



Cattle Contracts Library | Explanatory Notes

March 10, 2023

Cattle Contracts Library | Overview

The Cattle Contracts Library is a pilot program that requires packers within the reporting threshold to provide contract information for the purchase of cattle, as well as the number of actual and estimated cattle purchases under active contracts.

The Agricultural Marketing Service will aggregate the data on a national level, with a focus on the base price source, base price adjustments, contract specifications, premiums, discounts, and volume. The goal of the library is to increase market transparency, improve price discovery and to provide enhanced signals to producers with respect to output and better insights regarding market demand and supply for cattle.

Frequently Asked Questions

Important Terms: [Packer](#), [Fed Cattle](#)

Who is reporting?

Packing companies that have slaughtered during the immediately preceding 5 calendar years an average of not less than 5 percent of the number of fed cattle slaughtered nationally.

How is confidentiality maintained?

To maintain confidentiality, the Pilot requires company submission of contract clauses, not entire contracts. Further, AMS intends to publish the Cattle Contract Library in a manner that does not disclose the source's identity to further protect the buyers' and the sellers' confidential business information.

This Pilot will allow AMS to make a range of valuable market information on the structure and volume of cattle contracts publicly available, while maintaining the confidentiality of individual contracts and sensitive information included therein. The law establishing the Swine Contract Library adopted sec. 251 of the Agricultural Marketing Act of 1946 to protect personal identifying information and proprietary business information from public disclosure. The Pilot likewise adopts those provisions in this rule to prohibit disclosure beyond contract and volume information.

For questions, comments, or concerns, please email wash.LPGMN@usda.gov.



Cattle Contracts Library | Main Dashboard

The Main Dashboard of the Cattle Contracts Library provides a percentage breakdown of the shares of active cattle contracts using different base price sources. Subpages off the main include: (1) base price view 1; (2) base price view 2; (3) contract specs and premiums and discounts; and (4) volume.

Important Terms: [Contract](#), [Active Contract](#), [Inactive Contract](#), [Base Price](#), [Base Price Source](#)

Published Date – references the specific week for the data. This will allow users to view published snapshots from prior weeks. This carries throughout all views and may be changed on any view.

Table – Active Cattle Contracts (Date)

This table shows the total number of current active cattle contracts reported to AMS and utilized in the dashboard. Also includes change from previous week and the weekly minimum and maximum throughout the duration of this pilot.

Chart – Base Price (Source Breakdown)

This chart shows a percentage breakdown of different base price sources found in all current active cattle contracts as well as the total number of base price options available. The number of base price sources may be more than the total number of active contracts as many individual contracts could offer more than one base price option.

Base Price Source: A base price may be determined through negotiation or an external source and may be subject to a base price adjustment. Within the CCL, the defined base price sources are:

Negotiated means the base price is established through seller-buyer interaction. *Note: This is not a negotiated cash transaction. This is the means stipulated in the contract to establish the base price.

USDA Report refers to contracts in which the base price is calculated using USDA reports such as:

- [Texas-Oklahoma Weekly Direct Slaughter Cattle – Negotiated Purchases \(LM CT156\)](#)
- [Kansas Weekly Direct Slaughter Cattle – Negotiated Purchases \(LM CT157\)](#)
- [5 Area Weekly Weighted Average Direct Slaughter Cattle \(LM CT150\)](#)

CME means the base price is established using the futures price for live cattle reported on the Chicago Mercantile Exchange (CME).

Top of Market refers to contracts in which the base price is determined by using the top range of negotiated cash prices paid in a specific week, normally by some type of volume threshold. For example, X number of head must trade at a certain level to establish the base price, or some other methodology to determine the base price.

Plant Average refers to contracts in which the base price source utilizes a specific packing plant's average price to determine the base price.



Subscription Based refers to contracts in which the base price source utilizes a privately sourced data set (i.e. Cattle-Fax, Urner Barry, a State Cattle Association) to determine the base price.

Other refers to any other contracts where the base price is established through other means not listed above.

*Confidentiality is applied; Not all data may be shown, and totals may not add up to 100%. Base price sources not currently used in active contracts will not show on chart.

Cattle Contracts Library | Base Price Information (View 1)

The Base Price Information (View 1) subpage of the Cattle Contracts Library displays statistics on base price source, adjustments to base price, and base price selling basis.

