

Meat Prices May Rise Up To 8 Percent In 2013

ROXANA HEGEMAN, Associated Press

WICHITA, Kan. (AP) — Consumers can expect to pay 5 percent to 8 percent more at the meat counter next year regardless of whether they put beef, pork or chicken into their grocery carts, a market analyst said Friday.

Randy Blach, vice president for CattleFax, told nearly a thousand cattle producers attending the 100th convention of the Kansas Livestock Association that consumer meat prices will rise to record highs because livestock production has fallen dramatically after ranchers culled animals during this year's drought.

Ranchers sold livestock they couldn't afford to feed after the drought dried up pastures, cut hay production and drove up the price of corn and other feedstuffs.

The market analyst said roughly 70 percent of the nation's cattle herd has been affected by drought this year, the fourth in a row with drought in at least some key cattle-producing areas. This year's drought, which covered two-thirds of the nation at one point, has been among the worst in 100 years, he said.

The culling is slowing now, but Blach estimated that the nation's herd will be down by 1 million cattle by the time the government releases its semi-annual cattle inventory in January.

The cattle inventory is the smallest it has been since 1958, however beef production has doubled since then, Blach said. That is because the nation has over the years been slaughtering heavier animals. Once ranchers eventually begin rebuilding herds, it won't take as many animals to produce the same amount of beef.

He predicted at least one major meatpacking plant and several feedlots will likely shut down as slaughter numbers continue to decline.

"We have a lot of excess feeding capacity, we have a lot of excess packing capacity. We will likely see some closures start within the next 12 months," Blach said. "And that is never good because once you start seeing them close, and it is always particularly from a packing standpoint, it is tough to get them back open."

Blach also said he remained hopeful the nation would see action to avert the so-called fiscal cliff, a package of sharp tax increases and spending cuts that will take effect next year unless Congress and the White House replace them. He urged cattlemen to get on the phone and encourage their congressmen to come to a deal.

A CattleFax analysis indicates cattle producers could lose as much as \$200 a head in value because consumer demand will fall if Congress does not avoid the fiscal cliff.

Meat Prices May Rise Up To 8 Percent In 2013

Published on Food Manufacturing (<http://www.foodmanufacturing.com>)

"They need to get this thing resolved because it could have some major implications to our business," Blach said.

Source URL (retrieved on 03/31/2015 - 6:31am):

<http://www.foodmanufacturing.com/news/2012/12/meat-prices-may-rise-8-percent-2013>