

## Daily Livestock Report

E-Livestock Volume	17-Mar	16-Mar	10-Mar
LE (E-Live Cattle):	10,337	14,451	18,928
GF (E-Feeder Cattle):	1,661	1,851	1,953
HE (E-Lean Hogs):	11,150	12,905	19,608

### Market Comments

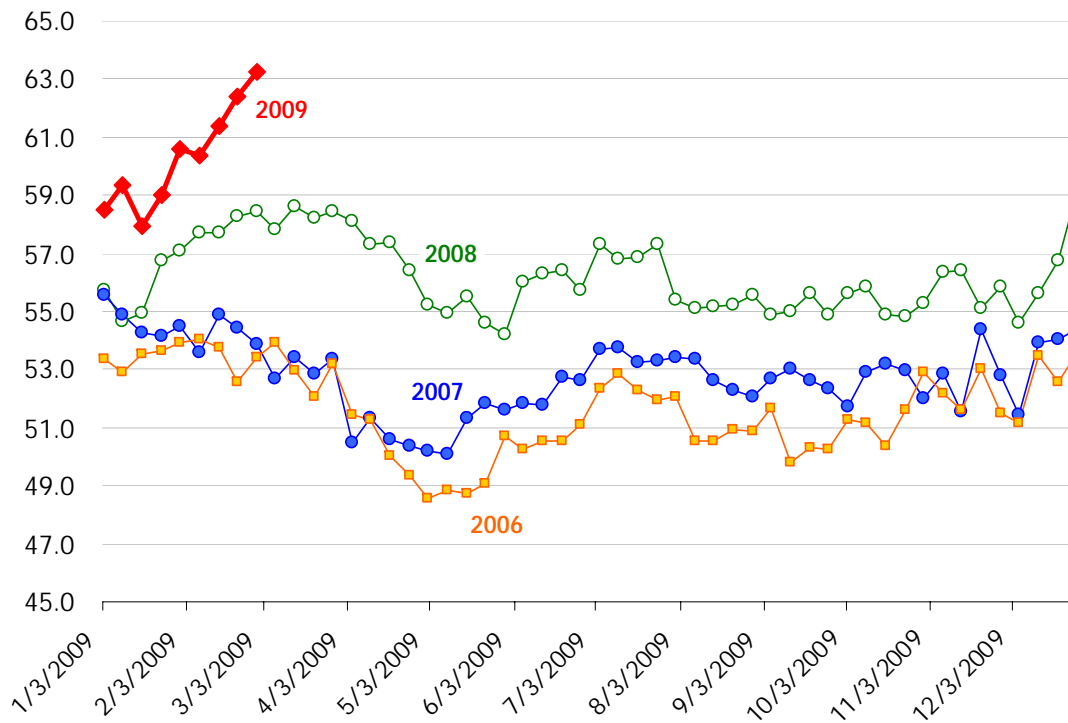
Summer grilling season cannot come soon enough, especially given the amount of juicy choice graded beef currently available in the marketplace and the flurry of steak promotions that apparently are in the works among the nation's top supermarkets. **The surge in the number of cattle grading choice** (cattle with a higher degree of marbling) has not gone unnoticed and there is **plenty of speculation as to what is driving it**. For reference, the USDA report tracking how cattle grade each week, showed that for week ending February 28, 63.24% of steers and heifers slaughtered graded choice, the highest level since records began back in 1997. As to why such a high percentage of fed cattle are grading choice, we do not think there is a single answer, rather a confluence of factors have contributed to it.

First, a number of reports from packers and feedlot operators indicate that **this winter has been generally quite favorable to feeding cattle**. A cold and wet winter tends to have a negative impact on cattle weights as animals spend more energy trying to stay warm.

Second, and related to the point above, carcass weights have been moving higher and **steer weights are currently up as much as 25 pounds or 3% over year ago levels**. According to the Kansas State University feedlot survey, steers and heifers on feed have been gaining weight at a much faster pace than a year ago, with steers gaining an average 3.62 pounds per day in January, a 5% improvement from a year ago and 15% improvement from January 2007. Now heavier weights do not necessarily mean more choice cattle, especially as more feedlots use feed additives, such as beta-agonists, that tend to boost weight gain but lead to an increase in lean muscle rather than fat. But, when seen in combination with the mild winter, the rise in weights has contributed to more animals grading choice.

Third, we think that more cattle are grading choice as more and more packers use mechanical or objective grading systems, rather than just human inspectors. Our friends at the Livestock Marketing Information Center ([www.lmic.info](http://www.lmic.info)) had a very interesting point this week, noting that "over the last few years, due to objective grading systems (no longer relying on human graders), some packers have moved away from reporting Yield grade data and have focused solely on reporting USDA Quality grades. Thus, in early 2008 the percentage of packers reporting Yield grade data dropped to about three-fourths. As of February 2009, only half of packers were providing Yield grade data..." A fourth point is genetics, as more choice grading cattle breeds have been added to the nation's herds over time boosting the supply of choice beef in the marketplace.

### PERCENTAGE OF STEER AND HEIFER SLAUGHTER GRADED CHOICE



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