

# CONSUMER MEAT PRICES & COVID-19



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DR. GLYNN T. TONSOR

EMAIL: [GTONSOR@KSU.EDU](mailto:GTONSOR@KSU.EDU)

TWITTER: @TONSORGLYNN



<https://www.agmanager.info/contributors/tonsor>

## Broad Outline

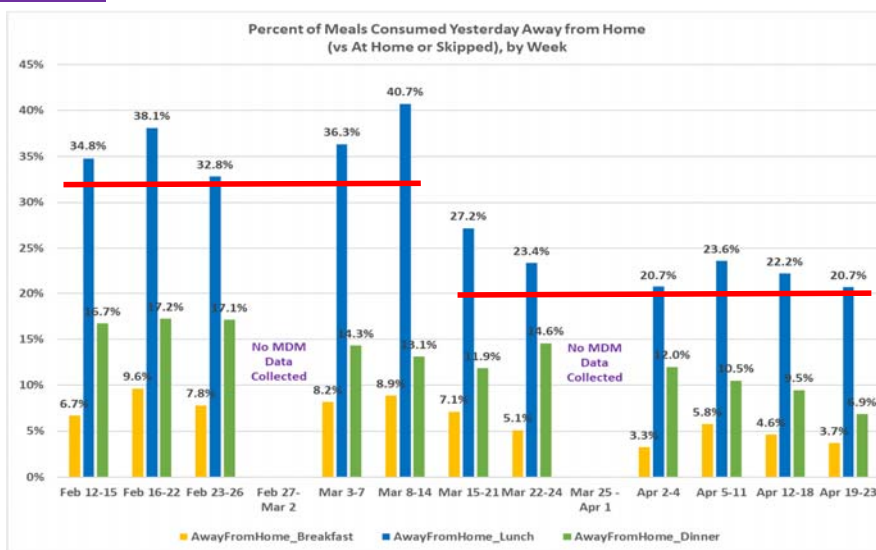
1. 2020 COVID-19 Events
2. Consumer Demand Trends
3. Latest Proposals & Calls for Change
4. Q&A



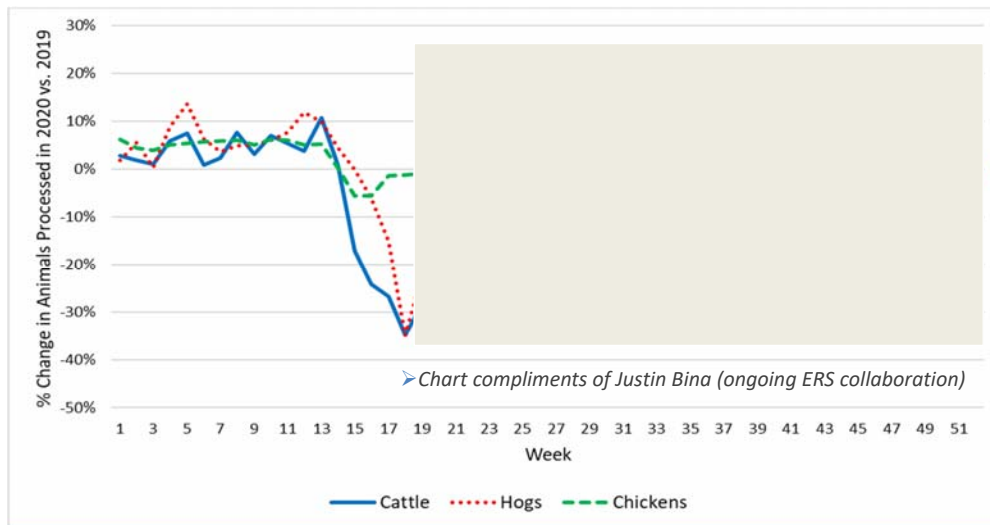
# 3 LARGE COVID-19 SHOCKS



## SHOCK #1: Shift to At-Home



# SHOCK #2: Once in a lifetime “bottleneck”...



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## SHOCK #2: Animal-to-Meat Bottleneck in April-May Societal Calls: *Where's my Meat?*



