

WEBINAR:

As Meat Prices Continue To Heat Up, What's Going On... The Grill This Year?

June 27, 2024

10 a.m. (PT) / 11 a.m. (MT)

12 p.m. (CT) / 1 p.m. (ET)

Keynote Speakers



Chris Dubois
EVP Fresh Protein
Practice Leader,
Circana



Dave Weaber
Animal Protein Economist,
Terrain



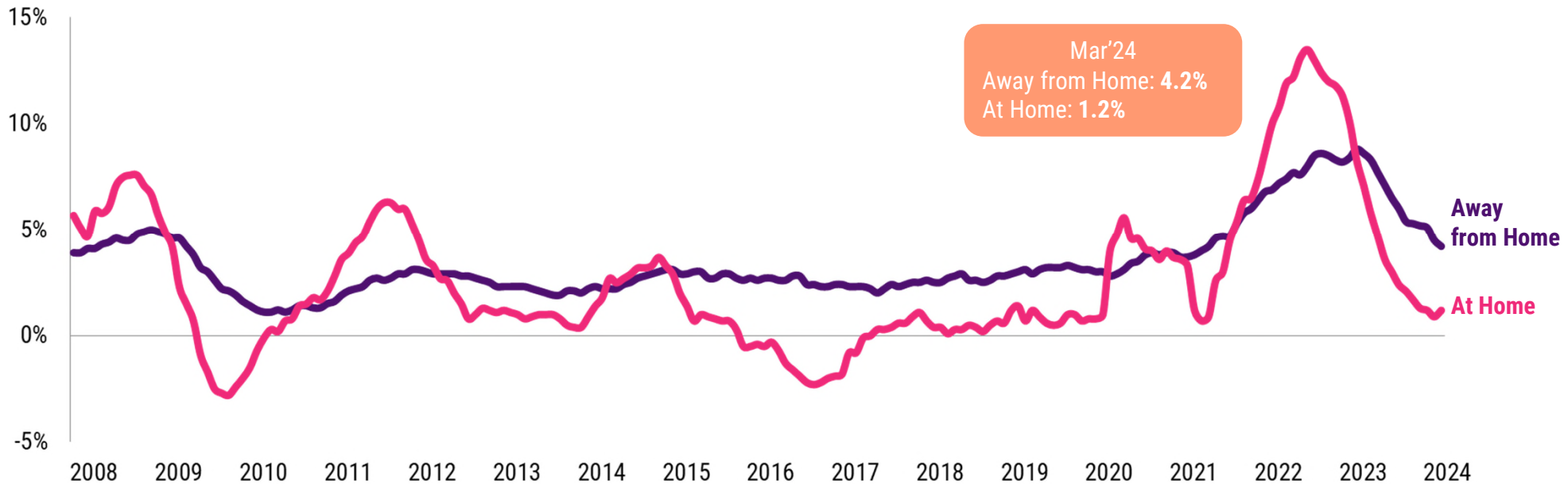
Brian Earnest
Lead Animal
Protein Analyst,
CoBank Knowledge
Exchange



June 27, 2024 | For private use only

Food inflation – monthly

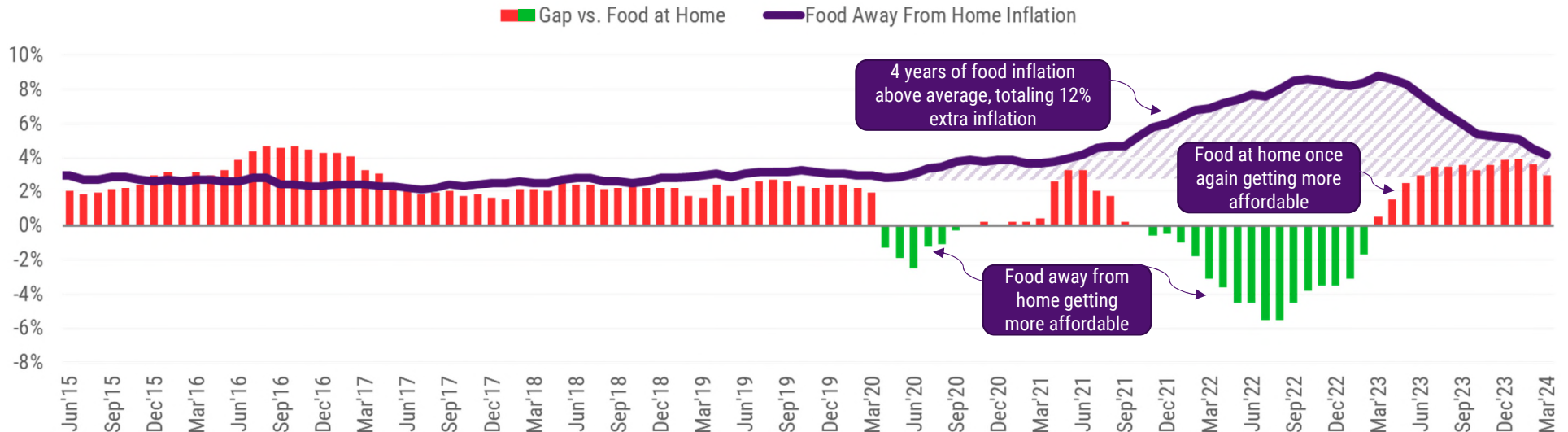
Both in-home and away-from-home continue to remain elevated compared to the rate of food at-home. Away-from-home continued to tick down versus last month while at-home inflation rose slightly.



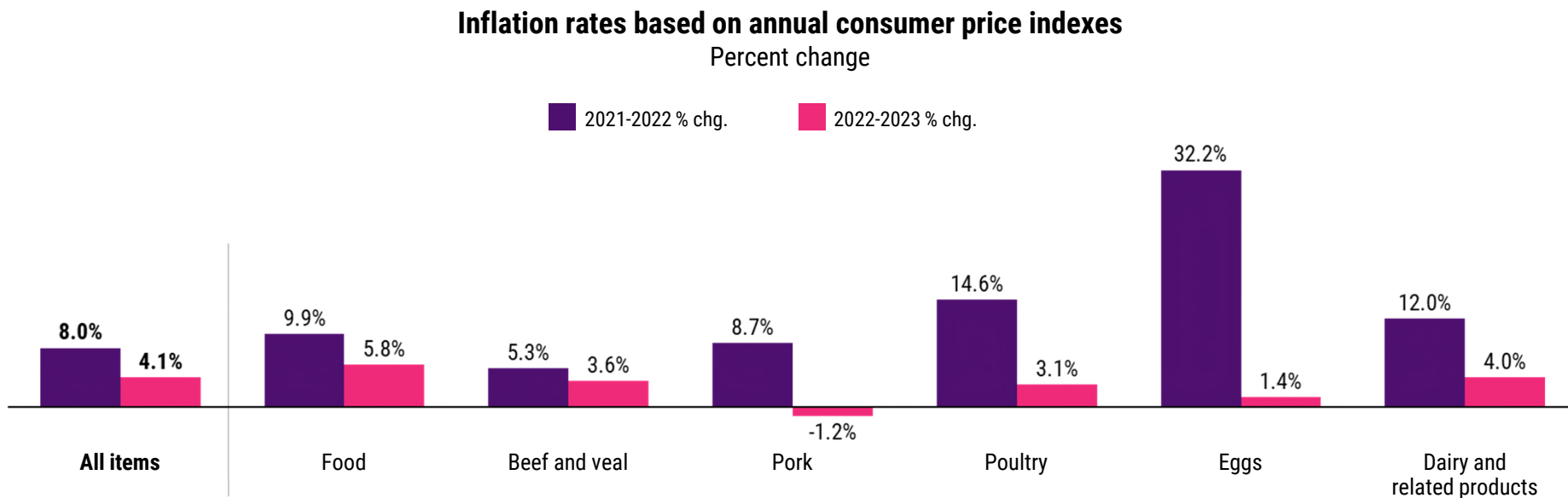
Food inflation – relative value

Despite disinflation, food away from home inflation is still above historical averages and food away from home is losing value compared to food at home.

Food Away From Home Inflation & Gap to Food at Home Inflation



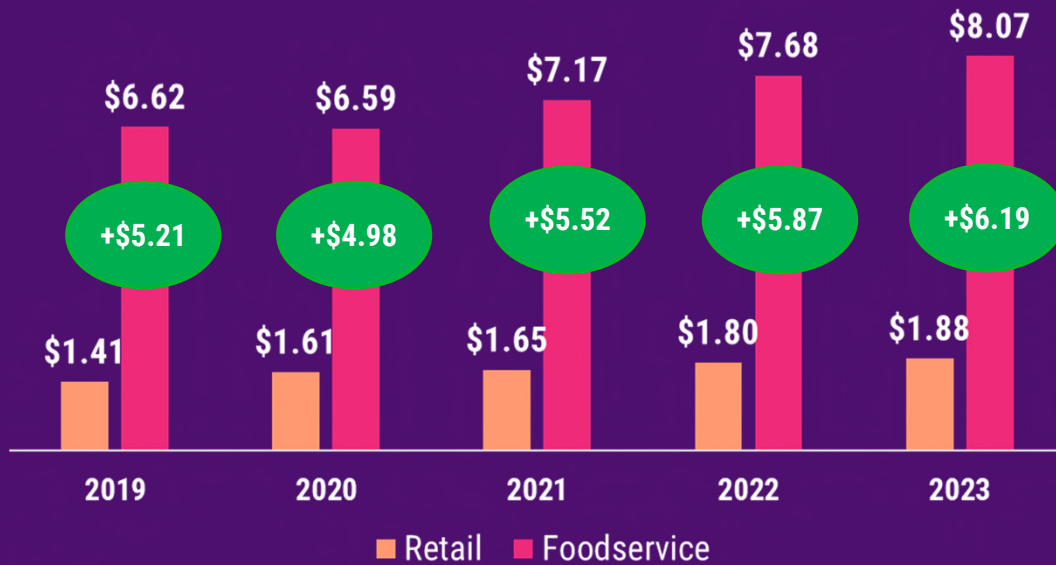
Annual inflation was lower in 2023 for the major Proteins



The 2022 inflation rates for pork, poultry, eggs, and dairy exceeded the inflation rate for all items.
In 2023, these inflation rates were all **lower** than rates for all items and food.

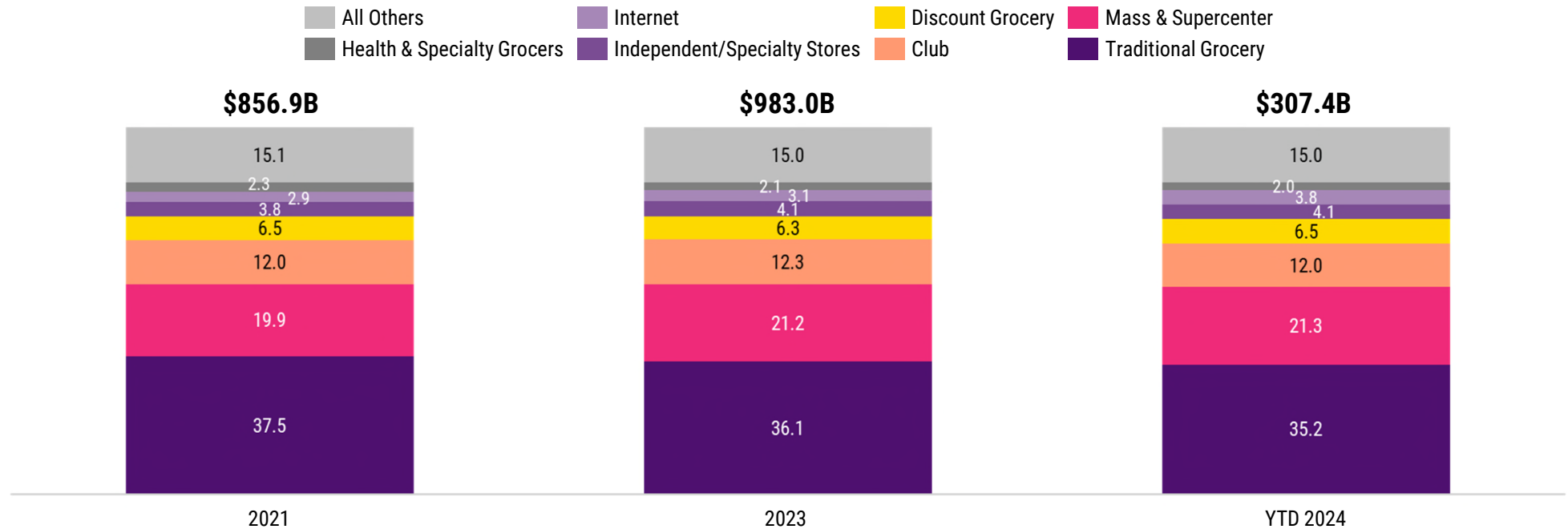
Retail Food & Beverage meals cost much less than Foodservice.

