GO FIGURE

What's Driving Wide Gap Between Cattle and Beef Prices?

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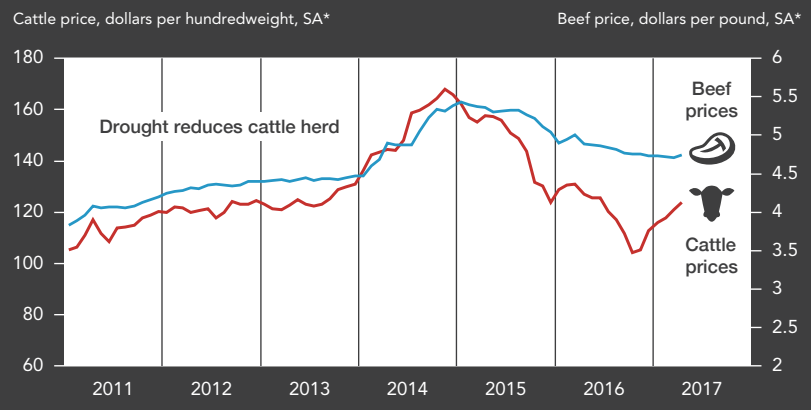
CATTLE PRICES FALL

BEEF PRICES, *not so much*



What's *moooooooooving* prices?

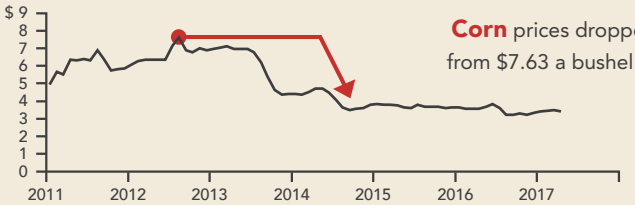
Ranchers

Texas ranchers rebuild **Cattle Herd** after 2011 drought, pushing prices downward

Cattle herd rises from **11.1 million** in 2014 **to 12.3 million** in 2017, contributing to cattle prices falling more than **15%**

Feedlots

Feedlots benefit from **Low Grain Prices**



Corn prices dropped over **50%** from $7.63 a bushel to around $3.50.

Ranchers & Feedlots Experience Falling Cattle & Grain Prices

Meatpackers

Top 4 Meatpackers **Dominate Beef Market**

85% **of cattle** processed into beef by four producers. **This percentage is high** compared with **pork (66%)** and **chicken (51%)**.

Grocers

Grocers have **Market Power** to set retail prices

Grocers are able to maintain some margin, although they are **subject to competition** between grocers and types of meat.

Meatpackers & Grocers Prop Up Beef Prices

The wide gap occurs partly because meatpackers and grocers are able to keep prices relatively high even as costs go down.

*Seasonal adjustments (SA) by the Federal Reserve Bank of Dallas.
NOTES: Cattle price is price received for a 500-pound calf. Beef price is average retail price paid at checkout, based on meat department beef sales for grocery stores, mass merchandisers and club stores.
SOURCES: United States Department of Agriculture National Agricultural Statistics Service; Information Resources Inc./FreshLook total U.S. multi-outlet, categorized by VMMeat System; USDA's Grain Inspection, Packers and Stockyards Administration.