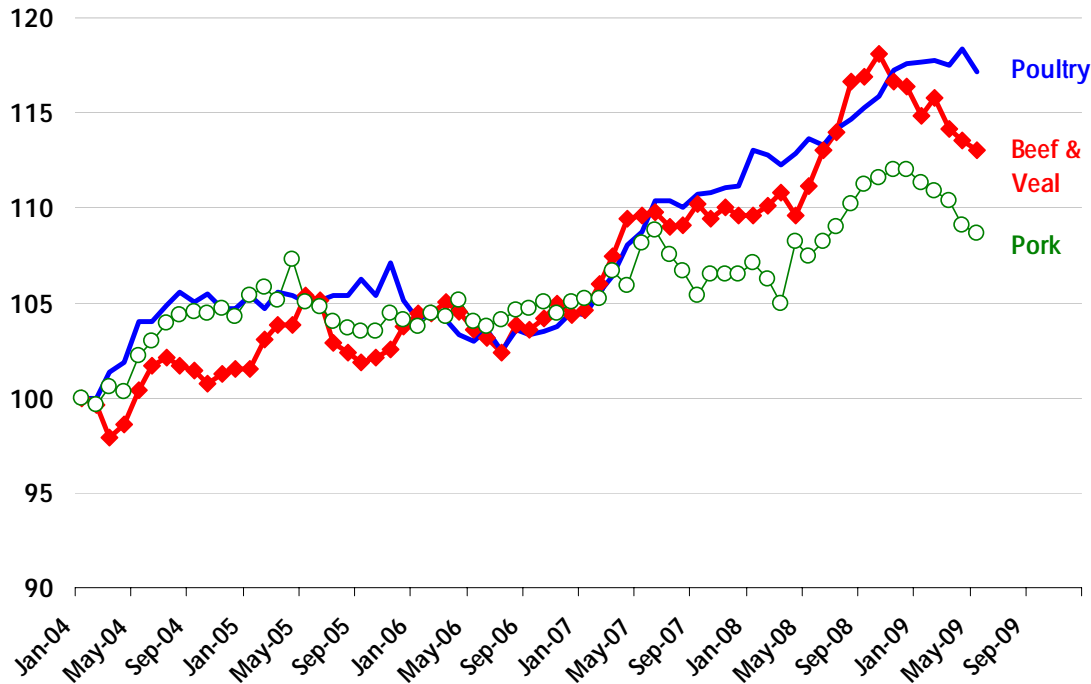


## Daily Livestock Report

### CPI FOR BEEF & VEAL, PORK AND POULTRY

CPI VALUES REINDEXED WITH JAN 2004 = 100



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E-Livestock Volume	17-Jun	16-Jun	10-Jun
LE (E-Live Cattle):	8,796	10,391	8,400
GF (E-Feeder Cattle):	1,352	1,272	1,662
HE (E-Lean Hogs):	16,152	14,946	26,304

### Market Comments

**The latest data on meat prices at the consumer level (May) continued to show a deflationary trend in the price of beef and pork items but less so for poultry prices.** The recession has clearly had a bigger impact on the first two but for different reasons. In the case of beef, consumers likely traded down and opted for less expensive food options. Over the last few months, retailers likely realized that the only way to move beef volume was to give consumers lower prices. As for pork, prices also continued to drift lower, mostly because of increases in the amount of pork available in the domestic market. The pork industry clearly was hurt by the slow-down in export purchases and the fact that despite much talk about it, producers were not able or willing to cut production as much as expected. Poultry price inflation has outpaced the other two major species. In part this may reflect the consumer shift towards less expensive meat protein options, especially in the last six months. Also, the industry has been able to cut production significantly in recent months, removing a considerable amount of slack in the system and eliminating the need for constant discounts in order to move product. Clearly 'poultry' as a category is quite broad and within that some items have depreciated more than others. In all, however, poultry prices are currently up some 17% in the past five years while beef and pork prices are up 13% and 8.6%, respectively. Below are some highlights from the May CPI release:

- The CPI index for beef & veal prices declined 0.5% from the previous month and was up just 1.6% vs. May 2008. The pork price index declined 0.4% from the previous month and is currently running 1.1% higher than a year ago. Poultry prices declined a full 1% from the previous month but are up 3.1% vs. May 2008.
- Overall food inflation declined 0.2% from the previous month and it is currently up 2.7% from a year ago. In 2008, all food inflation averaged around 5.5%.
- Food away from home prices rose 0.1% from a year ago and are surprisingly running some 4.2% above year ago levels. There is plenty of anecdotal evidence suggesting restaurants are providing customers with more value but that is yet to be reflected in the CPI data.
- Prices for food consumed at home declined 0.5% from the previous month and were up just 1.5% compared to a year ago.