Cost per Eating Occasion



Part of the cost advantage is due to the increased popularity of more cost-focused retail channels

Total Edible has gained dollar share in Internet, Discount Grocery and Mass/Super in recent periods





Meat Department Dynamics

Beef drives Dollar growth while Chicken drives Volume

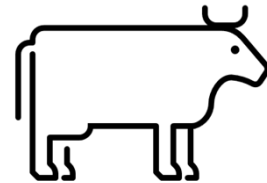
L52W 2024 Fresh Meat

\$69B

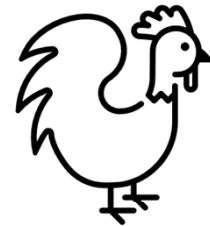
+3.3% vs YA

16B lbs

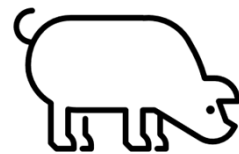
+1.2% vs YA



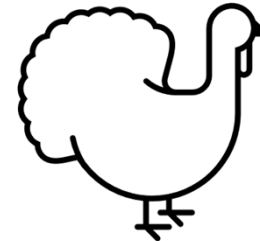
\$37.5B
\$ +6.4%
LBS +0.3%



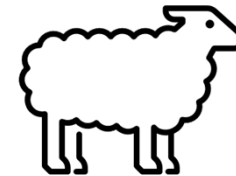
\$18.7B
\$ +0.8%
LBS +3.1%



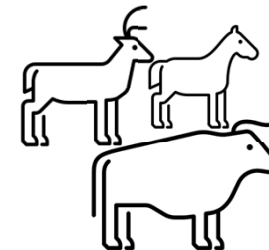
\$8.2B
\$ -2.0%
LBS -1.1%



\$3.3B
\$ +2.4%
LBS +0.3%



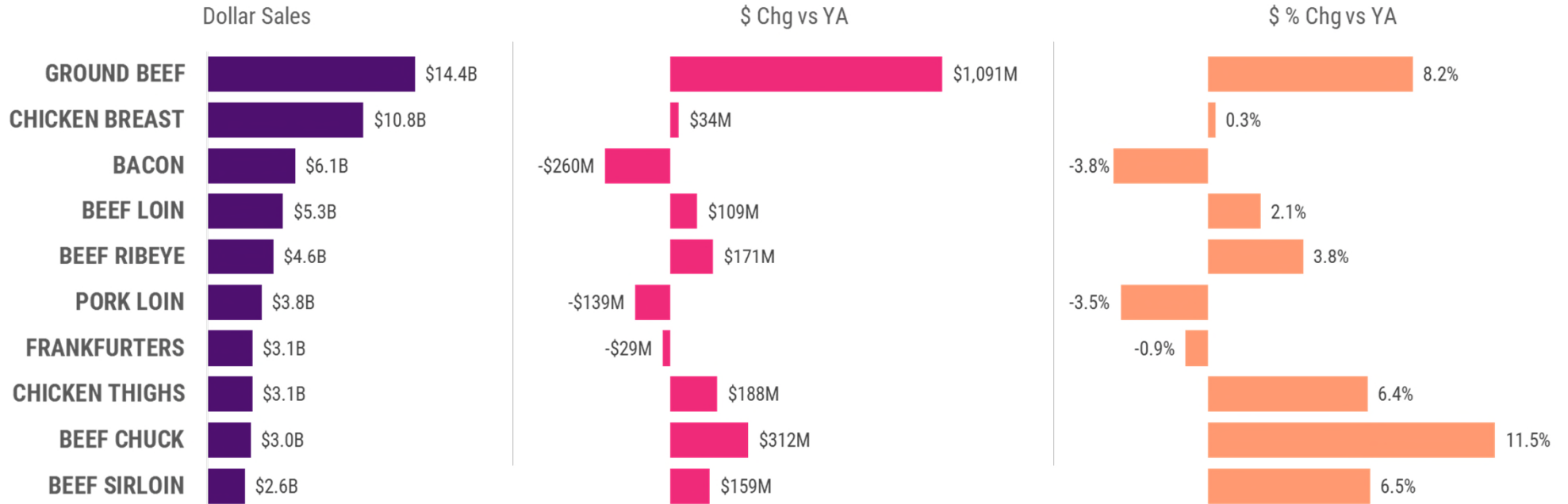
\$848M
\$ -2.2%
LBS +8.3%



\$812M
\$ -8.4%
LBS -2.4%

Beef is driving significant Dollar Growth due to strong Demand and high Pricing.

MEAT DEPT Top 10 Subcategories By Dollar Sales – L52W

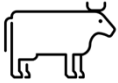












Source: Circana Integrated Fresh Market Advantage, MULO+, Data Ending 4.21.2024

Circana, Inc. and Circana Group, L.P. | Proprietary and confidential

Across Center-of-Plate-Proteins, Fresh Chicken Dollar growth is due to increased Consumption

Beef is the biggest winner in terms of Switching

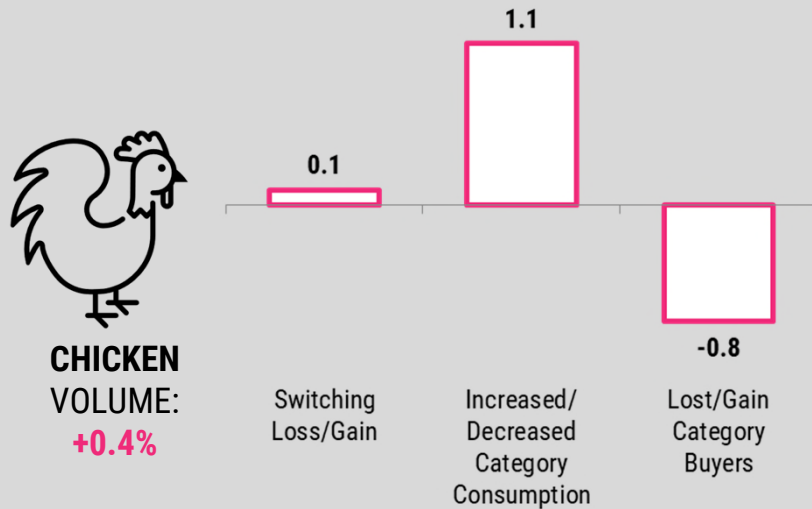
	 BEEF DOLLARS: \$2.6B	 CHICKEN DOLLARS: 126.9M	 PORK DOLLARS: -\$112.8M	 DINNER SAUS. DOLLARS: \$50.5M	 FRANKFURTERS DOLLARS: -\$27.8M	 TURKEY DOLLARS: \$80.5M	 SMOKED HAM DOLLARS: -\$53M	 PROC.CHICKEN DOLLARS: -\$89.7M	 FZ CHICKEN DOLLARS: -\$287.1M	 FZ PROC.CHX DOLLARS: \$163.5M	 AO FZ PROTEIN DOLLARS: \$70.3M
Net Shifting Gains/Losses \$'s	\$957.8M	-\$287.2M	-\$218.6M	-\$41.2M	-\$74.1M	\$37.M	-\$41.8M	-\$78.9M	-\$278.2M	\$129.8M	\$25.3M
Net Increase/Decrease Category Consumption	\$1.6B	\$430.7M	\$107.7M	\$88.7M	\$55.M	\$40.9M	-\$10.5M	-\$11.M	-\$7.3M	\$42.7M	\$47.6M
Net New/Lost Category Buyers \$'s	\$12.6M	-\$16.6M	-\$2.M	\$3.1M	-\$8.6M	\$2.7M	-\$777.7K	\$255.5K	-\$1.5M	-\$9.0M	-\$2.7M



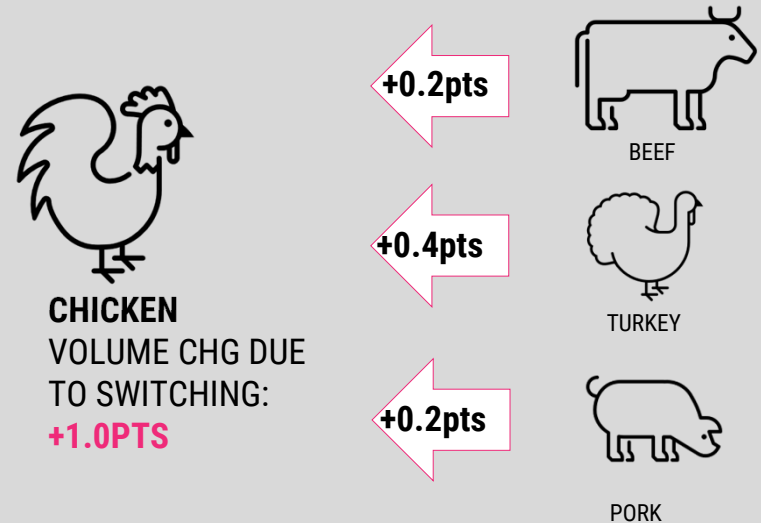
Circana Consumer Solutions: Integrated Fresh Scan Panel, Switching: Source of Dollars, Total US All Outlet, 52 WE May 19, 2024 vs. YA.

From a Volume perspective, Chicken is gaining from increased Consumption and switching from other Proteins

L52 VOL CHG DRIVERS YA: CHICKEN

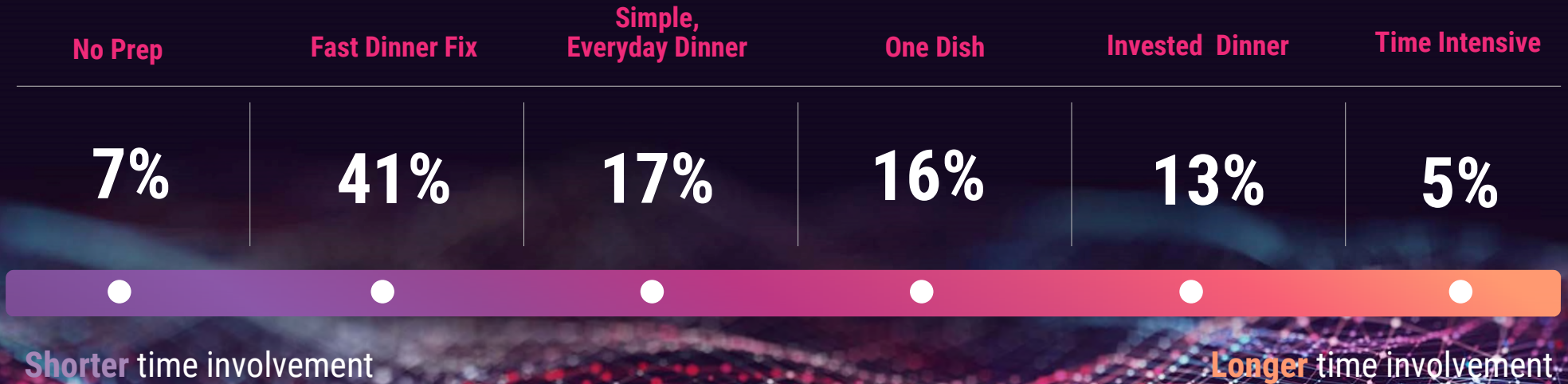


L52 NET VOLUME SWITCHING VS YA: CHICKEN



Dinner is shifting to low-prep signaling opportunities in Retail.

In-home prepared dinner continuum (with forecast):

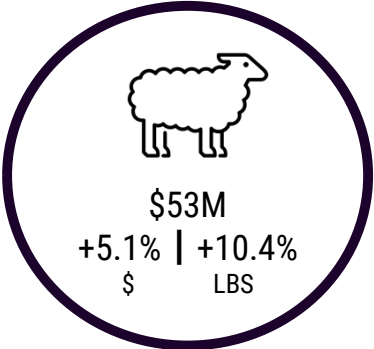
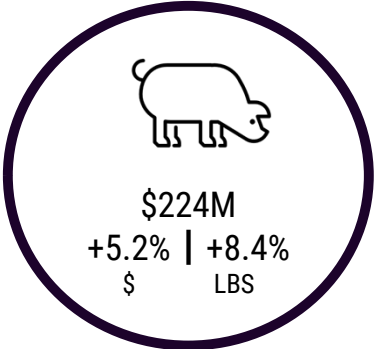
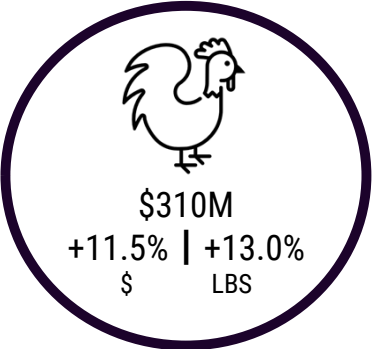
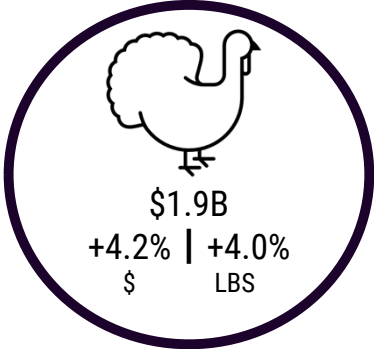
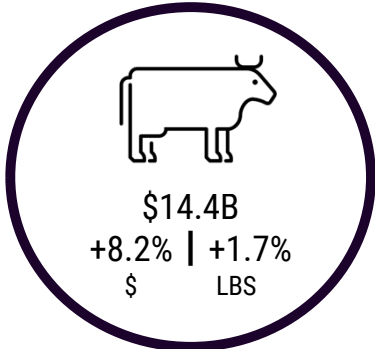


Each of these in-home dinner formats **reflects a combination of trade-offs** consumers make to get dinner on the table.

Grinds' growth is partly due to simpler meal prep trends

Secondary grinds sets are driving protein variety with cooking confidence

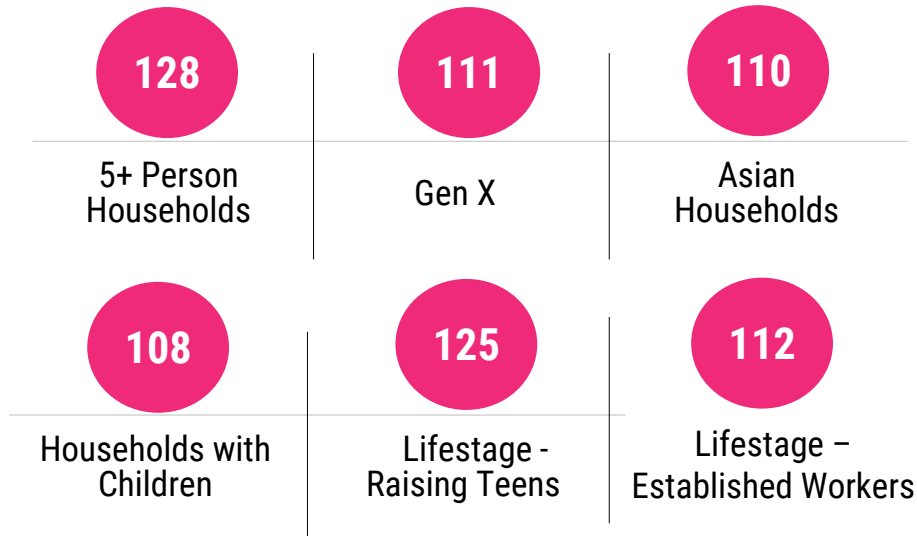
L52W 2024 Ground beef, turkey, chicken, pork and lamb performance:



Source: Circana Integrated Fresh, MULO+, Data Ending 4/21/2024

With 88% of Households buying beef... what demographics spend the most?

