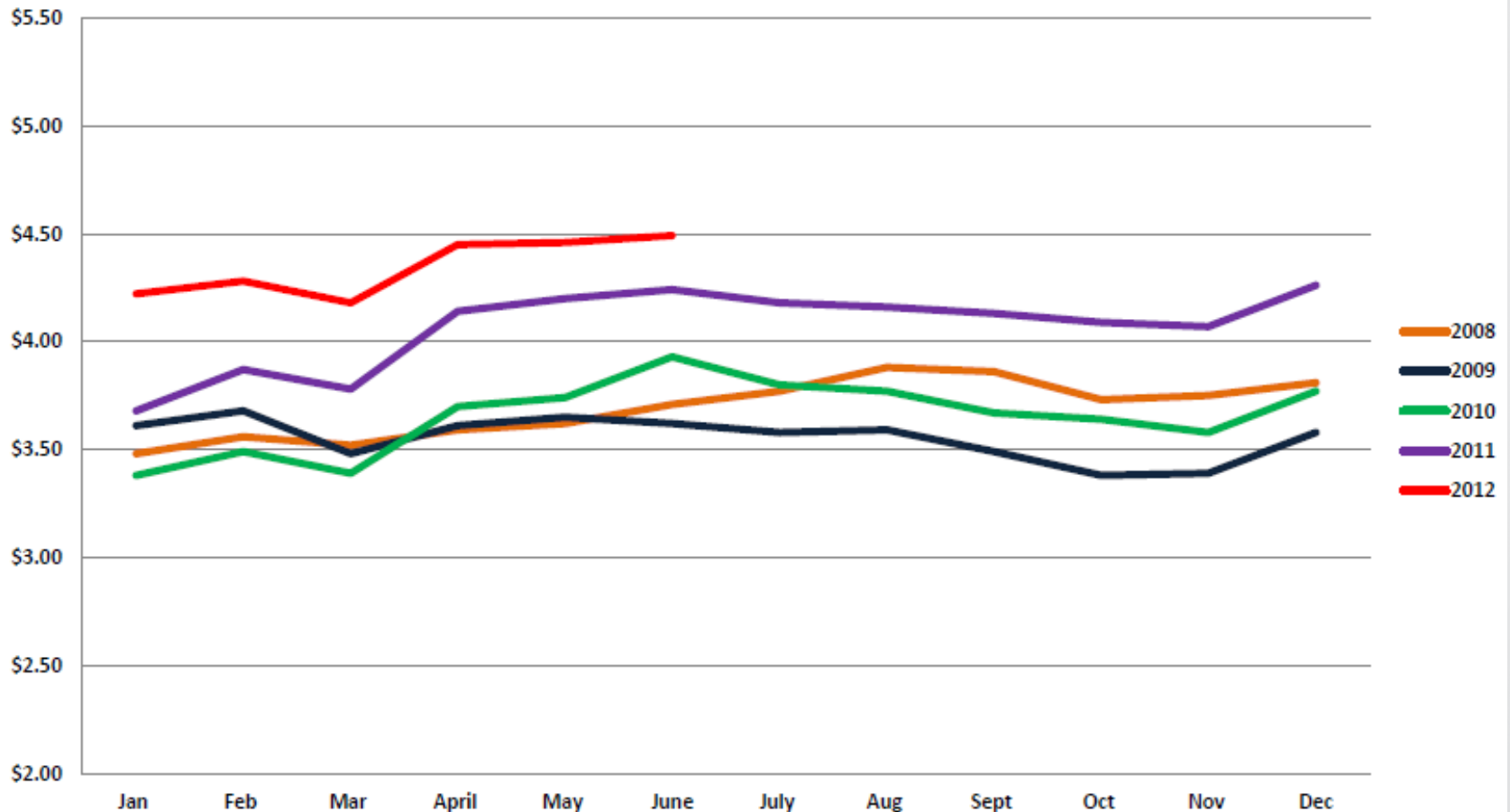
While average Beef dollar sales in June were at a 5 year high the tonnage sold remained well below the same period in the previous 4 years. Tonnage was 4.3% below June of 2011. This tonnage decline was an improvement over the decline in the previous 4 months relative to 2011.

**Total Beef Average Weekly Retail Tonnage Sold**



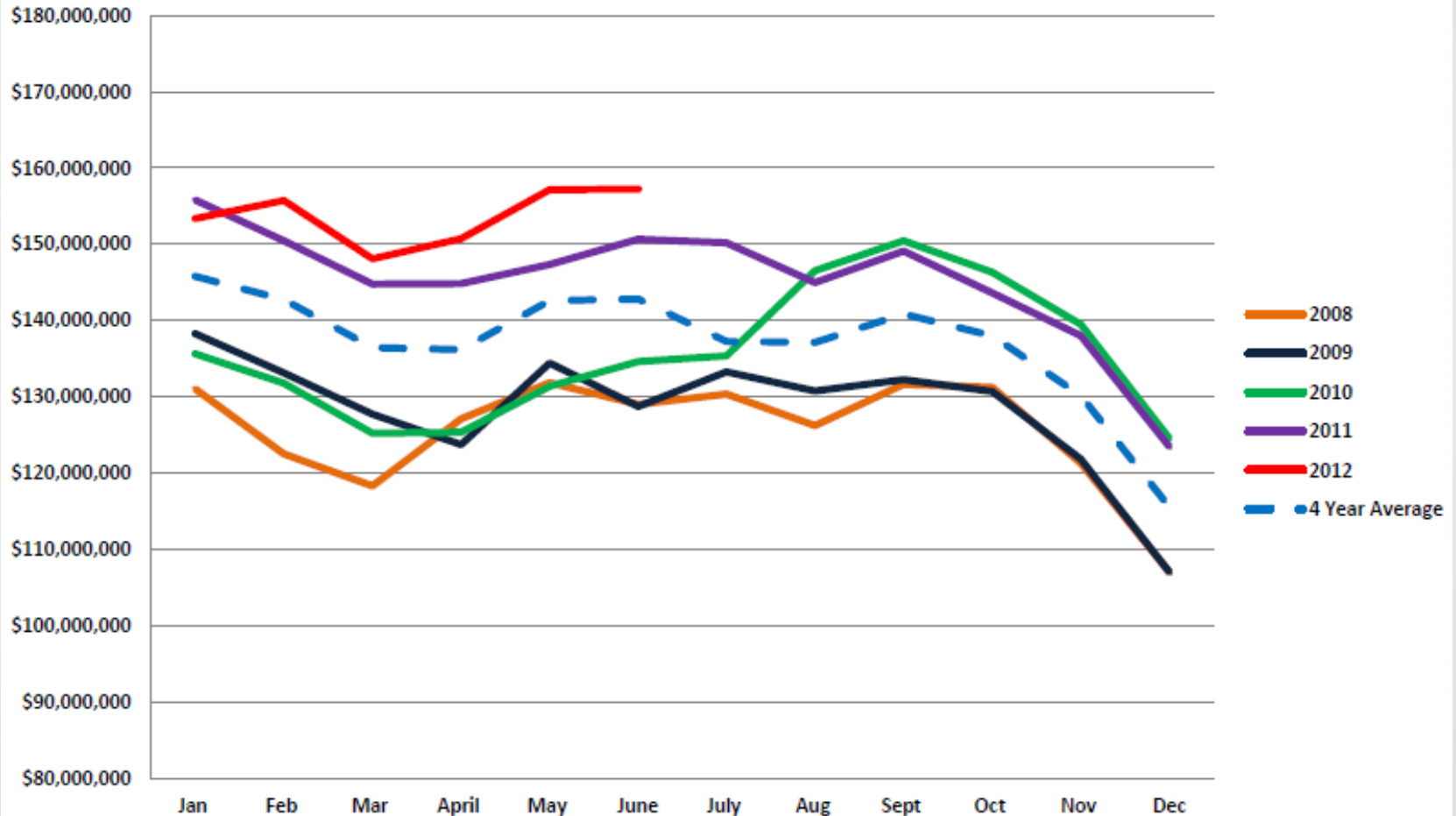
Weighted average beef retail prices remained historically high in June but the increase over last year declined a bit from that seen earlier in the year. June's average price per lb. was \$4.49 an increase of 5.7% while May's average price per lb. was \$4.46, an increase of 6.2% from year ago.

**Total Beef Weighted Average Retail Price per Lb.**



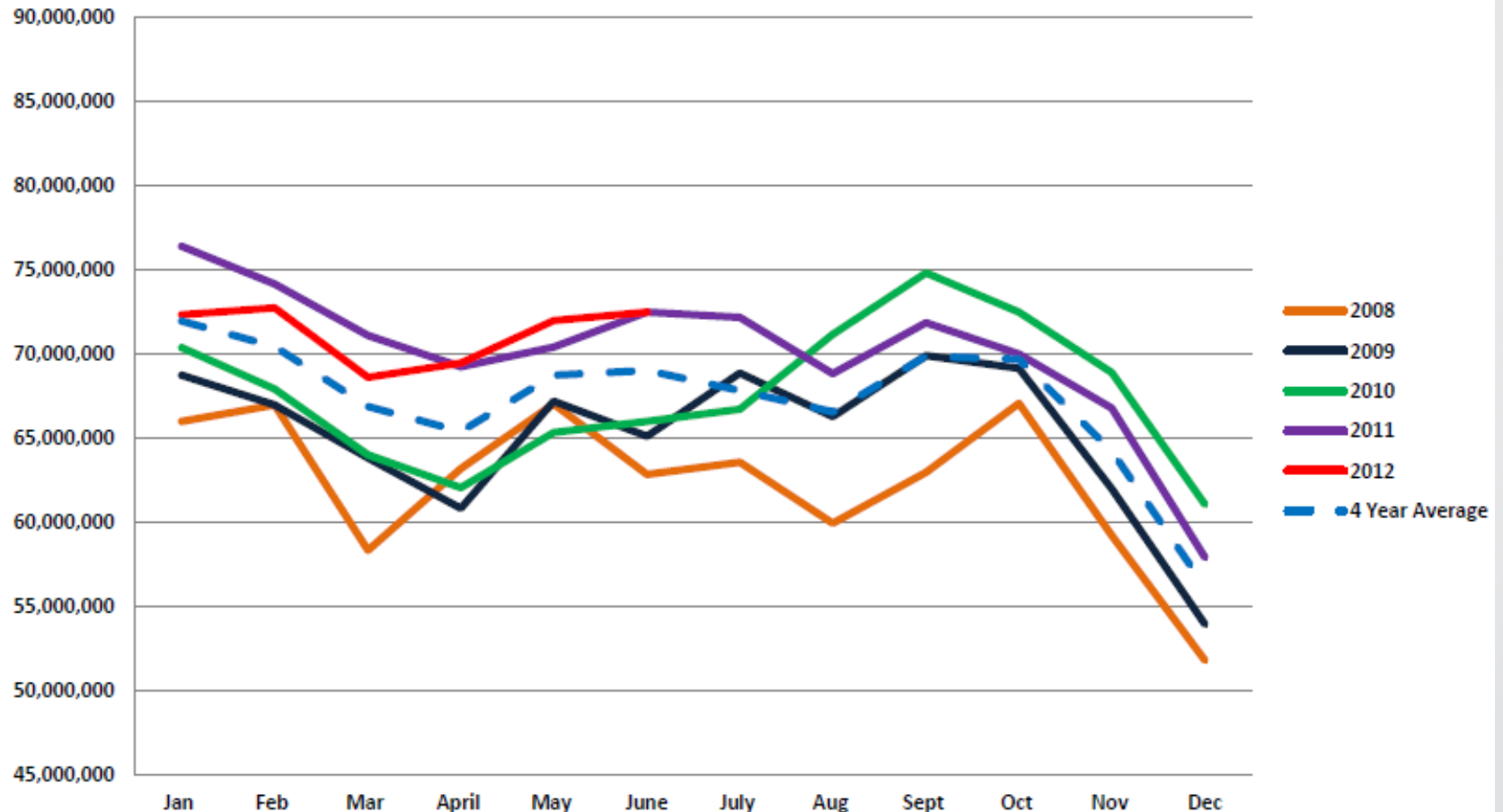
Total chicken dollar sales held even in June with a strong month of May and were up 4.5% over June of 2011. This was likely due to very high Beef and Pork prices relative to Chicken.

