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**COVID-19 Impacts on Arkansas’ Agricultural and Rural Economies**

**UPDATE: ERS Retail Meat Prices**

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On May 12, USDA Economic Research Service (ERS) updated its monthly meat price spread data. This data reports includes monthly average retail prices for beef, pork, and chicken based on information collected by the Bureau of Labor Statistics (BLS) for computation of the monthly Consumer Price Index (CPI), the most commonly used measure of inflation.

Beef, pork, and chicken retail prices reported by ERS were all substantially higher in April. This is not too surprising. One of the biggest COVID-19 stories of the past month has been how processing plant disruptions have constrained available meat supplies. The surge in wholesale prices in the past month has been well documented and widely noted. It appears that at least of portion of that higher wholesale price was passed on to consumers in the form of higher retail prices.

The all fresh beef price (which includes data on all quality grades of retail beef, not just Choice) reached a new record level of 622.2 cents/pound. This is the first time since 2015 that the all fresh price has been above 600 cents/pound. Retail pork prices increased more modestly, notching a 1.2% rise from the prior month to average 389.3 cents/pound. This price level is really not out of line with recent history. Finally, retail chicken prices rose by over 5% from the previous month, with the national retail broiler composite price averaging 203.1 cents/pound for April. This matches a record set in 2013. Figures 1a-c show ERS monthly retail prices.

It is a bit surprising that the biggest month-over-month percentage increase in retail price was observed in chicken. Given the more severe disruptions in beef and pork supply chains, a bigger jump in those retail prices might reasonably have been expected. Of course, supply only describes one side of the market. It seems likely that recent events are more supportive of chicken demand than of beef or pork demand. Despite the bigger percentage jump in April, chicken remains the most affordable of the three major proteins. With falling consumer incomes and heightened perceptions of risk, consumers are likely favoring lower-priced product. Moreover, with most food being prepared and consumed at home now, the greater availability of ready-to-eat and/or convenience products from chicken may also be influencing consumer demand.

ERS meat price data also estimates the spread between prices at different levels of the supply chain. Again, the effects of April’s processing sector disruptions are apparent in that data. ERS reports an April farm-to-wholesale price spread (i.e., the difference between the wholesale value of the meat derived from an animal and its farm-level net value) of 165.1 cents/pound – or about 41% of a carcass’ wholesale value of 402 cents/pound. That is a record wide spread between farm and wholesale values and clearly demonstrates the unprecedented market consequences of the sharp loss in slaughter/processing capacity in the sector in April. The farm-to-wholesale spread in pork also increased modestly in April to 59.9 cents/pound (or 49% of the wholesale value of 121.6 cents/pound). This is a relatively wide spread seasonally, but it is not unprecedented.

1. All Fresh Beef
2. Pork
3. Chicken

Data Source: USDA Economic Research Service, Meat Price Spreads.

**Figure 1a-c.** Beef (a), Pork (b), and Chicken (c) Retail Prices