Important Terms: [Base Price](#), [Base Price Source](#), [Base Price Adjustment](#), [Premium](#), [Discount](#), [Selling Basis \(Dressed, Live, Live Converted, Dressed Converted\)](#), [Selling Basis Shipment \(FOB, Delivered, Mixed\)](#)

Table – Base Price Source

This table shows a percentage breakdown of different base price sources found in all current active cattle contracts. This data is repeated from the Base Price Source chart on the Main Dashboard. Confidentiality is applied; Not all data may be shown, and totals may not add up to 100%. Base price sources not currently used in active contracts will not show on the table.

Table – Base Price Adjustment Applied? (BPA)

This table shows the percentage of contracts in which the base price had an adjustment or not, prior to the application of any possible premiums or discounts.

Example: A contract may specify that the seller be paid a price per hundredweight as reported in the Texas-Oklahoma Weekly Direct Slaughter Cattle – Negotiated Purchase Price report plus a \$1 (per hundredweight) adjustment to be added to the base price. This would be considered a base price adjustment.

Table – Base Price Premium/Discount Applied? (PD)

This table shows the percentage of contracts that include a premium or discount schedule. If the contract falls within “Yes,” this means that the contract has at least 1 premium or discount that may impact the price. If “No,” the contract has no premium or discount associated with the contract.



Table – Base Price Selling Basis

The selling basis refers to cattle that are sold on a live, dressed, live converted to dressed, or dressed converted to live weight basis under a contract. There are two sections within this table – Average Yield Conversion and Selling Basis (% Contracts).

The **Average Yield Conversion** is a simple average of the selling basis yield conversions that may be found in active contracts. Yield Conversion refers to the yield specification used in converting the live weight price into a dressed weight price in contracts where the selling basis is the live converted type.

Example: A contract specifies the base price is established using the Kansas Weekly Direct Slaughter Cattle - Negotiated Purchase Price report live weighted average x Yield Conversion = dressed price. From there premiums and discounts may be applied and the seller will be paid on a dressed weight basis. Yield conversion may be stated specifically in the contract (i.e 63.5%) or based on an external reference (i.e. the plant average yield). Though differences in the yield conversion are small in magnitude, they directly affect producer compensation.

The **Selling Basis** breaks down the percent of contracts under each selling and delivery basis regarding the shipment, or freight.

Cattle Contracts Library | Base Price Information (View 2)

The Base Price Information (View 2) subpage of the Cattle Contracts Library displays statistics on base price adjustment values and USDA report utilization as a base price source.

Important Terms: [Base Price](#), [Base Price Source](#), [Base Price Adjustment](#), [Average](#), [Percentile](#)

Table – Base Price (Adjustment Value)

This section shows average, average 25th percentile, and average 75th percentile calculation base price adjustment values for each base price source and premium/discount schedule combination.

Average: the simple average of all base price adjustment values found in active contracts with each base price source.

Average 25th Percentile: the average of the 22nd and 28th percentile values.

Average 75th Percentile: the average of the 72nd and 78th percentile values.

*In some instances, the Average may fall above or below the 25th and 75th Percentiles listed.

USDA Report Utilization

Table – Base Price Source Breakdown of Total Contracts

This table displays the percentage of contracts utilizing a USDA Report in reference to a base price source. The percentages are inclusive of all contracts and the Grand Total will not equate to 100%.

Table – Breakdown of Contracts Specifying a USDA Report



This table shows the percentage share for each specific USDA Report used for the subset of contracts that use a USDA Report as a base price source (either Top of Market or USDA Report). The 4-digit SLUG ID can be used to locate the current and past reports on the [AMS Market News Webpage](#).

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Cattle Contracts Library | Contract Specs and Premiums/Discounts

The Contract Specs and Premiums/Discounts subpage of the Cattle Contracts Library displays statistics on contract spec usage and premium/discount values.

Important Terms: [Premium](#), [Discount](#), [Per CWT](#), [Per Head](#), [Average](#), [Percentile](#)

Table – Contract Specs

This table shows the percentage of active contracts that utilize each possible contract spec. For a list of all possible contract specs collected in the CCL, please refer to the [Data Submission Fields](#) document. Links to applicable definitions below.