## Total Fresh Chicken Average Weekly Retail Sales



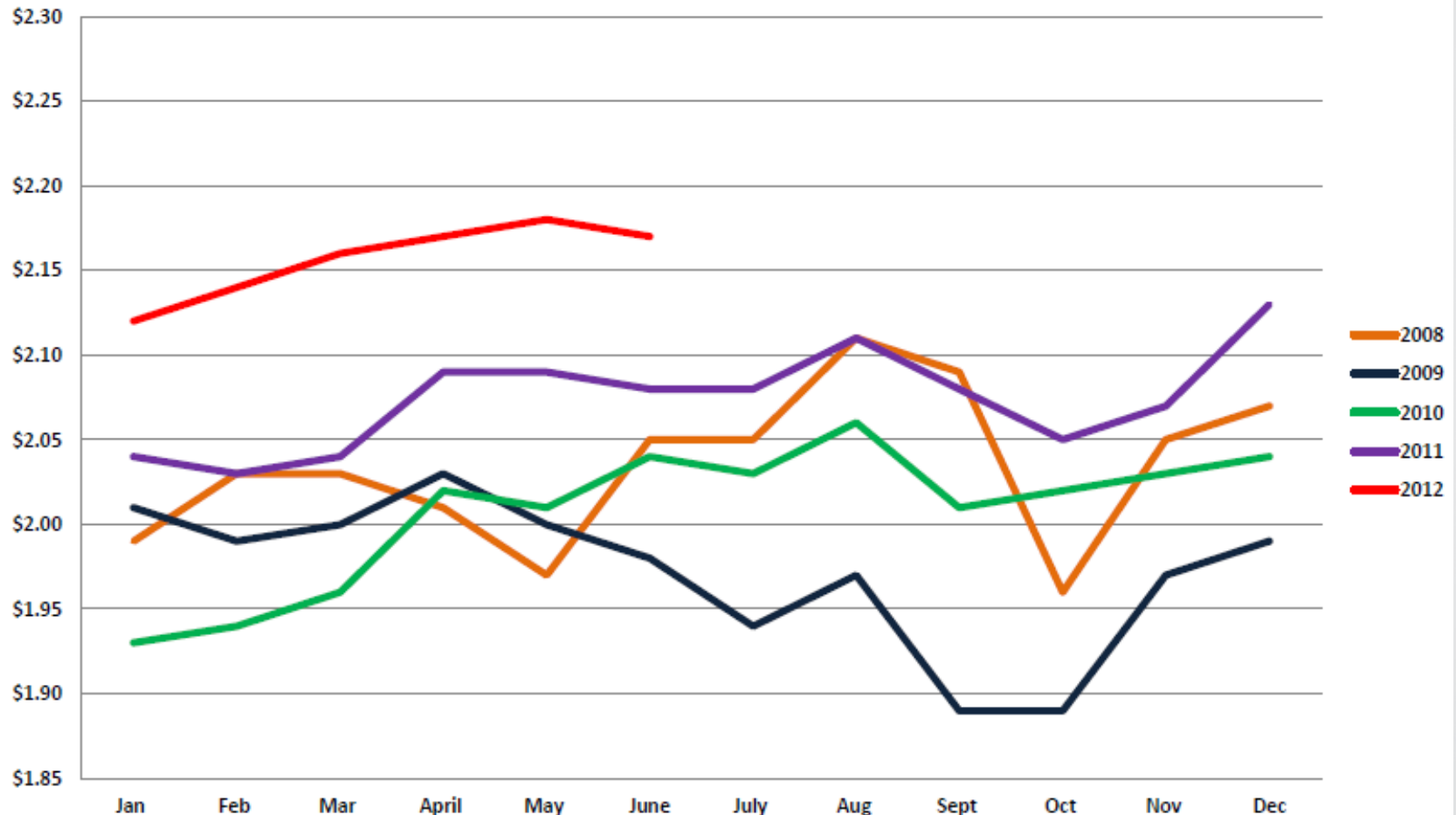
Total chicken tonnage sold at retail in June increased slightly from May but was only even with June of last year. Tonnage was just 0.3% greater than year ago but was much better than the 4.3% tonnage decline in beef.

### Total Chicken Average Weekly Retail Tonnage Sold



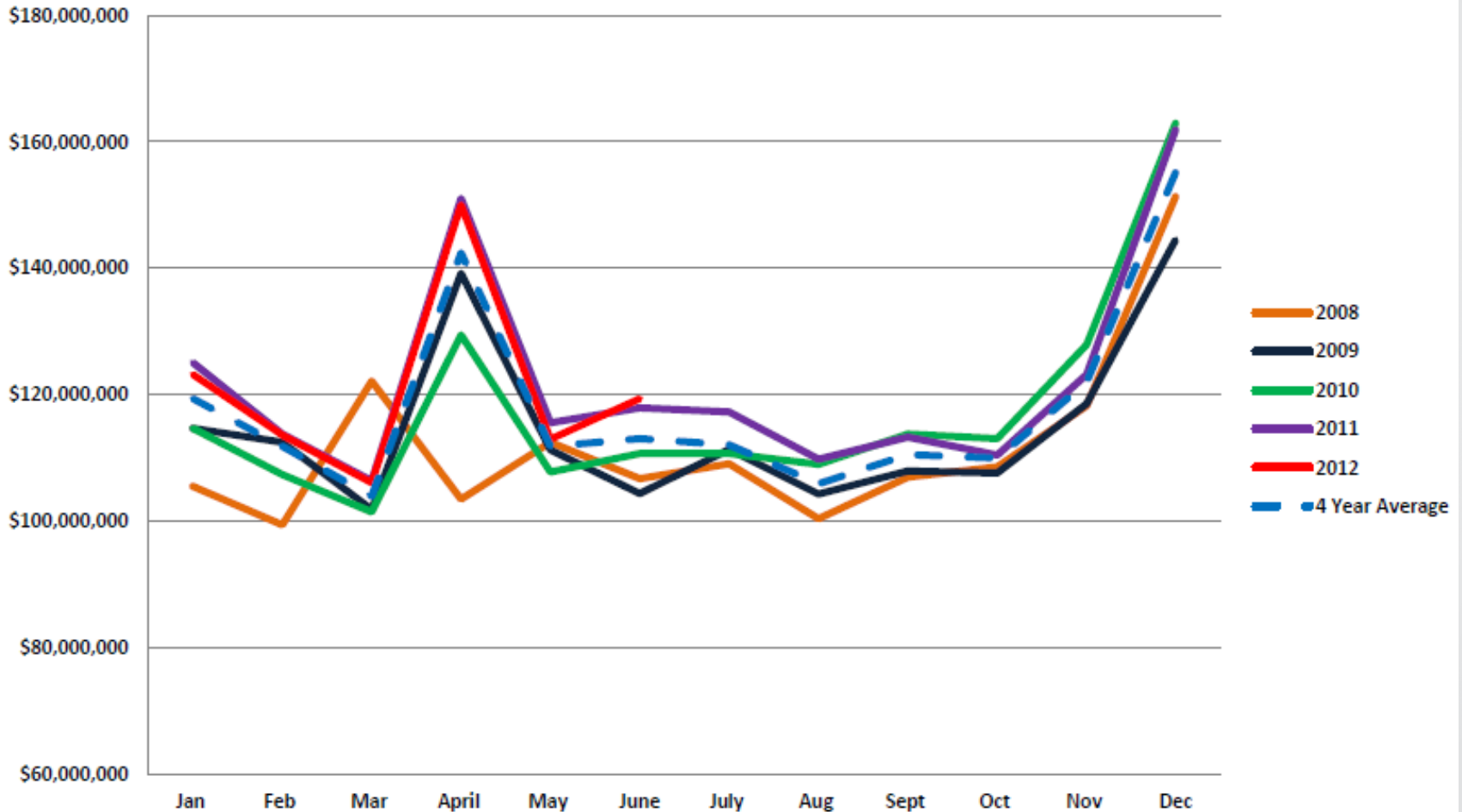
Weighted average chicken retail prices in June fell 1 cent from the record high price in May of this year but at \$2.17 were up 9 cents or 4.3% greater than June of last year.

### Fresh Chicken Weighted Average Retail Price per Lb.



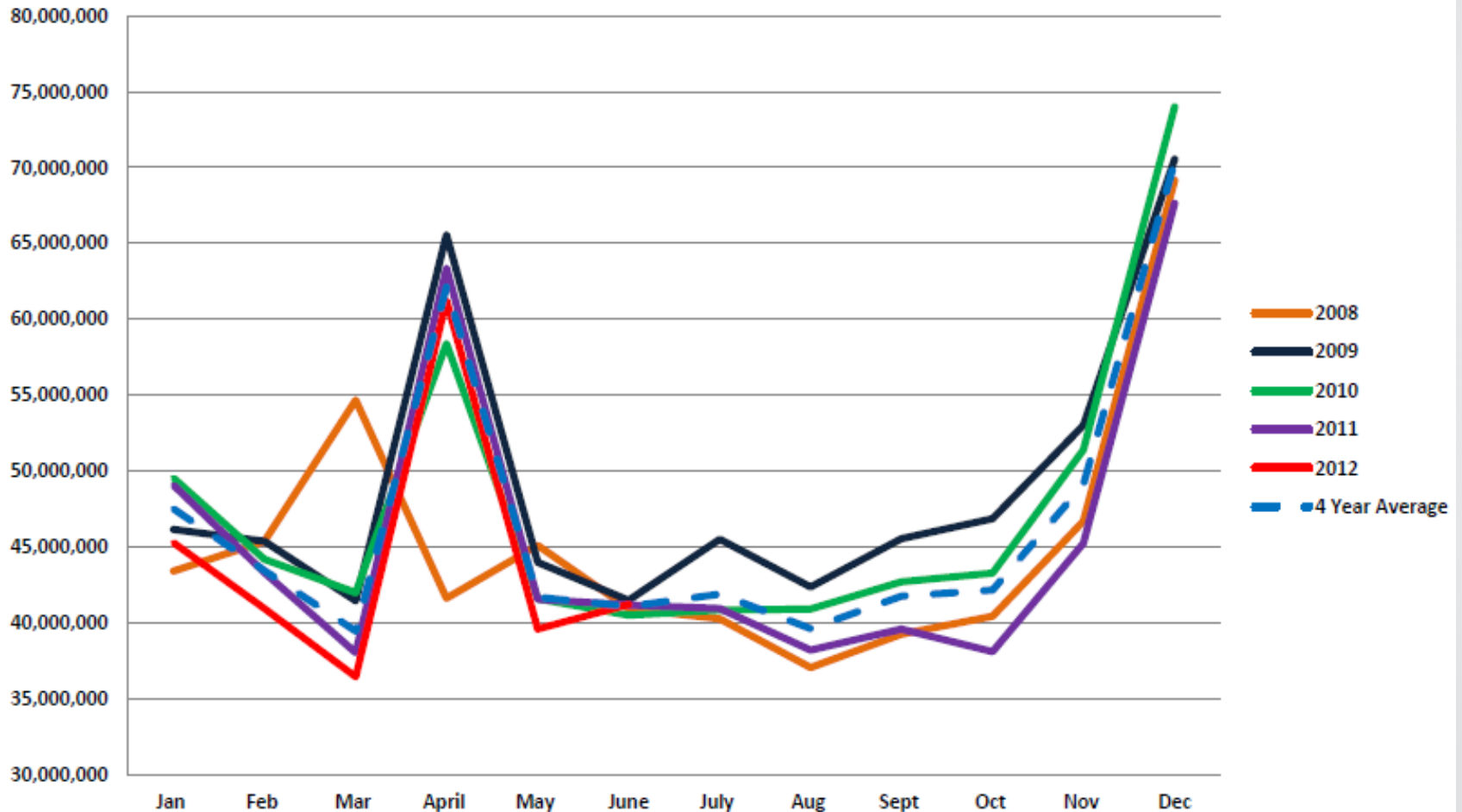
Total pork dollar sales at retail in June managed to exceed sales the same period last year for the first time this year. Growth was only + 1.1% but was much improved versus May.

