



Burgers Beat Steaks as Shoppers Tighten Belts: Chart of the Day

By Elizabeth Campbell - Aug 14, 2011

U.S. meat consumers are swapping premium steaks for cheaper ground beef as concern for high unemployment and slower economic growth forces families to trim their food budgets, according to industry researcher CattleFax.

The CHART OF THE DAY shows retail ground-beef prices that the Bureau of Labor Statistics says climbed 17 percent this year and averaged \$2.774 a pound in June, the highest since at least 1984. Boneless, choice sirloin steak averaged \$5.891 a pound in June, a nine-month low and down 3 percent this year.

"Consumers will continue to migrate toward hamburgers because of price points, at the expense of some of your steak items," Kevin Good, a CattleFax senior analyst, said in a telephone interview from Centennial, [Colorado](#). "Consumers typically in times of uncertainty spend less of their disposable income. They cut back on going out to

eat. If your 401(k) got a 20 percent hit in the last couple weeks, you're less likely to go out and have that steak."

The Standard & Poor's 500 Index slumped 12 percent from July 22 through Aug. 12 after a political battle over the U.S. debt ceiling prompted S&P to lower the country's AAA credit rating. Federal Reserve Chairman [Ben S. Bernanke](#) vowed last week to keep borrowing costs at an all-time low to revive a recovery that has been "considerably slower" than expected, as equities echo the [bear market](#) in 2008-2009.

Steak demand is more dependent on restaurants, where prospects have diminished as the economy languishes, Jim Robb, the director of the Livestock Marketing Information Center, a Denver-based research organization, said in a telephone interview. Consumers also turn to ground beef over steak because of convenience, Cattlefax's Good said.

The shrinking cattle herd may keep steak prices from softening further as supplies tighten in the fourth quarter and into 2012, Robb said. The U.S. herd, including dairy cows and beef animals on feedlots and ranches, totaled 100 million head as of July 1, the fewest for that date since at least 1973, the [U.S. Department of Agriculture](#) said on July 22.

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