Who is the Heavy Beef Consumer?



Super Heavy Beef Buyers

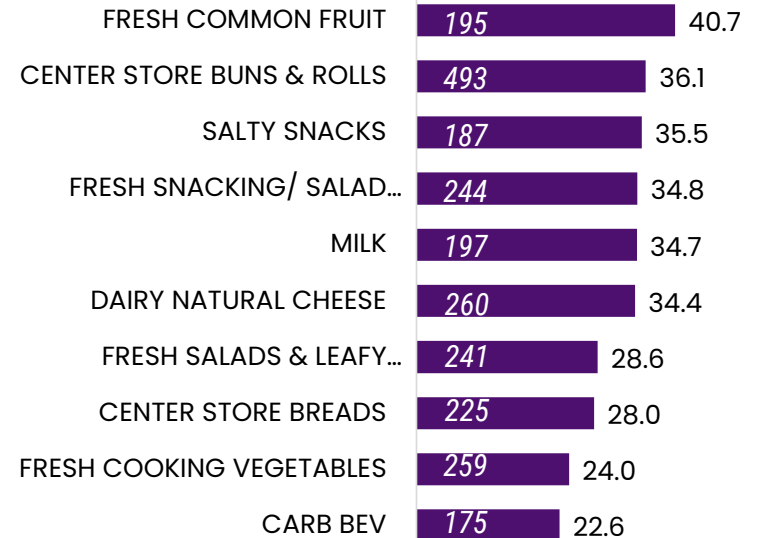
9% of Total Buyers

36% of Total Sales



Baskets with Angus Beef are **+11%**
larger than when any other Beef is in the basket.

Top Categories in the Angus Beef Basket



Circana, LLC | Proprietary and confidential



Source: Scan Panel Integrated Fresh; Product: BEEF; Breed Claim: Angus; Geography: Total US - All Outlets Time: Latest 52 Weeks Ending May-19-2024 NBD Adjustment: NON NBD

Fresh Grass Fed Beef

More consumers are buying Grass Fed Beef and making more trips for the product than last year.

\$1.5B

Grass Fed sales

Circana Omnichannel MULO POS for 1 years ending 03/31/24

+18%

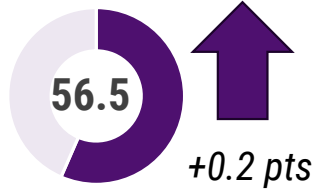
L52 weeks

+29%

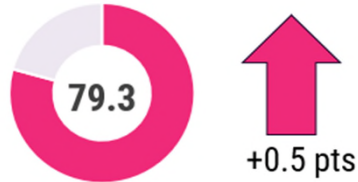
L4 years

Consumer Behavior

% of Households Buying



% Repeat Rate



Trips



Fresh Organic Beef

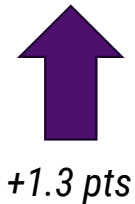
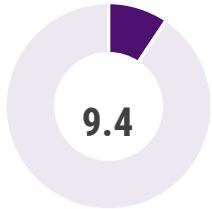
Repeat rate for Total Beef was flat last year, however, consumers are choosing to come back for Organic Beef more often.

\$886M Organic Beef sales
+19% L52 weeks
+35% L4 years

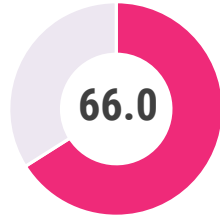
Circana Omnichannel MULO POS for 1 years ending 03/31/24

Consumer Behavior

% of Households Buying



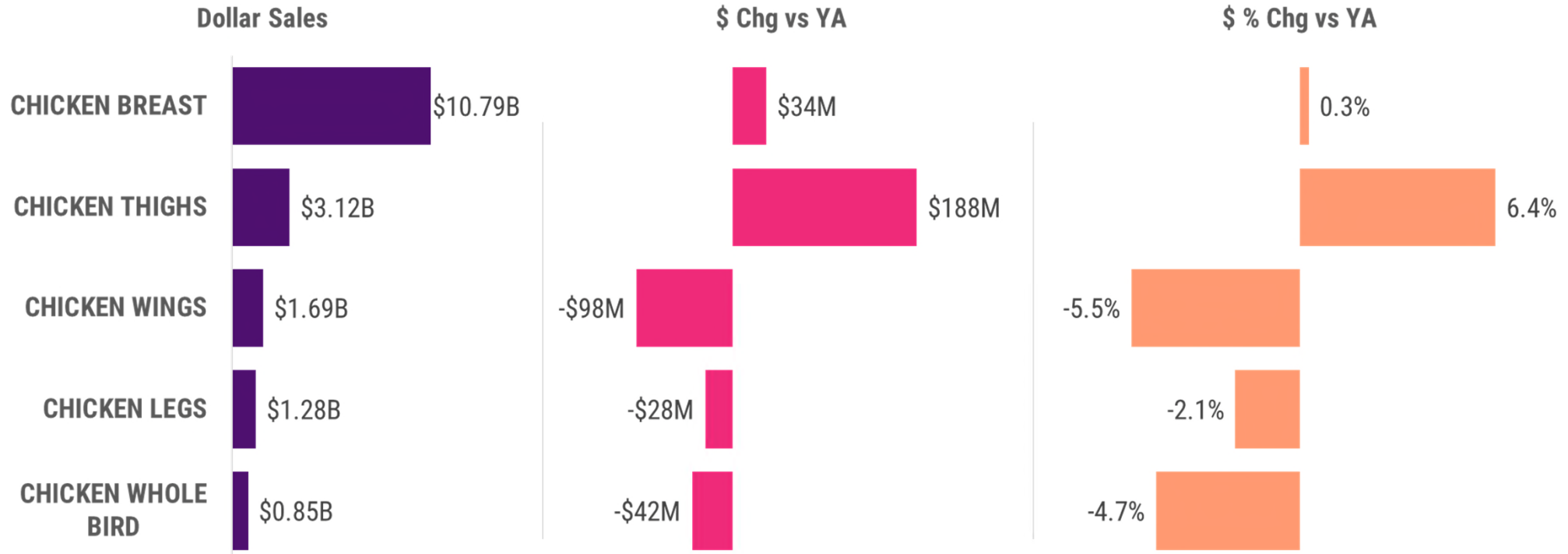
% Repeat Rate



Trips

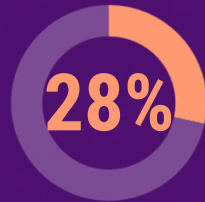


Fresh Chicken: Breast drives the category while Thighs drive the growth.

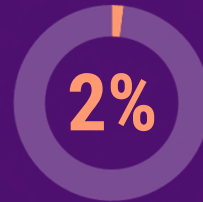


Boneless Thighs and Breasts trending better for Fresh.

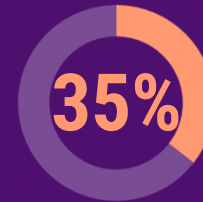
% of Bone-In Fresh Chicken Subcategories Dollar Sales



Fresh Chicken



Chicken Breast



Thighs

CHANGE vs. YA

Bone-In

-3.0%

-10.6%

+2.7%

CHANGE vs. YA

Boneless

+2.4%

+0.6%

+8.7%

Who is the heavy Fresh Chicken consumer?

116	124	147	120
Upper Income	Young Families (children <12)	Raising Teens (oldest child 12-17)	African Americans
145	121	152	
+5 Person HHs	Accultured Hispanic	HH w/Children <6 and 12-17	



Declining Cattle Supplies & Strong Beef Demand

Dave Weaber, Senior Research Analyst-Animal Protein

June 24, 2024



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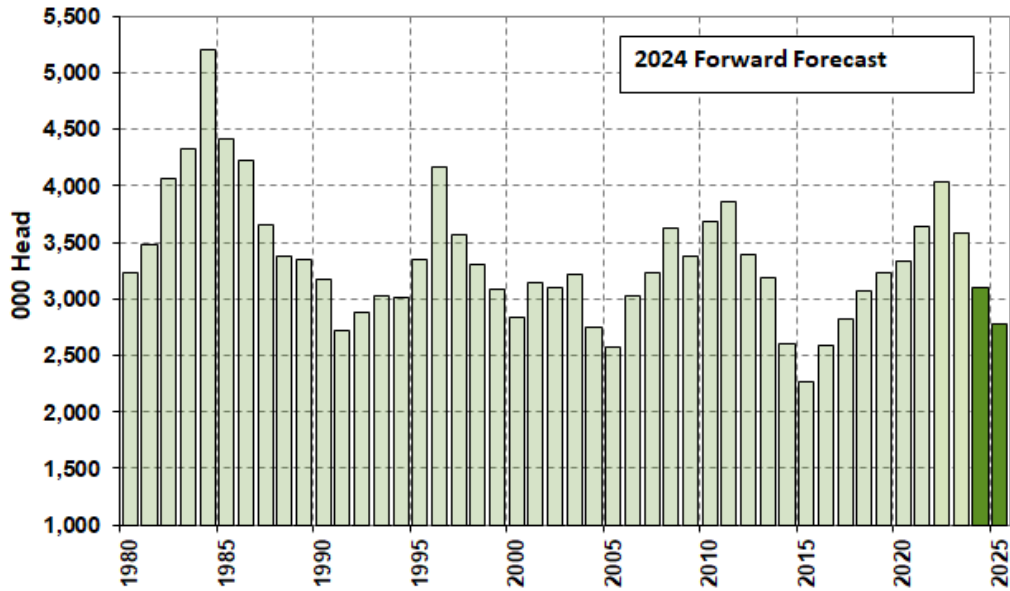


Smallest beef cow inventory since 1961

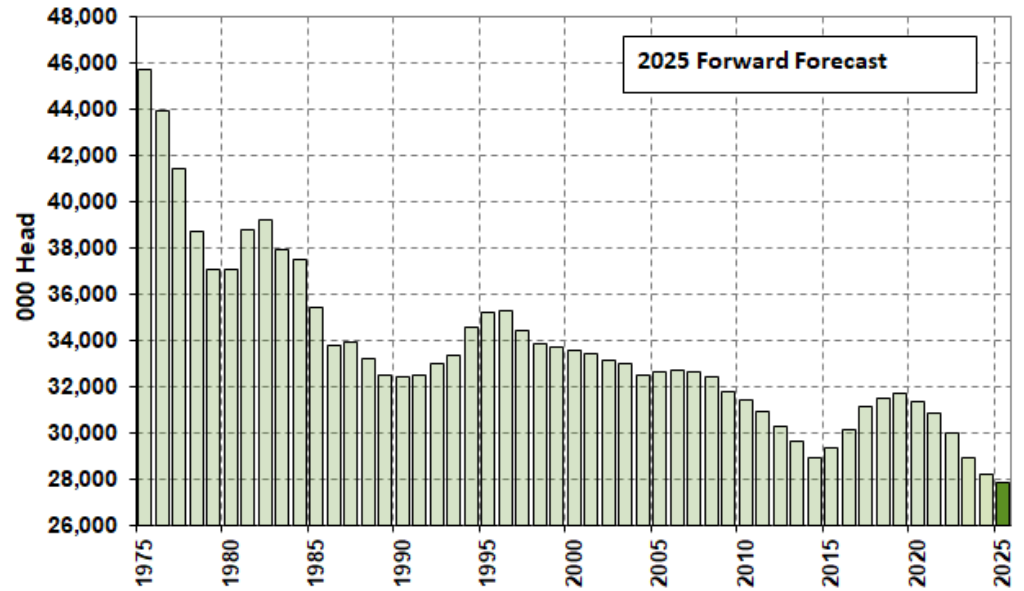
2023 beef replacement heifers revised lower