### Total Pork Average Weekly Retail Sales Dollars



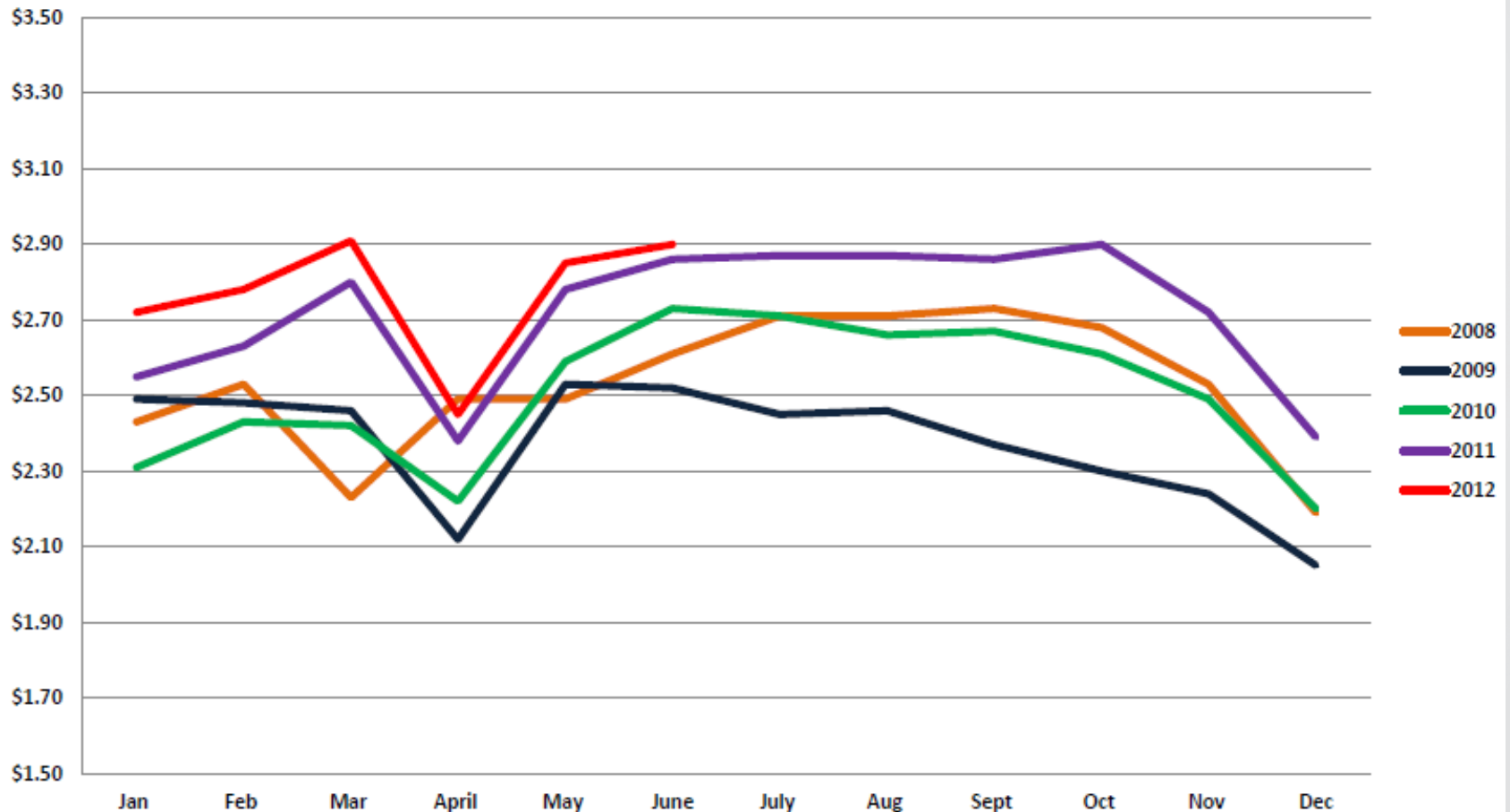
The total pork tonnage sold at retail rose to a point of equity with last year and with the 4 year average in June.

### Total Pork Weekly Average Retail Tonnage Sold



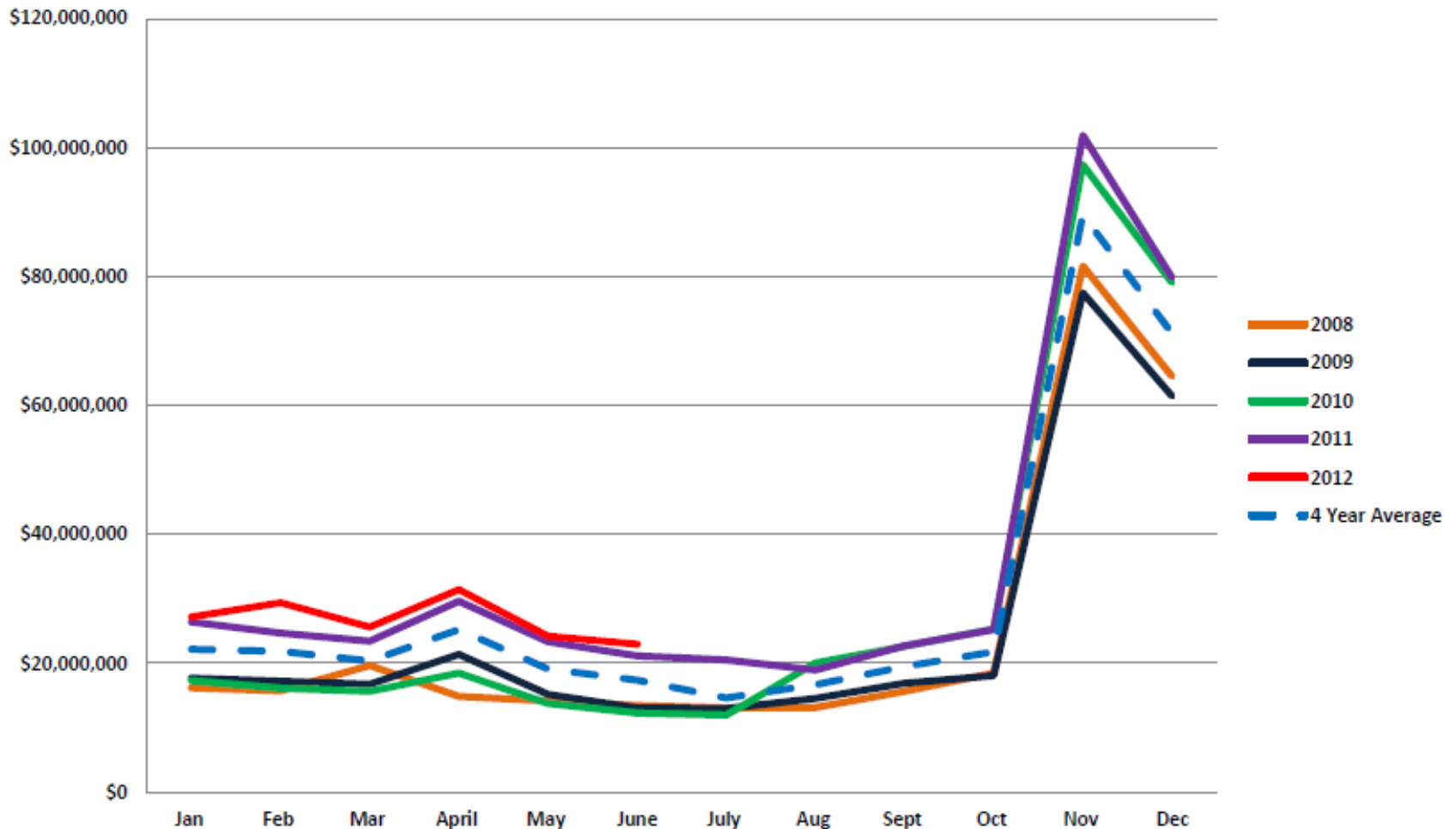
Weighted average pork retail prices in June were very close to record high but were up only 4 cents over last year at \$2.90. In spite of the higher prices the price spreads narrowed compared to both beef and chicken.

### Total Pork Weighted Average Retail Price per Lb.



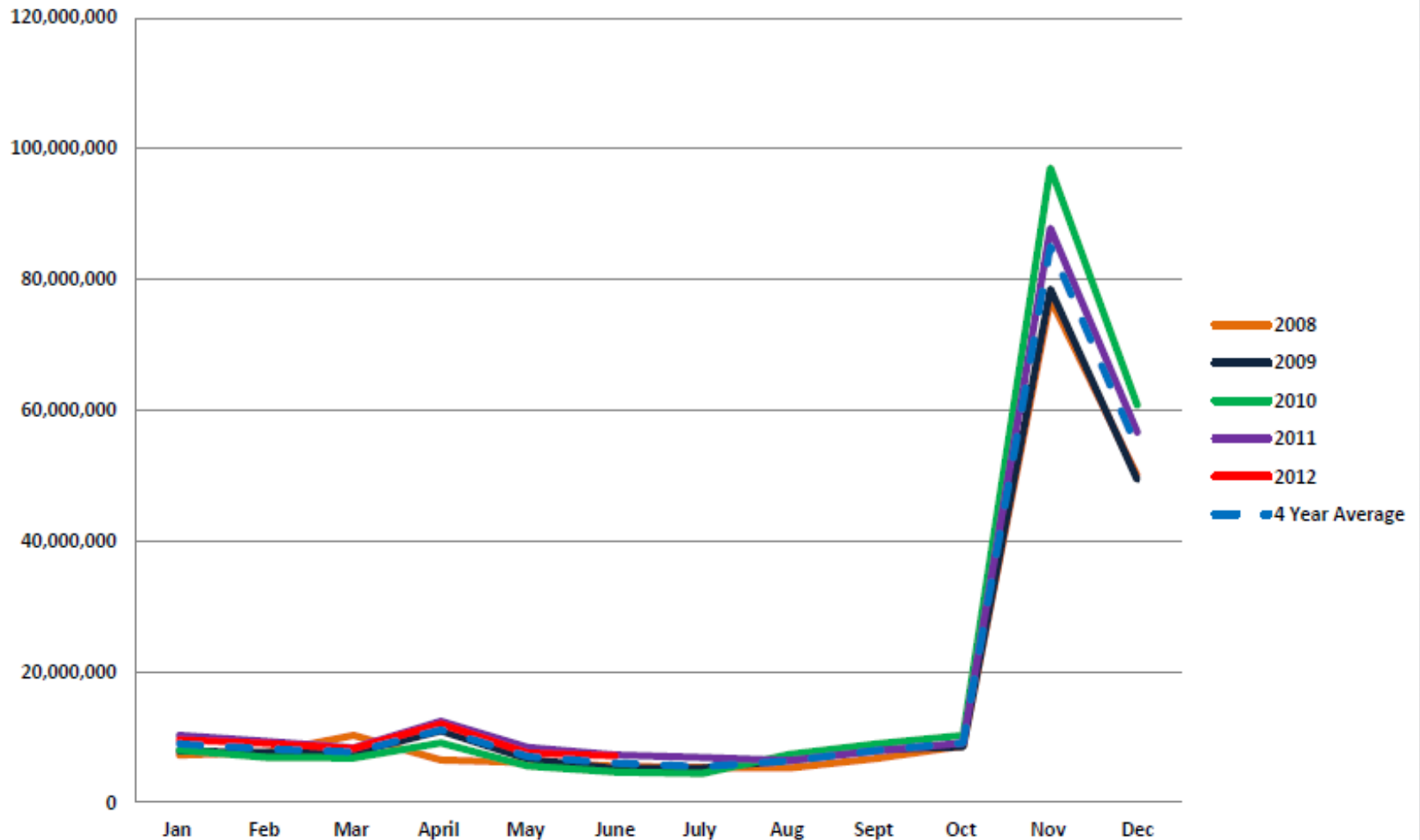
June average weekly turkey dollar sales at retail were 8.1% greater than year ago on a relatively small base volume.

