

SECOND QUARTER REPORTS

GRID PERFORMANCE

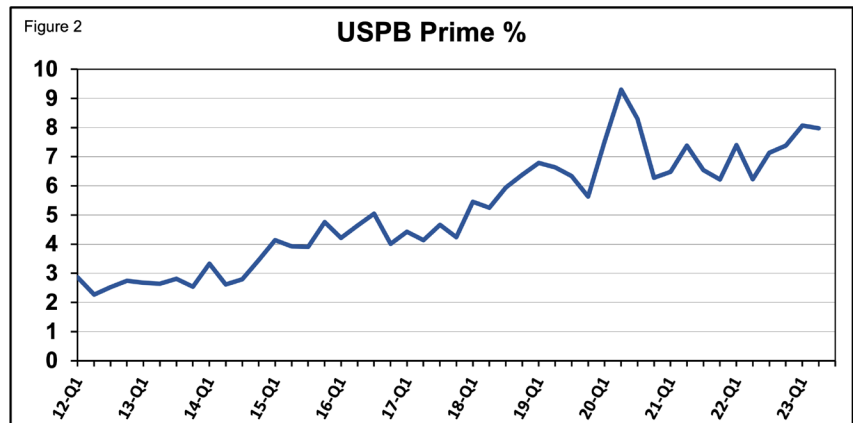
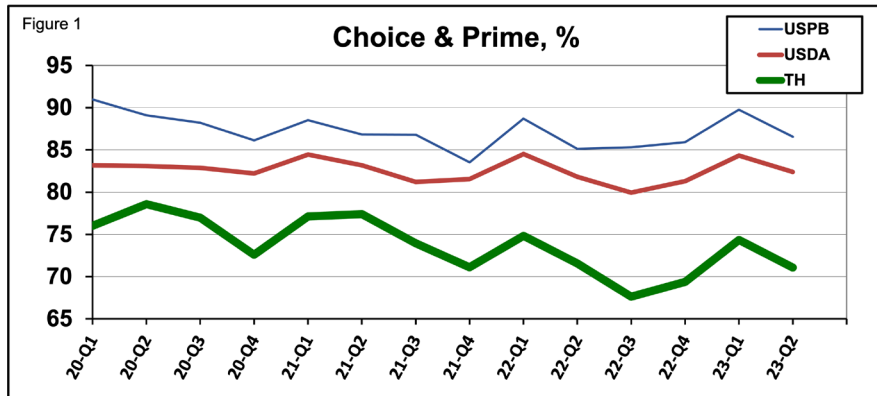
Kansas Grid Performance Summary

In the Plains, the months of April, May and June — representing Quarter two (Q2) for USPB — typically see more calf-feds on the market. During these months for 2023, cash prices were record high. This strong cash market started pulling cattle forward on the spot market. As a result, industry averages and plant averages for quality grade decreased and yield grades were leaner.

Regardless, USPB cattle outperformed cattle sold on the live, cash market. The overall premium was \$61.53 per head, the highest Q2 premium since 2013. Though down from the previous quarter, it ranked as the 13th highest of any quarter in company history. Looking at the top 25% of USPB cattle, premiums averaged \$117.24 — the eighth highest quarter ever.

USPB carcass weights were lighter than the previous quarter, which is normal for the season. Calves harvested during Q2 were placed on feed lighter, and even with more days on feed, carcass weights decreased. Placement weights have been lighter than usual for the past year. Initially, drought was responsible for lighter cattle, but now the shortage of feeder cattle is the primary driver.

These lighter in-weights translate to more days on feed, leading to the record high days on feed observed in Q2. Likely a consequence of the record high days on feed, condemned livers were at a record high.



The Prime percentage in Q2 was the fourth highest in USPB history. The Choice and Prime percentage was lower than the previous quarter but higher than a year ago. The Certified Angus Beef® (CAB) percentage was noticeably higher than a year ago, ranking in the top 12% of the 102 quarters on record for the company. Overall, the quality grade premium per head was less than the previous quarter but more than a year ago.

Yield grades for USPB cattle were leaner than the previous quarter, but fatter than this time last year. Specifically, 1s and 2s decreased from a

year ago, while 4s and 5s increased.

The yield grade premium, or discount in this case, became negative, because cash cattle yield grades decreased to a greater extent than USPB cattle. Maintaining a fatter endpoint was likely a factor in the quality grade improvements in USPB cattle and this was the fifth highest quarter for average marbling score.

Iowa Grid Performance Summary

Cash markets in Iowa were also at a record high. Leaner yield grades for plant averages were again evidence of

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the strong cash market. Unlike the Kansas grid, the lowest weights for Iowa usually occur in the third quarter.

The total premium was \$50.53 more than if cattle were sold on the average dress-delivered market in the Iowa/Minnesota region — the highest Q2 for the Iowa grid. This is \$14.51 less than the previous quarter, but \$10.02 more than a year ago.

Premiums on the Iowa grid cannot be compared directly to those from the Kansas grid. Only black-hided cattle are harvested at the Tama, Iowa plant. Additionally, the Iowa grid compares to a dressed delivered price in Iowa/Minnesota instead of a live price at the feedyard on the Kansas grid.

