

## Livestock Mandatory Reporting Adding Additional Product to Ham Primal, Pork Carcass Cutout

Below is the updated ham primal cutout table showing the calculations for the addition of the insides, outsides, and knuckles into the ham primal.

Ham Primal Styles:										
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#1 - Trmd Selected Ham 20-23#'s			#4 - 4 Muscle Ham to Blue				#7 - Insides			
#2 - Trmd Selected Ham 23-27#'s			#5 - 5 Muscle Ham to Blue				#8 - Outsides			
#3 - 3 Muscle Ham to Blue			#6 - Roll outs				#9 - Knuckles			
HAM Components	Packaging	#1	#2	#3	#4	#5	#6	#7	#8	#9
Trmd Selected Ham 20-23#	\$0.55	100.0%	-	-	-	-	-	-	-	-
Trmd Selected Ham 23-27#	\$0.55	-	100.00%	-	-	-	-	-	-	-
3 Muscle Ham to Blue	\$0.70	-	-	42.87%	-	-	-	-	-	-
4 Muscle Ham to Blue	\$0.70	-	-	-	46.14%	-	-	-	-	-
5 Muscle Ham to Blue	\$0.70	-	-	-	-	49.15%	-	-	-	-
Roll out ham	\$0.70	-	-	-	-	-	60.54%	-	-	-
Insides	\$0.70	-	-	-	-	-	-	16.10%	16.10%	16.10%
Outsides	\$0.70	-	-	-	-	-	-	17.63%	17.63%	17.63%
Knuckles	\$0.70	-	-	-	-	-	-	9.76%	9.76%	9.76%
Lite Butt	\$0.70	-	-	1.84%	-	-	-	1.84%	1.84%	1.84%
Inner Shank	\$0.70	-	-	4.25%	4.25%	-	3.19%	4.25%	4.25%	4.25%
Outer Shank	\$0.70	-	-	4.00%	4.00%	4.00%	3.50%	4.00%	4.00%	4.00%
72% Trim	\$0.55	-	-	12.01%	10.58%	11.85%	-	11.41%	11.41%	11.41%
42% Trim	\$0.55	-	-	7.37%	7.37%	7.37%	5.88%	7.37%	7.37%	7.37%
Fat	-	-	-	9.13%	9.13%	9.13%	8.12%	9.13%	9.13%	9.13%
Skin	-	-	-	6.98%	6.98%	6.98%	7.27%	6.98%	6.98%	6.98%
Bone	-	-	-	10.86%	10.86%	10.86%	10.68%	10.86%	10.86%	10.86%
Shrink	-	0.00%	0.00%	0.69%	0.69%	0.69%	0.82%	0.67%	0.67%	0.67%
Labor	-	-	-	-	-	-	-	-	-	-
Total Percentage		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

To give some perspective to this unused tonnage, AMS reported total insides trading to be 43.4 million pounds in 2013 (April-December), 56.5 million pounds in 2014 (January-December), 51.5 million pounds in 2015 (January-December), and 16.5 million pounds in 2016 (January-May 6, 2016). Outsides accounted for 41.8 million pounds in 2013 (April-December), 56.6 million pounds in 2014 (January-December), 51.2 million pounds in 2015 (January-December), and 16.1 million pounds in 2016 (January-May 6, 2016). Knuckles accounted for 23.8 million pounds in 2013 (April-December), 30.8 million pounds in 2014 (January-December), 29.7 million pounds in 2015 (January-December), and 12.1 million pounds in 2016 (January-May 6, 2016). The unused totals equate to 109.0 million pounds in 2013, 143.9 million pounds in 2014, 132.4 million pounds in 2015, and 44.7 million pounds in 2016.