Quality	Branded	Volume Threshold	Same Day Payment
Yield Grade	Packer Financing	Starter Cattle	Supply Relationship
Weight	Risk Management	Shutdown Provision	Profit Sharing
Dressing Percent	Breed	Floor Payment	Other (1-10)
Shrink	Source Verified	Premium (Max)	
< 30 Months	Export Certification	Discount (Max)	

Table – Premiums & Discounts (PD)

This table shows the average, average 25th percentile, and average 75th percentile premium and discount values for each premium and discount offered on current active contracts. Some premiums and discounts are only paid if certain thresholds are met. For a list of all possible premiums and discounts collected in the CCL, please refer to the [Data Submission Fields](#) document. Although this is a wide-ranging list, not all contracts may offer this complete list of premiums and discounts. Links to applicable definitions below.



Yield Grade	Yield Grade (1-5)			
Weight	Lightweight	Heavyweight		
Class	Steers	Heifers	Dairy Steers	Dairy Heifers
Branded	CAB			
Management Program	All Natural	NHTC	GAP	
Quality	Prime	Choice (Over Ch Spec)	Lean	Bullock/Stag
	Choice (Upper 2/3)	Select (Under Ch Spec)	Boner	Heiferette
	Choice	No Roll	Breaker	Hardbone
	Select	Beef/Dairy Cross	Premium White	Over 30 mo.
	Standard	Dairy Type	Dark Cutter	
Other	Foreign Born	Beta Agonist Free	Supplier Relationship	

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Volume

Volume

The Volume subpage of the Cattle Contracts Library displays a summary of the actual and estimated volumes of cattle purchased under active contracts.

Important Terms: [Active Contract](#)

Table – Volume Summary

This table displays the estimated and actual volume of cattle purchased through active contracts. Estimated total volumes of cattle to be purchased under active contracts are provided for the current month. Actual volumes of cattle purchased under active contracts broken down by base price source are provided for the prior month. This table shows the monthly estimated and actual volumes over a period of time.

Graph – Actual Volume by Base Price Source

Volume of cattle purchased under active contracts by each base price source.

Graph – Actual vs Estimate Volume



The graph shows the actual total volume of cattle purchased under active contracts and the estimated total volume of cattle to be purchased under active contracts.

Cattle Contracts Library | General Statistical Terms

Average: The average of a set of numbers is calculated by dividing their sum by the number of observations in the set.

Percentage: Also called proportion, the percentage of observations with a certain characteristic is the number of observations with that characteristic divided by the number of all observations and then multiplied by 100. Percentages always range between 0 and 100 by construction.

Percentile: Given a number k that lies between 0 and 100, the k^{th} percentile is the value for which k percent of the observations are less than that value. The 50th percentile, also called the median, is the value in which half the observations are less than the value and half are greater than it.

Cattle Contracts Library | General Terminology

Base Price: The price paid for livestock, before application of any adjustments, premiums, or discounts, expressed in dollars per hundred pounds of hot carcass weight or live weight.

Base Price Source: How a base price is determined in a contract through negotiation or an external source. Within the CCL, the defined base price sources are Negotiated, USDA Report, CME, Top of Market, Plant Average, Subscription Based, or Other.

Base Price Adjustment: The positive or negative adjustment to the base price before any premiums or discounts are applied.

Contract: A written or oral agreement concerning the specific terms and conditions under which an unknown volume of fed cattle may be purchased by a packer during a specified time frame, or under which a known volume of cattle is purchased by a packer for a given plant during a specified time frame.

Active Contract: A contract that is currently available between a packer and producer under which fed cattle may be purchased.

Inactive Contract: A contract that is no longer available between a packer and producer for purchase under, or one that is not currently in use.

Discount: The adjustment, expressed either in dollars per one hundred pound or per head, subtracted from the base price.

Dressed Weight: Also known as carcass weight. The hot or un-chilled weight of the carcass after slaughter with the removal of the: head, hide, intestinal tract and internal organs.



Fed Cattle: A steer or heifer that has been finished on a ration of roughage and feed concentrates, such as grains, protein meal, grass (forage), and other nutrient-rich feeds, prior to slaughter.

Packer: A packer that has slaughtered during the immediately preceding 5 calendar years an average of not less than 5 percent of the number of fed cattle slaughtered nationally during the immediately preceding 5 calendar years.

Per CWT: An abbreviation of Per Hundredweight. Denotes a price, premium, or discount expressed in dollars per hundred pounds of hot carcass weight or live weight.

