

Why It Takes Years to Raise Quality Beef

Many people think there's plenty of beef no farther away than their favorite food store. But it's not that simple to get high quality beef where and when people want it.

— Beef supply is no accident. It's thousands of miles and 21-30 months from conception to consumption . . . from ranches to feedlots to packing plants . . . until that steak or roast is finally cut, wrapped and ready at your neighborhood food store. In between are countless management decisions resulting in profits; losses; successes; failures; huge investments; and months of long, hard work.

— There's no quick way to a T-bone steak. A cow provides room and board for nine months until the calf is born . . . then five to seven months of a cow and calf on pasture to yield the calf's weaning weight of 500 lbs. Then depending on forage and economic conditions, another 3 to 8 months of hay, grass and crop residues are needed to result in feedlot ready cattle between 650 and 850 lbs. After 3 1/2 to 6 months on grain, protein, supplements, hay and silage, an 1,150 lb. feedlot-finished steer is ready for processing.

— An 1,150 lb. steer doesn't yield 1,150 lbs. of beef. On the average, that steer yields a 714 lb. carcass. Approximately 146 lbs. of fat and bone are trimmed off leaving about 568 lbs. of retail beef cuts.

Very little of the other 582 lbs. is lost, however. It includes about 27 lbs. of variety meats (liver, heart, tongue, tripe, sweetbreads and brains), plus by-products that are used in a variety of foods, cosmetics, clothing and a host of manufactured items. These by-products are also an important source of life-saving, life-improving medicines such as insulin and heparin.

— Retail prices of beef must cover the price paid to the producer, cost of processing, refrigeration, transportation, rent, taxes and labor.

Why the Price of Beef Goes Up and Down

— Supply and demand set the price for beef cattle. But unlike most manufactured products, beef prices fluctuate up and down because the supply cannot be adjusted quickly.

— When supply falls below levels of demand, prices tend to rise. This is an automatic "signal" to farmers and ranchers to increase beef cattle numbers. But the effect isn't immediate . . . it takes two to three years from the time the decision is made to increase production until there's more beef available.

— If supply increases beyond levels of demand, there's no way to quickly stop the beef production line. Farmers, ranchers and feeders have to market cattle when they're ready regardless of price. So the supply continues and live cattle prices drop. Falling prices are a signal to decrease production, but again . . . it takes two to three years to accomplish.

— The cattle industry historically goes through 10-12 year cycles from high production to low production and back again. These variations result in a constant up and down, profit and loss roller coaster ride for cattlemen.

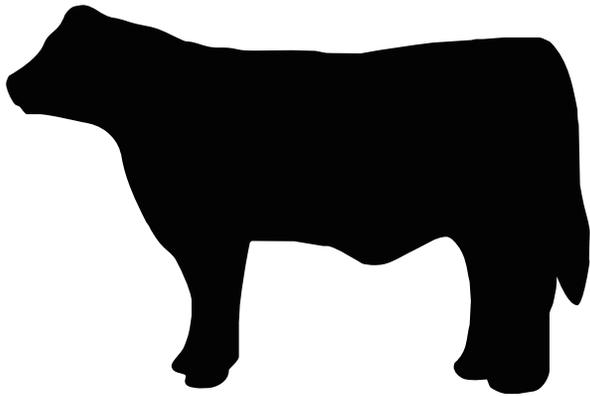
— Retail prices of beef, although reflecting the short-term up and down movement of cattle prices, have generally followed an upward trend because of increasing off-the-farm marketing costs such as labor, energy and transportation over which the beef industry has no control.

— Farmers and ranchers have increased productivity significantly in the last 20 years. Experts predict a need to further increase production in the future to supply growing consumer demand, a growing population and increased export demand. To meet this need, the beef industry is trying to level out the supply fluctuations, thereby decreasing drastic price variations. A steady flow of high-quality beef to the market will benefit both producer and consumer.

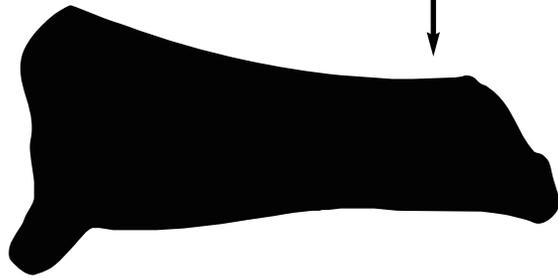
Business-minded beef producers say they can do this if they are able to cover costs of production and make a reasonable profit.

A BEEF BREAK DOWN

An explanation of the price you pay for beef.



1,150 lb. Steer Yields



714 lb.* Carcass
62% of Live Weight

which the packer sells to a retailer who trims away 146 lbs. of fat, bone and waste and ends up with 568 lbs. of beef that he cuts, wrap and sells to consumers.

