

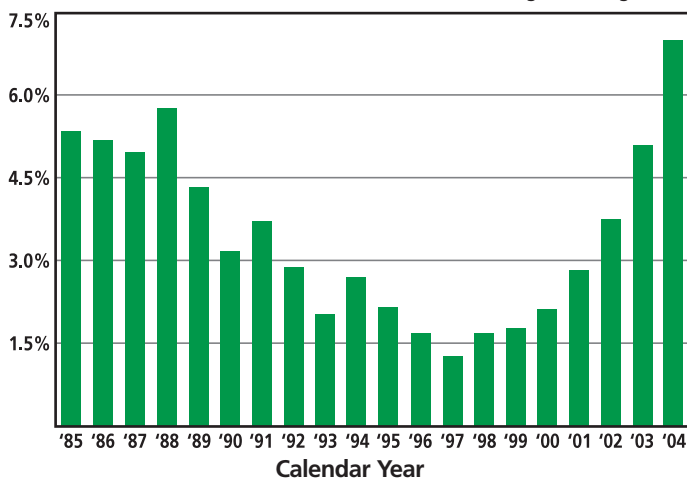
## THE COST OF WASTE

### Profit Tip

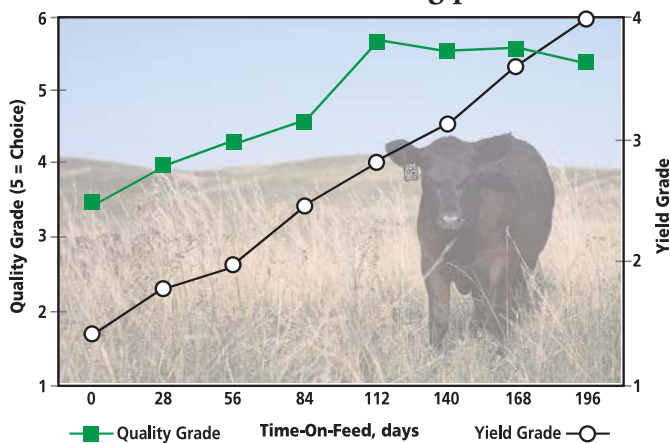
Finished cattle that are too fat cost more than we can measure. Short-term market signals may encourage overfeeding, but grid discounts remind us nobody wants overfat, Yield Grade (YG) 4 or 5 cattle. Consumers want marbling, but turn away from external fat, and consumers are the source of all profit. Even with tight supplies, YG 4 cattle face discounts of \$120/head, likely to increase as the supply grows, and YG 3.5 cattle may be discounted in some plants. Premiums for marbling remain strong, but cattle must also have muscling to keep YG in check.

**Yield Grade (YG) 4 and 5 cattle waste resources and incur discounts of \$120/head or more while ignoring consumer demand.**

USDA Yield Grade 4 Beef - 1985 to 2004 (Percentage of total graded)



**Don't keep climbing the YG hill after your cattle reach the marbling plateau.**



Time-on-feed studies show a linear increase for back fat and YG with days on feed. Quality Grade (marbling), however, increases in a curvilinear manner, reaching a plateau. *Nash et al. Prof. Anim. Sci. 16:202-205*

### ACKNOWLEDGEMENTS

Pricing data from USDA Market News and Grid-Max, a service of Cattle-Fax.

### The Facts

Since the 1997 low, YG 4+ carcasses have increased to a 20-year high, at 6.4% of all federally inspected cattle. Tight supplies, overfeeding and heavy carcass weights contributed to the trend. The economic consequences are enormous.

- Overfeeding is inefficient, resulting in higher cost of gain.
- At the same weight, a YG 4.5 carcass has 7.4% less retail product than a YG 2.5 carcass.
- The grid discount for an 800-lb., YG 4 carcass is \$120, and that will increase as supplies grow.
- The trend toward case-ready, closely trimmed product will drive grid YG discounts.
- As instrument grading allows more precise cutability evaluation, a more accountable system of premiums and discounts will follow.
- The upward trend in YG 4s has driven a decline in CAB® acceptance rates from 20% to 16% in recent years.
- 1% in CAB® acceptance represents about \$4 million in producer premiums.
- Most importantly, the consumer does not like waste fat.

### Yield Grade Calculation Points:

- The USDA 1 to 5 YG scale estimates boneless, closely trimmed retail product.
- Formula takes in external and internal fat, hot carcass weight and ribeye area (REA).
- For each 0.1-inch increase in fat cover, YG increases by 0.25 (i.e., YG 3 to 3.25), or a 0.4-inch change in fat cover moves a full YG score.
- REA is relative to weight—the heavier the carcass, the more ribeye required. Changing REA by 1 sq. inch makes a 0.3 change in YG score.
- An 800-lb. carcass needs a REA of 13.4 sq. inches. For every 100-lb. change, the required REA change is 1.2 sq. inches.

### Action Steps

**Work with packer and producer to discover the genetic carcass potential of cattle.**

- Most English cattle need genetic selection for increased REA/cwt., beyond the 1.67 average.

**Manage to make the most out of genetics while keeping YG under control.**

- Market when the cattle reach the optimum endpoint, no more than 0.5 inch of fat cover.
- Visually or mechanically sort and market cattle when they achieve the target fat cover.
- Reduce variability within pens to allow for better YG management.

Visit [www.CABpartners.com](http://www.CABpartners.com) for more information affecting your bottom line.

### Questions?

Call Steve Suther at 877/241-0717.

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