Cow culling continues

Beef Cow Slaughter
USDA-NASS



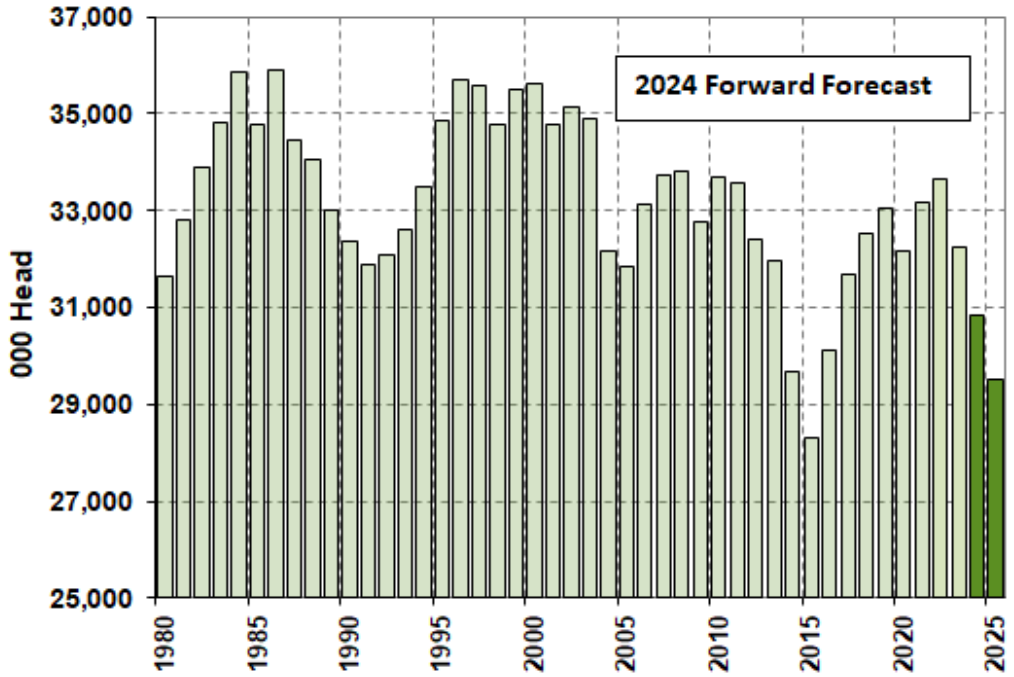
US Beef Cow Inventory
USDA-NASS



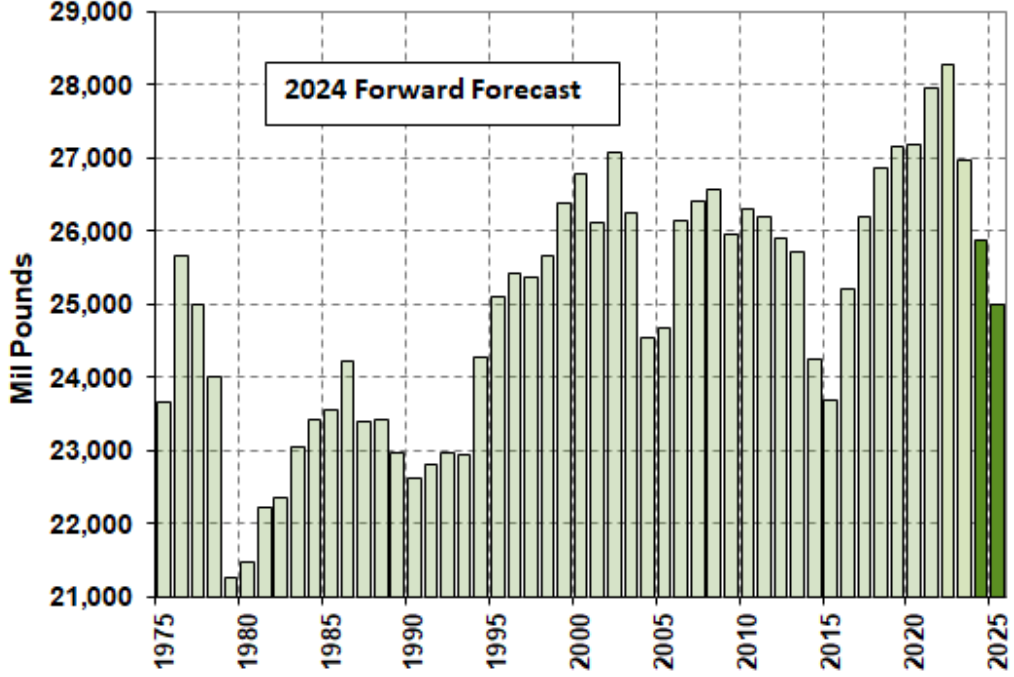


2023 U.S. cattle slaughter down 5.0% YOY reducing beef production 2.7% YOY. YTD cattle slaughter has averaged about -27,000 head per week vs previous 5-year average.

FI Cattle Slaughter
USDA-NASS



Commercial Beef Production
USDA-NASS





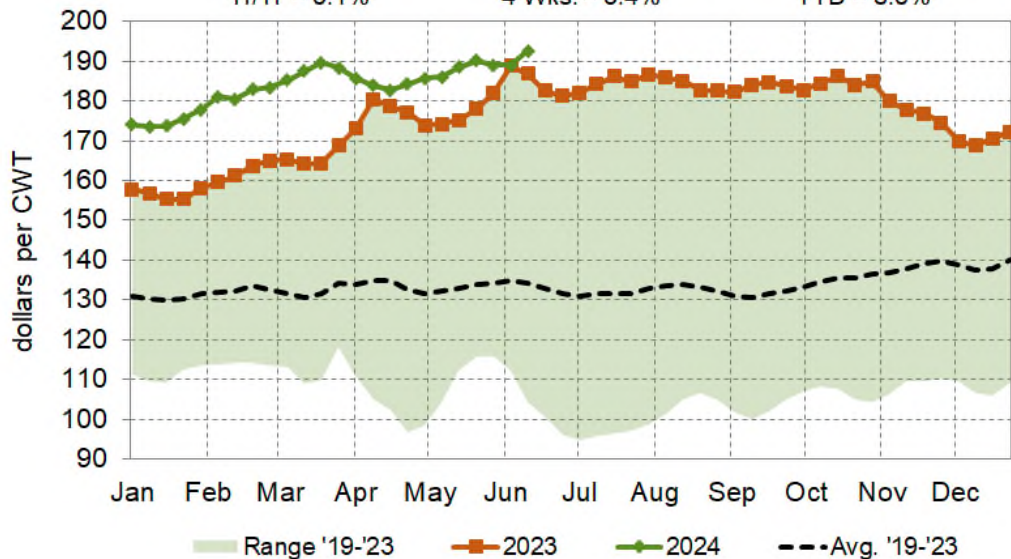
5 Area Weekly Wgt Avg

USDA-AMS, CT150 Weekly, LIVE FOB

Yr/Yr = 3.1%

4 Wks. = 3.4%

YTD = 8.5%



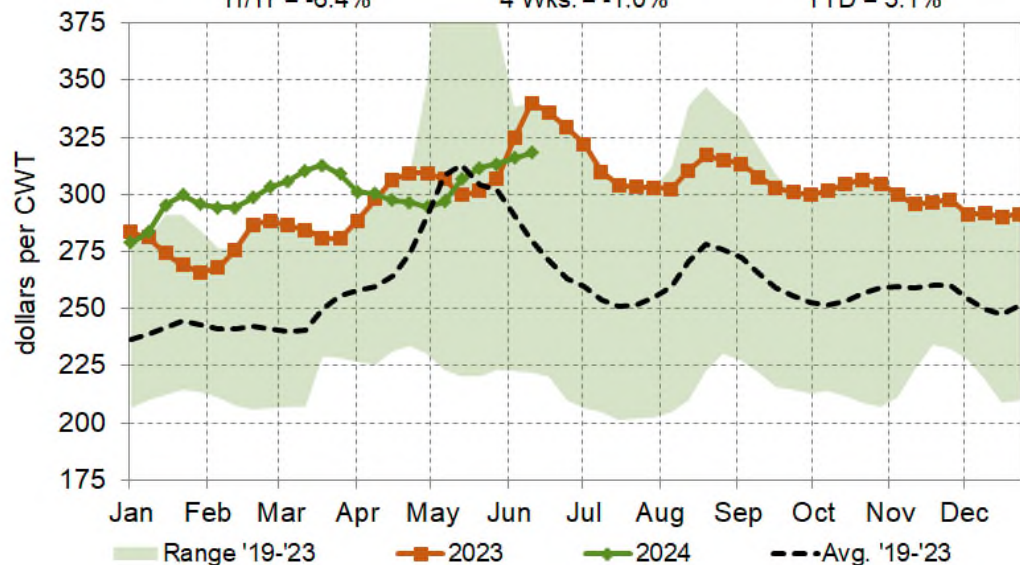
Choice Boxed Beef Cutout Value

USDA-AMS, XB459 Weekly

Yr/Yr = -6.4%

4 Wks. = -1.0%

YTD = 3.1%





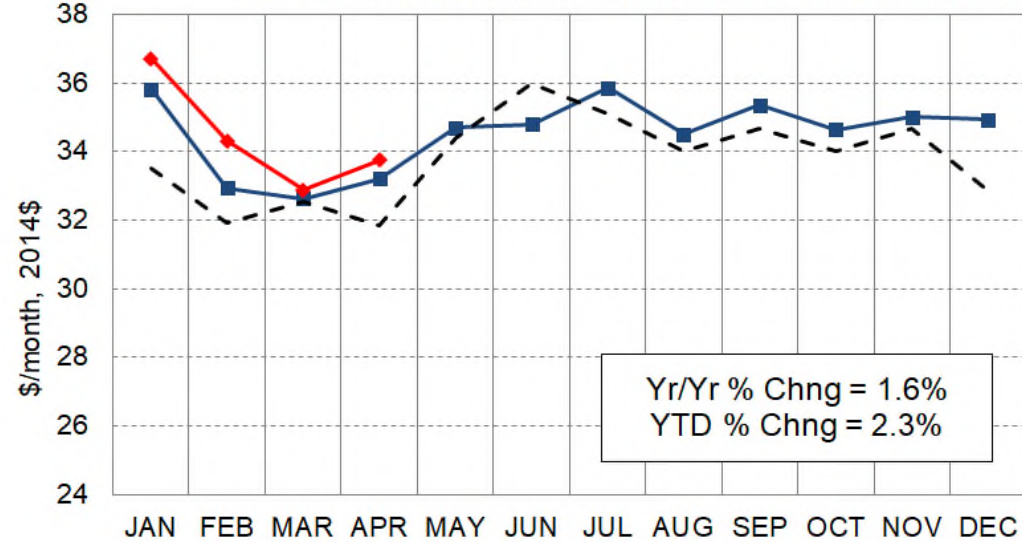
Consumer spending drives value in beef market

Choice Beef Retail Prices



Source: Terrain using data from USDA ERS

REAL PER CAPITA EXPENDITURES - CHOICE BEEF



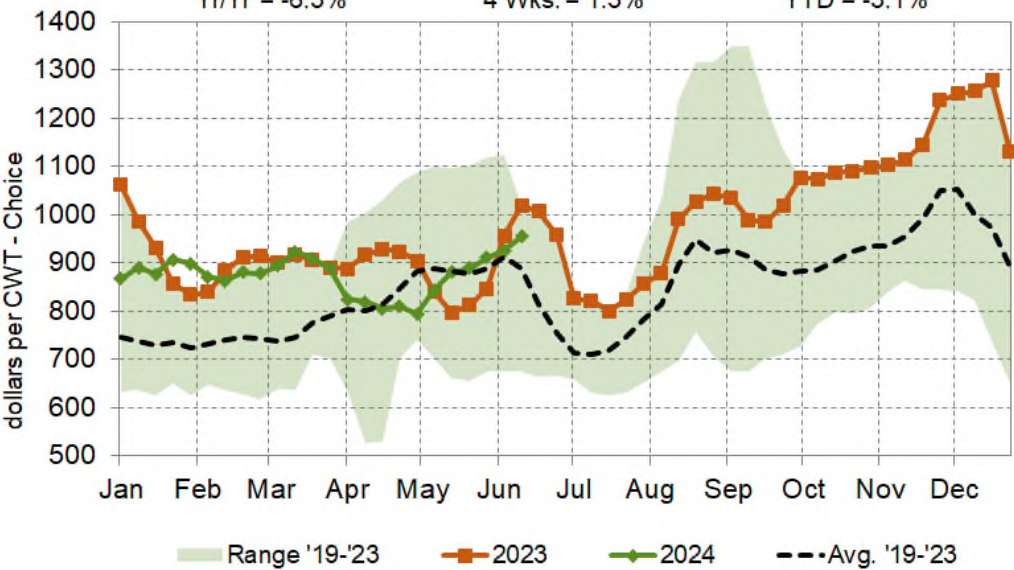
Source: Terrain using data from USDA ERS, NASS, and FAS — 2023 — 2024 - - Avg. '19-'23