Per Head: Denotes a price, premium, or discount applied expressed in dollars per animal.

Premium: The adjustment, expressed either in dollars per one hundred pound or per head, added to the base price.

Selling Basis: refers to the pricing of cattle under a contract on a live, dressed, live converted to dressed, or dressed converted to live weight basis.

Live: Cattle priced on a live animal basis.

Dressed: Cattle priced on a hot carcass basis.

Live Converted: Live price converted to a dressed price with a yield conversion or dressing percentage.

Dressed Converted: Dressed price converted to a live price with a yield conversion or dressing percentage.

Selling Basis Shipment: Describes which party pays for the freight costs.

FOB: An abbreviation of Freight on Board or Free on Board. FOB indicates that the packer pays the freight costs, regardless of the mode of transportation, at the point of direct shipment by the seller to the buyer.

Delivered: Indicates that the seller pays the freight costs, regardless of the mode of transportation, at the point of direct shipment by the seller to the buyer.

Mixed: Mixed indicates that the costs are shared between packer and producer. (e.g. the packer provides an allowance for freight to the seller).

Cattle Contracts Library | Contract Spec Terminology

< 30 Months: Specification requiring cattle to be over 30 months of age (as judged post-mortem via dentition, bone ossification and other factors).

Branded: Specification requiring that cattle qualify for branded programs. This could include packer specific retail brands, specific breed types, or methods of production.



Breed: Specification requiring that cattle are a certain breed or a percentage of breed.

Discount (Max): A specified ceiling that total discounts cannot surpass.

Dressing Percent: Refers to the yield of dressed carcass from a live animal. Specification that cattle must dress a given level (i.e. must meet 63.4%).

Export Certification: The export certification process provides assurance that US meat products are in compliance with the importing country's requirements.

Floor Payment: Minimum price guaranteed to be paid to seller.

Non Conforming Penalty: A discount for cattle that do not meet the specifications in the contract.

Packer Financing: Any financing provided to the seller for the cattle.

Premium (Max): A specified ceiling that total premiums cannot exceed.

Profit Sharing: A arrangement between a packer and producer where profits are shared.

Quality: Specifications outlining USDA Quality Grade requirements (i.e. cattle must grade 70% Choice or better to receive a premium).

Risk Management: Provisions in a contract that outline who will assume responsibility for risk.

Same Day Payment: Any payments made to seller on day of delivery.

Shrink: Utilized in cattle purchasing contracts, describing the percentage of weight subtracted from gross weight to established "pay weight".

Shutdown Provision: Provisions in a contract that provide guidance on what happens in the event of a plant shutdown or breakdown.

Source Verified: Term used to describe cattle that qualify for a Process Verified Program (PVP) or Quality System Assessment.

Starter Cattle: Slaughter cattle that are delivered to the plant at a specific time to begin the daily slaughter operations.

Supply Relationship: An incentive for long standing customer relationship (could be guaranteed chain space or some type of premium).

Volume Threshold: Specification in a contract outlining any type of volume requirement (either volume to set base price or volume to be delivered).

Weight: Specification outlining desired weight ranges or discounts for heavy or lightweight cattle.

Yield Grade: Specifications outlining USDA Yield Grade requirements (i.e. cattle must be YG2 to receive a premium).



Cattle Contracts Library | Premium & Discount Terminology

All Natural: A cattle raising program when no additives are used including antibiotics or hormones.

Beef/Dairy Cross: Slaughter cattle that possess both beef type and dairy genetics that are expressed in the carcass.

Beta Agonist Free: Slaughter cattle that meet the requirements of Never Fed Beta Agonist ensuring meat derived from animals were never fed beta agonists and is free of beta agonist residues.

Boner: Slaughter cows expected to yield carcasses in the range of 80-85% lean. Typically, a cow with between .15-.35 inches of backfat at the 12th rib.

Breaker: Slaughter cows expected to yield carcasses in the range of 75-80% lean. Typically, a cow with more than .35 inch of backfat at the 12th rib.

Bullock/Stag: A young (under approximately 24 months of age) male bovine (castrated or uncastrated) that has developed or begun to develop the secondary physical characteristics of a bull.

CAB: A premium offered for cattle that qualify for the Certified Angus Beef program.