### Total Turkey Average Weekly Retail Sales



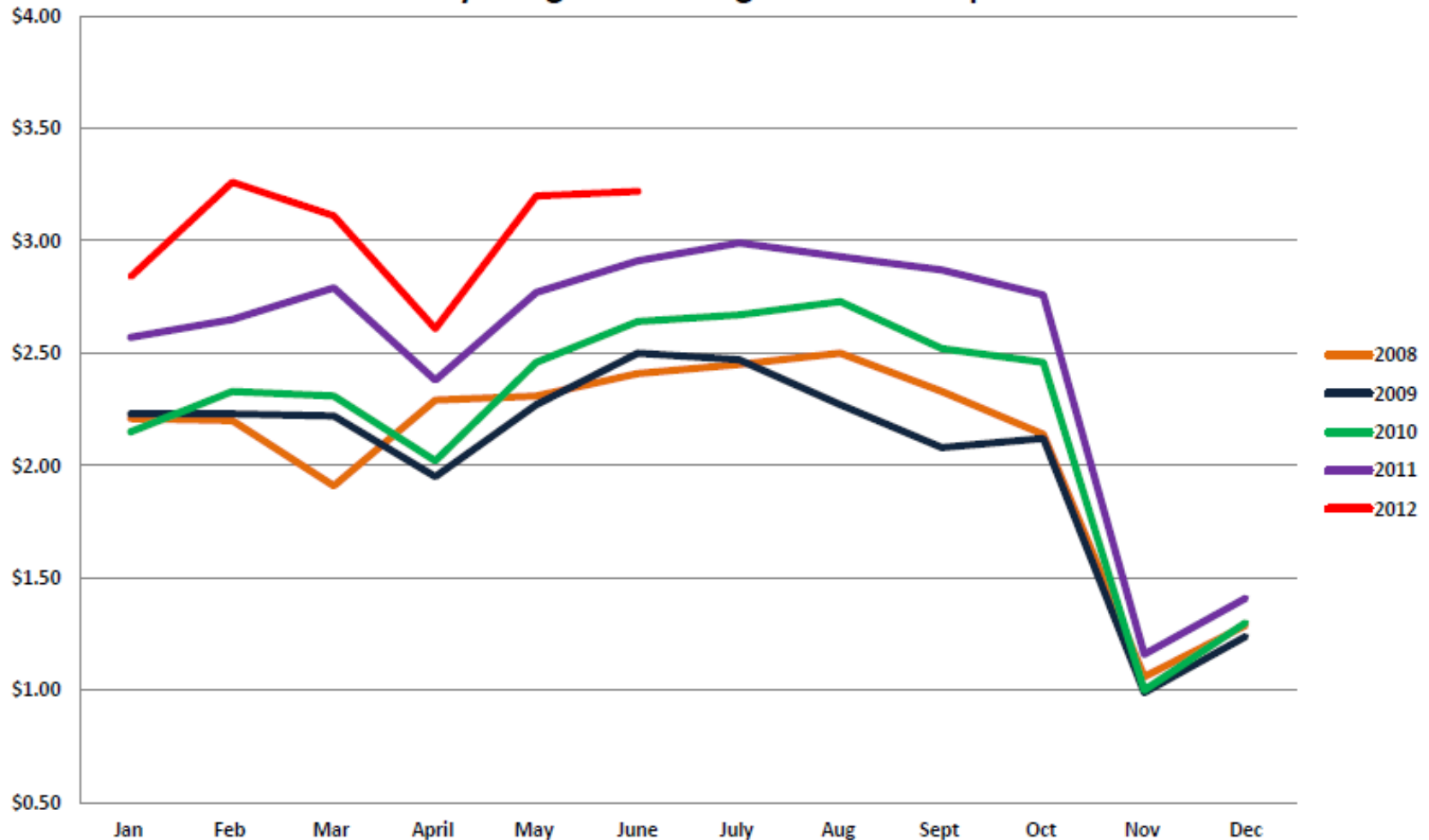
June turkey tonnage sold at retail was down just 1.8% from June 2011 as prices remain historically high.

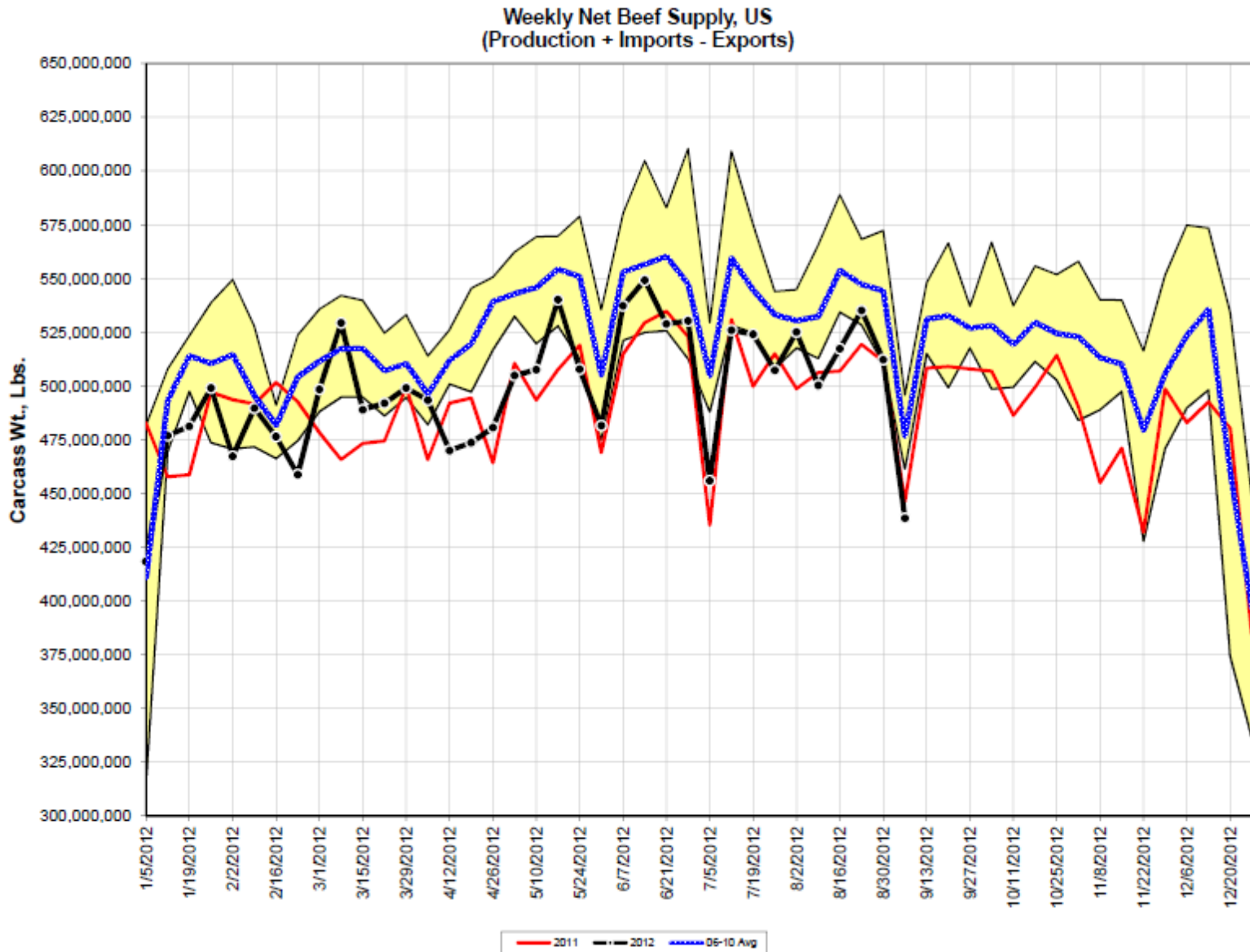
### Total Turkey Average Weekly Retail Tonnage Sold