<https://www.usda.gov/media/press-releases/2020/04/28/usda-implement-president-trumps-executive-order-meat-and-poultry>

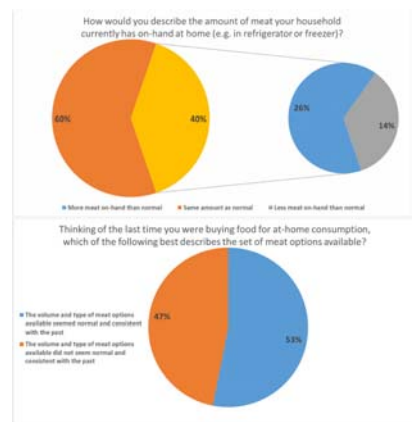
TIME

COVID-19 Meat Shortages Could Last for Months. Here's What to Know Before Your Next Grocery Shopping Trip

<https://time.com/5830178/meat-shortages-coronavirus/>



Meat shortages as virus forces plants to close  
The effects of the coronavirus pandemic continue to ripple through the food industry. Dean Reynolds reports. 4/29/20, 2020.  
<https://www.cbsnews.com/video/meat-shortages-as-virus-forces-plants-to-close/>



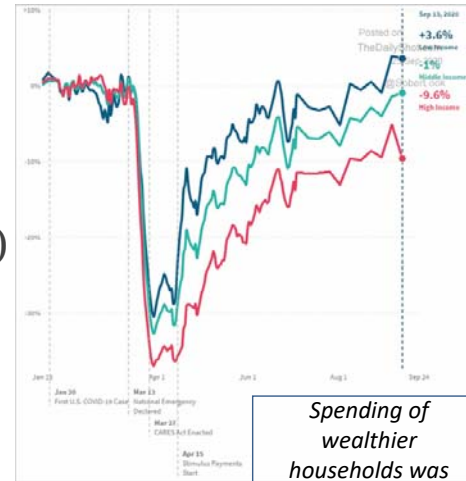
<https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data/meat-demand-monitor-coronavirus>



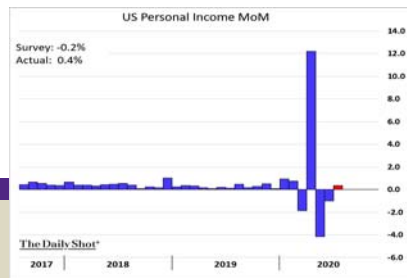
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# **SHOCK #3** Consumer Meat Demand

- Recession
  - Weaker Meat Demand (typically at least)
- Stimulus & Spending
  - Supports Demand (April incomes were up!)
  - VERY divergent consumer spending



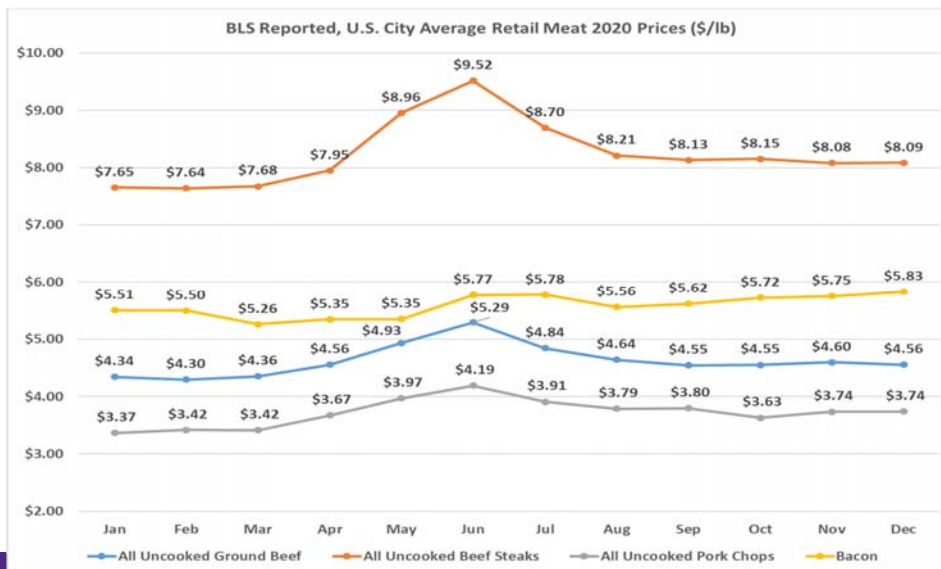
*Spending of wealthier households was more cautious*



