

Grain Fed Freezer Beef Pricing Worksheet

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Beef Pricing Example: Avg. Choice Retail Price \$5.82/lb. (2/2018)

| | | |
|-------------------------------------|------------|-----------------------------------|
| Live Weight of steer | 1200 lbs | (live weight often not known) |
| Dressing Percentage | 63% | (Beef 62- 64%, Holstein 58-60%) |
| Carcass Weight | 756 lbs. | (1,200 lbs x 0.63) |
| Carcass Price | \$2.60/lb. | (agreement between buyer/seller) |
| Final Carcass Price | \$1,965.60 | (756 x \$2.60) |
| Live Weight Market Price Comparison | \$1.64/lb. | (\$1,965.60/1,200 lb live animal) |

Product Pricing Calculation

| | | |
|------------------------------|------------|----------------------------|
| Carcass Weight | 756 lbs. | |
| Carcass Yield | 70% | (see yield grades below) |
| Final Packaged Weight | 529.2 lbs. | (756 lbs. x 0.70) |
| Slaughter Cost | \$90.00 | (flat fee from packer) |
| Processing & Packaging Cost | \$385.56 | (756 lbs. x \$0.51/lb.) |
| Total Packaged Carcass Value | \$2,441.16 | (\$1,965.60+\$90+\$385.56) |
| Final Packaged Price | \$4.61/lb. | (\$2,441.16 / 529.2 lbs.) |

For value comparison between this freezer beef packaged price of \$4.61/lb. and the average retail price of \$5.82/lb., freezer beef is priced 20.7% lower than retail [$1 - (\$4.61/\$5.82)$].

Dressing Percentage

Steers average 63% and heifers average 62%. You can use these percentages to estimate price but actual sale is commonly based on certified scale weight of the carcass at the slaughter facility just before cooling or cutting.

Yield Grades

Determined by four factors: (hot carcass weight; 12th rib fat thickness; ribeye area; kidney, pelvic and heart fat). The resulting carcass cutting loss is composed of mainly fat and bone trim in addition to moisture shrink in the cooler.

- Yield Grade 1 Carcass yield 80% or higher retail cuts
- Yield Grade 2 Carcass yield 75-79% retail cuts
- Yield Grade 3 Carcass yield 70-74% retail cuts
- Yield Grade 4 Carcass yield 65-69% retail cuts
- Yield Grade 5 Carcass yield less than 65% retail cuts

The determination of a carcass yield grade is usually not necessary to sell freezer beef. Higher yield grades (lower yield grade number) result in more pounds of retail product generally resulting in more value.

Packing/Processing Fee

Cutting and wrapping generally runs between \$.42 and \$.55/ pound of carcass wt. Variables include packaging type, package size, uses, specialty cutting, etc. Prices will be higher when cold carcass weights are used compared to hot carcass weights.

USDA Quality Grades

USDA Prime: The lean is highly marbled and usually very tender and juicy. External fat may be excessive.

USDA Choice: The lean is average in marbling and usually tender and juicy. External fat is variable.

USDA Select: The lean contains some marbling. Tenderness, juiciness and flavor can be highly variable. Limited exterior fat.

USDA Standard: Very lean. Little or no marbling. Tenderness and juiciness are extremely variable.

USDA Commercial, Utility, Cutter, Canner: Generally applies to older animals, utilized for ground beef, and not marketed as individual sub-primal cuts.

The determination of a carcass quality grade is usually not necessary to sell freezer beef.

Purchasing Selective Cuts

Often customers want an alternative to the standard $\frac{1}{4}$ or $\frac{1}{2}$ of the carcass. For many families, freezer space or budgets don't allow for large quantities to be purchased at one time. They may desire to only buy certain cuts. In these cases, you can add more value by subdividing the product into value boxes or special packages if the meat is slaughtered and processed at a USDA inspected facility. This is another way to increase the value of your product.

Freezer Beef Sales Regulations

The sale of freezer beef is regulated by the United States Department of Agriculture. Be sure you understand and follow the law before you commence sale activities.

Updated beef retail pricing can be found at the USDA link below.

<http://www.ers.usda.gov/data-products/meat-price-spreads.aspx>

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