Spring 2021 Webinar – Part II
June 8, 2021
WELCOME

• This session is being recorded
• Participants are in listen-only mode
• Questions - after each presentation and at session’s end
• Follow up e-mail and participant’s survey
USDA LMR Boxed Beef Reports- How Quality Grade Impacts Value

Chris Sommers
USDA Agricultural Marketing Service
Livestock, Poultry and Grain Market News
AMS’s role in LMR Beef Sales Reporting

The Agricultural Marketing Service (AMS)

- Administers the Livestock Mandatory Reporting (LMR) Act of 1999 and regulations.
- Publishes 6 daily & 11 weekly beef reports under LMR
- Audits firms to ensure report accuracy
- Preserves confidentiality of transactions
Who submits beef sales data to AMS?

- Federally inspected plants which slaughter at least an average of 125,000 head per year.
- LMR covers over 90% of boxed beef volume.
- First time sales only
- Distributors, grinders, exporters, etc. who do not slaughter do not submit LMR sales data.
What beef items are submitted?

- Primals, subprimals, and cut items
- Ground Beef
- Trimmings & boneless processing beef
- Beef Offal/Variety meat sales are not reported to LMR
When & How do firms submit sales?

- Twice per day at 10:00 am CST and 2:00 pm CST Monday through Friday
- Companies electronically submit in a single batch file that is encrypted
- Daily LMR beef reports are normally published one hour after packers submit data
Each submitted beef sale specifies:

- **Destination** – domestic, overseas, or NAFTA (USCMA)
- **Sales type** – negotiated, formula, or forward contract
- **Delivery Period** – 0-21, 22-60, 60-90, or 90+ days
- **Refrigeration** – fresh, frozen or aged
- **Class** – steer/heifer, cow, bull, dairy bred, etc.
- **Classification** – Prime, Choice, Select, etc.
- **Unbranded** or **branded**
  (upper 2/3 Choice, lower 1/3 Choice, Select)
- **Specific item** – packer SKU#, or IMPS item
- **Quantity sold** – in pounds
- **FOB plant price** – $ cwt
Daily spot negotiated reports:

- Boxed Beef Cutout and Boxed Beef Cuts (LM_XB402 and LM_XB403)

- Boneless Processing Beef and Beef Trimmings (LM_XB400 and LM_XB401)

- Cutter Cow Cutout and Cow Cuts (LM_XB405)
Afternoon Boxed Beef Cutout and Boxed Beef Cuts

- Choice/Select Spread
- Change from Prior Day
- Load Count
- Individual Primal Values
What is the “Cutout?”

The boxed beef cutout represents the ESTIMATED GROSS value of a beef carcass based on FOB prices paid for individual beef items derived from the carcass.

- The costs of fabricating carcasses into individual beef items are not deducted from the cutout values.
- The fabrication yields used are a simple average provided to USDA by the packers covered under LMR.
- 2 day rolling average.
What factors affect the Daily and Weekly Negotiated Boxed Beef Cutouts?

(LM_XB402, LM_XB403, LM_XB459)

- **Destination** – domestic only
- **Sales type** – negotiated only
- **Delivery Period** – 0-21 days
- **Refrigeration** – fresh only
- **Class** – native steer/heifer, except for 50% trimmings
- **Classification** – Choice and Select
- **No Branded cuts**
Poll Question:

Which Primal has the highest yield to the carcass, and thus most influence on the cutout calculation?
Answer: The Chuck

Primal to Carcass Yields

<table>
<thead>
<tr>
<th></th>
<th>Rib</th>
<th>Chuck</th>
<th>Round</th>
<th>Loin</th>
<th>Brisket</th>
<th>Short Plate</th>
<th>Flank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11.40%</td>
<td>29.62%</td>
<td>22.32%</td>
<td>21.26%</td>
<td>4.95%</td>
<td>7.10%</td>
<td>2.25%</td>
</tr>
</tbody>
</table>
### National Daily Boxed Beef Cutout and Boxed Beef Cuts - Negotiated Sales - Afternoon

**AGRICULTURAL MARKETING SERVICE**

Livestock, Poultry, and Grain Market News

Email us with accessibility issues regarding this report.