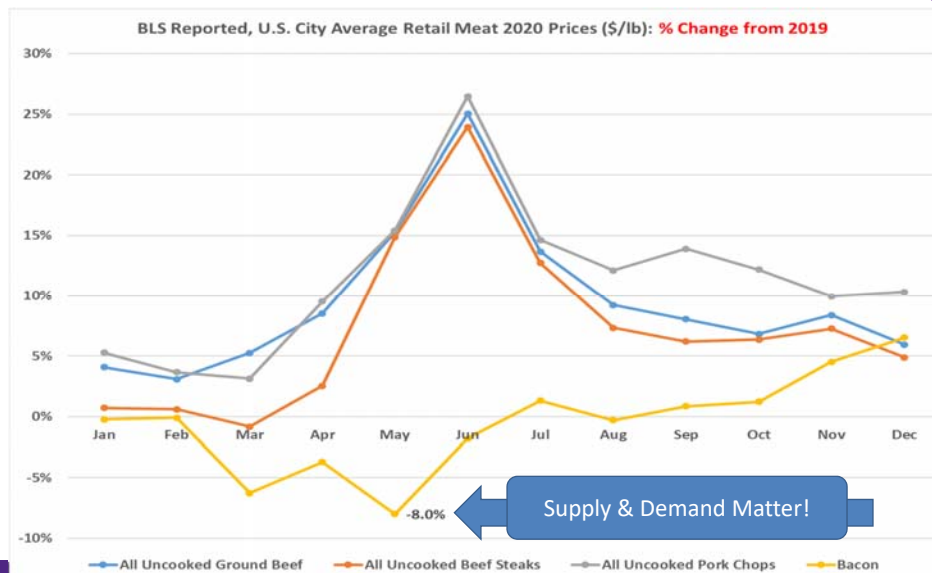
## **Meat Prices, Demand Trends & 2021 Outlook**



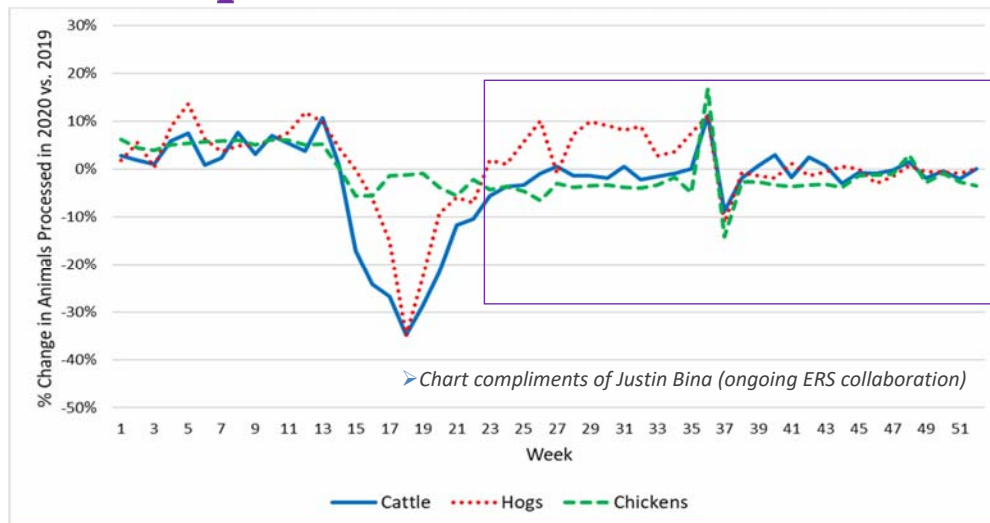
# Retail Meat Price Patterns in 2020 (BLS)