109E 1 Chc Rib Ribeye Lip-on Bn-in

USDA-AMS, XB459 Weekly

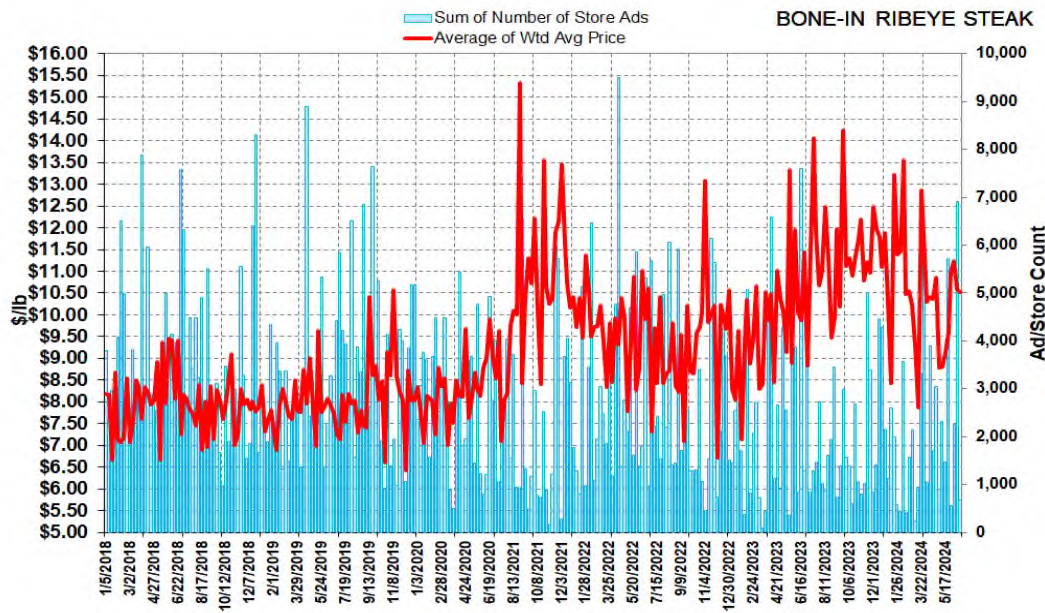
Yr/Yr = -6.3% 4 Wks. = 1.3% YTD = -3.1%



Weekly Advertised Retail Beef Ads

USDA-AMS

BONE-IN RIBEYE STEAK





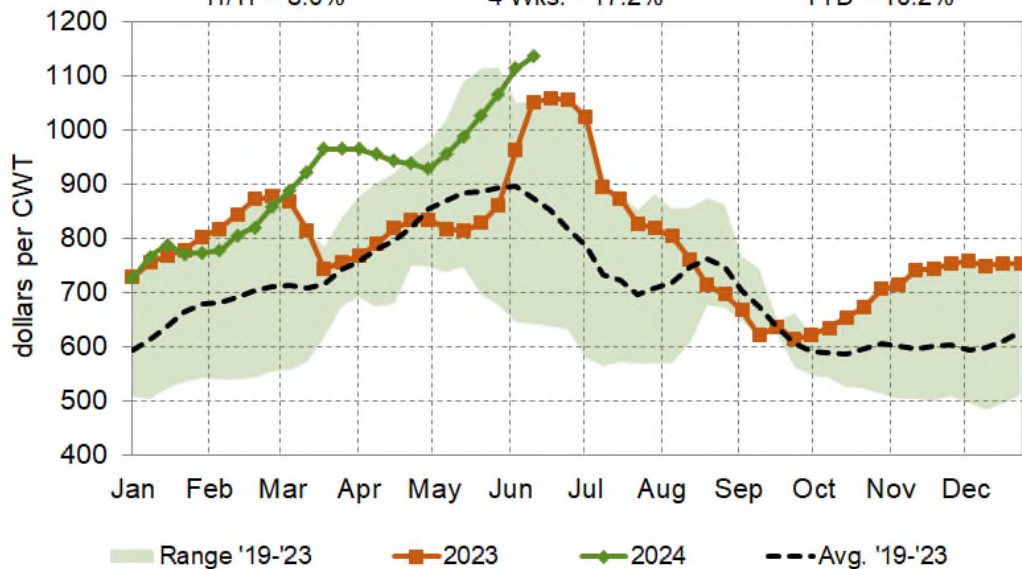
180 3 Chc Loin Strip Bnls 0x1

USDA-AMS, XB459 Weekly

Yr/Yr = 8.0%

4 Wks. = 17.2%

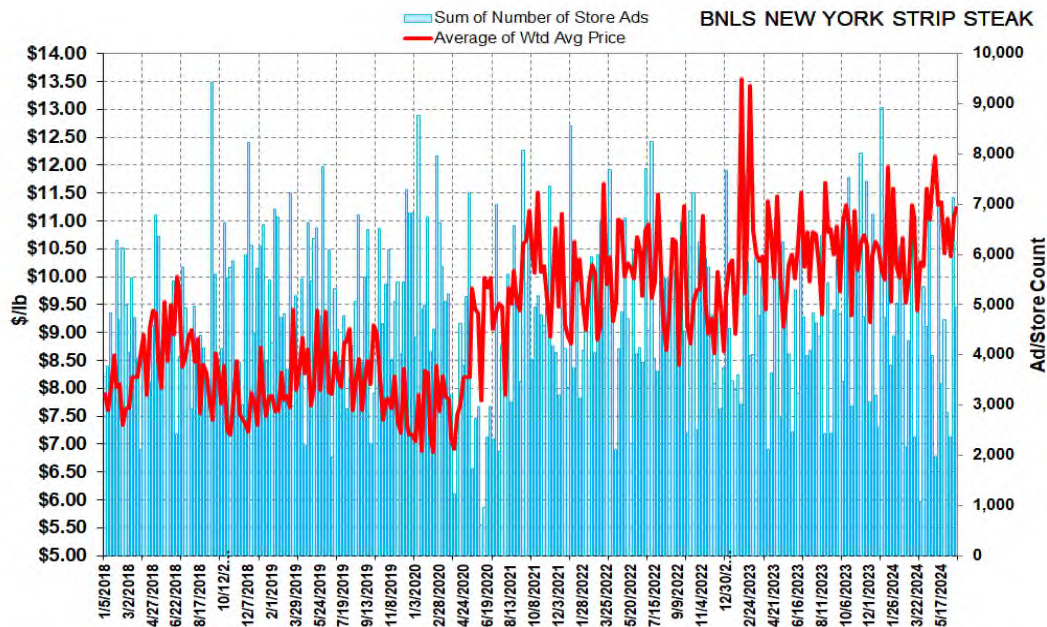
YTD = 10.2%



Weekly Advertised Retail Beef Ads

USDA-AMS

BNLS NEW YORK STRIP STEAK





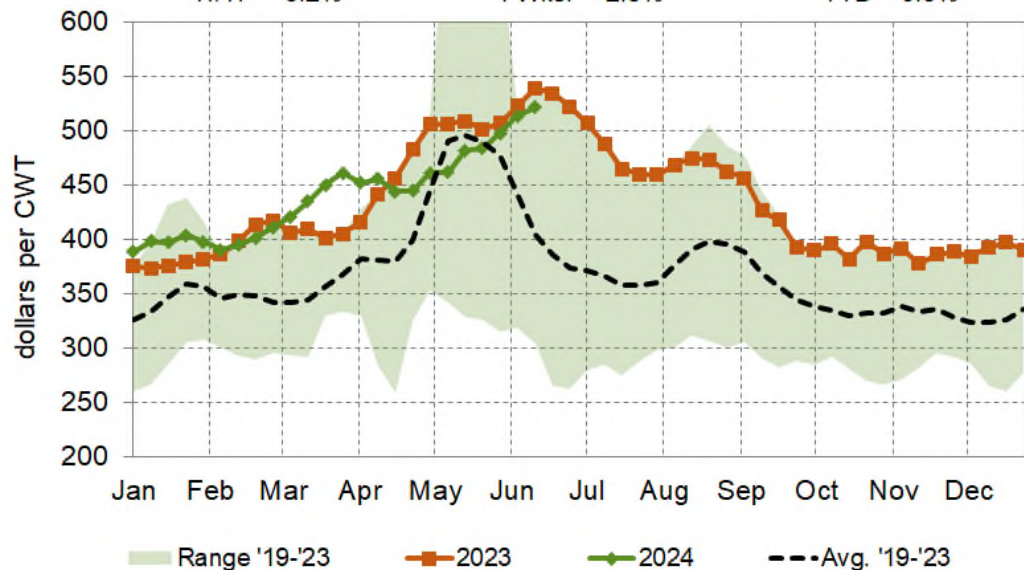
184 3 Chc Loin Top Butt Bnls

USDA-AMS, XB459 Weekly

Yr/Yr = -3.2%

4 Wks. = -2.5%

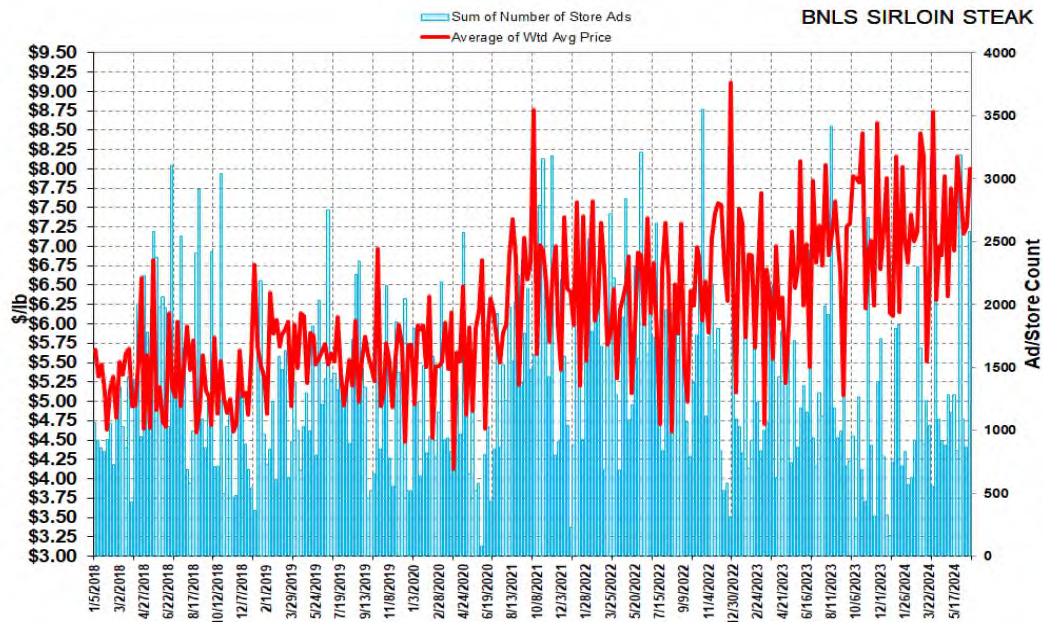
YTD = 0.6%



Weekly Advertised Retail Beef Ads

USDA-AMS

BNLS SIRLOIN STEAK





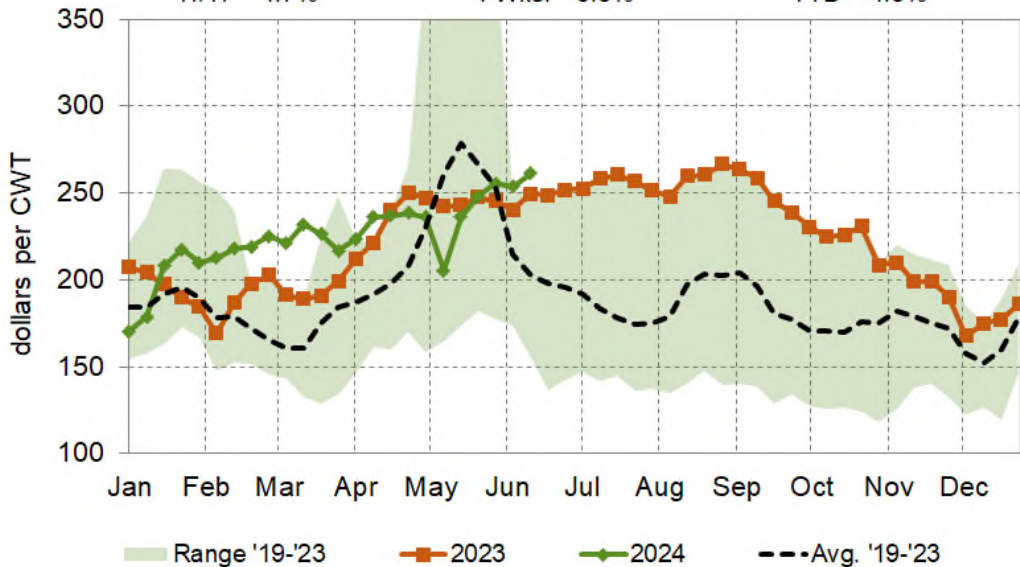
Ground beef 73%

USDA-AMS, XB459 Weekly

Yr/Yr = 4.7%

4 Wks. = 3.6%

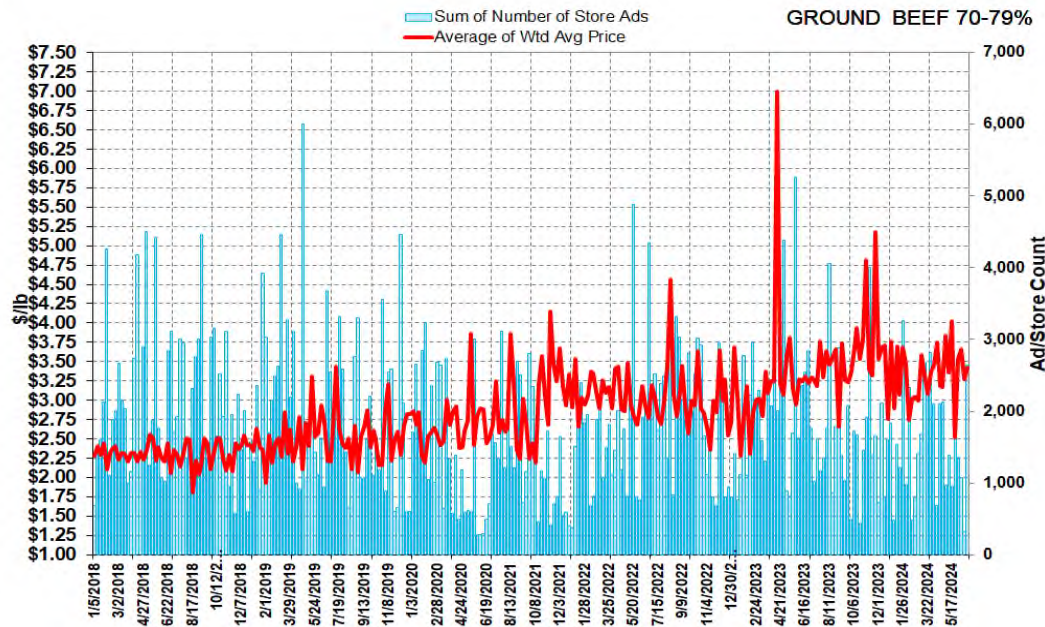
YTD = 4.6%



Weekly Advertised Retail Beef Ads

USDA-AMS

GROUND BEEF 70-79%





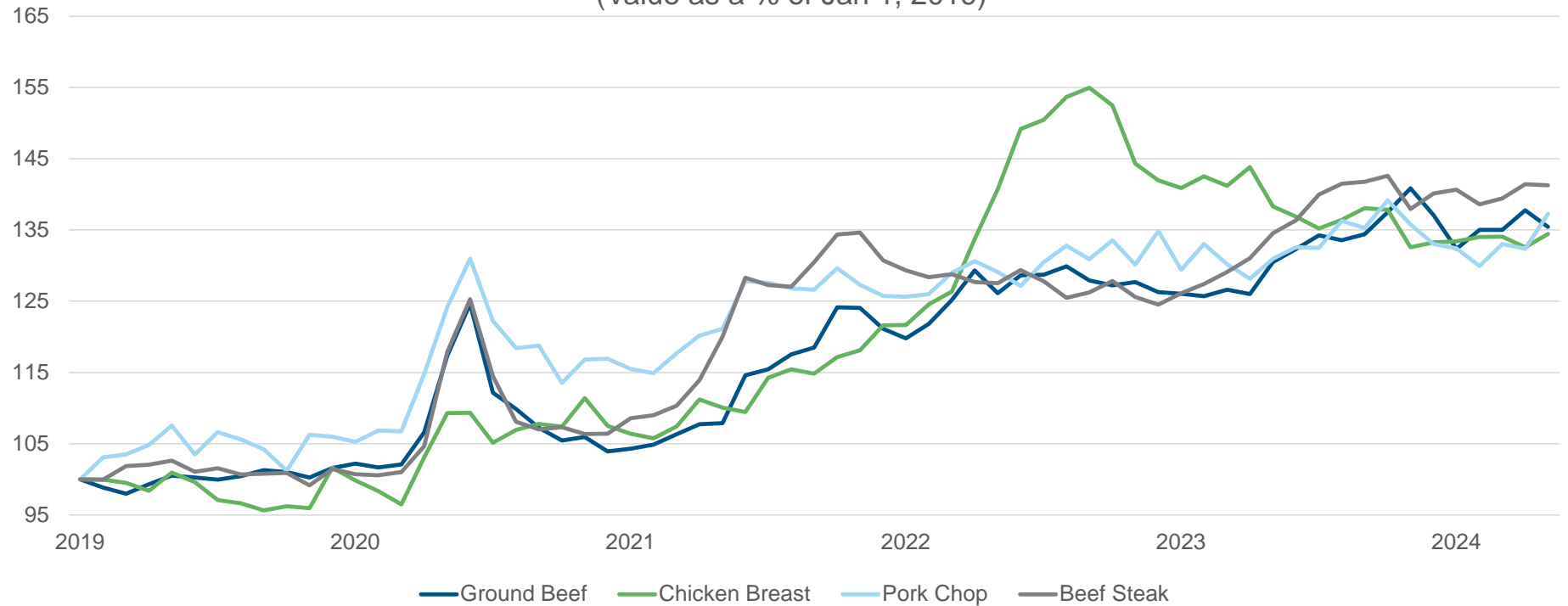
Pork and Chicken Seek to Offer Consumer's Value in the Meat Case