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**National Boxed Beef Cuts - Negotiated Sales**

FOB Plant basis negotiated sales for delivery within 0-21 day period. Prior day sales after 1:30pm are included.

**Current Volume - (one load equals 40,000 pounds)**

<table>
<thead>
<tr>
<th></th>
<th># of Loads</th>
<th>Total Pounds</th>
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</thead>
<tbody>
<tr>
<td>Choice Cuts</td>
<td>34.35</td>
<td>1,374,189 pounds</td>
</tr>
<tr>
<td>Select Cuts</td>
<td>16.53</td>
<td>661,234 pounds</td>
</tr>
<tr>
<td>Trimmings</td>
<td>9.52</td>
<td>380,742 pounds</td>
</tr>
<tr>
<td>Ground Beef</td>
<td>9.69</td>
<td>387,603 pounds</td>
</tr>
</tbody>
</table>

**Choice Cuts, Fat Limitations 1-6**

(IM) = Individual Muscle

<table>
<thead>
<tr>
<th>IMPS/FL</th>
<th>Sub-Primal</th>
<th># of Trades</th>
<th>Total Pounds</th>
<th>Price Range</th>
<th>Weighted Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>109E</td>
<td>Rib, ribeye, lip-on, br-in</td>
<td>11</td>
<td>16,543</td>
<td>1,086.55 - 1,166.00</td>
<td>1,105.45</td>
</tr>
<tr>
<td>112A</td>
<td>Rib, ribeye, bns, light</td>
<td>9</td>
<td>15,023</td>
<td>1,290.61 - 1,329.25</td>
<td>1,299.67</td>
</tr>
<tr>
<td>112A</td>
<td>Rib, ribeye, bns, heavy</td>
<td>13</td>
<td>23,076</td>
<td>1,274.50 - 1,322.00</td>
<td>1,300.09</td>
</tr>
<tr>
<td>113C</td>
<td>Chuck, semi-bns, neck/off</td>
<td>3</td>
<td>3,652</td>
<td>320.00 - 325.00</td>
<td>322.99</td>
</tr>
<tr>
<td>114</td>
<td>Chuck, shoulder clod</td>
<td>6</td>
<td>15,966</td>
<td>289.00 - 315.00</td>
<td>299.65</td>
</tr>
</tbody>
</table>
Trend: Shrinking daily spot market volume
Average load count – daily boxed beef report LM_XB403
Reasons for spot sales decrease:

Product Variation

• Packer SKU inventory totals (product code lists) number in the thousands
• Branded programs: There are currently over 100 AMS Certified Beef Programs

Increased Formula Sales
Declining Negotiated Sales
Weekly load comparison of negotiated vs. formula

LM_XB459 Spot  LM_XB454 Formula
Weekly Specific Reports:

- Spot Mkt Boxed Beef Cutout & Cuts (LM_XB459)
- Formula Boxed Beef (LM_XB454)
- Forward Sales Boxed Beef (LM_XB455)
- Spot Mkt Branded Boxed Beef (LM_XB452)
- Spot Mkt Prime Boxed Beef (LM_XB456)
- Spot Mkt Ungraded Boxed Beef (LM_XB462)
- Spot Mkt Bnls. Beef & Trimming (LM_XB460)
- Formula Bnls. Beef & Trimmings (LM_XB450)
- Spot Mkt Cutter Cow Cutout & Cuts (LM_XB461)
Weekly Comprehensive Reports: Comprehensive Boxed Beef Cutout (LM_XB463)
Weekly Comprehensive Reports: Boxed Beef Item Summary

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</thead>
<tbody>
<tr>
<td>109E Ribeye lip-on bone-in</td>
<td>69 1072.11 89%</td>
<td>4% 4% 50% 1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>112A Ribeye boneless light</td>
<td>58 1134.54 74%</td>
<td>2% 2% 67% 2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>112A Ribeye boneless heavy</td>
<td>111 1207.22 87%</td>
<td>4% 5% 73% 1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>114 Shoulder clod</td>
<td>34 295.15 68%</td>
<td>3% 10% 51% 1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>114A Shoulder clod trimmed</td>
<td>114 307.72 77%</td>
<td>5% 1% 60% 1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>116A Chuck roll 1x1 neck-off</td>
<td>270 347.53 79%</td>
<td>36% 18% 39% 1%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Comprehensive Market
All sales types, all destinations (domestic and export), all delivery periods, all quality grades (branded and unbranded), fresh, frozen, and aged. (LM_XB463)
Contact Information

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Cattle & Carcass
TRAINING
USDA Livestock Mandatory Reporting (LMR) Boxed Beef Price Reports/Data/Information

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Market Information is Important

For the individual - market price information is important for making good business decisions.

