

## USDA DAILY LAMB CARCASS CUTOUT REPORT OVERVIEW January 2021

The lamb carcass cutout report is released daily under report number [LM\\_XL502](#). The report represents the estimated value of a lamb carcass based on prices paid for individual lamb items in dollars per hundredweight (cwt). The individual lamb item prices used are derived from sales published on the [LM\\_XL500](#) report. The lamb cutout is based on market activity since 2:00 pm Central Time of the prior business day. Free historical data for both the LM\_XL502 and LM\_XL500 reports are available on the USDA [DataMart](#) website, while also available via [e-mail delivery](#). The lamb item sale prices used in calculating the lamb cutout meet the following criteria:

- All lamb item transactions are original sales by firms covered under LMR (Livestock Mandatory Reporting Act) to first time buyers. The coverage threshold for LMR is firms slaughtering (or processing the equivalent of) an average of 35,000 head per year.
- Sales are negotiated, with the product delivering within 0-21 calendar days to the domestic market.
- Prices are quoted in U.S. dollars per 100 pounds. (cwt)
- Lamb items are referenced according to the [Institutional Meat Purchase Specifications](#) (IMPS) when possible, and are limited to [the USDA Prime and Choice grades](#).
- Sale prices of all lamb items are quoted on an F.O.B. plant basis (delivered price minus freight cost).
- Prices of lamb items are a 5-day rolling weighted average. This ensures an adequate market test for item prices used as input data in cutout calculation.

### THE LAMB CUTOUT'S IMPORTANCE –

The LM\_XL502 lamb cutout report is used by the various parts of the lamb industry (producers, packer/processors, and retailer/distributors) as a price barometer for trade negotiations with other parties. Companies also use the cutout report as a standard by which to gauge their company or even their personal performance. If they can do better than what the average of the industry is, then they view that as a measure of success. The opposite is also true. Finally, some segments of the industry may use the report as an impartial starting point on which to base formulations and contracts. As packers and producers continually strive to improve their business, many are looking to the lamb cutout to provide a pricing basis. Therefore it is important that all interested parties gain a thorough understanding what the lamb cutout represents, and how it is calculated.

### WHAT THE LAMB CUTOUT REPRESENTS –

The lamb cutout represents the estimated value of a lamb carcass for a given day based on prices being paid for individual lamb items. It's important to emphasize the values in the lamb cutout are dollars per hundredweight (cwt). For example, a lamb cutout value of \$300.00 means a 100 pound lamb carcass is worth \$300.00 total dollars. However, a 70 pound lamb carcass is worth only 70% of that, or \$210.00 total dollars ( $\$300 \times 70\% = \$210$ ).

A single carcass cutout value exists for all carcass weight categories. This is because the many pounds of individual lamb items used in calculation cannot be directly sourced back to each separate carcass with its corresponding carcass weight. This reality of modern lamb fabrication is why AMS publishes a single carcass value representing all weights and the yield percentages reported are based on a 65 pound carcass.

The LM\_XL502 report lists a Gross Cutout Value, which represents the cutout value before expenses. From this gross figure, AMS deducts a \$62.00 cwt processing/packaging cost to arrive at a Net Carcass Value. The \$62.00 is an average of firms covered under MPR via survey, with individual company costs held in strict confidence by AMS.

The lamb cutout does not include revenue from either pelts or offal products. The following page goes into carcass cutout calculations in more detail.

**LAMB CUTOUT CALCULATION –**

The lamb cutout calculation begins with individual item prices from the LM\_XL500 boxed lamb cuts report. These individual items are listed on the left side of the LM\_XL502 lamb cutout shown in figure 1 below as the report appears in publication. The first numerical column shows the lamb item's FOB cwt price, followed by the daily change. Next is the item's fabrication yield to the carcass. This yield percentage is also an average of MPR firms with individual data kept in strict confidence. The final column is the weight of each individual lamb item in pounds.

Figure 1.



**USDA** **USDA Estimated National Lamb Carcass Cutout**  
 Agricultural Marketing Service  
 Livestock, Poultry, and Grain Market News

January 20, 2021  
[LM\\_XL502](#)

Email us with accessibility issues regarding this report.

Based on 5-Day Rolling weighted average FOB plant prices collected under Mandatory Price Reporting and industry yields. Values reflect U.S. dollars per 100 pounds.

	<b>CUTS</b>	<b>FOB PRICE</b>	<b>CHANGE</b>	<b>% CARCASS</b>	<b>LBS</b>
	FORESADDLE				
204	RACK, 8-RIB MEDIUM	854.26	4.81	5.65%	3.56
204C	RACK, ROAST-READY, FRENCHED	1,671.04	5.44	3.07%	1.93
209	BREAST **	301.50	0.96	8.45%	5.32
207	SHOULDERS, SQ-CUT	367.85	-1.03	23.10%	14.55
210	FORESHANK	442.81	0.37	3.25%	2.05
	NECK **	180.82	-0.68	2.17%	1.37
	FAT and BONE	10.00	0.00	3.50%	2.21
296	GROUND LAMB	607.49	4.92	1.95%	1.23
	SHRINK			0.35%	0.22
	HINDSADDLE				
232	LOINS, TRIMMED 4X4	684.96	0.74	5.56%	3.50
232	LOINS, TRIMMED 1X1	809.38	5.71	3.81%	2.40
232E	FLANK, UNTRIMMED **	173.66	5.88	3.22%	2.03
233A	LEG, TROTTER OFF	404.78	11.84	15.81%	9.96
234	LEG, BONELESS, TIED	573.64	-0.51	10.24%	6.45
	FAT and BONE	10.00	0.00	7.56%	4.76
296	GROUND LAMB	607.49	4.92	1.96%	1.23
	SHRINK			0.35%	0.22
<b>GROSS CARCASS VALUE:</b>		450.44	2.74	100.00%	63.00
FORESADDLE VALUE		467.14	0.73	51.49%	32.44
HINDSADDLE VALUE		432.72	4.87	48.51%	30.56
Carcass value less process/packageing per cwt cost of \$62.00					
<b>NET CARCASS VALUE</b>		388.44	2.74		

\* Fat and Bone an industry survey value for LM\_XL502 calculation  
 \* Based on Actual Federally Inspected Slaughter Carcass Weight of 63.00 lbs. for W/E 01/02/2021, -1.00 lbs lighter than last week.  
 \*\* Includes Fresh and Frozen Product