Retail meat inflation cooling, prices remain high

Retail Price Index

(Value as a % of Jan 1, 2019)



Pork Situation



Domestic demand seems to be on recovery path



Strong Peso bolstering trade with Mexico, Japan down



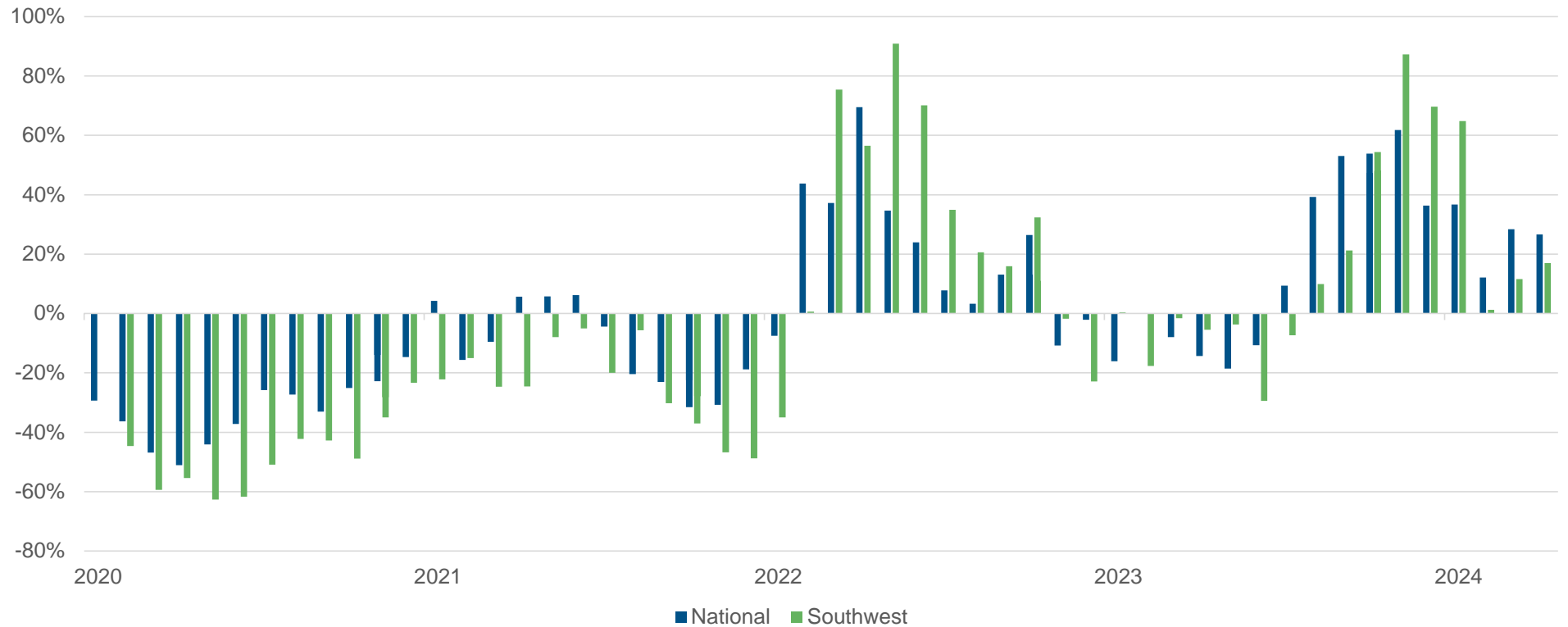
Domestic production steady – sow harvest has been stronger



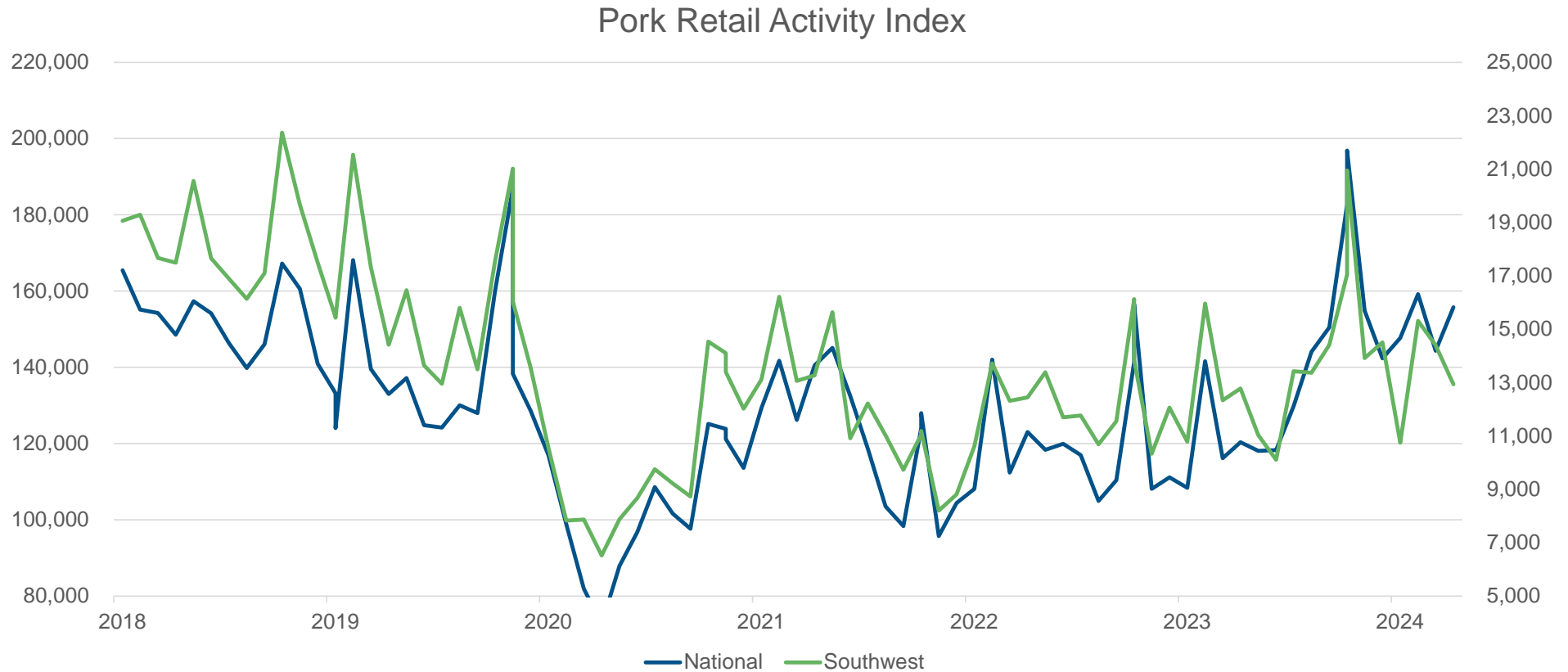
California Prop 12 impacting retail features

How is Prop 12 affecting pork features?

Pork Retail Activity Index YoY Change

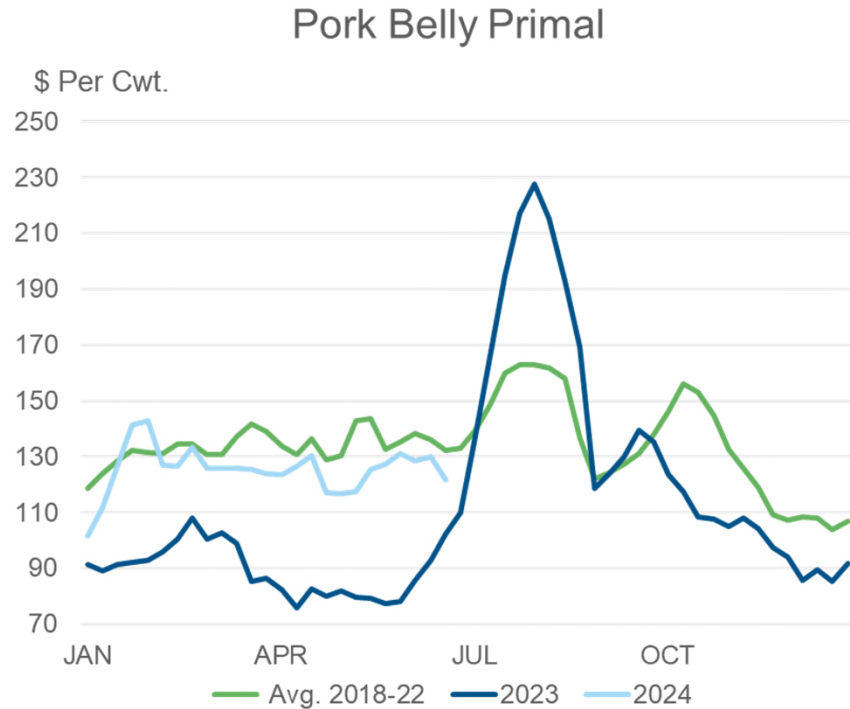


Southwest pork ads following national trend

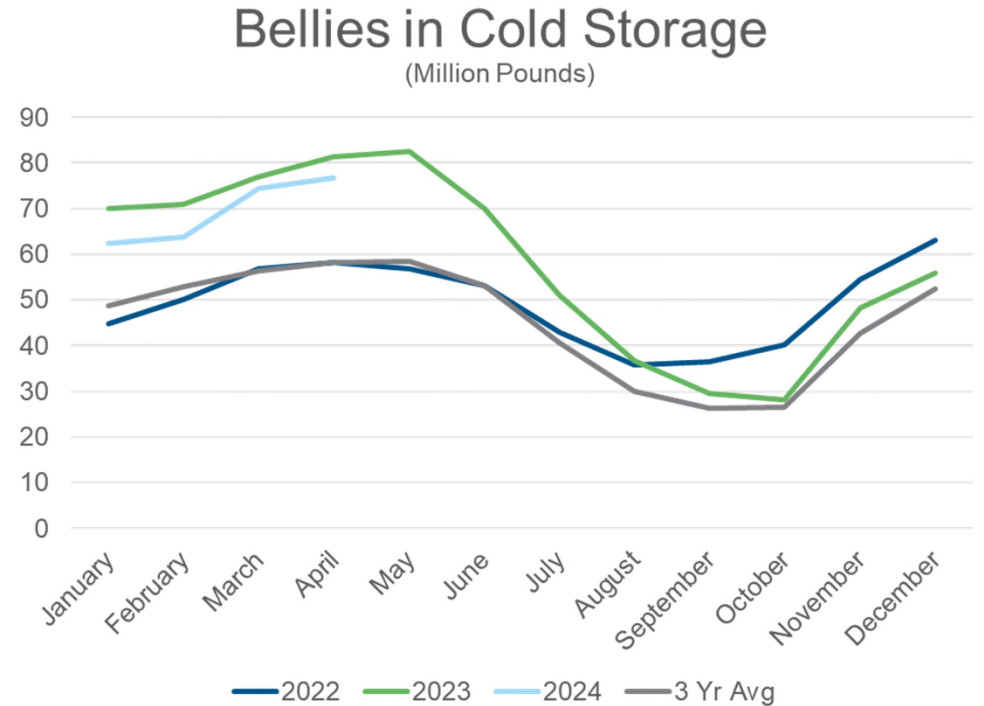


Bacon on cheeseburgers?

