

Muscle Matters... Limousin Has More

The industry where Choice grade was king is quickly changing. In Fact, some of the nation's major feeders expect virtually all fed cattle to be traded on the rail, rather than live, by the end of this decade. Obviously that means value will be based on true carcass merit rather than assumption.

Supporting this belief is the fact that close-trimmed (quarter-inch trimmed or less) boxed beef, an industry oddity only two years ago, now commands approximately 40 percent of the total boxed beef market. Many industry analysts believe close-trim will be industry standard within two years.

All of this is to say, the industry continues to move closer to true value-based marketing, a market where leanness combined with muscle has even more value than in the past.

In 1992, Cattle-Fax conducted a study comparing the value of muscle and yield grade to the value of quality grade in an industry where the market structure of fed beef prices would reflect true value. Here's what Cattle-Fax found would happen in such an industry, making price comparisons for the time frame of 1987 to 1991:

- Cutability (red meat yield) would likely be the single most important factor affecting differences in price from one group of cattle to another.
- Quality grade is an important factor in today's fed cattle market. However, 80 percent of the time between 1987 and 1991, the value increase that would have resulted from a 20 percent increase in the number of Choice grade cattle (within a given group of cattle) was less than \$1/cwt. live. On average, during that time-frame, a pen that graded 60 percent Choice was worth \$.73/cwt. more than a pen that graded 40 percent Choice. assuming other factors equal.
- Fed cattle with numerically lower (more desirable) yield grades would be worth significantly more than cattle with less desirable yield grades (assuming other factors equal). A group of Yield Grade 2 cattle were worth \$1.97/cwt. more than a set of equal quality grade, equal muscled Yield Grade 3 cattle.
- Muscle thickness has a significant impact on cutability, therefore, it has a large impact on the value of fed cattle. Assuming other factors equal, heavily muscled cattle (No. 1) were worth \$3.06/cwt. more than average muscled (No. 2) cattle.