

TOP FOUR REASONS



Are you leaving money on the table by missing the CAB target?

by Morgan Boecker, Certified Angus Beef LLC

Focusing on the end game results in success. In other words, by producing cattle that meet your customers' needs, you win.

Raising cattle to qualify for the *Certified Angus Beef*® (CAB®) brand starts with a black hide, but what's under the hide matters, too. Carcasses have to meet all 10 of the brand's specifications (see "10 carcass specifications for CAB," page 97).

The brand regularly collects data on millions of fed cattle to discover how producers can capture more value for high-quality carcasses — beginning on the ranch.

When black-hided cattle don't earn the CAB stamp, it's most often for lack of marbling, followed by hot carcass weight (HCW) above 1,050 pounds (lb.), ribeye area (REA) exceeding 16 square inches (sq. in.), or more than 1 in. of backfat.

There is pull-through demand for

Angus genetics that starts when consumers purchase premium Angus beef. That carries through the retail and foodservice sectors back to packers and the kinds of cattle they're procuring that have a higher chance of earning premiums.

"So as more cattle feeders merchandise fed steers and heifers on some kind of a value-based grid or a formula that rewards carcass quality, we'll see continued demand

by feeders for feeder calves that will hit those carcass targets," says Paul Dykstra, CAB director of supply management and analysis.

That starts at the cow-calf sector and choosing genetics with customers in mind.



Paul Dykstra
CAB director of supply management and analysis

WHY

As more feeders merchandise fed cattle on some kind of grid that rewards carcass quality, we'll see continued demand by feeders for calves that will hit those carcass targets, says CAB's Paul Dykstra.

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boosted brand acceptance rates overall.

Marbling matters most

CAB carcasses require a Modest or higher degree of marbling, always the main hurdle to clear for brand acceptance. Until recently, more



Kara Lee
CAB director of
producer engagement

than 90% of eligible black-hided cattle fell short here. In 2020, the number dropped to near 80% as closed packing plants and backlogged cattle allowed more time for

marbling to develop while other disqualifiers gained ground.

“Some producers argue if you feed cattle longer, you’ll put enough marbling into them,” says Kara Lee, CAB director of producer engagement. “While extra time in the feedyard can increase marbling, it doesn’t guarantee Modest or higher marbling.”

Proper nutrition and management are paramount to maximizing the best carcass genetics, but by themselves won’t add marbling to

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Of course, needs must be met in a herd’s genetic package, but “let’s place some emphasis on marbling and product yield to keep those levels above average,” Dykstra says.

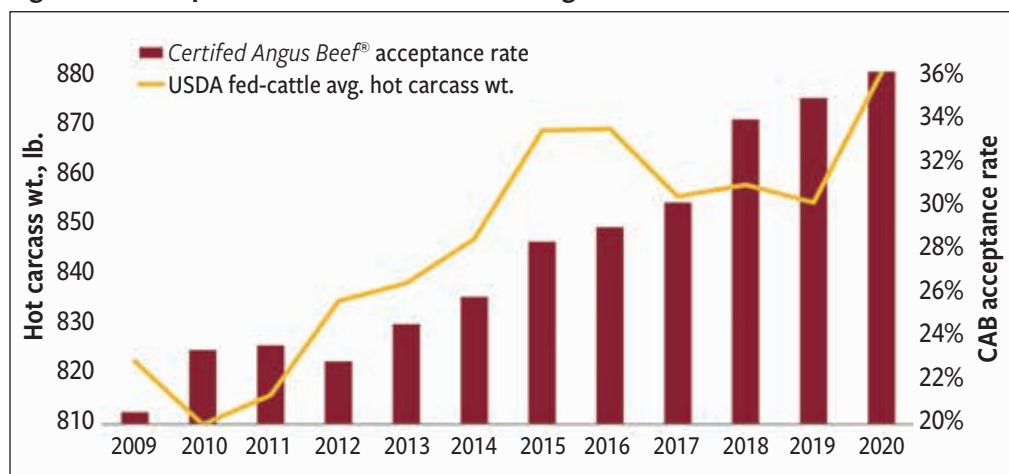
In other words, selection and management to raise cattle that fit premium beef programs still pays.

That’s seen in the \$3.4 million paid weekly in CAB premiums.

