

UPDATE

QUALITY PREMIUMS SEASONALITY

The USPB grid has always offered a significant reward for marbling-driven quality grade. In all but one of the company's 27-year history, quality grade premium per head has been the largest component of overall premium.

However, premiums used on the grid are driven by USDA boxed beef reports, which have some distinct seasonal patterns. As a result, the overall reward for quality is always positive, but it is not the same throughout the year.

Figures 1, 2 and 3 show the seasonality of the Choice/Select spread, Prime and *Certified Angus Beef*® (CAB) premiums used on the grid from 2020 through 2024. In each figure, the top of the vertical bar represents the highest weekly value, and the bottom of the bar is the lowest weekly value during those five years. The solid line shows the overall weekly average during the entire five-year period. A longer bar indicates there has been more variability and a shorter bar indicates more uniformity.

During spring, each quality grade premium tends to be lower — and consistently so. As a point of reference, the Prime premium has a minimum value of \$8 per cwt. and the CAB minimum premium is \$3 per cwt. on the grid.

Figure 4 shows those three weekly premiums added together during the past five years. We call this “total premium spreads.” Figure 4 also shows the average quality grade premium. Note the strong relationship between the two. Seasonal differences in how the cattle actually grade cause those lines to diverge slightly. However, for the most part, they move in synchronization with each other. Also, notice how strongly quality is rewarded during the fourth quarter.

The data suggests those who purchase feeder cattle should consider quality grade potential of the feeders they buy that will harvest later in the year.

Likewise, ranchers who retain ownership might want to consider making some adjustments to the lifetime production schedule of their calves. Delivering calves with higher genetic potential for marbling during the fall and winter months would maximize quality rewards. As a reminder, if leasing from USPB, delivery rights are not always available.

Similarly, all cattle feeders may want to consider adding days on feed when quality rewards are stronger. Please call Brian Bertelsen at 866-877-2525 if you have questions. ♦

