

Weight x Value Spread = CAB Premiums

Brand adds value across the carcass.

by Kylee Kohls, Certified Angus Beef LLC

For decades, the Choice-Select spread has been the premium benchmark cattlemen look toward.

Although as demand for the *Certified Angus Beef*® (CAB®) brand grew, a new category emerged: the CAB-Choice spread.

That's next level.

"The purpose of the brand is to add value to Angus cattle," said Paul Dykstra, CAB LLC assistant director of supply management and analysis, during a March webinar. "The \$17.57-per-hundredweight (cwt.) premium over Choice is absolutely at the heart and soul of our very purpose and our mission statement."

Diana Clark, CAB meat scientist, co-hosted the webinar where the duo walked through market benchmarks, brand specifications and the value they add across the entire carcass.



Last year, it all added up to a CAB wholesale premium value of \$154.61 per head above Choice and more than \$246 above Select.

The 2020 beef supply

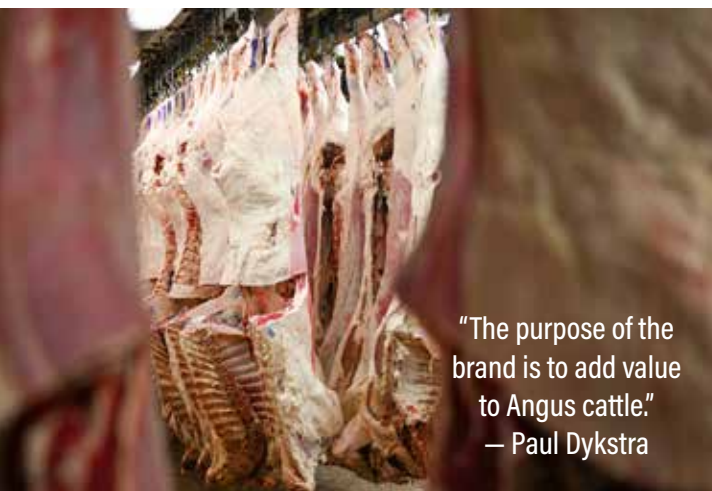
Dykstra said 15.5 million Angus-type and eligible cattle were evaluated at licensed packing facilities in 2020, with 35.9% certified to carry the brand's logo.

"That's been the success story of the industry," he said. "In the last 20 years or so, the amount of improvement in cattle accepted into the *Certified Angus Beef* brand, and really the carcass merit, that has driven that trend in those eligible cattle."

With more than 35 licensed partners in North America, CAB penetrates more than 85% of the fed-cattle packing base, Dykstra said. Overall, 58% of fed cattle and 69% of beef-type cattle were eligible based on hide color in 2020.



Consistency is the key, says Diana Clark, CAB meat scientist. The brand's specifications make sure that all customers get the same high-quality experience.



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Beneath a black hide

Cattle with a predominantly black hide are then marked with blue ink on the hock of the hanging carcass at the packing plant. Later, chilled carcasses are evaluated to see if they can meet 10 science-based specifications and go into beef boxes that carry the CAB brand logo.

"The goal behind these specifications is to provide high-



Maximized earnings

Selling cattle at their ideal end point maximizes the premium from both yield and quality grade, said Paul Dykstra, assistant director of supply management and analysis for Certified Angus Beef LLC.

“If we get cattle sold with half or six-tenths of an inch average backfat across the pen, with high-quality, high-marbling genetics, there’s no reason we can’t have the best of both worlds,” he said. “We can have an acceptable yield grade mix along with quite a few premiums from the quality grade and Certified Angus Beef perspective.”

Prime grading cattle are on the rise, often more than 10% of the weekly fed-cattle harvest, with a large share of that certified into the CAB brand Prime label extension first established more than 20 years ago.

quality beef in a consistent manner for all our customers,” Clark said.

Standing beside a hanging side of beef with the primal cuts outlined in tape, Clark provided in-depth explanations on why each specification matters and how it’s measured for consistent quality.

She engaged virtual guests from the CAB Culinary Center and added colorful examples such as the calpain enzyme acting like Pac-Man® on the quest to break down toughness dots so beef gains tenderness while aging.

Weight matters

Looking at the CAB-Choice spread, Dykstra noted the simple formula: Weight x Value Spread = \$154.61 per head above Choice on the 2020 average carcass weight of 880 pounds (lb.).

The wholesale value advantage incentivizes packers to pay what have been generally increasing premiums for carcasses that meet the brand’s specifications. Last year, cattle feeders got roughly \$45 per head on average for a CAB qualifier over the cash price for the week.

Breaking that CAB-Choice spread down by primal cut, he explained how CAB provides a 7.4% premium over Choice.

“When it comes to value distribution, weight matters,” Dykstra said. “But where are we driving the most value?”

Details provided answers.

The loin is only third-heaviest primal cut at 21.3% or 187 lb. in 2020 average weight. However, it brings the most value to the carcass, offering a \$65.99 per head CAB brand premium over Choice.

The round carries 22.3% of the weight and adds a \$14.95-per-head CAB premium, while the rib contributes a \$29.81-per-head premium from 11.4% of the carcass weight.

“For a brisket, the *Certified Angus Beef* premium actually adds \$10.35 per hundredweight to the spread over Choice,” Dykstra said. “We sure wish the brisket weighed more with that premium. But with 44 pounds and 5% of total carcass value, it still contributes almost \$5 per head on the cutout.”

Adding value across the carcass, CAB provides premiums to the chuck and plate primals, compared to the Choice grade, which adds nothing.

The chuck carries the most weight in the carcass at 29.6% (260 lb.), offering a \$30.73 per head CAB premium over Choice or Select, he said. Coming in at only 7.1% of the carcass weight (62 lb.), the plate earns \$7.31 of the \$154.61 total CAB premium.

Rounding out the carcass, Dykstra noted the flank, the lightest primal at 30 lb. or 3.4% of the carcass, still adds \$1.43 per cwt. to the total average CAB premium carcass value.

As quality continues to trend up and more cattle qualify for the brand, the CAB-Choice spread may gain ground on the old Choice-Select metric as an industry standard. Along the way, the brand will keep working with all partners from pasture to plate, adding value to every cut and premiums for Angus cattlemen. [A](#)

Editor’s note: To watch the webinar hosted by the CAB Cattleman Connection team, visit CABcattle.com/webinars.