For the overall marketplace - for free-market economies to work well then market participants need to be well-informed.

What are the prices? What is the market potential?

Again, there are a breadth of data users and providers of information. Substantially used by downstream purveyors. And, I would argue, it is informative to upstream sellers as well.
Let’s go to the USDA AMS Market News Website

https://www.ams.usda.gov/market-news
What did the pandemic reveal?

Choice 189A Loin, tendrloin, trmd, heavy FOB Plant

Daily average negotiated Choice 189A Loin, tendrloin, trmd, heavy in dollars per cwt. comparing 2021 to 2020 and to the 5-year average. Source: USDA Agricultural Marketing Service
What did the pandemic reveal?

Choice 109E Rib, ribeye, lip-on, bn-in - National - FOB Plant

Daily average negotiated Choice Rib, ribeye, lip-on, bn-in value dollars per cwt. comparing 2021 to 2020 and to the 5-year average. Source: USDA Agricultural Marketing Service
What did the pandemic reveal?

Choice Rib Primal Daily - FOB Plant

Daily Choice Rib Primal in dollars per cwt. comparing 2021 to 2020 and to the 5-year average. Source: USDA Agricultural Marketing Service
What did the pandemic reveal?

Choice Chuck Primal Daily - FOB Plant

Daily Choice Chuck Primal value dollars per cwt. comparing 2021 to 2020 and to the 5-year average. Source: USDA Agricultural Marketing Service
What did the pandemic reveal?

Choice Round Primal Daily - FOB Plant

Daily Choice Round Primal in dollars per cwt. comparing 2021 to 2020 and to the 5-year average. Source: USDA Agricultural Marketing Service
STEER SLAUGHTER
Federally Inspected, Weekly

Thou. Head

Avg. 2015-19  ●  2020  ●  2021

Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center
SATURDAY CATTLE SLAUGHTER
Federally Inspected, Weekly

Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center

C-S-03
05/21/21
But it’s not just... Also, 2019 had optimism...
But it’s not just... But 2018 was flat...
But it’s not just… And in 2016 it was not good...

**BOXED BEEF CUTOUT VALUE**
Choice 600-900 Lbs., Carcass, Weekly

**WHOLESALE BEEF BOTTOM ROUND PRICES**
18-33 Pounds, Weekly
Some things that are seen in the LMR data

- There are strong and different seasonal patterns in product prices.
- Premiums and discounts across Quality Grade and Yield Grade that are not constant.
- Choice-Select spread communicates information on demand.
- Differences in end-meats, middle-meats, and ground product.
- Similar issues to fed cattle prices in terms of formulas and forward contracting.
- Clear benchmarks! USDA AMS and NASS establish the Gold-Standard.
Some conclusions? And what’s next?

- Beef markets are varied and complicated.
- Different supply chains, demands, and opportunities.
- Market potential, market potential, market potential...
- Leading indicators? Lagging problems?
- Upstream providers will understand downstream markets.
- New opportunities?
Website Script

Main MN page.

“Livestock, meats, poultry, eggs, grain & hay”

“Meat” – first 2 and the next 3 are pork and Other.

Daily Beef Reports – lsddcbs.pdf – links take you to the data
  • nw_ls410.txt
  • AM & PM
  • Lsdcbbs.pdf

Weekly/Monthly beef reports
  • Comprehensive TXT
  • Negotiated, forward, formula.
  • Branded, prime, ungraded.
  • Grassfed
National Daily and National Weekly Cattle and Beef Summary Reports
Please Complete our CCTC Webinar Participant Survey

Thank you for Participating

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