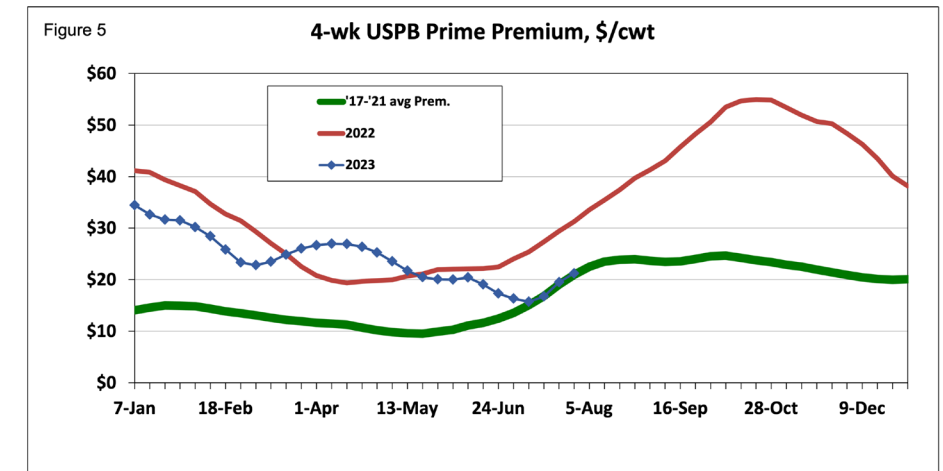
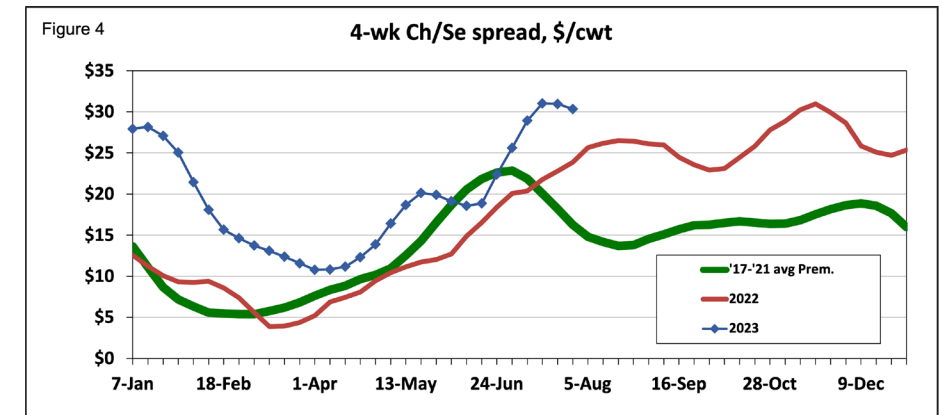
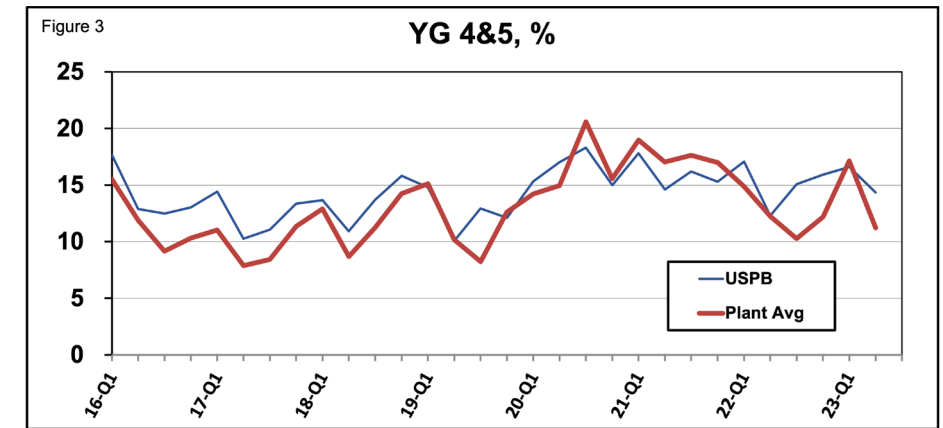
There are also other differences in the structure of the two grids: different cattle, harvested at a different plant, in a different region on a different grid.

The quality grade premium was down \$6 per head from the previous quarter but was the highest Q2 for Iowa, at \$17 per head more than last year. Prime and Choice percentages were record high for the 14 quarters of data on the Iowa grid.

Reported by the USDA, the industry average Choice and Prime percentage was 82% in the second quarter. The highest quarter ever recorded was 84.5%.

More heifers have been harvested on the Iowa grid lately, contributing to the second-highest lightweight percentage for the Iowa grid, with the record being Q2 of last year. Similar to Kansas, the Iowa plant average yield grades decreased significantly more than the USPB Iowa grid cattle, resulting in a record large discount for yield grade.

Farmer feeders in the Corn Belt have placed fewer cattle on feed and



sold high-priced corn, contributing to the regional price difference.

Results still indicate feeding cattle to a normal yield grade endpoint on an upward trending market will result in selling more total pounds at a higher price. Bottom line, grid marketing still works very well even in strong cash markets.

If you have questions about our grid, please call 866-877-2525 ♦

Click below for additional grid performance data for cattle harvested in:

- [Kansas](#) • [Iowa](#)