THE FACTS BEHIND BEEF PRICES

FLUCTUATING FEED COSTS

Underlying grain and oilseed prices can fluctuate based on supply and demand fundamentals, weather, or other factors. As feed costs change, this can have an impact on producers' break-even costs and ultimately the price of beef.

GLOBAL DEMAND

Asia's growing middle class, coupled with rising meat consumption in the U.S., has led to an increased demand for beef. Increased population and consumption is estimated to require 50% more food to be produced by 2050 to meet growing global demand for an estimated 9 billion people.

WEATHER

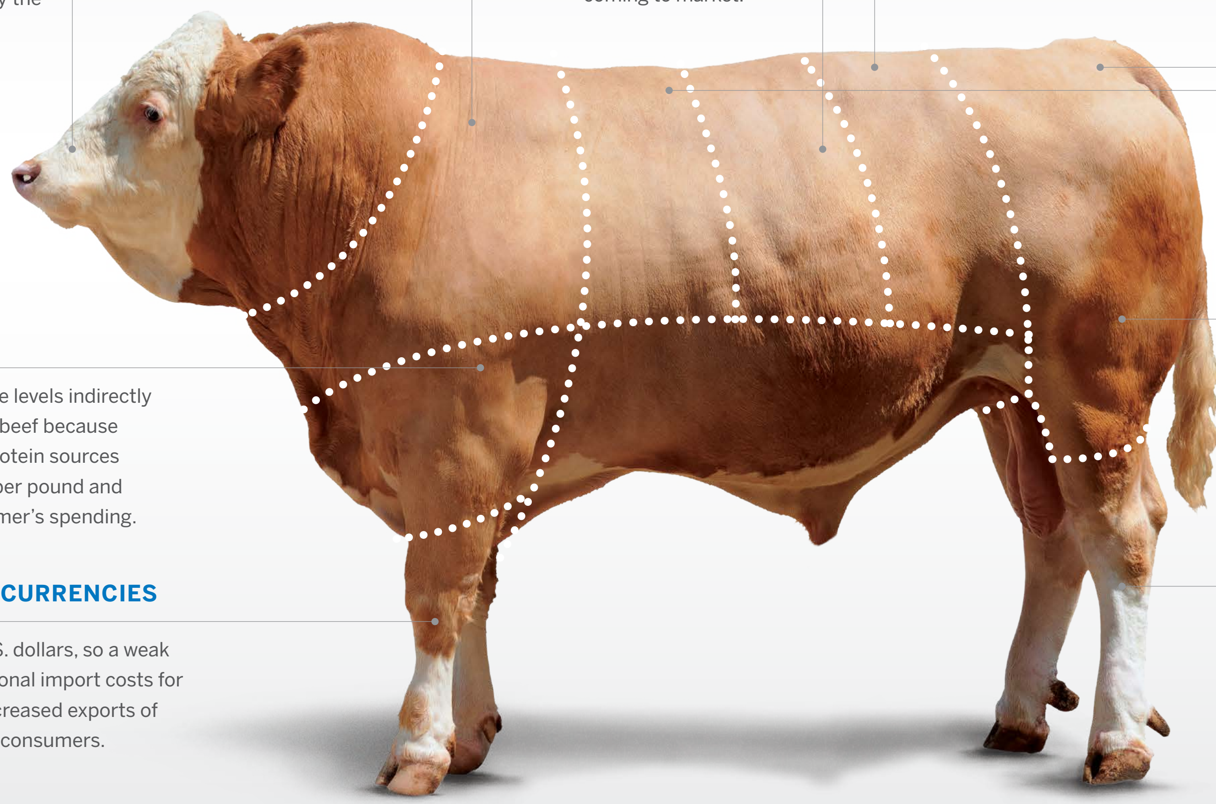
Severe weather, such as drought, floods, blizzards or other extreme conditions, can lead to a shortage of feed and grass. In some cases, severe weather can directly impact the size of the herd and diminish the supply of cattle coming to market.

PACKER EFFICIENCY

How efficiently packers are able to process their product into wholesale cuts can have an impact on the price of pork. Regardless of supply and demand, packer inefficiencies can cause bottlenecks that can drive pork prices higher.

CASH MARKET TRANSPARENCY

Producers and processors rely on cash market prices both to gauge the market value of cattle and manage their risk in futures markets. However, with about 75% of cattle sales now private or formula-based, those cash market prices are not as readily available, which can make beef prices less stable.



GLOBAL TRADE RESTRICTIONS

The United States is both the world's largest producer and a leading importer of beef. Tariffs, quotas and other trade restrictions can result in higher costs for consumers.

CATTLE WEIGHTS

When factors like feed costs increase, producers will find an alternative feed source, feed their herd less, or sell cattle at lighter weights. Light weight cattle can impact the amount of fat produced and can cause beef prices to increase.

FOOD SAFETY CONCERNS

Food safety concerns can have an impact on both cattle and beef prices. In the past, food safety concerns have resulted in bans on U.S. beef exports, driving down domestic cattle and beef prices, in the short term, as demand for beef decreased and supplies built up.

COMPETITION

Pork & chicken price levels indirectly impact the price of beef because these alternative protein sources are less expensive per pound and compete for consumer's spending.

FLUCTUATING CURRENCIES

Beef is priced in U.S. dollars, so a weak dollar means additional import costs for foreign beef and increased exports of U.S. beef to foreign consumers.