

## Quality beef grade, dressing percentage and grids

The average cattle feeder wants to be rewarded for above-average beef quality, and many have turned to some type of value-based “grid” marketing to earn premiums. After selling a few pens on a packer grid, some feeders lament it’s less about quality and more about dressing percent, the whole-carcass yield of beef, including bones in those cuts.

Taking a closer look, Paul Dykstra, beef cattle specialist with the *Certified Angus Beef*® (CAB®) brand, admits that number is important.

“Falling below the industry standard of 63.5% dressed weight means we start out on the grid several dollars behind the alternative live-weight sale price,” he says “Cattle that hang more pounds of saleable carcass weight as a percentage of live weight obviously put us at an advantage.”

Industry Average Pen			High Quality Pen		
Category	%	\$ /Cwt. Impact	Category	%	\$ /Cwt. Impact
Prime	5%	\$1.00	Prime	15%	\$3.00
CAB®	17%	\$0.85	CAB®	55%	\$2.75
Choice	75%	\$2.11	Choice	85%	\$2.39
Select	20%	(\$1.87)	Select	0%	\$0.00
<b>QG Total</b>		<b>\$2.08</b>	<b>QG Total</b>		<b>\$8.14</b>
YG 1	5%	\$0.20	YG 1	0%	\$0.00
YG 2	30%	\$0.60	YG 2	20%	\$0.40
YG 4	15%	(\$1.05)	YG 4	25%	(\$1.75)
YG 5	0%	\$0.00	YG 5	0%	\$0.00
<b>YG Total</b>		<b>(\$0.25)</b>	<b>YG Total</b>		<b>(\$1.35)</b>
<b>Premium / Cwt.</b>		<b>\$1.83</b>	<b>Premium / Cwt.</b>		<b>\$6.79</b>
<b>Premium / Head</b>		<b>\$16.31</b>	<b>Premium / Head</b>		<b>\$60.36</b>

The rest of the grid proposition plays out through premiums and discounts based on carcass quality grade, including CAB brand premiums, along with yield grade (lean-to-fat ratio) and “outs” due to nonconformance.

Quality and yield grades drive dollars, and the illustrations show how those numbers add up (\$/hundredweight/head), comparing industry-average cattle to those of high quality grade.

“The tables apply a fairly representative set of grid premiums and discounts to the two pens of steers,” Dykstra says. “We can banter about what the grade percentages should be on high-marbling cattle, but these figures are well below the extremes we’ve seen. Our math includes the 2016 average Choice-Select spread of \$9.37/cwt., much wider than the current spread. As some cattle of higher quality grade tend toward higher yield grade as well, the high-marbling pen shows the disadvantage of more Yield Grade 4 discounts, for argument’s sake.”

Results for this comparison show a \$6.79/cwt. premium for the high-marbling pen over the cash market, a \$44.05/head advantage over the industry average pen.

“In contrast, if we focus strictly on dressing percent, a fairly common 1-point difference above or below industry average creates a \$27.30/head impact with a base price of \$195/cwt. and live weight of 1,400 lb.,” Dykstra notes. “Ideally, we’d own multi-faceted cattle that give up nothing in dressing percent and simply capture further premiums. This example just shows quality drivers can overcome the dressed-yield driver in some pens.”

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Live Weight	Dressing %	Hot Carcass Weight	Weight Difference	\$ Per Head Difference
1400 lb.	62.5%	875	14 lb.	<b>\$27.30</b>
	63.5%	889		