# Retail Meat Price Patterns in 2020 (BLS)



## SHOCK #2 Update: “bottleneck” relief



## What is Domestic Per Capita Consumption?

Domestic Meat Production

+

Imported Meat

-

Exported Meat

+

Change in Cold Storage Stocks

= Domestic Meat Availability

➤ Divide by Domestic Population = Per Capita Availability/Disappearance (proxy for consumption)



# What is Domestic Per Capita Consumption?

□ Domestic Meat Production

+

□ Imported Meat

-

□ Exported Meat

+

□ Change in Cold Storage Stocks

= Domestic Meat Availability

➤ Divide by Domestic Population = Per Capita Availability/Disappearance (proxy for consumption)

Note all 5 points of influence

Various markets interplay leading ultimately to U.S. consumer price & volume outcomes



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## Projected Domestic Per Capita **Beef** Consumption (LMIC 2/3/21)

### LMIC Forecasts

2020: Q1=14.7 lbs    Q2 = 13.6 lbs    Q3=15.5 lbs    Q4=14.6 lbs    YR: +0.5% vs 19'

2021: Q1=14.6 lbs    Q2=13.8 lbs    Q3=14.1 lbs    Q4=14.1 lbs    YR: -3.1% vs 20'

2022: Q1=14.4 lbs    Q2=13.5 lbs    Q3=13.9 lbs    Q4=13.7 lbs    YR: -2.0% vs 21'



<https://lmic.info/>

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# Projected Domestic Per Capita **Pork** Consumption (LMIC 1/25/21)

## LMIC Forecasts

2020: Q1=13.2 lbs    Q2 = 11.6 lbs    Q3=13.2 lbs    Q4=13.7 lbs    YR: -1.3% vs 19'

2021: Q1=12.8 lbs    Q2=11.8 lbs    Q3=13.0 lbs    Q4=13.4 lbs    YR: -1.0% vs 20'

2022: Q1=13.0 lbs    Q2=12.0 lbs    Q3=13.4 lbs    Q4=13.7 lbs    YR: +1.9% vs 21'



<https://lmic.info/>

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Monthly Meat Demand Monitor [Survey Data]

The Meat Demand Monitor (MDM) project is funded in-part by the beef checkoff and the pork checkoff. Monthly reports and supporting documentation are available here.

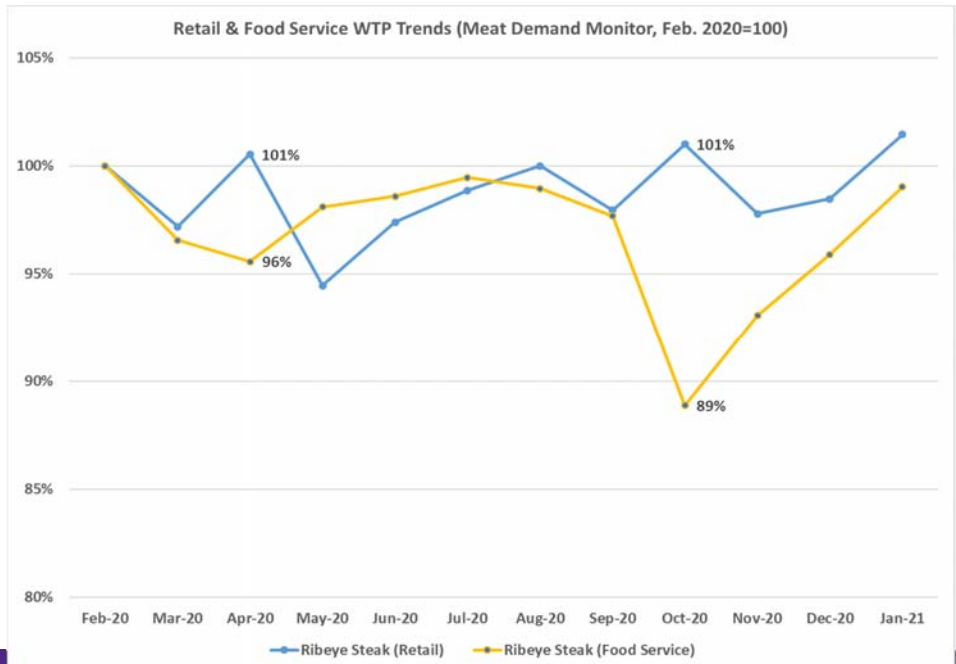
Title	Author	Date	Downloads
Meat Demand Monitor - January 2021	Tonsor	February 4, 2021	<a href="#">Downloads -</a>
Multi-Month Summary Report: July-December 2020	Tonsor	January 29, 2021	<a href="#">Downloads -</a>
Meat Demand Monitor - December 2020	Tonsor	December 28, 2020	<a href="#">Downloads -</a>
Meat Demand Monitor - November 2020	Tonsor	December 1, 2020	<a href="#">Downloads -</a>
Impact of Coronavirus (COVID19) Vaccine on Food Service	Tonsor Lusk	November 16, 2020	<a href="#">Downloads -</a>
Meat Demand Monitor - October 2020	Tonsor	November 9, 2020	<a href="#">Downloads -</a>
Meat Demand Monitor - September 2020	Tonsor	October 2, 2020	<a href="#">Downloads -</a>
Meat Demand Monitor - August 2020	Tonsor	September 4, 2020	<a href="#">Downloads -</a>