Lessons from the pandemic still influence how feedyards manage cattle. To review those adjustments, a backlog of fed cattle in 2020 meant more days on feed (DOF) with subsequent management changes that led to elevated

HCW, REA and backfat thickness. Each of these affects CAB acceptance, and the significant increases had a negative effect on certified head counts. However, the negative effects were outweighed by greater marbling deposition, which

Fig. 1: CAB acceptance rate and hot carcass weights, 2009-2020



SOURCE: Certified Angus Beef.

Table 1: Eligible black-hided cattle not achieving CAB acceptance

Top reason	2008	2012	2015	2019	2020
Insufficient marbling	94.0%	95.0%	91.4%	89.9%	80.2%

SOURCE: Certified Angus Beef.

the cattle that don't have the genetic potential.

Last year saw the richest quality mix among fed cattle, with USDA Prime carcasses reaching an all-time high average of 10%, says Dykstra. Cattle grading Choice averaged 72% during the last two years.

"In 2021, the average Choice-Select spread was \$16.45 per hundredweight (cwt.) with a mid-summer record high of \$32," Dykstra says.

The CAB-Choice spread averaged \$17 per cwt.

The wide difference in beef prices based on quality grade didn't deter customers, proving demand for the best beef is strong, Dykstra says. That's a clear message for ranchers to keep focusing on marbling in their herds along with other relevant traits.

Come one, come all, usually

In 2020, the number of cattle excluded from CAB for surpassing the maximum REA, HCW and/or

backfat nearly doubled. Historically, HCW has increased nearly 6 lb. per year, a consistent rise driven by genetics as well as seasonal production patterns, explains Clint Walenciak, CAB senior director of product services.

When HCW increased nearly 25 lb. from 2019 to 2020, the percentage of cattle excluded from the brand solely due to HCW above 1,050 lb. jumped from 3.8% to 7.7%.



Clint Walenciak
CAB senior director of product services

"In the spring, anywhere from late April to early May, we're going to see the lowest carcass weights of the year from calf-feds," Walenciak says. "Late October to

early November is most likely when we're going to see the seasonal peaks."

Within that seasonal ebb and flow, HCW recently varied 70 lb., compared to 40-50 lb. a decade ago.

As HCW peaks, CAB acceptance rates drop, Walenciak says. "We really see that HCW sweet spot to maximize brand acceptance at 850 to 900 pounds."

Carcasses can be excluded from CAB for missing multiple specs. Marbling improves with more days on feed, but REA and fat can reach levels that kick them out of CAB. That fact creates a challenge for feedyards aiming to find balance in days on feed. The pandemic emphasized this struggle, yet continued to show more marbling tends to outweigh reductions caused by missing the brand's next three requirements.

Beyond the specs

The effects reach beyond brand requirements. Heavier finished cattle also increased yield grade (YG) 4 and 5 carcasses. As of October 2021, combined YG 4s and 5s were roughly double the percentage produced in 2011, Dykstra says.

"As the market-ready fed cattle supply becomes more current, expected later this year, average days on feed should decline," he says.

That means wider price spreads favoring high-quality beef and an increasing producer share in carcass cutout values.

Examining the premiums for premium beef shows the market suggests there's demand for high-quality beef. In 2021, CAB premiums reached a new record of \$182 million paid to producers who hit the CAB target. That's nearly double the \$92 million paid in 2019.

The data say you've made progress in the quest for quality, but there's still room — and incentive — for improvement there and in management to produce the best carcass. |

Table 2: Percent of carcasses rejected solely for reason

Specification	2019	2020	2021*
Marbling	49.6%	45.0%	42.9%
HCW	3.8%	7.7%	6.9%
REA	5.3%	10.0%	5.8%
Backfat	2.7%	5.1%	4.6%

SOURCE: Certified Angus Beef.
*Data through September 2021.

Editor's note: Morgan Boecker is a producer communications manager for Certified Angus Beef.

10 carcass specifications for CAB

A predominantly black hide is the first hurdle to CAB eligibility, but it's what's under it that seals the deal. Only a third-party or USDA grader determines that.

The 10 *Certified Angus Beef* brand specifications are:

1. Modest or higher marbling
2. Medium to fine marbling texture
3. A-maturity and less than 30 months of age by dentition
4. 10- to 16-square-inch ribeye area
5. 1,050-pound or less hot carcass weight
6. 1 inch or less fat thickness
7. Superior muscling
8. Practically free of capillary ruptures
9. No dark cutters
10. No neck hump exceeding 2 inches

The moment of truth is in the packinghouse cooler, but the journey starts at conception on the ranch. The right genetics play a big part in whether a calf has the carcass potential to meet these specs. The other parts of the equation are environment and management to ensure they never have a bad day.

