

From this week's In Other News

Rising bacon prices squeeze Chicago restaurants

By: Brigid Sweeney September 06, 2010



"We buy the best-quality meat and charge accordingly," says Brian Huston, chef de cuisine at Publican.

Photo by: Erik Unger

Brian Huston, the chef de cuisine at West Loop restaurant Publican, features 11 pork-based dishes on his dinner menu. This may delight meat-loving customers, but it's been bad for the Publican's bottom line lately. The wholesale price of pork bellies, the underside of the hog that gets cured and sliced into bacon, has surged by 90% in the past year.

The pricier high-end pork bellies Mr. Huston braises as an entree cost \$3.99 a pound from a small Central Illinois farm, about a 10% increase from last year. He passes along part of the increase to customers:

Publican's braised pork belly goes for \$21. "We buy the best-quality meat and charge accordingly," he says.

Still, Mr. Huston says the restaurant absorbs a "significant" portion of the increase. He also tries to offset the price of bellies by purchasing the entire pig, which costs about a third of the belly's price per pound. He uses the head to create charcuterie plates, ears to top his salads, legs to make prosciutto and "trotters," or feet, for soup stocks.

Pork bellies and bacon, always popular at summer's end when tomatoes for the perfect BLT sandwich ripen, have seen a bigger surge than ever this year. In addition to trendy restaurants' recipes, fast-food chains have added bacon offerings. Oak Brook-based [McDonald's Corp.](#) rolled out an Angus beef, bacon and cheese snack wrap several weeks ago, while the Subway chain introduced a breakfast menu, including a bacon and egg sandwich, in 25,000 of its stores in April.

This new popularity coincided with a sharp drop in supply,

sending prices skyward. Hog farmers cut production last year after rising feed costs and falling exports turned pigs into money losers, says Chip Whalen, a consultant at Chicago-based Commodity & Ingredient Hedging LLC. Commercial freezers across the country held 35.4 million pounds of pork bellies last month, down from 76.3 million pounds a year earlier.

In July, retail bacon prices averaged \$4.21 per pound, according to the Bureau of Labor Statistics, the highest level since the bureau started tracking the prices in 1980. Wholesale pork bellies have surged from 77 cents a pound in January to \$1.47 in August, the highest price since at least 1998, according to the Department of Agriculture.

Rising corn prices, spurred by demand from ethanol makers, doubled hog farmers' feed costs in 2007. Then swine flu hit last spring, squelching summer exports, a spokesman for the Springfield-based Illinois Pork Producers Assn. says.

Now, he says, the pork industry's long campaign to persuade restaurants to load up on bacon is succeeding faster than farmers can raise new hogs.

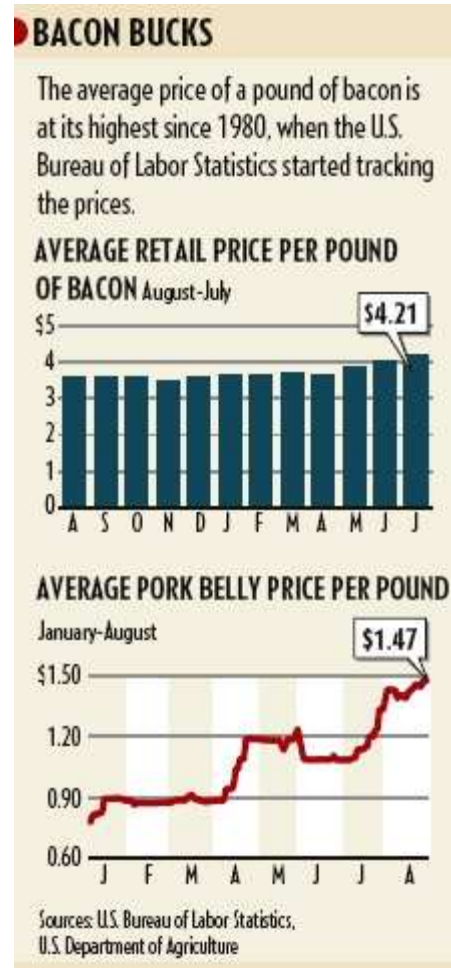
Many local butchers and restaurants have felt the squeeze.

Bill Begale, owner of Lakeview's Paulina Meat Market, which supplies many of Chicago's high-end restaurants, says the price of the pork bellies he buys has jumped nearly 60% since October, hitting \$2.20 per pound recently. Accordingly, he has raised his own price for a pound of hickory-smoked bacon by a quarter, to \$7.75, but says he absorbs about two-thirds of the increase. Prices, Mr. Begale says, have not dampened demand.

"Every time I turn around, chefs are doing something else with bacon," whether it's putting it in a martini or adding it to macaroni and cheese. "It's become trendy, regardless of cost."

Mr. Huston's supplier, Louis-John Slagel of Slagel Family Farm in Downstate Fairbury, says he stopped taking belly-only orders after selling out of them for months. He now makes customers "order a larger variety of product, like shoulders and loins, to keep things even."

But the surge isn't quite a bonanza for hog farmers. They would need prices to remain this high for



a couple of years to recoup losses from prior years, says Jason Logsdon, chief financial officer of Maschhoffs Inc., a pork farm in Carlyle.

That's probably not going to happen, Mr. Whalen says. Though next year's profit margins look strong for farmers, February 2011 pork belly futures contracts fell last week on the Chicago Mercantile Exchange on expectations of expanded production.

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