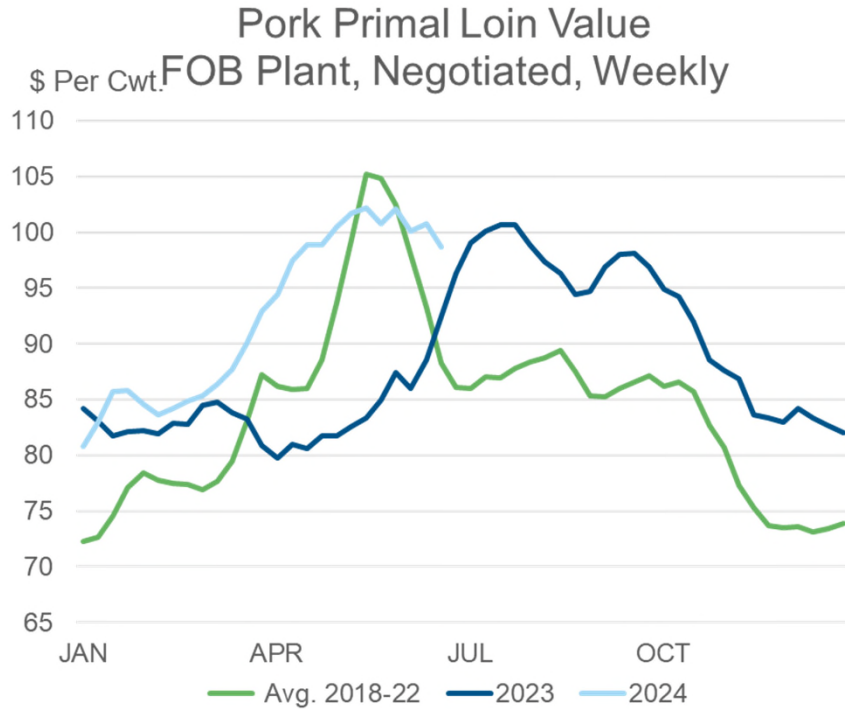
Wholesale prices steady



Inventory building just in time for BLT season



Loins “a hit” overseas – lean on USMEF for domestic marketing plan

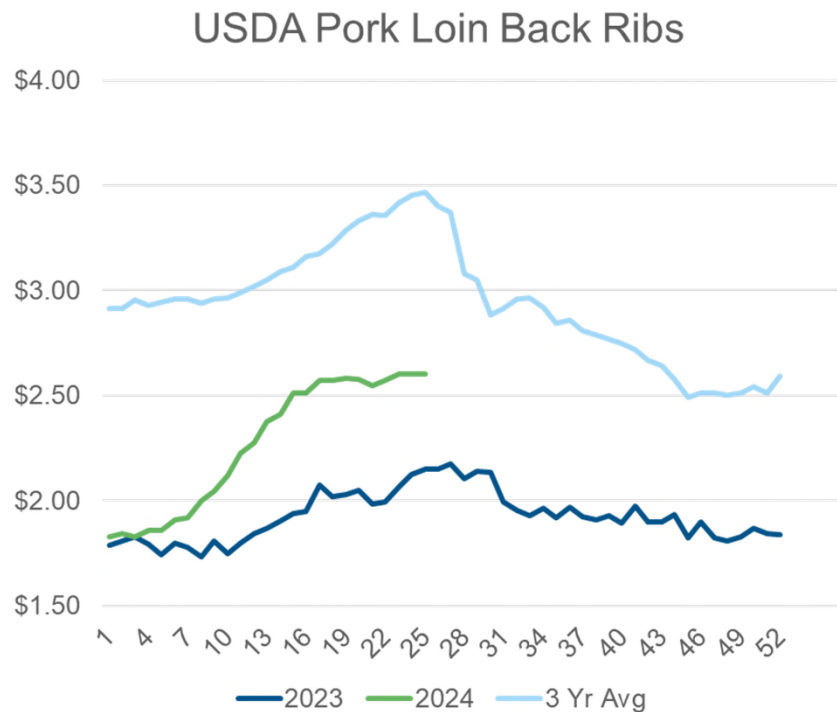


Lomo Al Trapo Challenge



Ribs on the grill, bringing some value, baby backs finding parity with spares and St. Louis

Wholesale prices steady, Cold storage at 10-year low

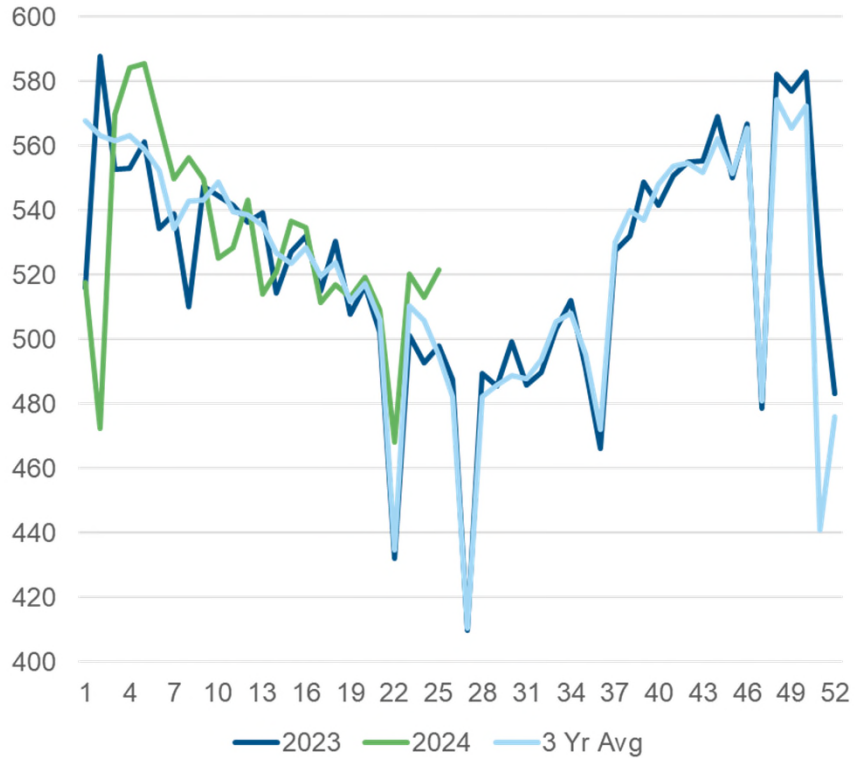


Party rib craze

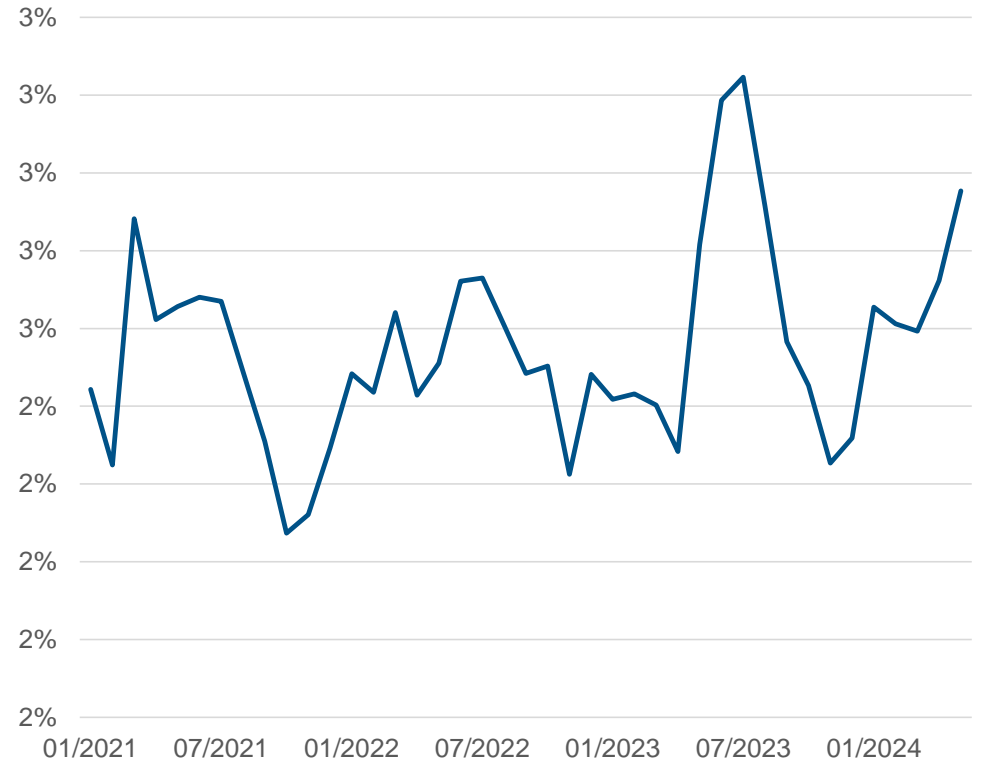


Weekly pork production steady

Weekly F.I. Pork Production



Sows as a % of total F.I. Hog Slaughter



Broiler Situation



Production steady despite lower feed costs



Chicken remains in favor with consumers

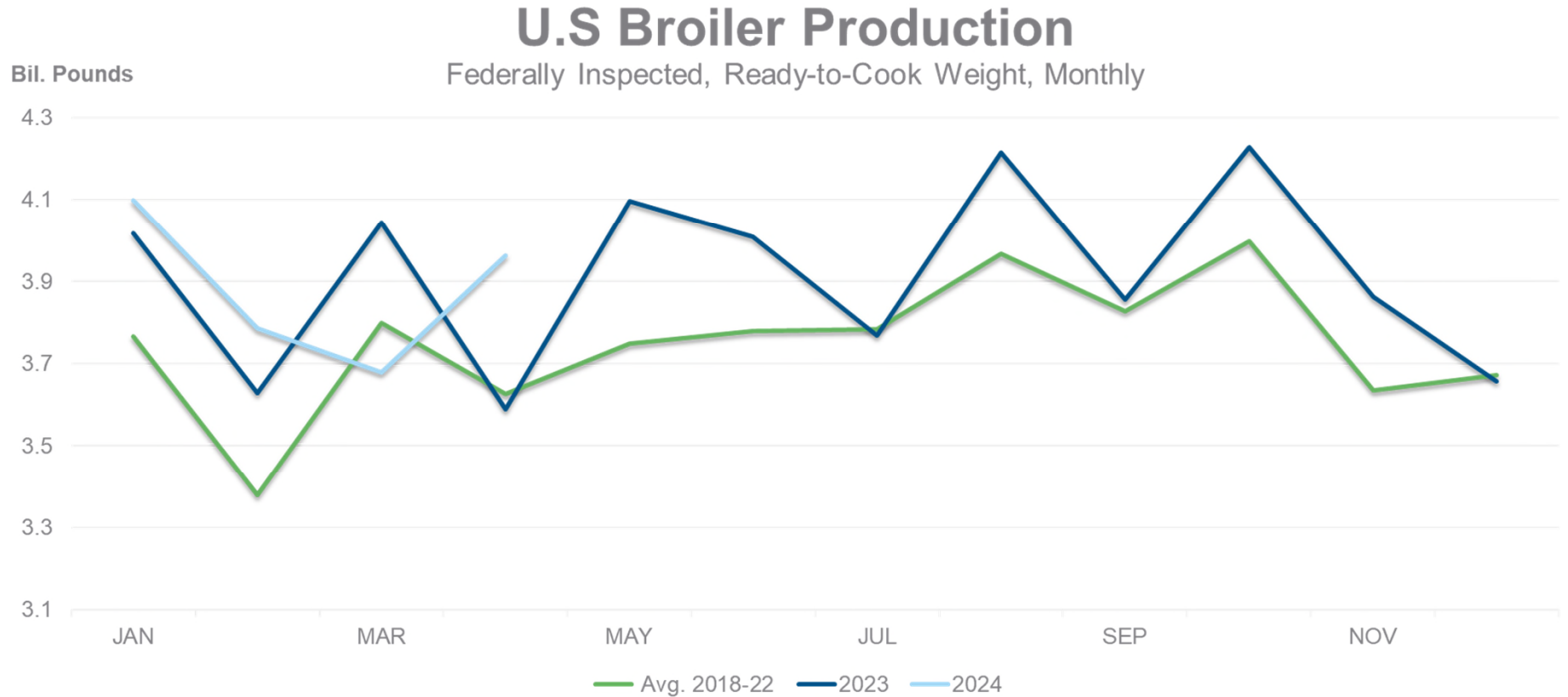


Dark meat receiving attention



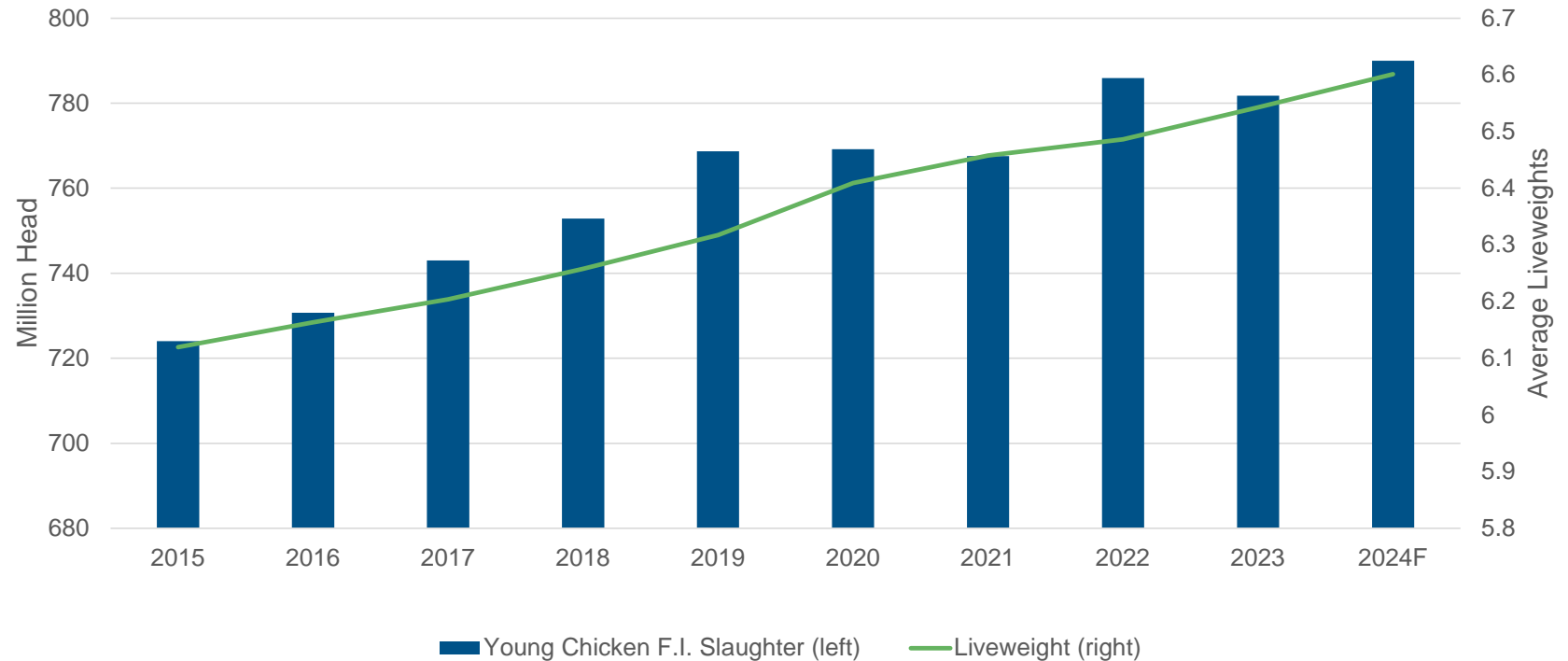
Wing markets responding to tighter supplies

