

Cattle and Beef Market Definitions

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Cow-Calf and Feeder Cattle Terms

Alliance – An organization in the beef industry (horizontal or vertical) designed to improve profitability by improving coordination of beef production, processing and/or merchandising.

Auction – A method of marketing for cattle through which an auctioneer sells cattle to the highest bidder.

Auction market/auction barn – A facility to which cattle producers bring cattle to be sold via auction. This is the most common method of marketing cattle. Auction markets primarily host live sales of cattle on the premises, while some auction markets also host video sales.

Backgrounding – A growing program where feeder cattle graze or are fed harvested feed from the time they are weaned as calves until they are on a finishing ration in the feedlot.

Base weight – The actual net weight of the animal before any adjustment (shrink or slide) is made.

Breeding bull – A sexually mature male bovine animal used in reproduction.

Bull – An intact male bovine animal.

Calf – A young male or female bovine animal under 1 year of age.

CME feeder cattle index – A seven-day weighted rolling average of 700 to 899 pound steers sold in the specified 12-state region meeting prescribed muscling and frame score requirements, not exhibiting dairy, exotic or Brahman influence.

Condition/flesh – The relative fatness of an animal. Condition/flesh is generally scored on a 9-point scale.

Fleshy – The ribs are not visible when the animal moves and there is a round “thick” appearance through the rib and loin area. (Score 7-9)

Moderate flesh – The ribs are slightly visible on the animal and some thickness is apparent along its topline. (Score 4-6)

Thin flesh/green – The ribs are visible on the animal, and the flank area seems drawn up or empty; there is no “roundness to the stomach-flat,” and the rib/loin areas of the topline look underdeveloped. (Score 1-3)

Cow – A sexually mature female bovine animal that has usually produced a calf.

Cow-calf operation – A management unit that maintains a breeding herd and produces weaned calves.

Cull/slaughter cow – A cow that is removed from the main breeding herd for one or more reasons (i.e., age, poor production, physical ailment, poor disposition, genetic selection, etc.) and is generally sold for slaughter and not destined to be a replacement. Graded based on fat and condition:

Breaker – Highest conditioned cull cow, carrying heavy flesh and having a high dressing percent. Body condition score is generally 7 or higher.

Boner/boning utility – A moderate conditioned cull cow with a body condition score of 5 or 6. Most well-conditioned cows fall in this category.

Lean – A thin-fleshed cull cow with a body condition score of 3 or 4 and low dressing percentage.

Light – An emaciated cull cow with a body condition score of 1 or 2 with a very low dressing percent and easily bruised in transport.

CWT – Abbreviation for hundredweight and the unit in which most prices are quoted (\$/cwt). C for Centum—a hundred—and Wt for weight.

Feeder cattle – Steers or heifers mature enough to enter a feedlot.

Feeder cattle futures – A standardized electronic contract traded



on the Chicago Mercantile Exchange, representing 50,000 pounds of steers weighing 700 to 899 pounds. It can be used as a hedging or speculative instrument.

Feeder cattle grades – A grading system for feeder cattle to predict the slaughter weight endpoint to a desirable fat-to-lean composition. Frame size and thickness are the two criteria used to determine feeder grade.

Frame score/size – Score based on visual evaluation of skeletal size or by measuring hip height (from ground to top of hips). This score is related to the slaughter weights at which cattle grade Choice or have comparable amounts of fat cover over the loin eye at the 12th to 13th rib (small, medium or large).

Muscling – Amount of lean meat in a slaughter animal or carcass and estimated on the live animal by thickness of forearm muscle or stifle thickness. Ultimately, it is the ratio of muscle to bone or lean yield of the carcass after fat and bone are removed. Muscle is scored on a 1 to 4 basis with a muscle score of one having the heaviest muscling.

Fill – Contents of the digestive tract.

Futures market – Electronic exchange market through which buyers and sellers trade contracts on commodities or raw materials. Futures contracts are available for a variety of delivery months. However, delivery of actual products seldom occurs. Futures markets are used as a risk management tool or as a speculative venture.

Graded feeder calf sale – A sale in which feeder calves are graded and grouped—based on muscling, frame size, color and weight—to form larger uniform lots for sale.

Heifer – A female bovine animal that has not produced offspring.

Load lot – 48,000 to 50,000 pounds of live animal. A common lot size when marketing feeder cattle due to weight limits when hauling cattle using a semitrailer truck.

Oddlot/outs – Generally refers to calves with a physical trait that does not match other calves in a group. May include the following animals: small framed, thin/light muscling (three and four muscling), dairy influenced, Brahman influenced, etc.

Shrink – The loss of body weight an animal experiences when gathered, transported or held.

Slide – An adjustment of the final sale price to accommodate a variance in weight. The value can be added or subtracted from the quoted selling price, depending upon the stated weight range at “point of sale.”

Steer – A castrated male bovine animal.

