Daily Livestock Report

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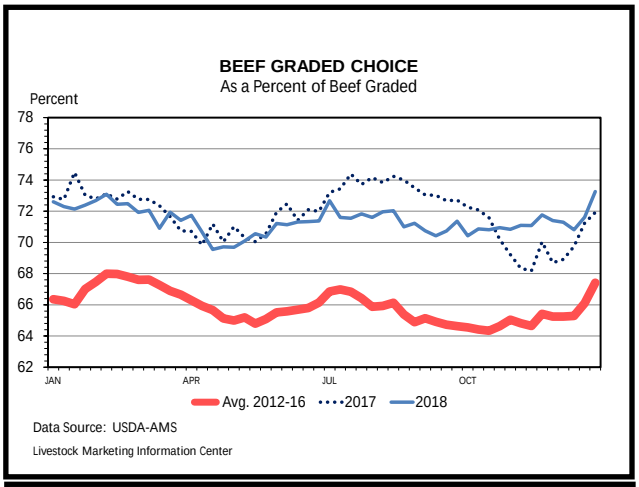
USDA's Agricultural Marketing Service (AMS) incorporated adjusted yields and notified users with "***NEW YIELDS TAKE EFFECT TODAY***" at the top of Monday's daily boxed beef cutout negotiated sales report (that report is LM_XB403; yesterday's is here). Those changes were made based on data collected by AMS from the packing industry so that the calculations are in-line with what is typical. The new yields largely reflect carcass trends of slightly less external fat and less trim/ hamburger. The AMS calculation methods using the new yields were published and are available here.

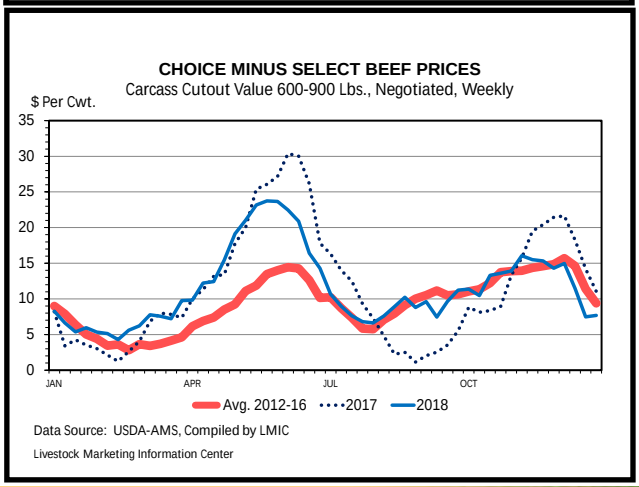
The general impact of the updated yields is rather small increases in the cutout value when compared to using the 2018 percentages. That is because the yields of lower priced items (e.g., fat) were reduced and those of higher valued beef cuts were increased. Underlying these changes are trends in cattle genetics along with feedlot production and management systems. AMS updated yields for all the beef primals (Rib, Chuck, Round, Loin, Brisket, Short Plate, and Flank). An example table is below for the Chuck, which compares the new and old yields (the example prices are those used by AMS in their publication and are **not recent**; yesterday's Choice Chuck primal was $175.25 per cwt. , the table new value is $144.11). In aggregate, the change in cutout value is a few dollars per cwt.

Two graphics of AMS weekly data provide some insights into beef quality grades during 2018. The first shows cattle carcasses graded Choice as a percent of all beef carcasses. The big picture of that graphic is that the percentage has increased significantly compared to the 2012-16 average. During the summer of 2017, there were issues with the grading technology, and more carcasses were graded Choice than should have been. Abstracting from that timeframe, the year-over-year percentage graded Choice during the first half of 2018 was similar to 2017's, but more Choice carcasses were produced during the fourth quarter. The second graphic shows the wholesale market (cutout value) premium of Choice versus the Select grade beef. Both seasonal supply (as indicated by the percentage of carcasses graded Choice) and seasonal demand cause the price spread between Choice and Select to have a pronounced seasonal pattern. During the fourth quarter of 2018, more Choice beef tonnage narrowed the price premium compared to 2017's.

Chuck Sub-Primal Styles (116A Chuck roll)

Item Components	Example Price ($)	New Yield (%)	Old Yield (%)	Revenue Change
114A Trimmed Clod	188.64	16.11	15.67	0.83
114F Clod Tender	279.59	0.68	0.71	-0.08
116A Chuck Roll n/o	250.26	19.82	19.24	1.45
116B Chuck Tender	199.12	2.70	2.74	-0.08
130 Chuck Short Rib	292.42	2.97	2.97	0.00
Pectoral Meat	258.56	1.89	1.99	-0.26
50% Trimmings	43.03	4.92	5.00	-0.03
73% Ground Beef	106.45	9.67	9.83	-0.17
81% Ground Beef	148.02	3.23	3.28	-0.07
90% Ground Beef	213.16	3.16	3.21	-0.11
Chuck Trim (Ground Chuck)	161.74	5.26	5.35	-0.15
Shank Meat (Ground Chuck)	161.74	5.11	5.38	-0.44
Fat	21.25	8.82	8.97	-0.03
Bone	4.5	15.24	15.24	0.00
Shrink		0.42	0.42	
		Revenue Change		0.86





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