

Beef demand has been red hot in the summer of 2021, and many an article dedicated to the boxed beef cutout discussion. Today's article will focus on the negotiated cow-beef cutout values, which derives its value from cutter cows. Cutter cow cutout value is calculated using a mix of values that are different than the fed cattle carcass primal mixes. The cutter cow cutout is determined using a variety of products including grinds of 90% lean and 100% lean. Cuts of 100% lean inside rounds, flats, and eyes are part of the product mix and are among the highest priced at over \$400 per cwt. Chuck tender, knuckles, tenderloins, ribeye rolls, flank steak, kidneys, inedible fat and bone round out the rest of the calculation.

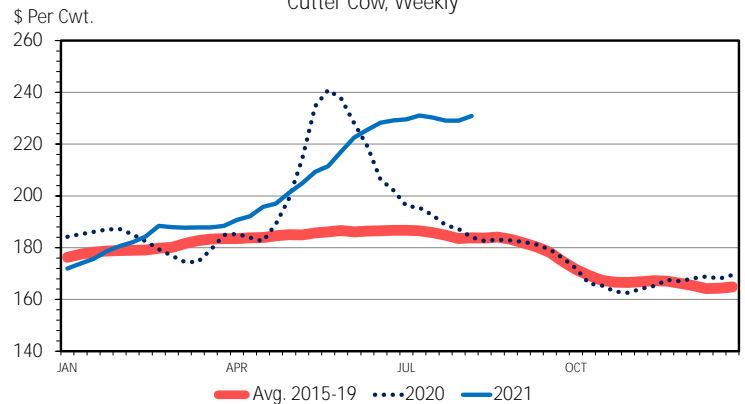
Unlike negotiated Choice and Select boxed beef, the cow cutout values did not have as large of a reset this summer, and follows a slightly different seasonal pattern. Over the last five years cow cutout values have held together through summer before declining into October. It also normally follows a flat trajectory. The last two years have shown extremely high run-ups in cow cutout values, and while this year is not eclipsing last year's record high it has surpassed the number of weeks it has been elevated above the five year average.

Across the multiple cut prices that factor into the cow cutout are showing large percent increases over last year. The smallest increase in price, year over year, last week was across the ribeyes. Ribeyes 4-6 pounds, 6-8 pounds, and 8lbs and up all contribute to the cow cutout. Ribeyes 8 pounds and higher were up 13% over last year, followed by 4-6 pound ribeyes up only 18%, and 6-8lbs up 20%. Kidney prices, inedible fat, and bone prices are all double or more last year. Even lean ground beef is on the low end of the increases, up just 22% from a year ago. All the 100% lean categories (inside round, flats and eyes, S.P.B) are up 25% or more. Tenderloin categories are up 59% and 62% for 2-3 pounds and 3-4 pounds. Chuck tender prices are up 56%, and knuckles are up 43%. All these higher prices are weighted to form a cutout value 26% above 2020 in August and given the breadth of the price increases does not appear to be slowing down soon.

Cow slaughter remains above a year ago, up 182 thousand head including beef and dairy cows. Cow weights are slightly below the prior year, similar to steer and heifer dressed weights, but the added slaughter is offsetting those declines. Volumes of sales too show strong gains, last week the number of pounds sold through 0-21 day negotiated trade was up 27% from last year. Since March of

BOXED COW-BEEF CUTOUT VALUE

Cutter Cow, Weekly

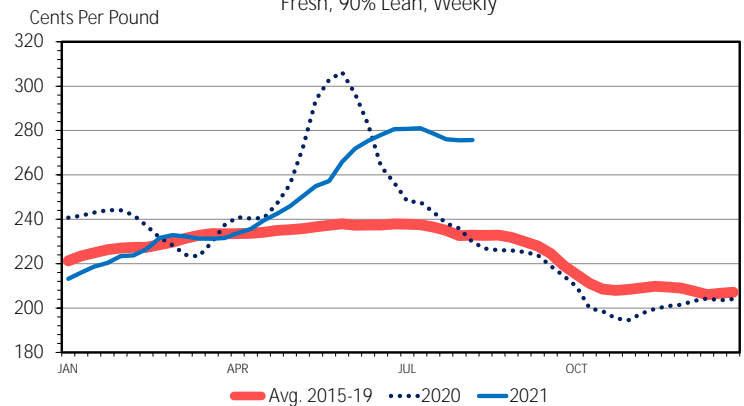


Data Source: USDA-AMS
Livestock Marketing Information Center

08/18/21

WHOLESALE BONELESS BEEF PRICES

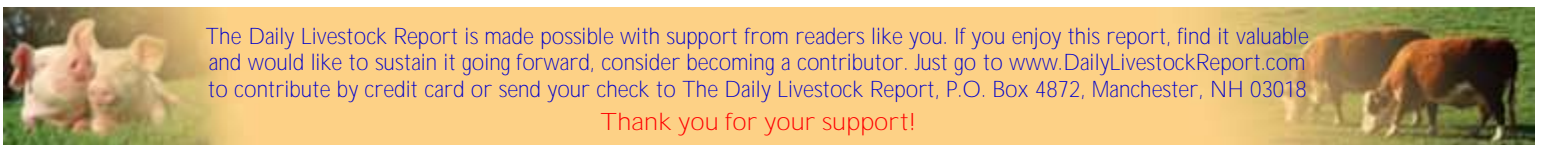
Fresh, 90% Lean, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

M-P-24
08/13/21

2021, weekly volumes have mostly been higher, averaging 9% weekly year-over-year. The last four weeks have averaged 19% above 2020. There are still several weeks before this market could adjust lower, but even in 2020, cow-cutout values followed the seasonal pattern from September through the end of the year.



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