Chicken production off to a robust start

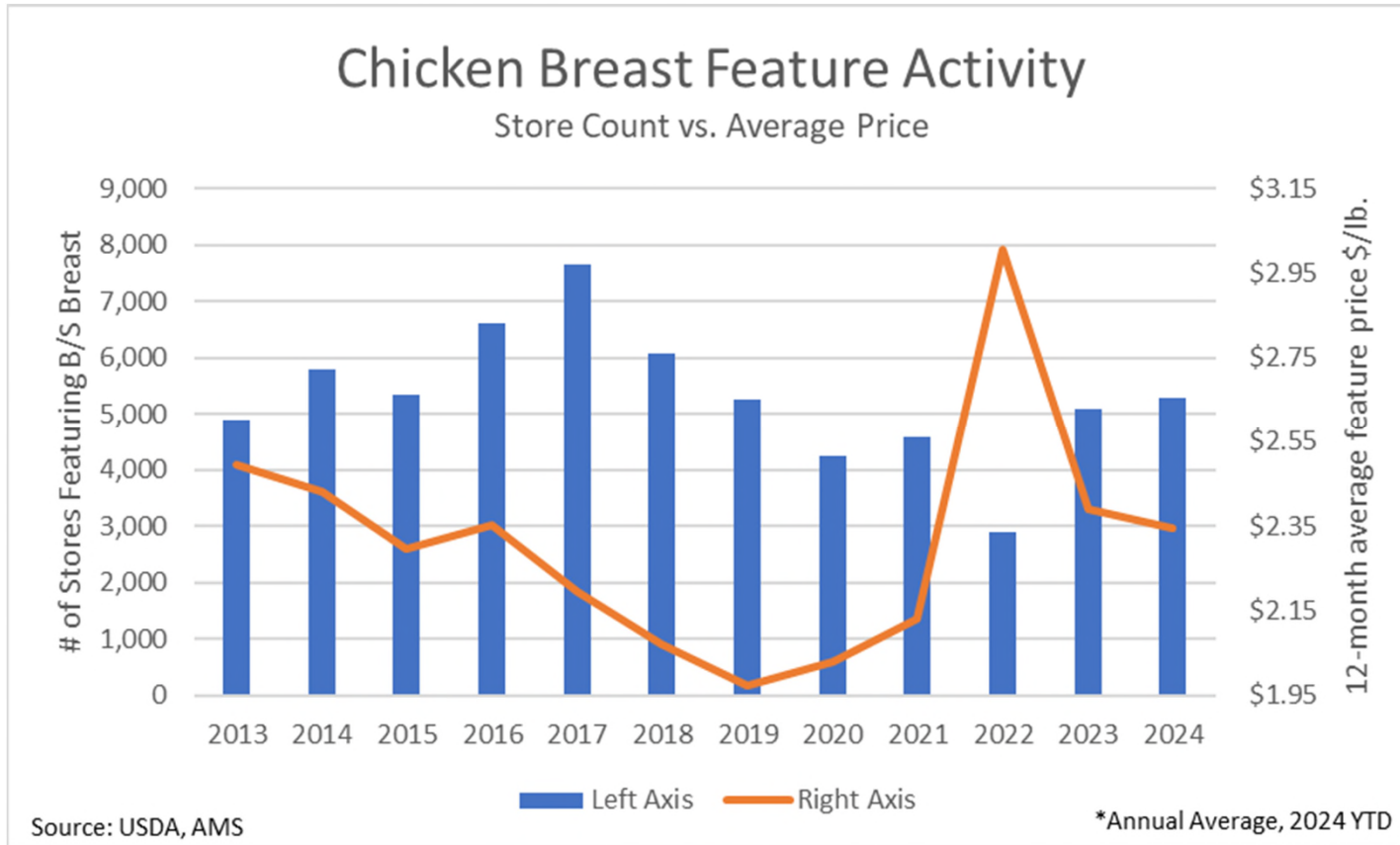


U.S broiler industry continues to capitalize on efficiency

US Broiler Harvest vs. Liveweights (Monthly Average)

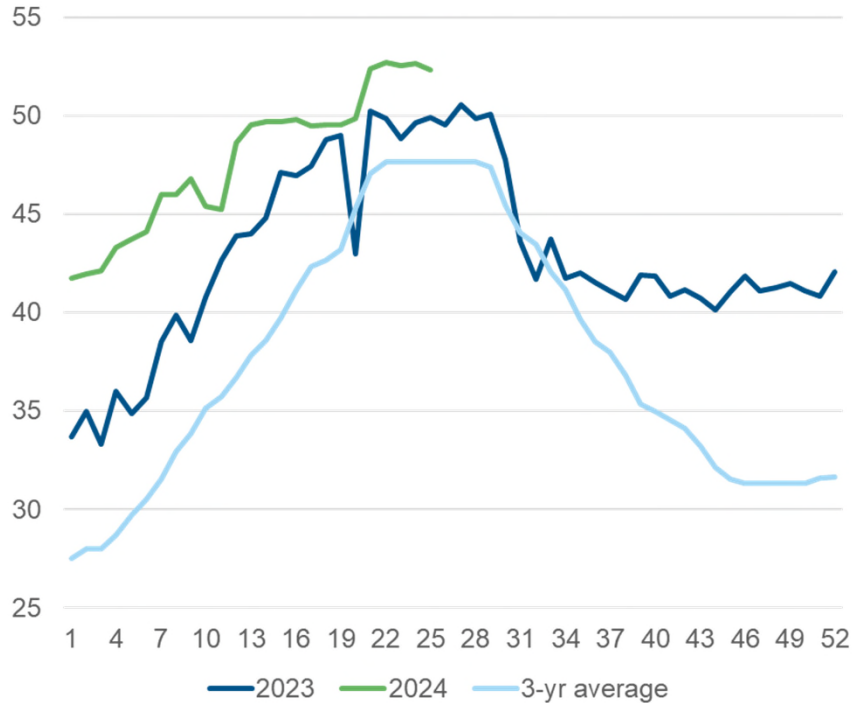


“Chicken is always on sale somewhere”

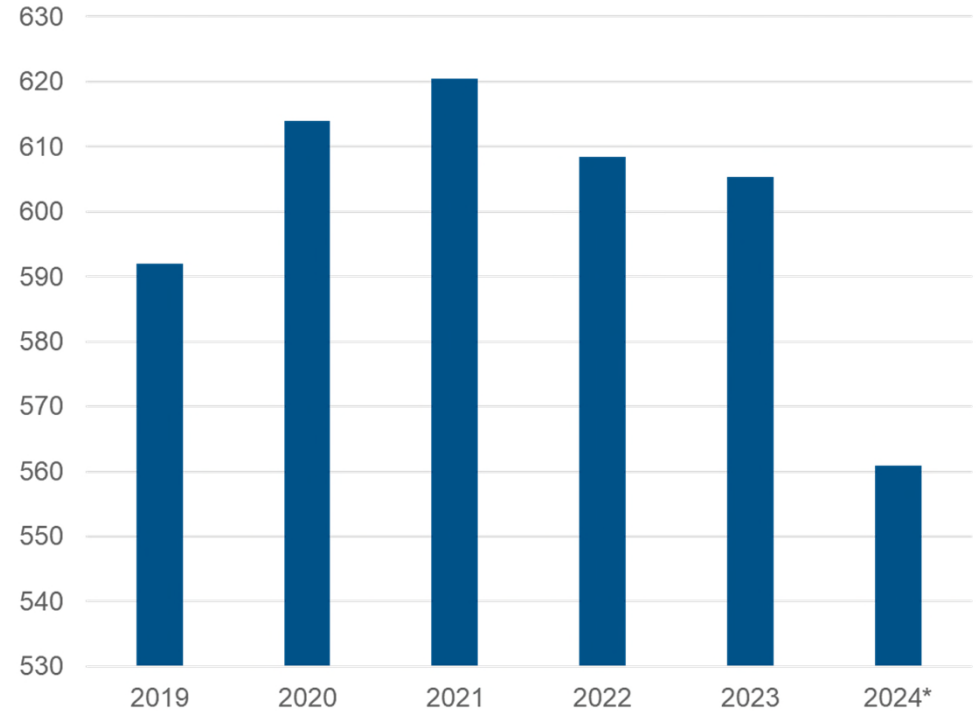


Dark meat reliance on exports slipping, prices remain supported

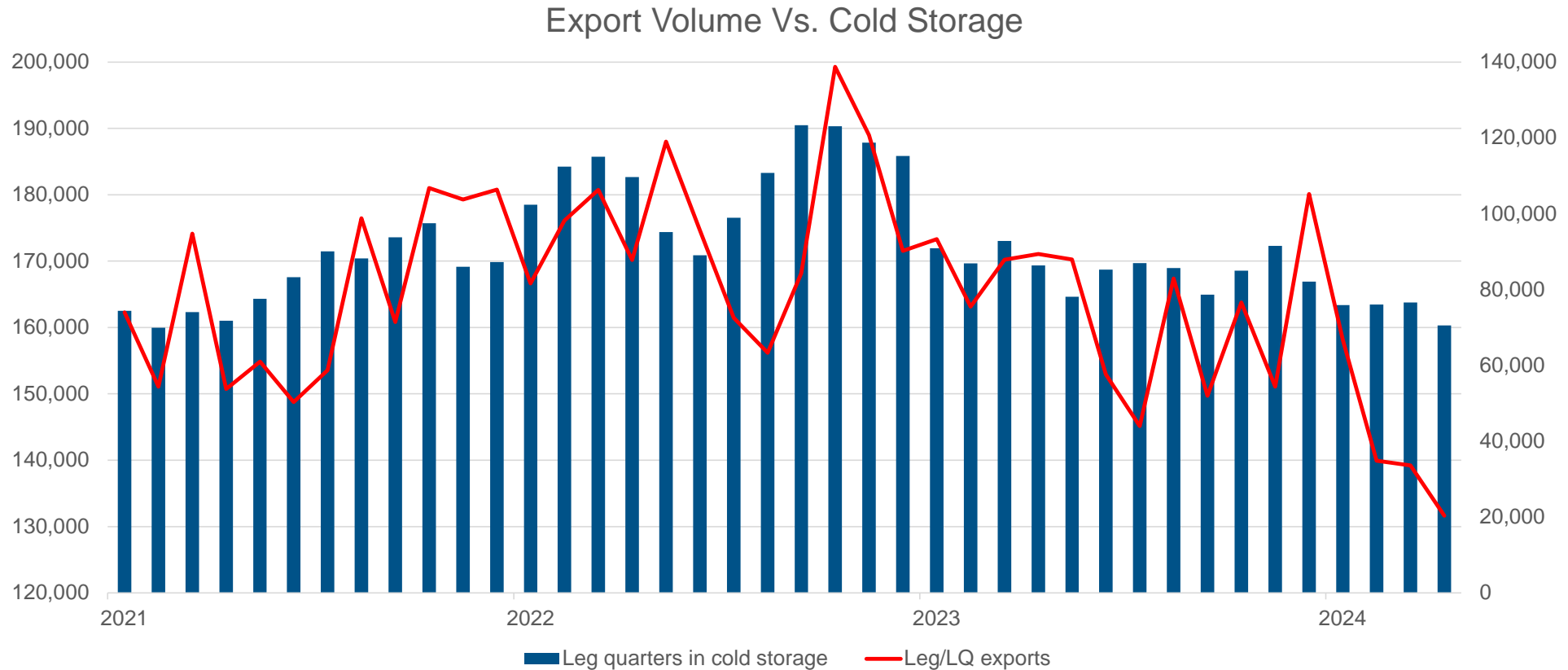
USDA Leg Quarter Prices (Cents/lb.)



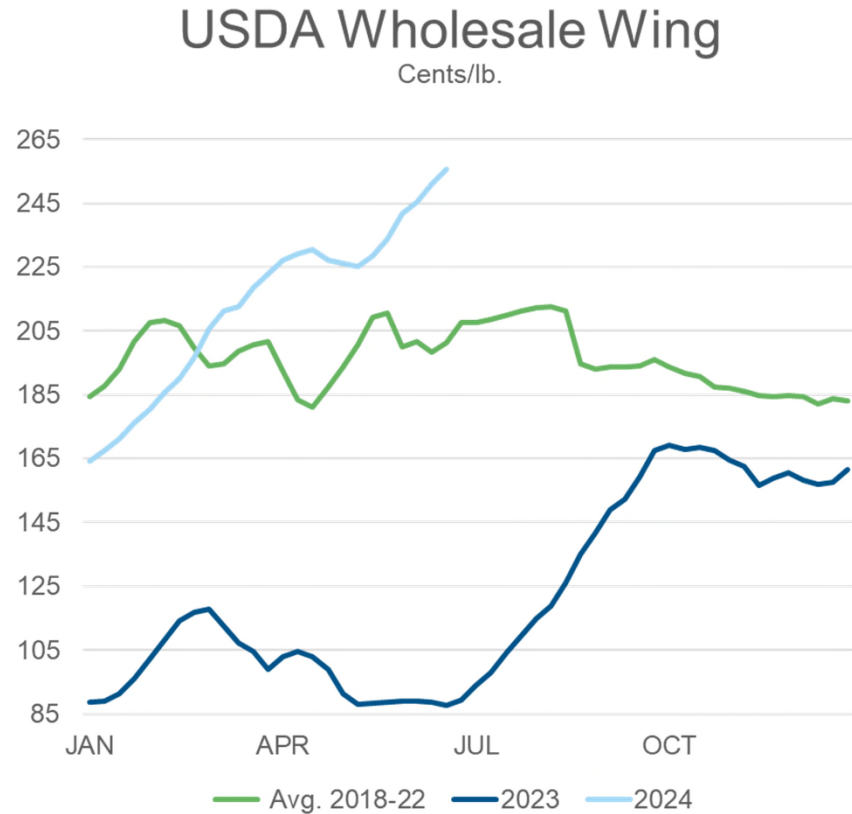
Average U.S. Broiler Export Volume (Million Pounds)



U.S. dark meat finding good demand from domestic sources



Wings taking-off, as demand returns



Questions?

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