**ANNUAL VARIATION IN VOLUMES FOR TOTAL POUNDS OF INSIDES, OUTSIDES, AND KNUCKLES NOT CURRENTLY INCLUDED IN THE HAM PRIMAL AND OVERALL CARCASS**

	<b>INSIDES</b>	<b>OUTSIDES</b>	<b>KNUCKLES</b>	<b>TOTAL</b>
2016*	16,478,792	16,105,684	12,120,504	44,704,980
2015	51,500,000	51,200,000	29,700,000	132,400,000
2014	56,500,000	56,600,000	30,800,000	143,900,000
2013*	43,400,000	41,800,000	23,800,000	109,000,000

*Note: All data reflects trading reported from January-December with the exception of 2013\* (April-December) and 2016\* (January-May 6, 2016).*

To further illustrate this point, the volume not utilized on average each day equates to 465,517 pounds with a minimum of 27,307 unused pounds and a maximum of 1,478,112 unused pounds on average each day from October 1, 2015 through May 6, 2016.

**DAILY VARIATION IN VOLUMES FOR TOTAL POUNDS OF INSIDES, OUTSIDES, AND KNUCKLES NOT CURRENTLY INCLUDED IN THE HAM PRIMAL AND OVERALL CARCASS CUTOUT (POUNDS)**

	<b>TOTAL</b>
AVERAGE DAILY DIFFERENCE	465,517
MINIMUM DAILY DIFFERENCE	27,307
MAXIMUM DAILY DIFFERENCE	1,478,112

*Note: Total includes insides, outsides, and knuckles. All data reflects trading from October 1, 2015 through May 6, 2016.*

After analyzing the variations in volumes associated with the enhancement, AMS explored the impact this enhancement would have on the ham primal value and in turn the overall pork carcass cutout value. AMS ran calculations to determine the values of the proposed enhanced cutout values using past data from October 1, 2015, through May 6, 2016. This calculated data was then compared with currently reported data. Upon review and analysis, AMS found the enhancement to the ham primal or the addition of the insides, outsides, and knuckles to the ham primal value and the overall pork carcass cutout values to be lower on average.

From October 1, 2015, through May 6, 2016, the average daily difference between the current ham primal value and the proposed enhanced ham primal value is 5.73 dollars lower with a minimum daily difference of 14.76 dollars lower and a maximum daily difference of 0.11 dollars lower. During the same period, the average daily difference between the current overall carcass cutout value and the proposed enhanced carcass cutout value is 1.41 dollars lower with a minimum daily difference of 3.63 dollars lower and a maximum daily difference of 0.02 dollars lower.

**DAILY VARIATION IN VALUES FOR THE CURRENT PORK CARCASS CUTOUT VERSUS THE  
PROPOSED ENHANCED PORK CARCASS CUTOUT INCLUDING INSIDES, OUTSIDES, AND  
KNUCKLES INTO THE HAM PRIMAL (DOLLARS)**

	<b>CARCASS CUTOUT</b>	<b>HAM PRIMAL</b>
AVERAGE DAILY DIFFERENCE	-1.41	-5.75
MINIMUM DAILY DIFFERENCE	-3.63	-14.76
MAXIMUM DAILY DIFFERENCE	-0.02	-0.11

*Note: All data reflects trading from October 1, 2015 through May 6, 2016.*

Industry feedback has led to AMS researching the proposed changes. The changes may affect some segments of the pork industry as some companies use the ham primal as a pricing tool. This enhancement may also alter other pricing relationships such as producer contracts with swine procurement operations using the pork carcass cutout value for price determination, the majority of this being formula business.

This enhancement will affect the following reports: [LM\\_PK600](#), [LM\\_PK601](#), [LM\\_PK602](#), [LM\\_PK603](#), [LM\\_PK610](#), and [LM\\_PK611](#).

For additional reference, an overview of the [pork carcass cutout can be found online](#). To view the affected reports, go to: [www.ams.usda.gov/market-news/livestock-poultry-grain#Meat](http://www.ams.usda.gov/market-news/livestock-poultry-grain#Meat). For more information regarding LMR, visit [www.ams.usda.gov/rules-regulations/mmr](http://www.ams.usda.gov/rules-regulations/mmr).