

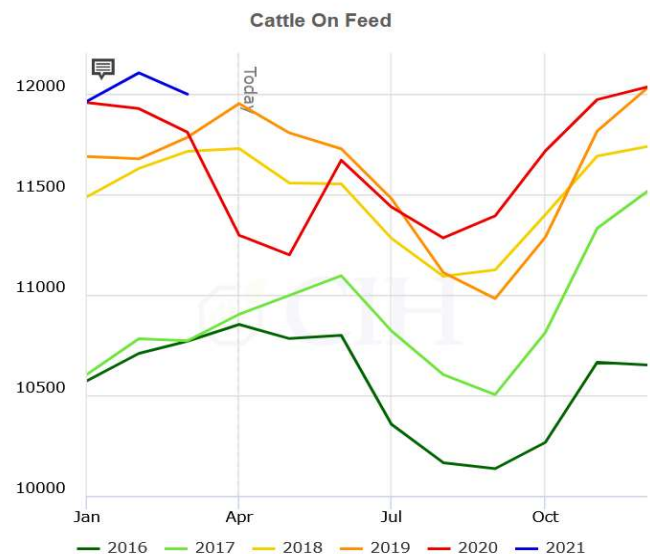
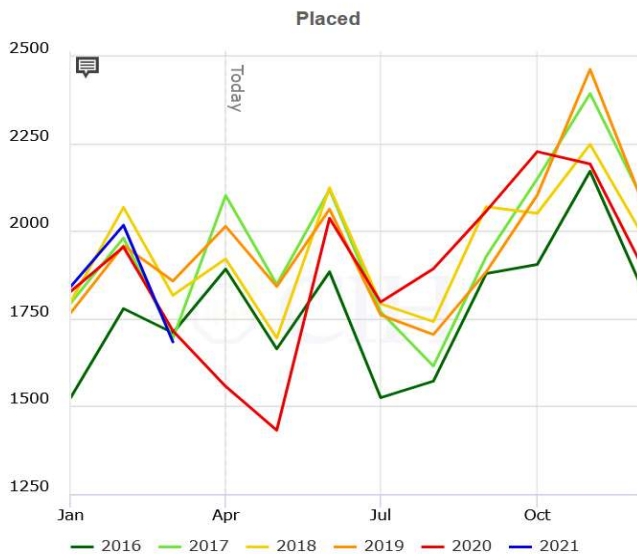
Beef Margin Watch: March



Live cattle futures have caught a bid recently as continued strength in the beef cutout has been price supportive, while feed costs unfortunately have also resumed their upward trend as corn finished the month limit up in response to a bullish USDA acreage report. The comprehensive beef boxed beef cutout finished the month of March at \$232.96/cwt., up 12.7% since the beginning of the year as strong demand is fueling gains. Packers are seeing increased interest for beef features and higher consumption in the spring summer months from wholesalers and retailers, with ground beef particularly popular item at retail. Total beef in Cold Storage at the end of February was up 3.3% from last year at 510.896 million pounds, driven mostly by increases in boneless beef stocks. Open Table data continues to indicate improving restaurant activity, and beef is seen to be especially supported by a fuller re-opening of domestic food service demand. USDA's Cattle on Feed report showed the total number of cattle on feed as of March 1 at 12.0 million head, up 1.6% from last year and in line with pre-report expectations. February placements totaled 1.684 million head, down 1.86% from last year compared with expectations for 2.7% drop on average from 2020. Meanwhile, USDA's Prospective Plantings report revealed corn acreage intentions at 91.144 million, down almost 2 million from the average trade estimate and below the range of pre-report expectations. March 1 corn stocks of 7.701 billion bushels were likewise below the average trade estimate, although in the range of expectations. Our clients have been adding delta to cattle hedges while maintaining strong protection against upside feed price risk.

USDA March Cattle on Feed Report Summary:

Cattle on Feed Report								Edit	
	2019	2020	2021	Actual	Avg Est	Low Est	High Est	Previous Month	Diff From Est
Placed On Feed in Feb (1,000 head)	1959	1716	1684	98.14%	97.3%	94.2%	103.6%	83.5%	0.8
Fed Cattle Marketed in Feb (1,000 head)	1910	1775	1732	97.58%	97.5%	95.0%	105.8%	95.1%	0.1
Other Disappearance in Feb (1,000 head)	61	58	58	100.00%	0.0%	0.0%	0.0%	103.6%	100.0
On Feed Mar 1 (1,000 head)	11678	11811	12000	101.60%	101.4%	100.3%	101.9%	99.1%	0.2



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