

Yield Grade Affects Beef Pricing Scales

By Kris Ringwall
Extension Beef Specialist
NDSU Extension Service



Producing beef the consumer wants has been heralded by many, yet most consumers are quite removed from the beef business. Consumers, as the actual end users, have, in a sense, defaulted to the packer to provide the kind of beef wanted. As a result, today's commercial cow calf producer needs to understand the pricing structure for the finished beef product, which is essentially purchased by the packer.

Astute producers understand this relationship with the packer as a primary focus in beef. At the same time, producers realize the major drivers in the price received for finished beef are quality and yield grade.

For generations, cattle have been harvested for the purpose of providing red meat and white meat (fat). In recent times, the focus has been red meat, putting the maximum pounds of red meat on the rail and ultimately in the retail counter. This can be measured in several ways, but the most common is in calculating a yield grade for each carcass.

Yield grades, which calculate a common way to label a carcass as to the amount of red meat available, are listed as 1, 2, 3, 4 and 5. Yield grade estimates the amount of boneless, closely trimmed retail cuts from the round, loin, rib, and chuck. This indication of the yield of red meat within a carcass allows for the subsequent pricing of the carcass (i.e., yield grade 1 carcasses are expected to yield greater than 52.3 percent closely trimmed boneless retail cuts (percent CTBRC) while yield grade 5 yields less than 45.4 percent CTBRC, according to the BEEF FACTS from BEEF USA).

Four main carcass points are measured to calculate yield grade:

Fat. The amount of fat on a carcass is an obvious "need to know" number to estimate value for a preliminary yield grade. Fat thickness is physically measured, by cutting the carcass between the 12th and 13th rib and moving away from the backbone, to approximately three-fourths the distance across the rib eye. The amount of fat is measured in tenths of an inch.

A yield grade 2 has zero fat. A yield grade 3 has four-tenths (.4") of an inch fat thickness. A yield grade 4 has eight-tenths (.8") of an inch fat thickness. In the current market, yield grades of 4 are undesirable and discounted on price. There are indications that the upper yield grade 3s may be discounted

in the future. Packers do not buy fat, and add premiums to the yield grade 2 and discount the yield grade 3.

Hot carcass weight.

Rib eye size. This measurement establishes the proportion of rib eye relative to the hot carcass weight. Minimum hot carcass weights are required: a 600-pound carcass needs an 11 inch square rib eye; a 650-pound carcass needs 11.6 square inches.; a 700 pound needs 12.2 square inches.; a 750 pound needs 12.8 square inches; and an 800 pound needs 13.4 square inches. The USDA grading standards set these weight increment requirements.

Rib eye measurement excesses or deficiencies impact the preliminary yield grade in increments of three-tenths (.3). A carcass short 1 square inch of rib eye has an increase on its yield grade of three-tenths (.3); a carcass 2 square inches short has an increase in yield grade of six-tenths (.6), etc. Excess rib eye results in a decrease in yield grade, which has a positive price impact of the same magnitude.

Percent kidney, pelvic and heart fat. As one would expect, the greater amount of fat, the higher the impact. The adjustment to the preliminary yield grade usually ranges from a minus five-tenths (.5) to a positive one-tenth (.1). Packers and ultimately the consumers want cattle that finish with less than four-tenths of an (.4") inch back fat to assure a preliminary yield grade of 3. They also want a greater rib eye than required. Lacking even one square inch of rib eye will increase yield grade a third of a grade, which is not the direction to go. Keep reading about yield grade; the more you understand, the better you are positioned.

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 BT0173.

Some Example Starting and Adjustment Points When Figuring Beef Yield Grades

Fat Thickness - Preliminary YG	Hot Carcass Weight - Required Rib Eye
.00 inch fat thickness - PYG 2.0	600 pounds - 11.0 square inches
.40 inch fat thickness - PYG 3.0	700 pounds - 12.2 square inches
.80 inch fat thickness - PYG 4.0	800 pounds - 13.4 square inches

Final yield grade impacted by greater or less than required Rib Eye and by Kidney, Pelvis, and Heart fat.