<https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data>

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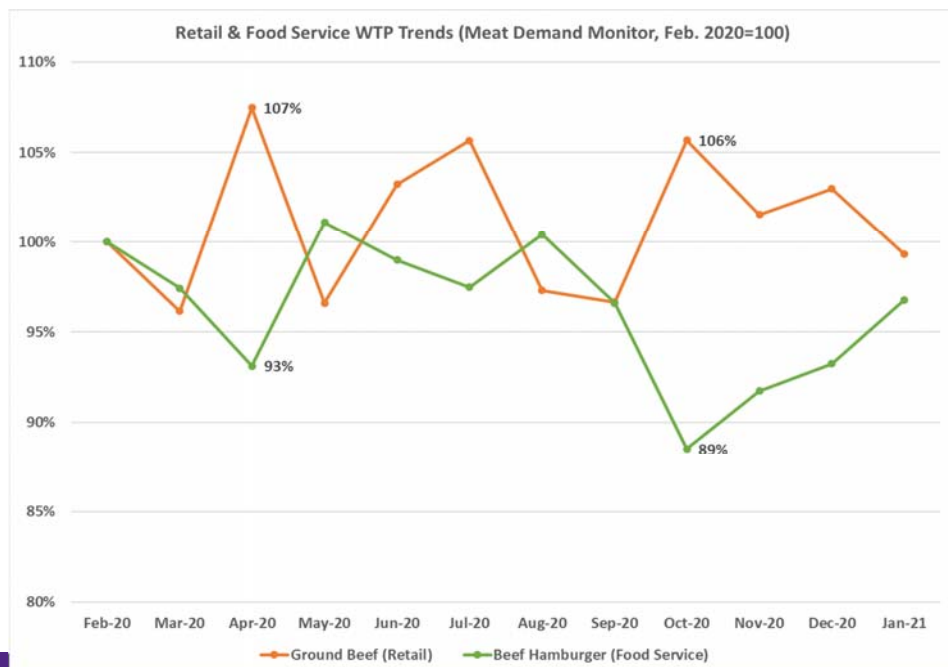




