Cattle Market Comments

Booming Beef Demand in 2014

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One of the big surprises in 2014 was the apparent strength of beef demand. Demand was strong enough to pull beef prices to record levels beyond where they would have been on tight supplies alone.

Demand is often confused with per capita consumption, which is the quantity side of demand only. Beef per capita consumption totaled 54.3 pounds, retail weight, in 2014, down 2.1 pounds from 2013. Demand is the combination of quantity consumed and the price consumers pay for the product. Retail Choice beef price averaged $5.97 per pound in 2014, up from $5.29 in 2013. All fresh beef price averaged $5.60 per pound in 2014. One way of portraying beef demand is with an index that encompasses price and quantity.

Fourth quarter beef demand, measured with an index, indicated the strongest beef demand (94) since 1991, even eclipsing the height of the Atkins’ Diet in the mid-2000s. When annual data is used the index indicated that 2014’s beef demand was the strongest since 2005.

Retail all fresh beef prices opened 2015 as they closed 2014, about 2 cents higher than in December, at $5.99 per pound. Indications are that beef demand strength has continued.
into the new year. Continued demand strength will be needed to maintain prices in the face of growing supplies of pork and poultry and lower prices later in 2015.

**Interesting Reading**

I have recently been reading *The Big Fat Surprise*, by Nina Teicholz. Teicholz presents a review of the history of the diet-health hypothesis – that eating red meat, dairy products, and eggs should be limited or eliminated in our diets – that has been the basis for nutrition guidelines for decades. This critical review of the lack of evidence for the hypothesis that has guided nutrition advice and the dietary guidelines, led to reduced beef and pork demand, and forced many livestock and food production trends is the most interesting (and surprising) thing I have read in a long time. This book has been in the news lately and is particularly timely given the recent report of the dietary guideline advisory committee. It’s well worth picking up a copy.