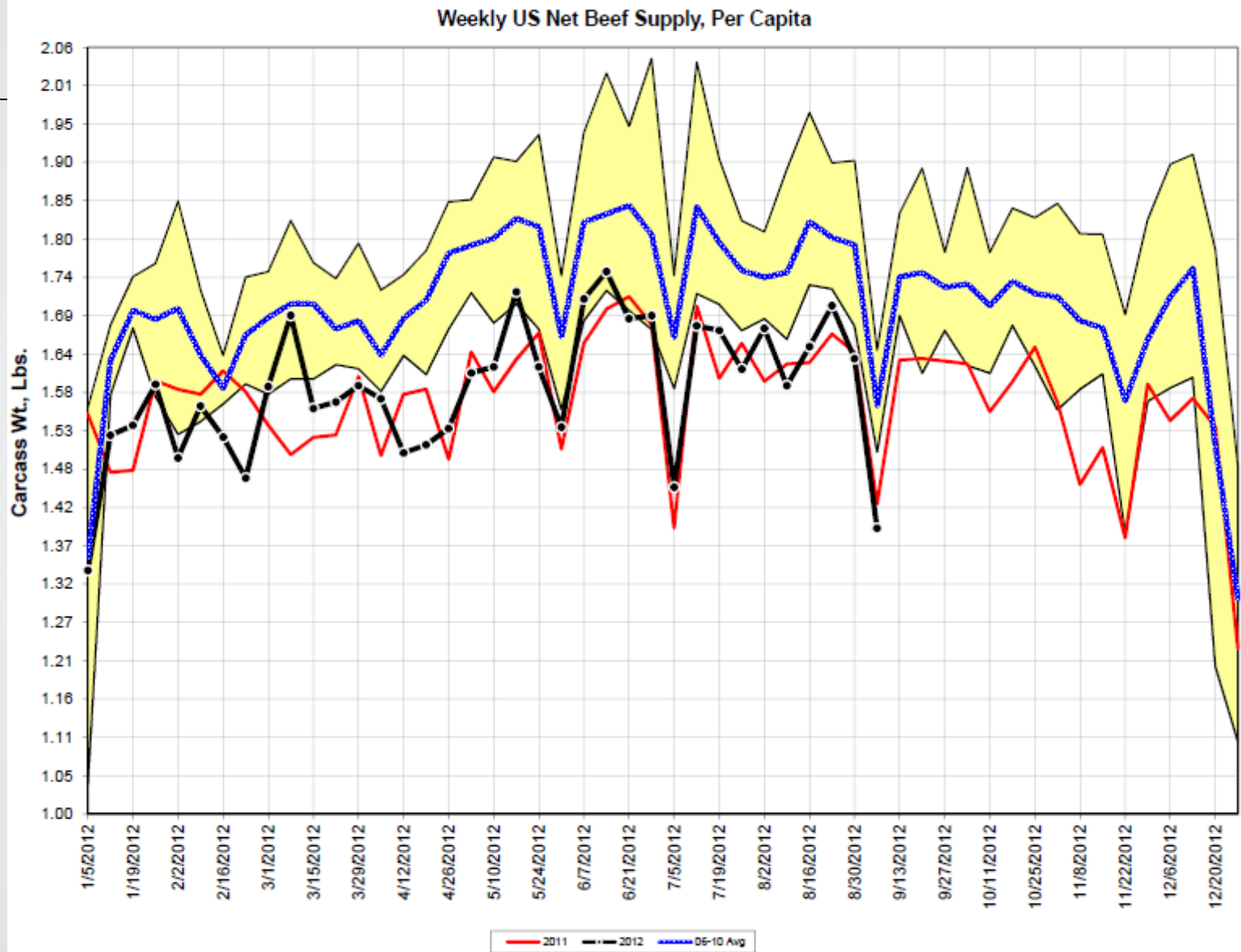


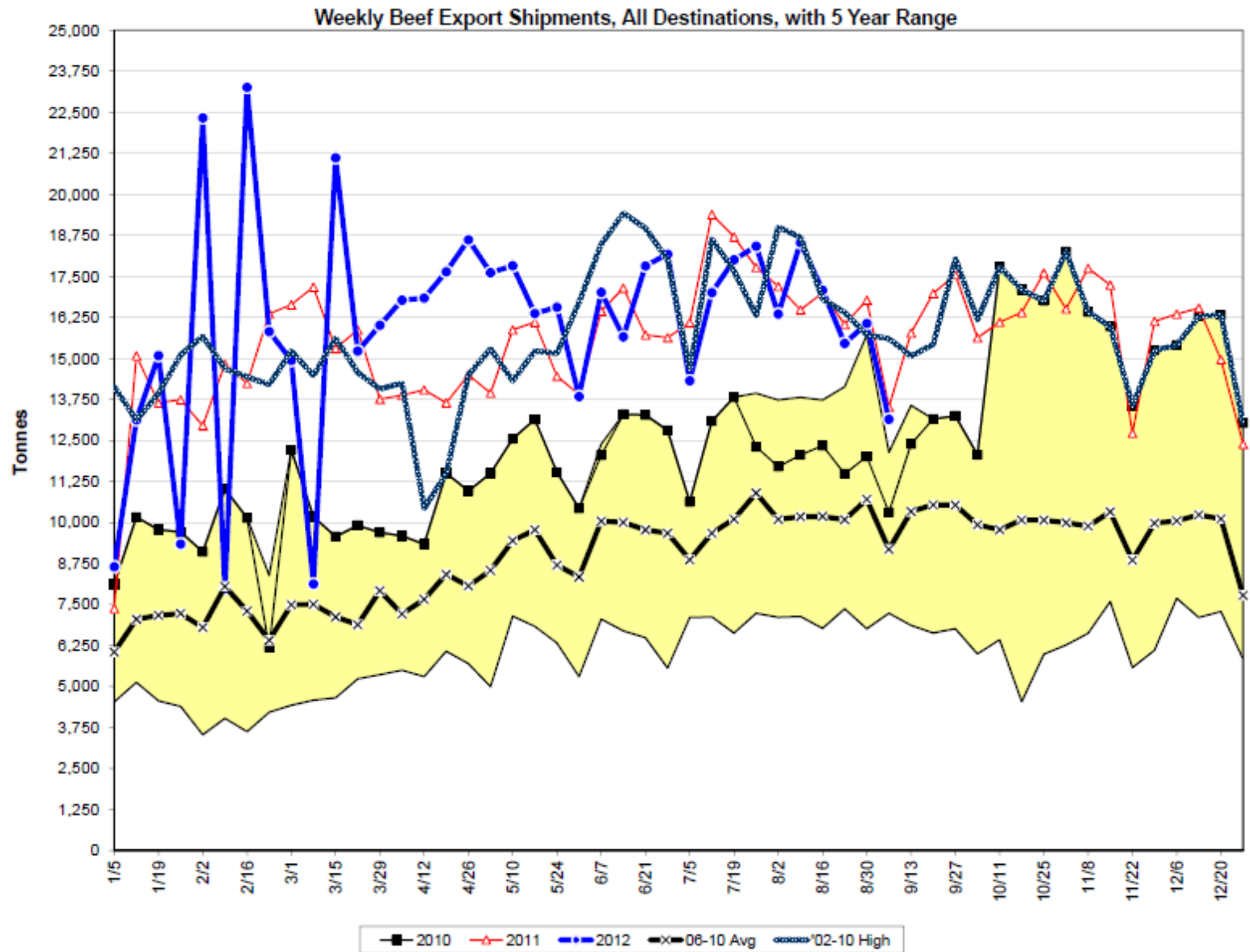
Weighted average turkey retail prices in June remain record high up 10.1% over June of 2011.

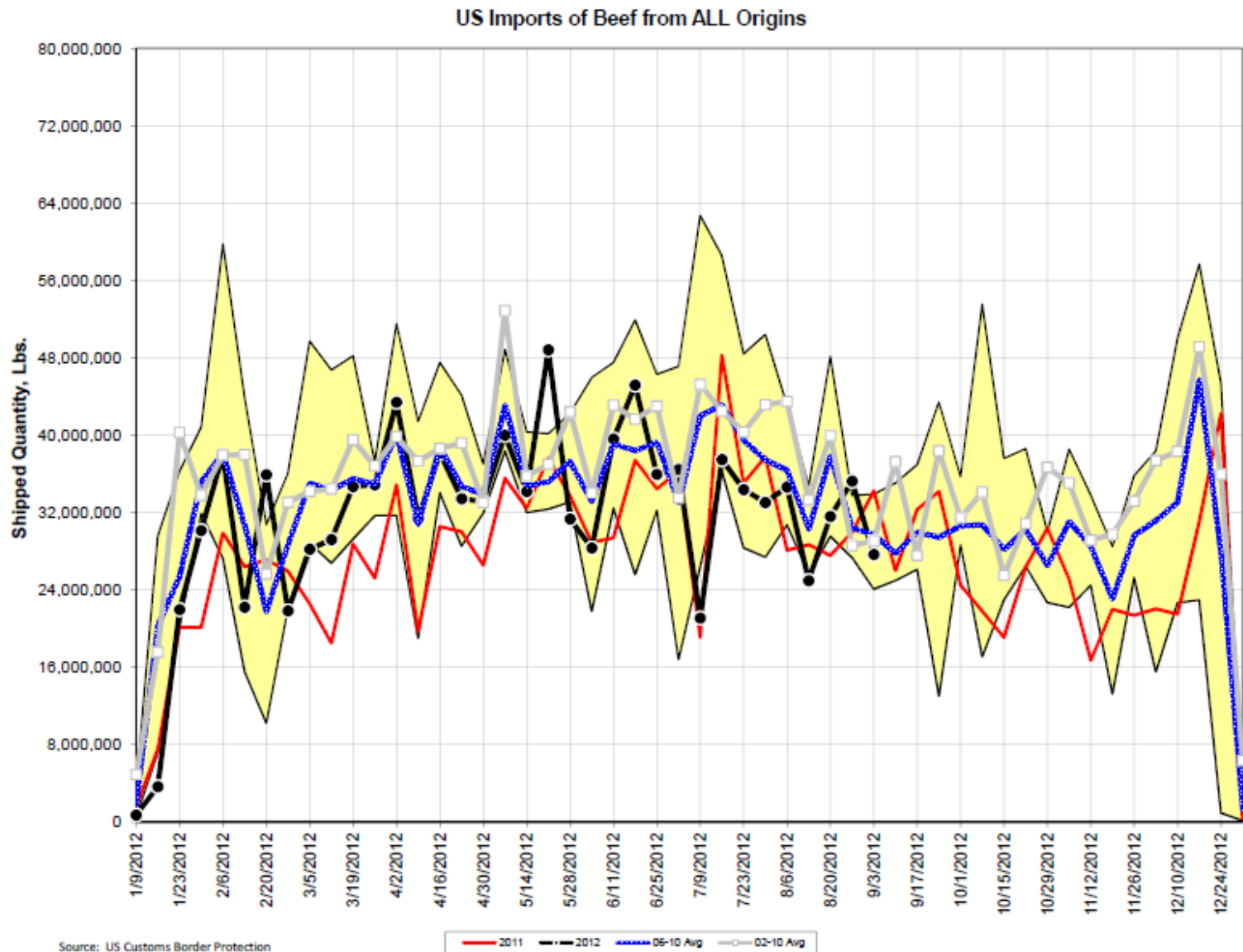
### Turkey Weighted Average Retail Price per Lb