<https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data>



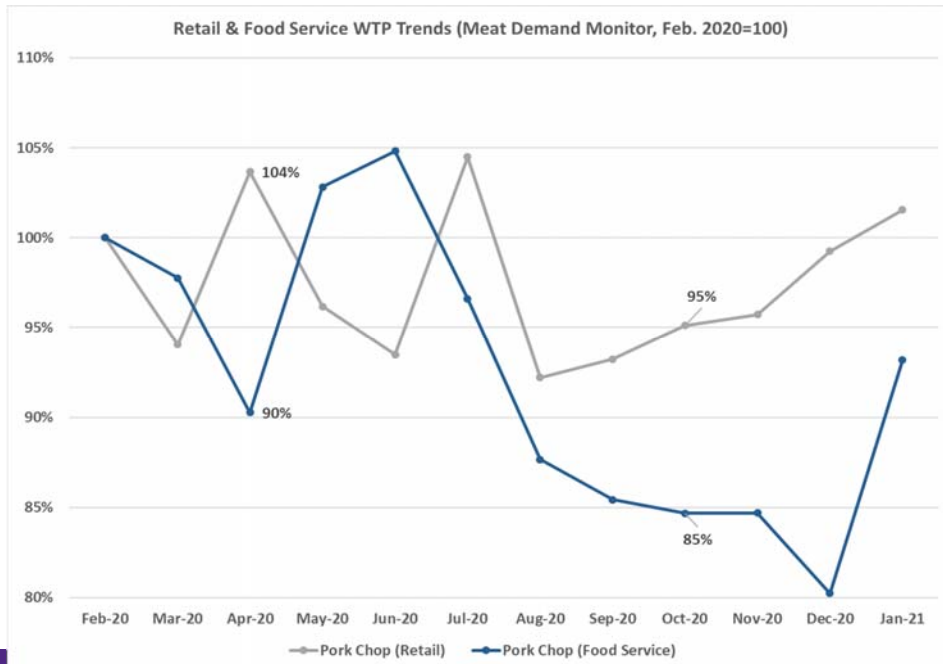
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<https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data>



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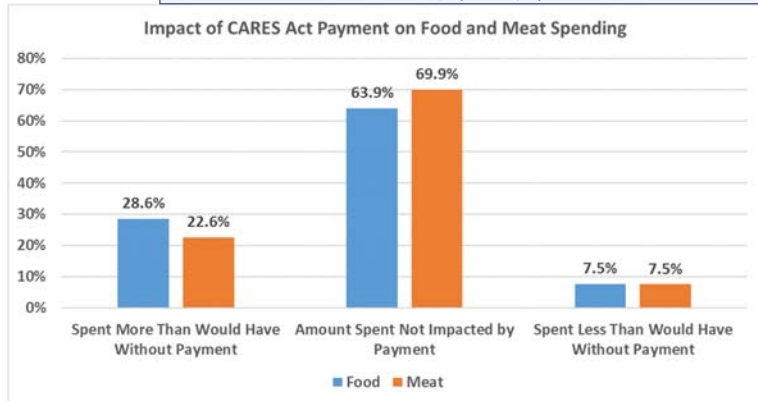
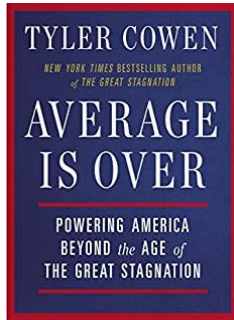
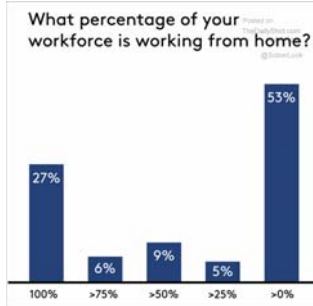
# Meat Demand Insights

## 1. "K-Shaped" Economy & Meat Demand

- Averages are easily misleading...

**CARES Act Payments**

- >85% of residents
- Mainly received in April-June
- 34% = \$1,001-\$1,500
- 20% = \$2,001-\$2,500

