

# WEEKLY OUTLOOK

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## 1980 MEAT CONSUMPTION TO BE NEAR RECORD

CONSUMPTION OF THE THREE MAJOR MEATS, beef, pork and poultry, is expected to approach the record levels of 1976 and 1977 this year, in spite of a decline in the general economy and real consumer disposable income. Underlying the high level of meat consumption are ample supplies of pork and poultry, which will be made available at relatively low prices.

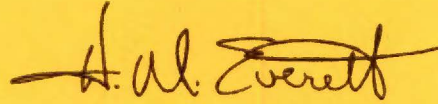
Consumer purchases of meat (as well as of other items) depend largely on three things: the price of the particular kind of meat; the price of other kinds of meat; and consumer income. Consumer income is important because it determines the amounts and kinds of goods a consumer desires to purchase. Real consumer disposable income (that is, adjusted for inflation and excluding taxes) has not grown since early 1979. The situation is not likely to improve in 1980 since the rate of inflation appears to be increasing in the first part of the year and a recession is expected during the remainder of the year.

Declining real income implies that consumers will reduce their spending on many items—including, perhaps, meat. However, meat consumption will actually increase slightly in 1980 from year-earlier levels. Why? Among other things, consumer spending will decline primarily for those items with increasing prices and/or the purchase of which can easily be put off, such as a car or an air conditioner.

In addition, the retail prices of two major meats, pork and poultry, are expected to hold steady or actually decline in 1980. Assuming that the current-dollar prices of these meats remain near their 1979 levels of \$1.44 and 44 cents per pound, respectively, the real prices will decline by about the rate of inflation. The relative stability in the two meat prices is the result of near-record supplies. Pork production is likely to increase by 10 percent or more in 1980 over the previous year. Low farm-level prices for hogs are causing substantial herd liquidation. Poultry prices should remain favorable enough to encourage increases in production. Broiler (chicken) supplies should increase 3 to 5 percent overall in 1980. Turkey supplies may increase by as much as 10 percent. By contrast, supplies of beef will be tight in 1980, remaining about even with last year's figures, but down nearly 18 percent from the record set in 1976.



The consumption of these meats, then, will increase in 1980—approaching the previous record level. However, the mix of meats will be different from 1976-1977 when beef represented about 129 of the 240 pounds of meat consumed per capita. In 1980, beef consumption will approach 100 pounds per capita, pork will be about 78 pounds per capita, and poultry will make up most of the remainder of the total expected of 240 pounds per capita.



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