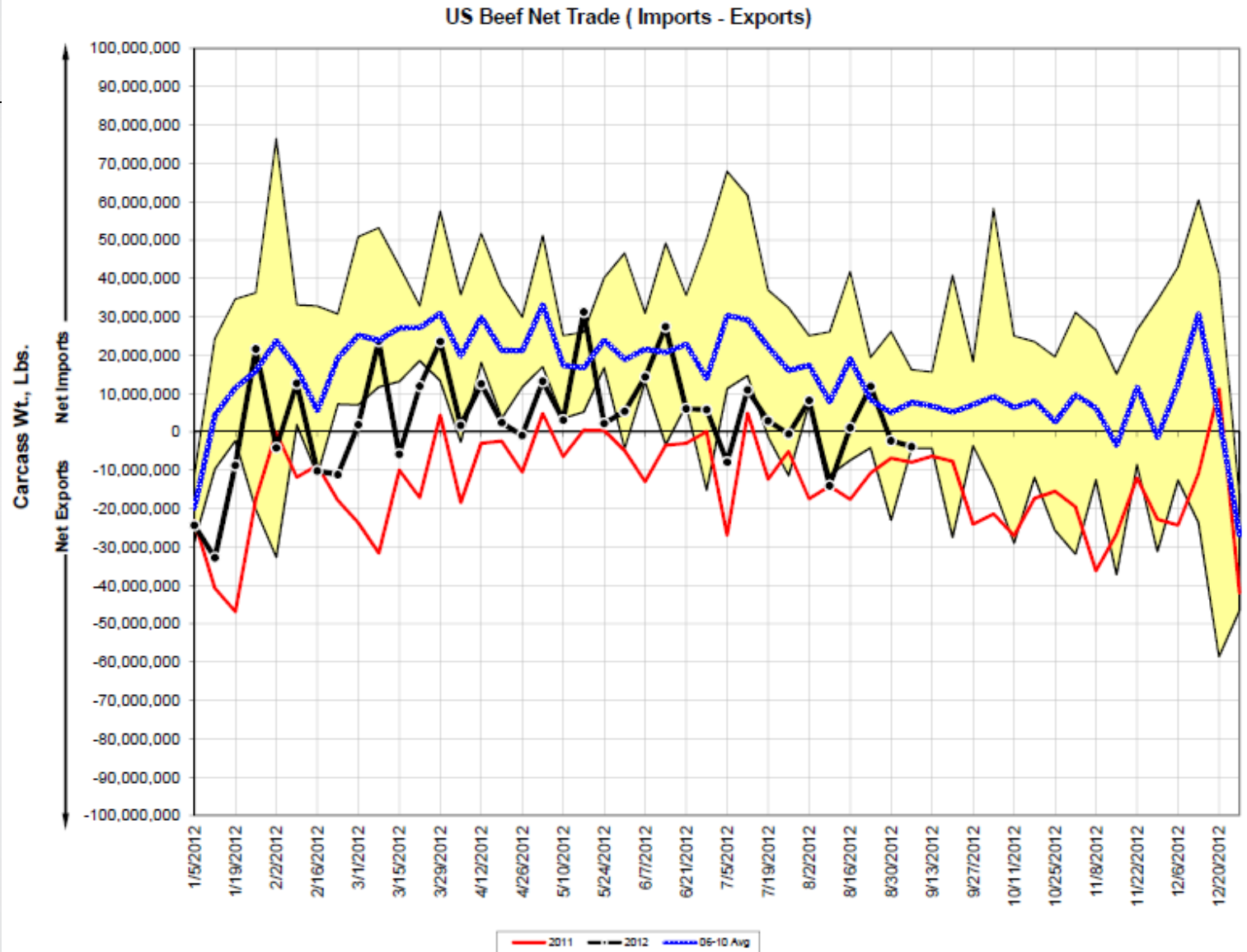






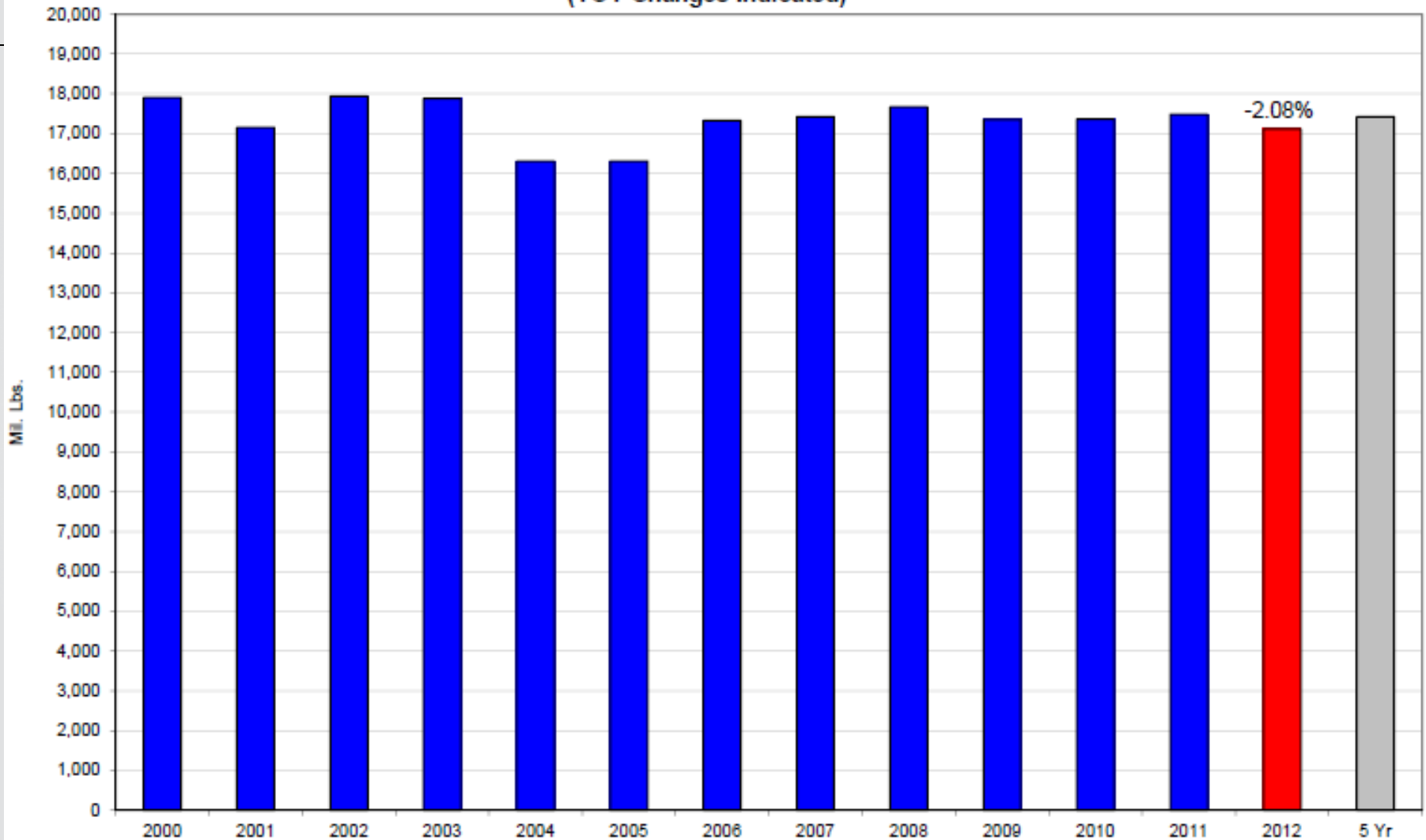


Source: US Customs Border Protection  
9/4/2012 1:53 PM

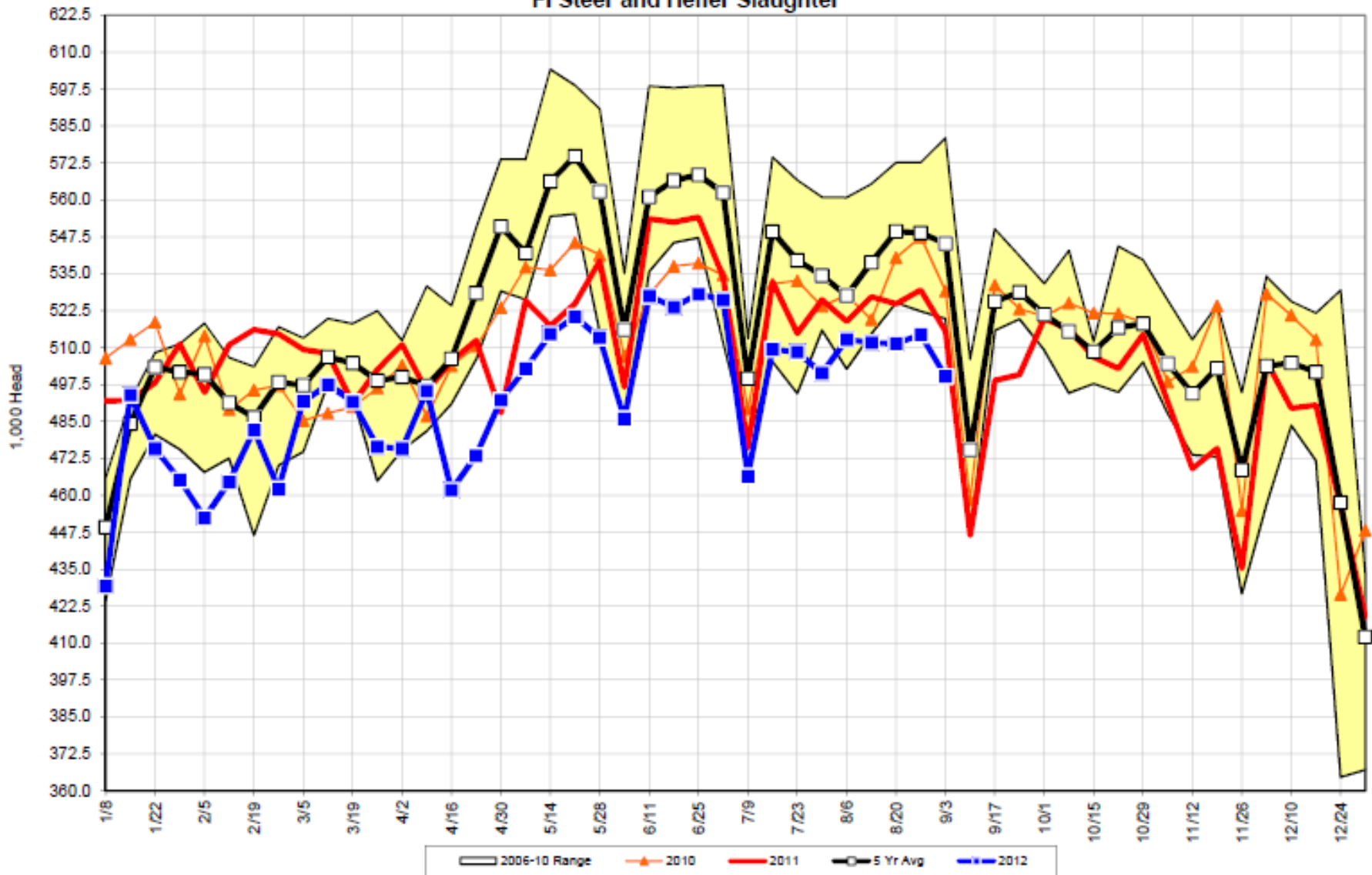


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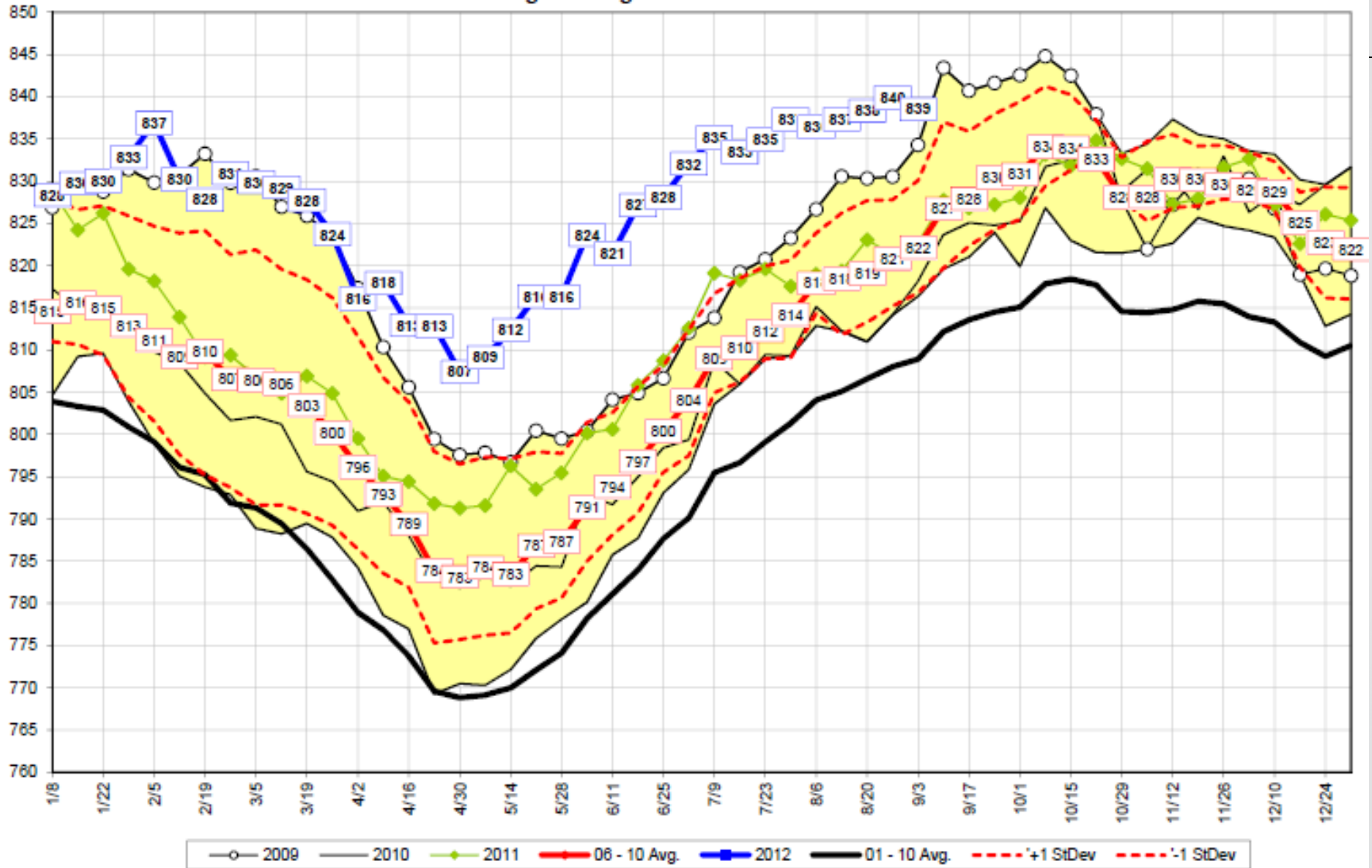
Cumulative Beef Production, All Groups  
(YOY Changes Indicated)



