

# Recent Price Trends in the Meat Industry



## Q: How did import meat prices compare with other economic data? (See chart 1.)

- Due to exchange rate volatility, imported meat prices were more volatile than their domestically produced counterparts.
- Through 2010 and into 2011, meat prices rose while the total dollar value for meat imports remained relatively consistent, indicating that imported meat quantities have been falling.

## Q: How have import meat prices trended over the 2009–2011 period?

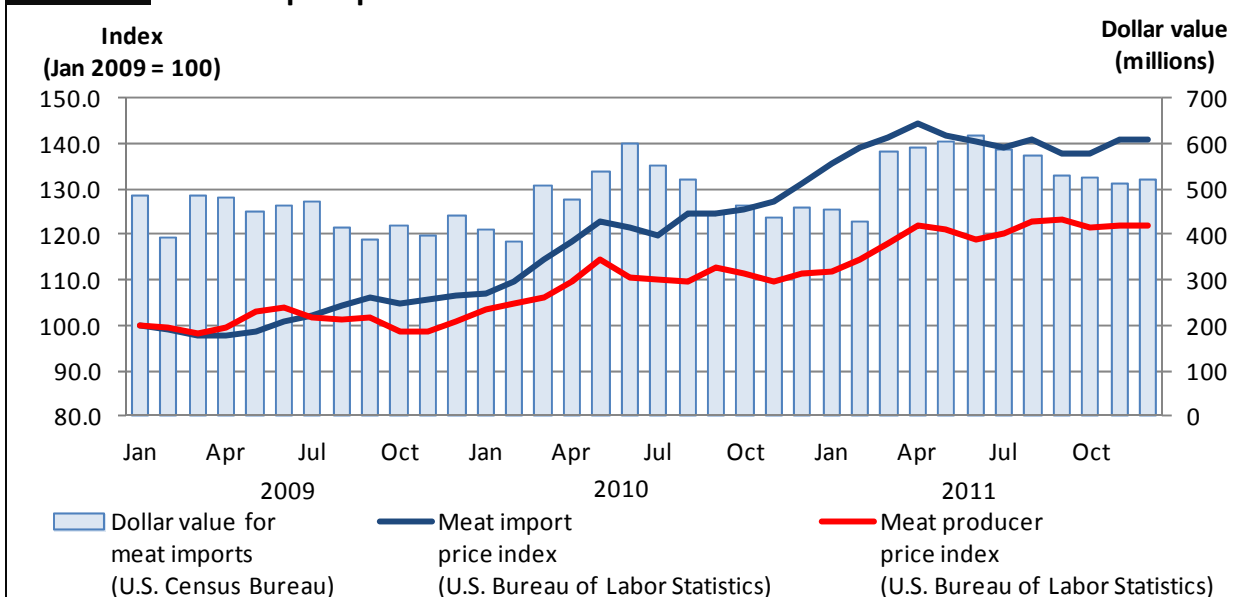
- Price trends have shown fairly consistent price increases since the beginning of 2009, indicating that prices have outpaced total dollar value growth over the same period.
- The weakening U.S. dollar continued to be the main driving force behind higher import prices.

- Foreign beef supplies were low from 2009 through 2011, as Australia's herd recovered from the 2008 droughts and Canadian herds hit a cyclical low in 2011.

## Q: How did export meat prices compare with other economic data? (See chart 2.)

- Export meat prices in U.S. dollar terms and foreign currency terms generally trended together. Changes to the U.S. dollar price of meat had a greater impact than exchange rate volatility.
- The total U.S. dollar value of meat exports appears to rise with prices.
- Asian demand is increasing, especially for pork, as the Chinese economy strengthens and consumers demand more animal proteins.

**Chart 1. Meat import price indexes and dollar values**





**Q: How have export meat prices trended over the 2009–2011 period?**

- Price trends have shown a continuous increase in prices, with the total dollar value of meat exports beginning to increase in mid-2010. The increase in prices has been fairly consistent since the beginning of 2009.
- Rising production costs and lower product availability drove the increase in prices. The higher use of corn for ethanol has diverted corn from feed purposes and repurposed farmland from other feed grains to corn. Product availability has declined as domestic farmers react to higher input prices by reducing the size of herds.

**Q: How are International Price Program data useful to you?**

Import and export price indexes can provide a new perspective for your trade analysis. Although many sources report domestic market prices and trade volume, IPP data are unique in measuring import and export price inflation.

For example, if you are involved in the meat industry and you are considering conducting business overseas, IPP meat indexes can supplement your industry research by providing long-term import and export price trends.

**Q: What are import and export price indexes?**

Import and export price indexes are measures that show how the price of a market basket of goods and services change from one period to the next. The International Price Program (IPP) of the U.S. Bureau of Labor Statistics produces these indexes, which are Principal Federal Economic Indicators. The indexes contain data on changes in the prices of nonmilitary goods and services traded between the United States and the world.

**Q: How are import and export price indexes used?**

Import and export price indexes are used for a variety of purposes:

- In the conversion of U.S. trade figures from current dollars to constant dollars in U.S. trade statistics including the Bureau of Economic Analysis' Quarterly Balance of Payments Account and the Census Bureau's monthly U.S. trade statistics.
- To assess the impact of international trade on domestic inflation and the competitive position of the United States.
- As a tool for analyzing fiscal and monetary policy, measuring the impact of exchange rates, and escalating trade contracts.
- To identify industry-specific and global price trends.

