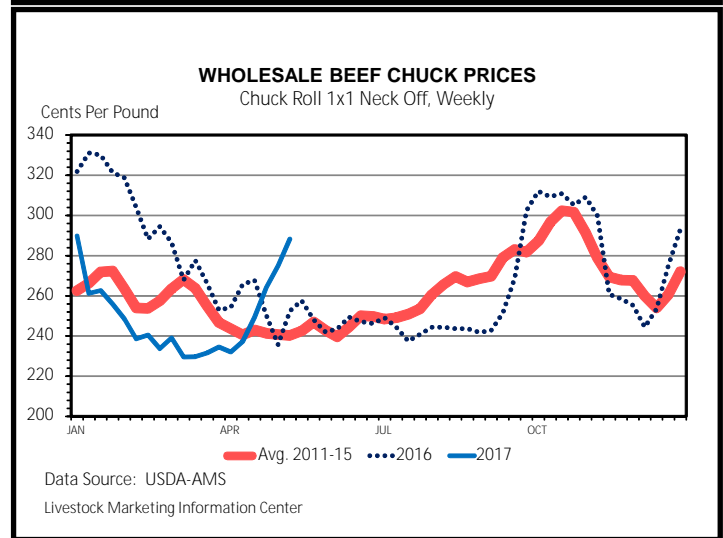
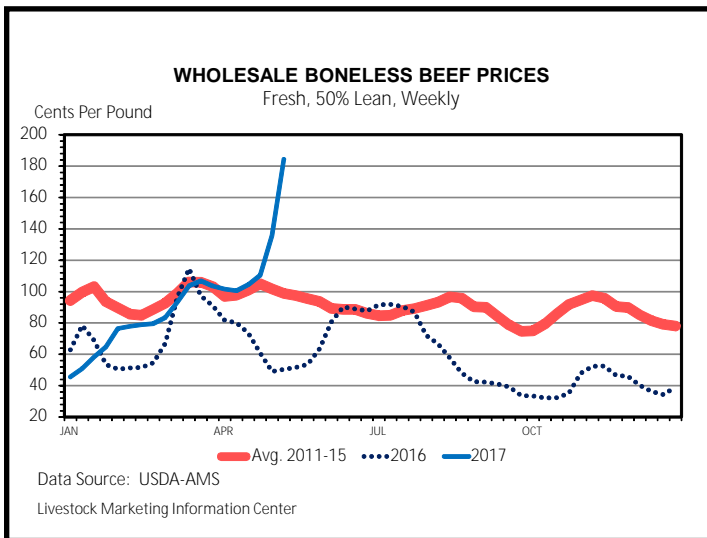
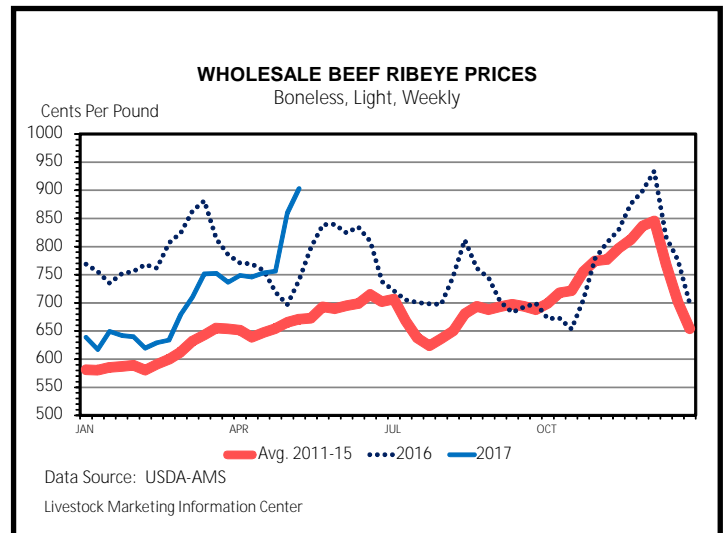


In yesterday's Daily Livestock Report we highlighted graphically the run up during the last two weeks in the cash (negotiated) boxed beef cutout value. USDA's Agricultural Marketing Service (AMS) Market News Division provides the weekly National Comprehensive Boxed Beef Cutout report (available [here](#)) each Monday. That report provides a rather full picture of the calculated cutout (wholesale) value on a carcass equivalent basis and includes negotiated trade plus formula and contract priced meat. Last week, negotiated trade for delivery in zero to 21 days timeframe represented 25% of the transactions, while formula was 61%. In the beef market many formulas use negotiated trade to set a base price from which there are premiums and discounts.

The Comprehensive beef cutout value last week was \$230.92 per cwt., up \$10.00 week-over-week and jumped \$16.00 in the last two weeks. Last week's value was the highest for any week since mid-September 2015. The Comprehensive report shows that all the beef quality sub categories (Prime, Branded, Choice, Select, and Ungraded) were higher week-over-week as were the underlying carcass primal components (Rib, Chuck, Round, Loin, Brisket, Short Plate, and Flank).

AMS calculates carcass primal values using prices of component wholesale cuts. So, what actual beef cuts (items) were the major contributors to the recent surge in cutout values? The answer is largely tied to three components: 1) 50% lean

boneless beef (trimmings from slaughter steers and heifers); 2) the ribeye; and 3) the chuck. In the provided graphics are three individual items within those categories as reported by AMS. The surge in 50% trim price has been phenomenal. Ribeye prices are often volatile, but recently had one of their periodic spikes-up. Finally, wholesale chuck items recently moved contra-seasonally higher. Three different items came together to cause the recent cutout value surge, and those same items may reverse quickly.



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