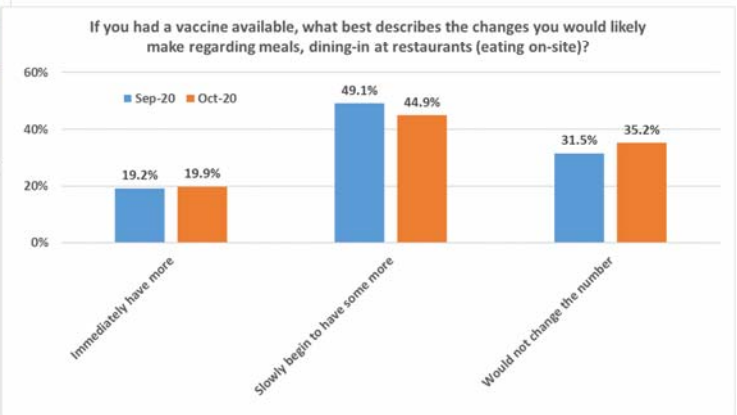
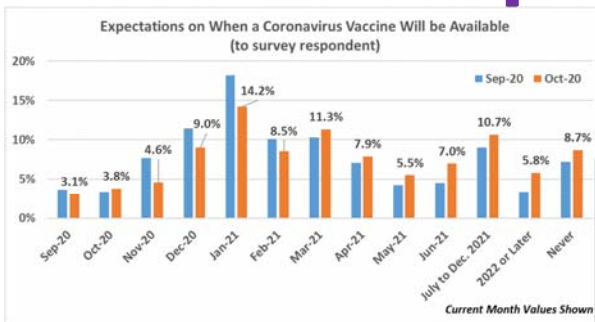


<https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data/meat-demand-monitor-august-2020>



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# Vaccine Impact



<https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data>

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# KEY CHALLENGES & HOT TOPICS



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## Packing Sector COVID Challenges: Dynamic, Politicized, Research Ongoing

RESEARCH ARTICLE

### Livestock plants and COVID-19 transmission

Charles A. Taylor, Christopher Boulos, and Douglas Almond

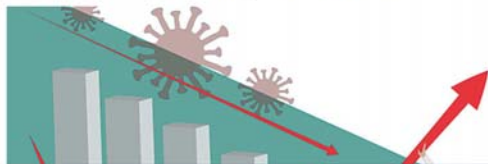
PNAS December 15, 2020 117 (50) 31706-31715; first published November 19, 2020. <https://doi.org/10.1073/pnas.2010115117>

Meat and Poultry Processing | Food Safety | Beef | Expert Commentary

Guest Commentary | Dr. Phil Bass

#### Meat industry resiliency

The meat industry has bounced back from major challenges and changes before; in the post-COVID-19 world, we should expect a similar outcome.



<https://www.provisioneronline.com/articles/109602-meat-industry-resiliency>



<https://nutrition.tufts.edu/event/2020-06-05/webinar-how-resilient-us-meat-supply-chain-lessons-covid-19>

Applied Economic Perspectives and Policy / Early View

Featured Article | Free Access

#### Beef and Pork Marketing Margins and Price Spreads during COVID-19

Jayson L. Lusk, Glynn T. Tonsor, Lee L. Schulz

First published: 02 October 2020  
<https://doi.org/10.1002/aep.13101>



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# Negotiated Fed Cattle Trade: Dynamic, Politicized, Research Ongoing

Fed Cattle Price Discovery  
Issues and Considerations



E-1053

Division of Agricultural Sciences and Natural Resources  
Oklahoma State University



<http://pods.dasnr.okstate.edu/docushare/dsweb/Get/Document-12077/E-1053%20Fed%20Cattle.pdf>

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## Many Important Items – Insufficient Time Today...

Renewed Calls for Mandatory Country  
of Origin Labeling...



AGDAY TV  
Watch AgDay

<https://www.agweb.com/news/policy/politics/economist-cautions-cool-could-come-added-costs>

FEELS LIKE 17°



AgDay 02/05/21  
20:22



LATEST VIDEO



VIEW MORE



# Take-Home Summary Points

- Nearly all of us underestimated COVID-19 impacts
- Calls for “change” are prevalent & GT hopes for data-driven assessment



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The Economist

Today Weekly edition Menu



International  
Jul 23rd 2016 edition

Stress  
**What makes us stronger**

New research shows that even severe stress can have an upside

International

Feb 15th 2020 edition



A deadly disease disrupts

**The new coronavirus could have a lasting impact on global supply chains**

Multinationals have failed to take seriously the risk of disruption



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More information available at:



This presentation will be available in PDF format at:

<http://www.agmanager.info/about/contributors/individual/tonsor.asp>

Host of additional industry resources are cross-linked as well