Choice: Slaughter steers, heifers, and cows 30 to 42 months of age possessing the minimum qualifications for Choice have a fat covering over the crops, back, loin, rump, and ribs that tends to be moderately thick. The brisket, flanks, and cod or udder show a marked fullness and the muscling is firm. Cattle under 30 months of age carry a slightly thick fat covering over the top. The brisket, flanks, and cod or udder appear moderately full and the muscling is moderately firm. Cattle qualifying for the minimum of the Choice grade will differ considerably in cutability because of varying combinations of muscling and degree of fatness.

Choice (Over Ch Spec): The premium or discount applied in relation to the amount of Choice product delivered compared to the Choice requirement.

Choice (Upper 2/3): Carcass quality characteristics that meet the requirements for Modest or Moderate degrees of marbling.

Dairy Heifers: Slaughter heifers that possess dairy genetics expressed in the carcass traits.

Dairy Steers: Slaughter steers that possess dairy genetics expressed in the carcass traits.

Dairy Type: Slaughter cattle that possess dairy genetics that are expressed in the carcass.

Dark Cutter: Darkened meat due to increased lactic acid build-up in the muscle of the animals caused by long-term stress before slaughter.

Foreign Born: Cattle that were born outside of the US but fed to slaughter weight in the United States.



GAP: Abbreviation for Global Animal Partnership. A premium offered for cattle that qualify for this animal welfare certification.

Hardbone: Carcasses from mature animals in which the cartilage on the spinal column has hardened into bone.

Heavyweight: A discount taken from cattle over a specified weight threshold.

Heiferette: A female bovine, 2 ½ years old or younger that exhibits cow characteristics, that has not had her first calf or recently lost her first calf.

Heifers: A young female bovine that has not had her first calf.

Lean: Slaughter cows expected to yield carcasses in the range of 85+% lean. Typically, a cow with less than .15 inch of backfat at the 12th rib.

Lightweight: A discount taken from cattle under a specified weight threshold.

NHTC: Abbreviation for non-hormone treated cattle.

No Roll: A term used to describe beef that has not been graded by the USDA.

Over 30 mo.: A discount taken from cattle over 30 months of age.

Premium White: Slaughter cows fed a ration that tends to produce white fat.

Prime: Slaughter steers and heifers 30 to 42 months of age possessing the minimum qualifications for Prime have a fat covering over the crops, back, ribs, loin, and rump that tends to be thick. The brisket, flanks, and cod or udder appear full and distended and the muscling is very firm. The fat covering tends to be smooth with only slight indications of patchiness. Steers and heifers under 30 months of age have a moderately thick but smooth covering of fat which extends over the back, ribs, loin, and rump. The brisket, flanks, and cod or udder show a marked fullness and the muscling is firm. Cattle qualifying for the minimum of the Prime grade will differ considerably in cutability because of varying combinations of muscling and degree of fatness.

Select: The Select grade is limited to steers, heifers, and cows with a maximum age limitation of approximately 30 months. Slaughter cattle possessing the minimum qualifications for Select have a thin fat covering which is largely restricted to the back and loin. The brisket, flanks, twist, and cod or udder are slightly full and the muscling is slightly firm. Cattle qualifying for the minimum of the Select grade will differ considerably in cutability because of varying combinations of muscling and degree of fatness.

Select (Under Ch Spec): The premium or discount applied in relation to the amount of Select product delivered compared to the Select requirement.



Standard: Slaughter steers, heifers, and cows 30 to 42 months of age possessing the minimum qualifications for Standard have a fat covering primarily over the back, loin, and ribs which tends to be very thin. Cattle under 30 months of age have a very thin covering of fat which is largely restricted to the back, loin, and upper ribs. Cattle qualifying for the minimum of this grade vary relatively little in their degree of fatness. Therefore, the range in cutability among cattle that qualify for this grade is somewhat less than in the higher grades.

Steers: A steer is a male bovine castrated when young and which has not begun to develop the secondary physical characteristics of a bull.

Supplier Relationship: Premium given for long standing customer relationship.

Yield Grade: The yield grades for slaughter cattle are based on the same factors as used in the official yield grade standards for beef carcasses. The yield grades are denoted by numbers 1 through 5 with Yield Grade 1 representing the 1 highest cutability or yield of closely trimmed retail cuts. Thus, an “increase” in cutability means a smaller yield grade number while a “decrease” in cutability means a larger yield grade number.