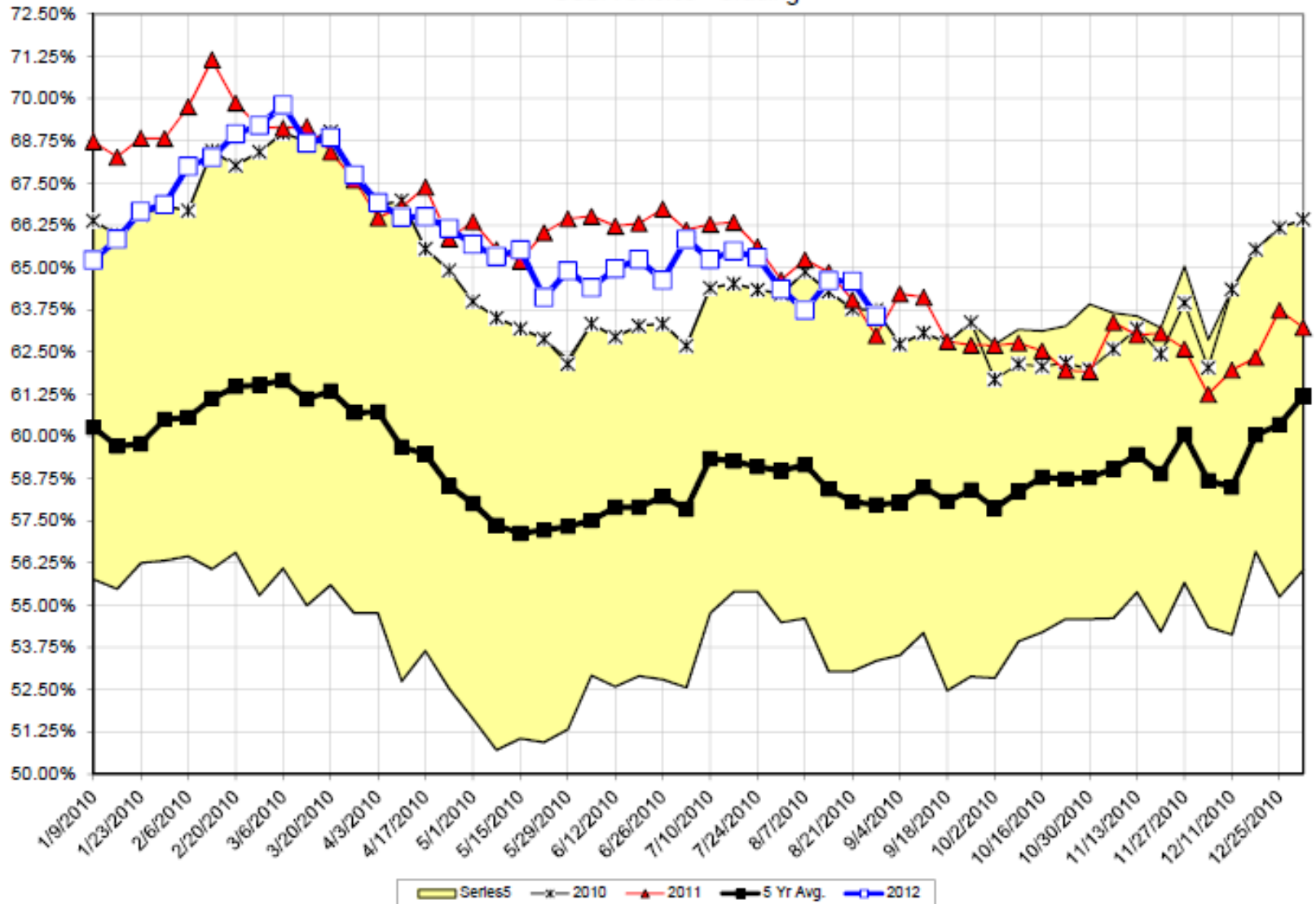
FI Steer and Heifer Slaughter

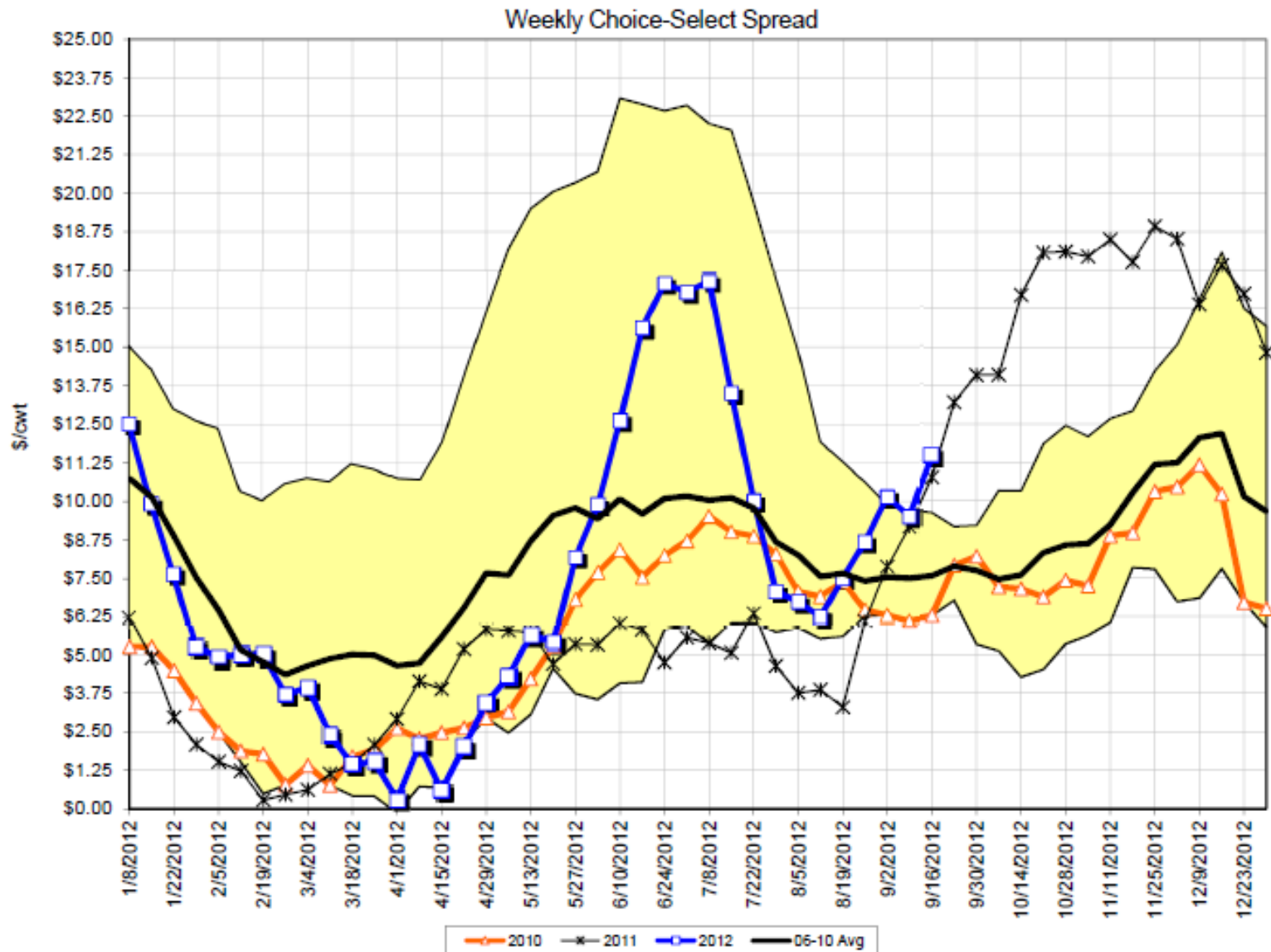


## Weighted Avg St/Hf Carcass Wts

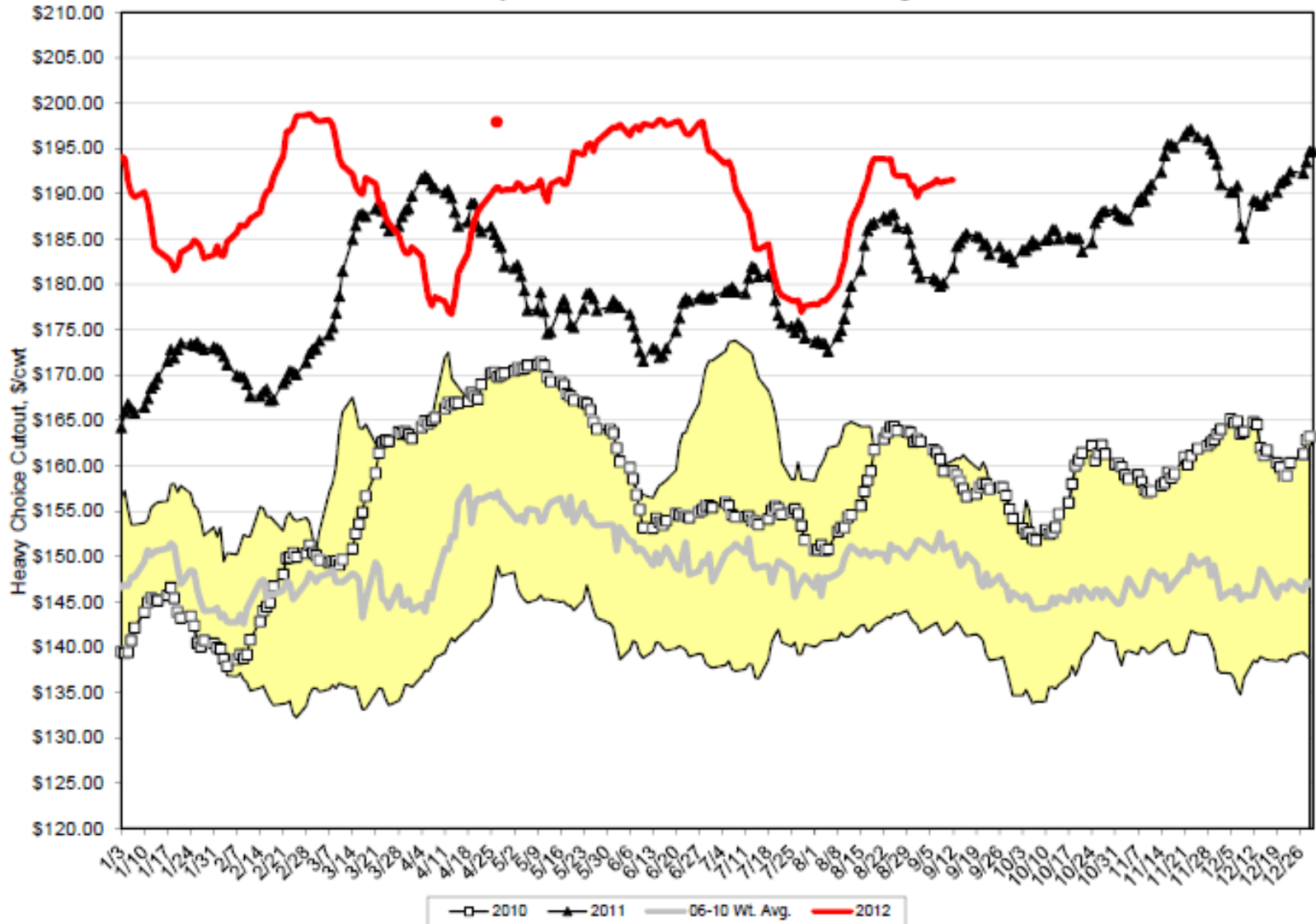


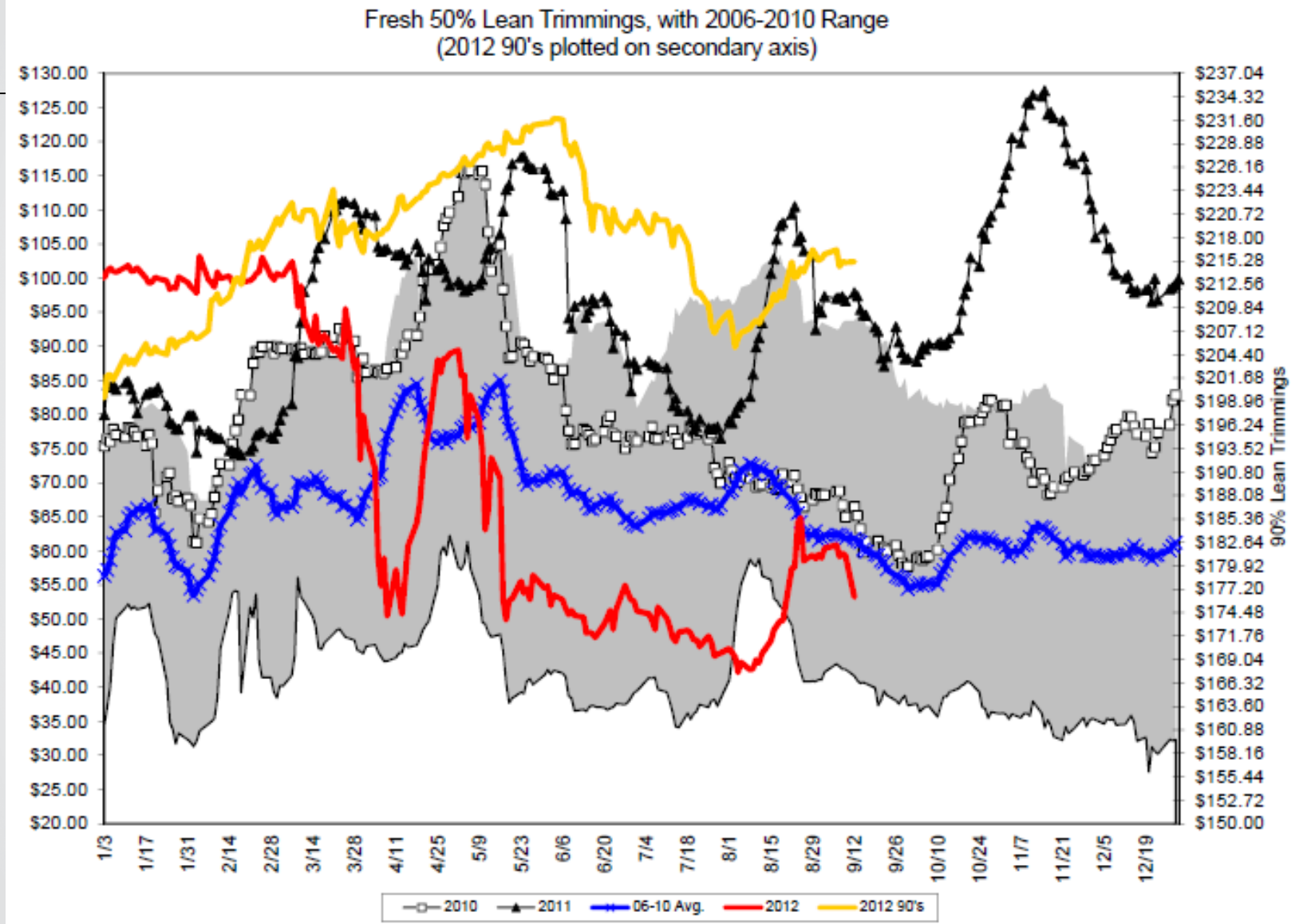
USDA Choice+ Grading

