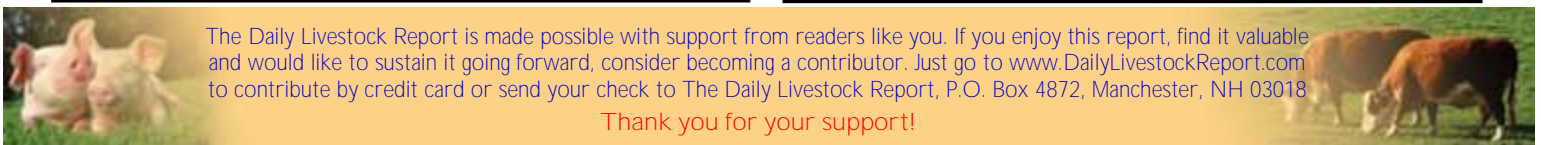
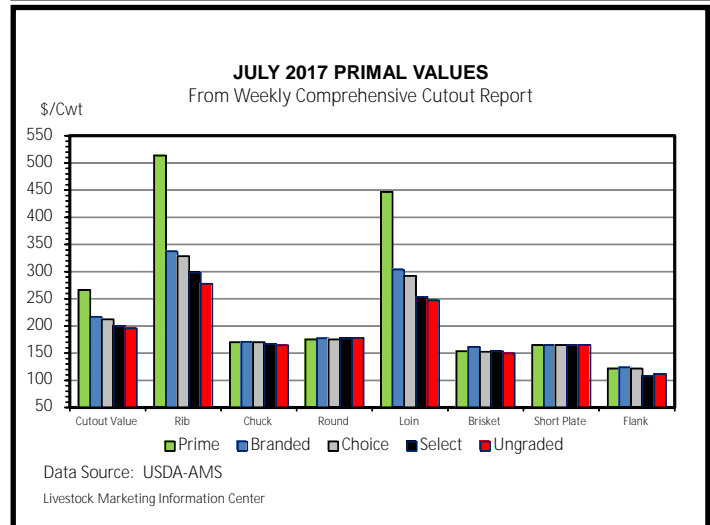
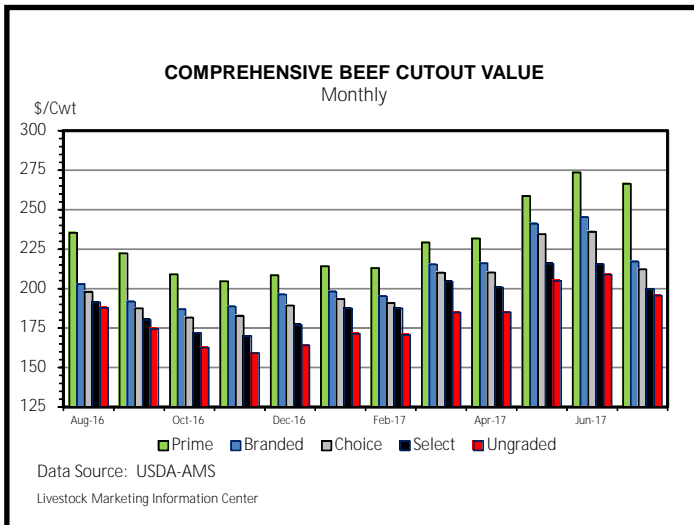
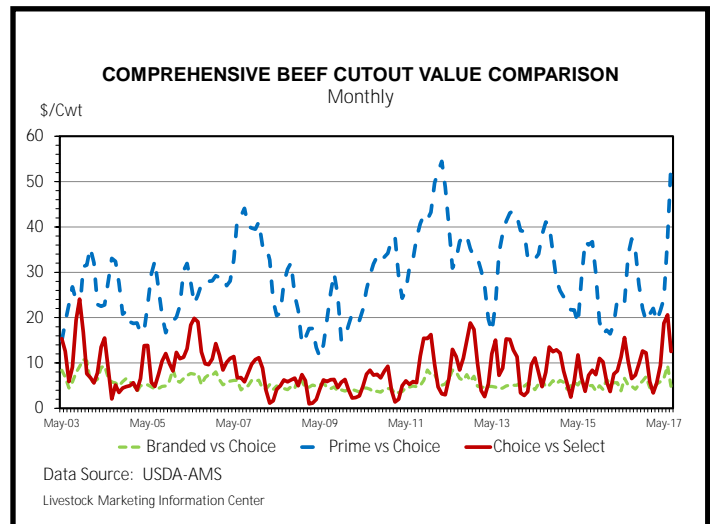


USDA's Agricultural Marketing Service Market News Division (AMS) constructs a weekly set of cutout (wholesale carcass equivalent values) and underlying primal values for all transactions covered under Livestock Mandatory Reporting legislation. That report is weekly and "comprehensive" in that all transaction types are included (e.g. cash and formula priced). The AMS report is available [here](#). Today, we highlight three graphics constructed on a monthly basis from that report and focus on the five sale categories. Those categories are: 1) Prime grade (summary of the highest USDA Quality Grade); 2) Branded beef (includes Certified Angus and other differentiated/branded items); 3) Choice grade (USDA grade); 4) Select grade (the lowest USDA Quality Grade summarized); and 5) Ungraded.

A cutout value is an aggregation of primal components of a carcass. The primal value is a summation of beef cut prices that make-up the primal. Primal components of the beef carcass are Rib, Chuck, Round, Loin, Brisket, Short Plate, and flank. The first graphic shows the AMS comprehensive cutout values for recent months. Note that the values are highest for Prime and lowest for Ungraded. The second graphic shows the cutout values for last month (July) and the breakout in value by primal. As shown in the second graph, in July at over \$54.00 per cwt., the value of Prime above Choice was the largest since March 2012. In just a few months, that premium can move dramatically, largely because rather small amounts are produced, and users are mostly

"white tablecloth" restaurants. The premium of Branded over Choice has remained relatively stable. A significant within-year pattern (seasonal) occurs for Choice over Select, it also has a long-term range about \$20.00 per cwt.

Premiums are associated with only two primals, the Rib and the Loin. Both of those primals are made-up of cuts that are referred to a "middle meats" and are steaks, Prime Rib, etc. Quality grade is important regarding carcass value, but not for all the primals, as clearly depicted in the final graphic (data for July 2017).



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