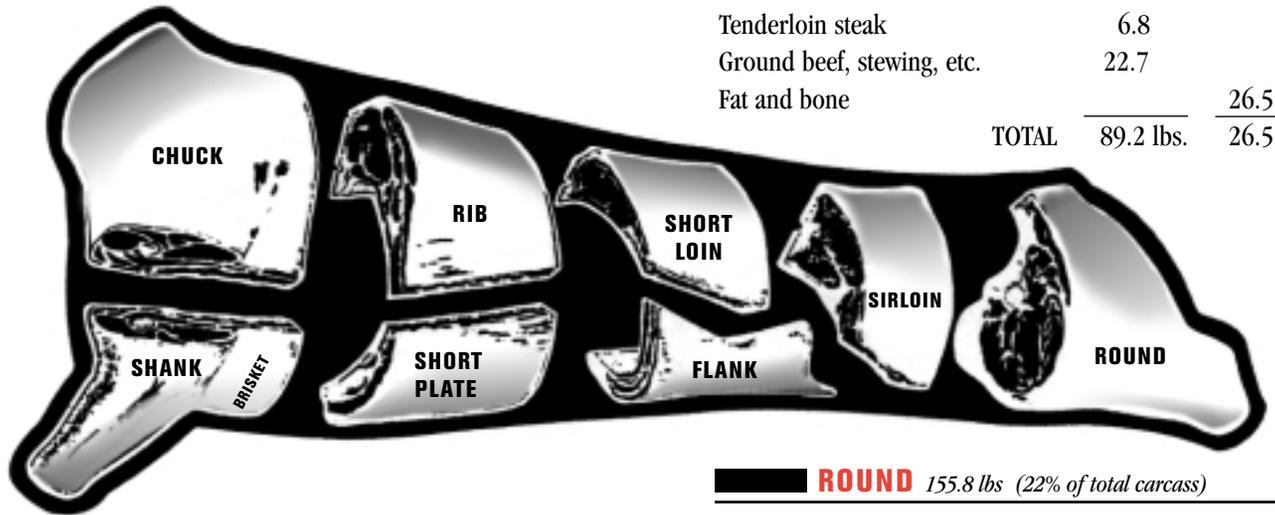
**This does not include the variety meats - liver, heart, tongue, tripe, sweetbreads and brains - which account for about 27 lbs.*

These figures are averages. Carcass data varies according to cutting method and type of cattle.

Source: American Meat Institute from USDA and industry figures.

	Retail Beef - lbs	Other lbs
CHUCK 209.5 lbs (29% of total carcass)		
Blade roasts and steaks	33.9	
Stew or ground beef	83.3	
Arm pot-roasts and steaks	35.5	
Cross rib pot-roast	25.4	
Fat and bone		31.4
TOTAL	178.1 lbs.	31.4 lbs

	Retail Beef - lbs	Other lbs
MISC. 32.8 lbs (4.5% of total carcass)		
Kidney, hanging tender	4.9	
Fat, suet, cutting losses		27.8
TOTAL	4.9 lbs.	27.8 lbs



	Retail Beef - lbs	Other lbs
THIN CUTS 134.6 lbs (19% of total carcass)		
Flank steak	3.6	
Pastrami squares	2.9	
Outside skirt	2.2	
Inside skirt	2.5	
Boneless brisket	16.0	
Ground beef, stewing, etc	87.3	
Fat and bone		20.1
TOTAL	114.5 lbs.	20.1 lbs

	Retail Beef - lbs	Other lbs
RIB 65.7 lbs (9% of total carcass)		
Rib roast	23.0	
Rib steak	9.2	
Short ribs	8.6	
Ground beef, stewing, etc.	16.5	
Fat and bone		8.4
TOTAL	57.3 lbs.	8.4 lbs

	Retail Beef - lbs	Other lbs
LOIN 115.7 lbs (16% of total carcass)		
Porterhouse steak	19.6	
T-bone steak	9.8	
Strip steak	15.0	
Sirloin steak	15.3	
Tenderloin steak	6.8	
Ground beef, stewing, etc.	22.7	
Fat and bone		26.5
TOTAL	89.2 lbs.	26.5 lbs

	Retail Beef - lbs	Other lbs
ROUND 155.8 lbs (22% of total carcass)		
Top round	34.6	
Bottom round	31.2	
Tip	16.8	
Rump	7.8	
Ground beef, stewing, etc	33.4	
Fat and bone		32.0
TOTAL	123.8 lbs.	32.0 lbs

SUMMARY – (1,150 lb. choice steer)

Dress out 62% 714 lbs.
Fat, bone, loss 146 lbs.
Retail beef cuts 568 lbs.