

Beef Prices Climb to Highest Level Since 1987

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In this July 25, 2012 file photo butcher Freddie Quina cuts meat at Super Cao Nguyen in Oklahoma City. The highest beef prices in decades — fresh beef climbing to \$5.28 a pound in February 2014, up from \$5.04 in January — have some consumers spending extra time in meat market aisles as they search for cuts that won't break their budgets. (AP Photo/Sue Ogrocki)

LUBBOCK, Texas (AP) — The highest [beef prices](#) [1] in almost three decades have arrived just before the start of grilling season, causing sticker shock for both consumers and restaurant owners — and relief isn't likely anytime soon.

A dwindling number of cattle and growing export demand from countries such as China and Japan have caused the average retail cost of fresh beef to climb to \$5.28 a pound in February, up almost a quarter from January and the highest price since 1987.

Everything that's produced is being consumed, said Kevin Good, an analyst at CattleFax, a Colorado-based information group. And prices likely will stay high for a couple of years as cattle producers start to rebuild their herds amid big questions about whether the Southwest and parts of the Midwest will see enough rain to replenish pastures.

Meanwhile, quick trips to the grocery store could drag on a little longer as shoppers search for cuts that won't break the budgets. Patrons at one market in Lubbock seemed resigned to the high prices, but not happy.

"I quit buying steaks a while ago when the price went up," said 59-year-old Lubbock resident Len Markham, who works at Texas Tech. She says she limits red meat purchases to hamburger, opting for chicken, pork and fish instead.

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Fellow Lubbock resident Terry Olson says she buys chicken and eggs now.

"I don't buy (red) meat, period," the 67-year-old said, admitting there's an occasional hamburger purchase. "Not like I used to because of the price."

Restaurant owners, too, must deal with the high prices. Mark Hutchens, owner of the 50 Yard Line Steakhouse in Lubbock, raised his menu prices for beef items by about 5 percent in November. Since then, the owner of the eatery has tried to make cuts elsewhere to avoid passing it on to customers.

"It really squeezes the small guys more," he said of non-chain restaurants. "You just can't keep going up on people forever. I just think you have to stay competitive and keep your costs low."

White-tablecloth restaurants have adjusted the size of their steaks, making them thinner to offset the price increases, says Jim Robb, director of the Colorado-based Livestock Marketing Information Center. Some places now serve a 6-ounce sirloin, compared to 8- or 10-ounce portions offered years ago, he said.

And fast-food restaurants are trimming costs by reducing the number of menu items and are offering other meat options, including turkey burgers, Robb said. Chain restaurants also try to buy in volume as much as they can, which essentially gives them a discount, Iowa State University assistant economics professor Lee Schulz said.

"That can help them when they're seeing these higher prices," he said. "They can't do anything with the high prices."

The high prices are welcome news for at least one group: ranchers, especially those in Texas who for years have struggled amid drought and high feed prices. Despite the most recent numbers that show the fewest head of cattle in the U.S. since 1951, prices for beef haven't declined along with the herd size as demand has remained strong.

But even as ranchers breathe a sigh of relief, some worry lasting high prices will prompt consumers to permanently change their buying habits — switching to chicken or pork. Pete Bonds, a 62-year-old Texas rancher and president of the Texas and Southwestern Cattle Raisers Association, said that's a big concern, especially as younger consumers start to establish themselves.

But such fears may be unfounded, Robb said. Three years ago, economists thought consumers would start finding substitutions for beef as the drought spread. "We're surprised we haven't seen more of that," he said.

South Dakota rancher Chuck O'Connor is optimistic that consumers won't abandon beef for good.

"I'm sure some are maybe going to cut back some, but to say that people aren't going to buy it anymore, I don't think that's going to happen," he said, adding, "

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hope not."

Beef isn't the only meat with higher price tags. The price of pork also has climbed, largely due to a virus that has killed millions of young pigs. And composite retail prices for chicken in February were \$1.95 per pound, the highest since October.

"I think these higher food prices are here to stay, including beef," said Dale Spencer, a rancher in central Nebraska and the former president of the Nebraska Cattle Association. "As we grow the herd, we'll have more supplies and prices should drop some at the market. I would not say a drastic drop."

The long-term trend, Good said, is that more shoppers will choose cheaper hamburger over higher-priced steaks and roasts.

"There's concern for the future but what's the consumer to do?" he said. "Pay the price or do without."

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