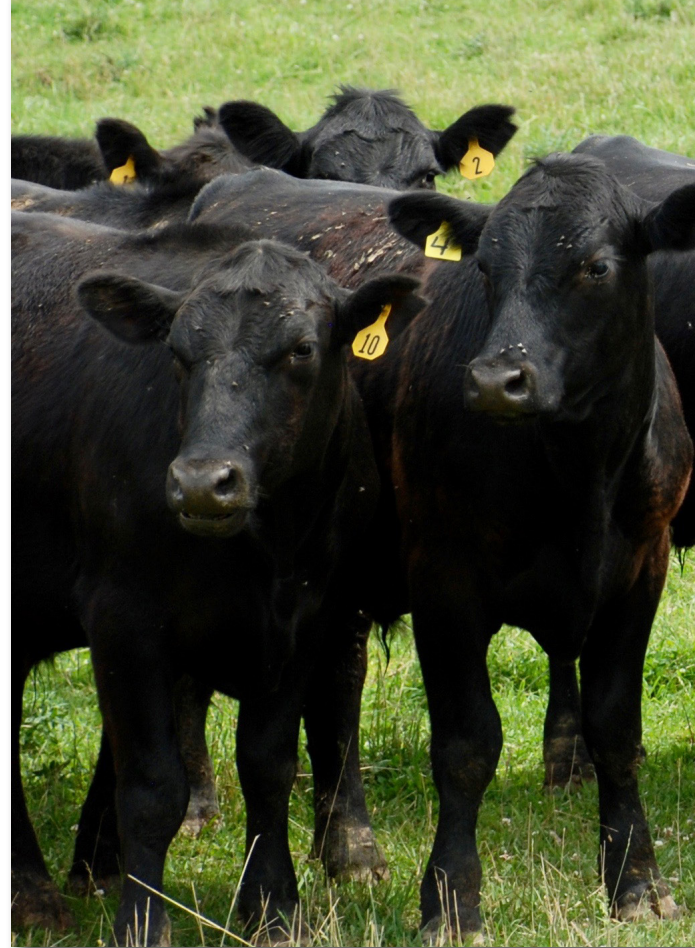
Stocker cattle – Cattle that have been weaned and placed on grass or a growing ration prior to entering the feedlot.

Video sales – A marketing method in which cattle are video recorded on the farm, and the video is broadcast via satellite television, internet, and/or smart phone. Buyers participate in the public auction by telephone or computer. These sales are generally hosted by a marketing agency at their place of business.

Yearling – Calves between 1 and 2 years of age.

Long yearling – Calves between 19 and 24 months of age.

Short yearling – Calves between 12 and 18 months of age.



Feedlot Terms

Basis – The difference between the cash market price and the futures market price. Typically associated with the nearby futures contract, but basis can be calculated for deferred contracts as well.

Dressed basis – Finished cattle marketed and priced on a carcass-weight basis.

Dressed weight – The weight of a carcass following removal of hide and entrails.

Fat/fed/finished cattle – Steers and heifers that have been fed a nutrient-dense ration for the purpose of growing the animals, usually for 90-180 days in a feedlot or until they reach a desired slaughter weight and are ready for slaughter. (See, also, Live Cattle)

Feedlot/feed yard – An animal feeding operation used to intensively feed and grow cattle for finishing.

Forward contract – A method of marketing cattle in which cattle are presold for a determined price, based on minimum quality requirements prior to reaching their final weight. Cattle are delivered to the buyer and paid for at a future date.

Heiferettes – Heifers placed in the feedlot after losing a calf or determined open after the breeding season.

Live basis – Finished cattle marketed and priced on a live-weight basis.

Live cattle – Steers and heifers that have been fed a nutrient-dense ration for the purpose of growing the animals, usually for 90-180 days in a feedlot or until they reach a desired slaughter weight and are ready for slaughter. (See, also, Fat/Fed/Finished Cattle)

Live cattle futures – A standardized electronic contract traded on the Chicago Mercantile Exchange (CME), representing 40,000 pounds of finished steers or heifers ready for harvest. It can be used as a hedging or speculative instrument.

Packer Terms

Boxed beef – Cuts of beef put in boxes for shipping from a packing plant to retailers. These primal (rounds, loins, ribs, chucks, etc.) and subprimal cuts are intermediate cuts between the carcass and retail cuts.

Boxed beef cutout – Represents the estimated gross value of a beef carcass, based on prices paid for individual beef items derived from the carcass.

Choice cutout – Represents the composite price of all beef cuts produced by a finished animal with a quality grade of Choice. (See, also, Boxed Beef Cutout)

Choice-select spread – The difference between the Choice cutout price and the Select cutout price. This spread provides information related to supply and demand factors of beef based on quality grade.

Cutability – Proportion of lean, saleable meat yielded from a carcass; used interchangeably with yield grade.

Dressing percentage/yield – The percentage of the live animal weight that becomes the carcass weight at slaughter. It is determined by dividing the carcass weight by the live weight then multiplying by 100. Also referred to as yield.

End meats – Beef cuts from primals such as the round and chuck (cuts of beef other than the primary steak cuts).

Grid – A method of pricing cattle after slaughter, based on carcass quality and yield grade. Premiums and discounts are applied to a base price, given carcass quality and yield, as well as other factors such as carcass weight and dark cutters.

Middle meats – Beef cuts from the rib and loin primals. Generally thought of as the steak cuts.

Offal/variety meat – The name for internal organs and entrails of a butchered animal.

Primal – The initial cut of meat from a separated carcass during butchering. Beef primals include the brisket, chuck, flank, loin, plate, rib and round.

Quality grade – An evaluation of the degree of marbling (intramuscular fat) and degree of maturity affecting the tenderness, juiciness and flavor of beef. (USDA grades: Prime, Choice, Select, Standard, etc.) (See Hale, Goodson and Savell, 2013)

Select cutout – Represents the composite price of all beef cuts produced by a finished animal with a quality grade of Select. (See, also, Boxed Beef Cutout)

Yield grades – USDA grades identifying differences in cutability: the boneless, fat-trimmed retail cuts from the round, loin, rib and chuck. (Yield grade 1-5 with yield grade 1 carcasses having the highest cutability.) (See Hale, Goodson and Savell, 2013)

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