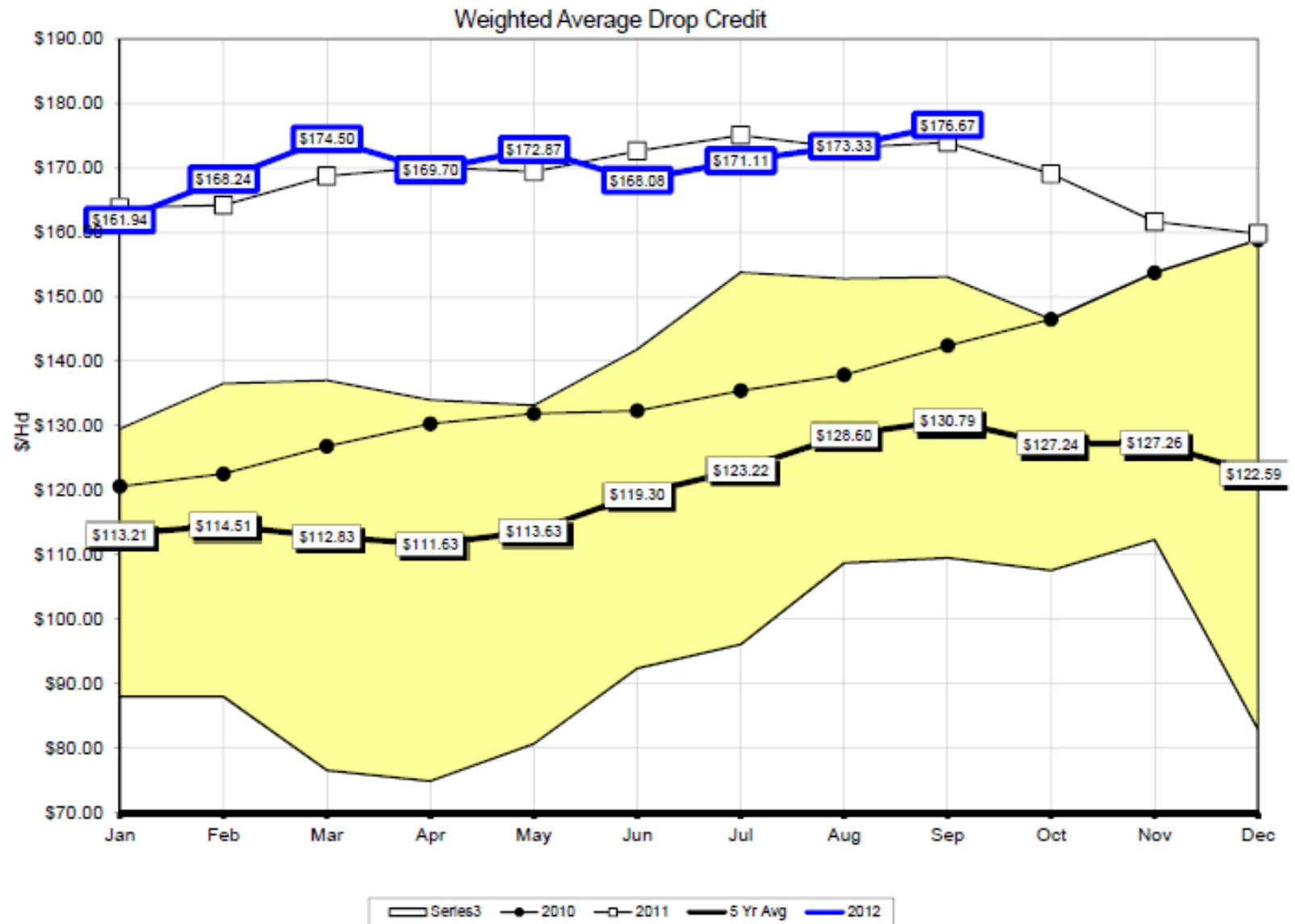


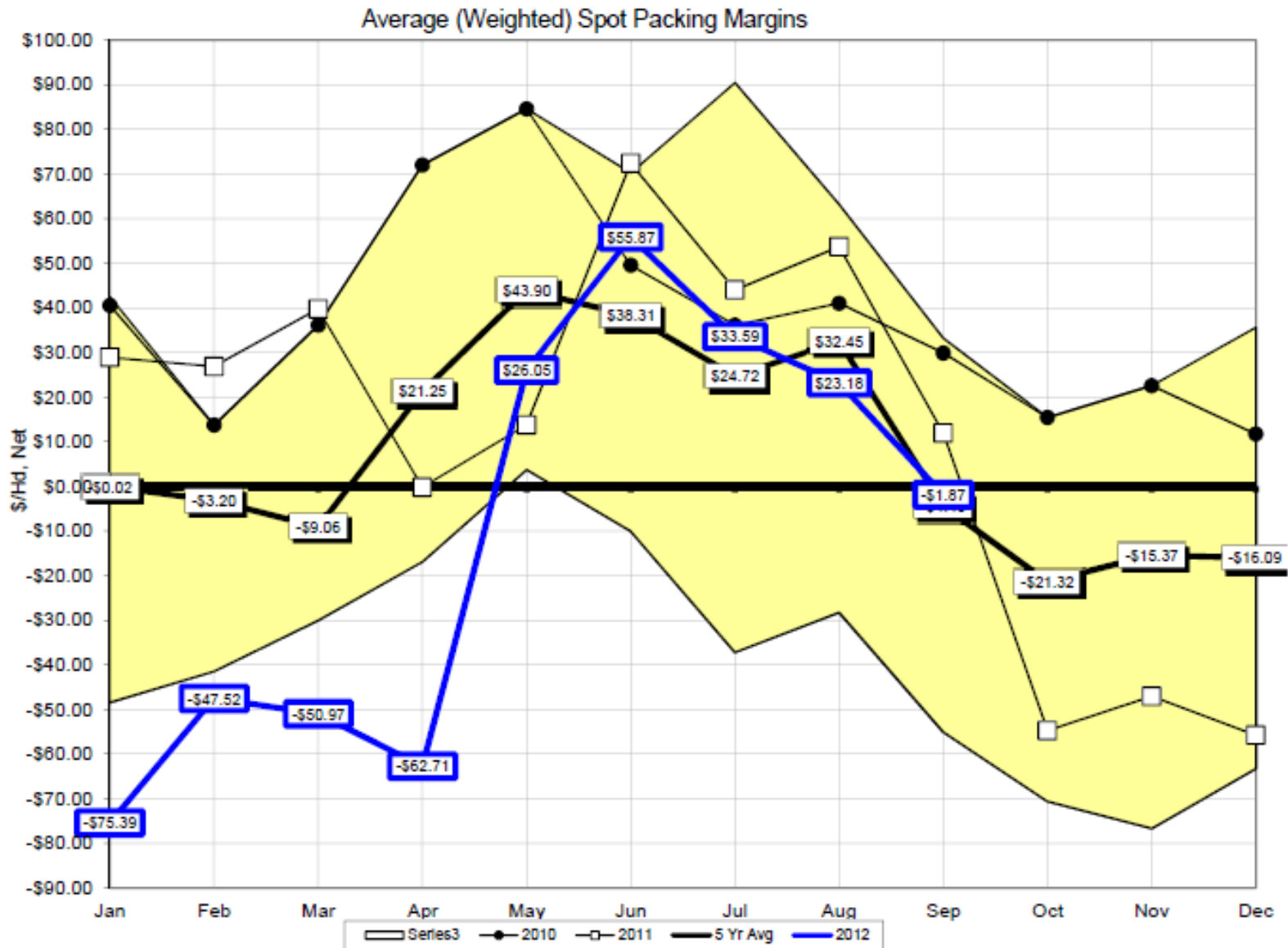


Heavy Choice Cutout, with 2006-2010 Range









Breakdown of Carcass Value, by Primal and Drop Credit at Current Choice Cutout Pricing  
(Current Choice Carcass Price is \$1,777.06)

