

Use Benchmarks to Establish In-Herd Quality Grades

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The current strength of the calf market has minimized incentives to search for performance not related to the individual cowherd. It is very easy to see the impact of live calves, healthy calves and heavy calves at the auction as buyers show the appetite for calves desired by the cattle feeding community.

The scale has tipped towards the Black Angus breed of cattle, providing incentive for buyers to bid a little bit longer on the black calves coming through the ring. There may be many reasons but one of them is the implication of "premium" dollars. This concept has its roots imbedded in what is called the choice/select spread--the difference between the price of a steer on the rail grading choice versus one grading select.

The spread is given in terms of dollars per hundred weight (\$/cwt), and has historically bounced between seasonal highs and lows of roughly \$4 to \$12 dollars, according to Cattle-Fax. When the supply of choice cattle does not meet the demand, the spread goes up. That traditionally occurs in late spring, early summer and again in mid fall.

Currently, weekly choice/select spreads are a part of value-added discussions, with the ultimate goal of trying to capture the added value of the choice carcass. This discussion is very logical given today's market but producers must remember the market can change much quicker than genetic and management programs within individual herds.

Still the basic question is not answered: How are the current calves grading within a producer's herd? A review of six years of carcass data from the North Dakota State University Dickinson Research Extension Center gives us a pretty good indication of the type of cattle being produced.

Currently, less than one percent of the Center's steer calves grade prime. Another 7.18 percent grade in the upper 2/3 of choice and 51.33 percent grade low choice. Additionally, 39.63 percent grade select and 1.16 percent grade standard. Over the six-year period, one steer calf was graded a dark cutter.

These numbers tell us nothing without a benchmark comparison of similar data. The 2000 National Beef Quality Audit, conducted on behalf of the National Cattlemen's Beef Association, reveals on a national basis that 2 percent

of cattle graded prime, 17.42 percent graded in the upper 2/3 of choice, 31.68 percent in low choice, 42.30 percent as select and 5.60 percent standard.

In comparison, our cattle are not doing too bad with 59.09 percent grading either Prime or Choice compared to the national statistic of 51.1 percent grading in the higher grades of beef. In terms of the select grade, the Center is at 39.63 percent, vs. 42.30 percent nationally. For the standard grade, the Center is 4.44 percent lower than the national average, which is good.

In terms of goals established by the National Cattlemen's Beef Quality Audit, 65 percent of the carcasses should grade prime or choice and 35 percent grade select. That is probably not an unreachable goal for the Center.

For the industry as a whole, change without data is difficult. One could argue that sire selection, the use of high-marbling bulls, would correct the situation. However, we need to return to the original thought of this discussion: the choice/select spread.

If the spread were to reach minimal levels, in other words, the premium would return to more historic levels due to increased supply of choice cattle or a diminished demand, thoughts of other price and profit drivers would soon enter the equation, in particular carcass weight, average daily gain and feed efficiency.

In terms of the Center, the cattle are certainly acceptable, and the greatest change for increased profit would be to try to increase marbling slightly, boosting more calves into the upper 2/3 of choice, where larger and more desirable premiums are available, providing we don't experience an increase in Yield Grade 4 cattle.

May you find all your ear tags.

Your comments are always welcome at www.BeefTalk.com. For more information, contact the North Dakota Beef Cattle Improvement Association, 1133 State Avenue, Dickinson, ND 58601 or go to www.CHAPS2000.com on the Internet. In correspondence about this column, refer to BT0172.

USDA Beef Grades

for Steer Calves, Born 1996 - 2001

USDA Grade	# Steers	% Steers	National Average*	DREC % Difference
Prime	5	0.58	2.00 %	1.42 lower
Upper 2/3 choice	62	7.18	17.42 %	10.24 lower
Lower choice	443	51.33	31.68 %	19.65 greater
Select	342	39.63	42.30 %	2.67 lower
Standard	10	1.16	5.60 %	4.44 lower
Dark cutter	1	0.12		

* 2002 National Beef Quality Data Source: J. Anim. Sci. 2002. 80:1212-1222