

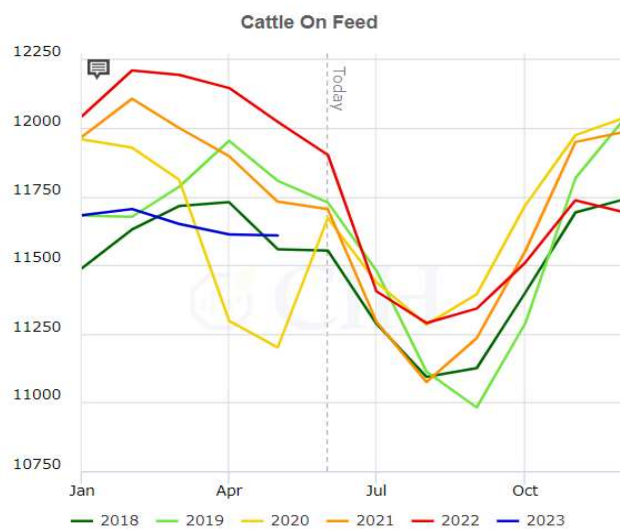
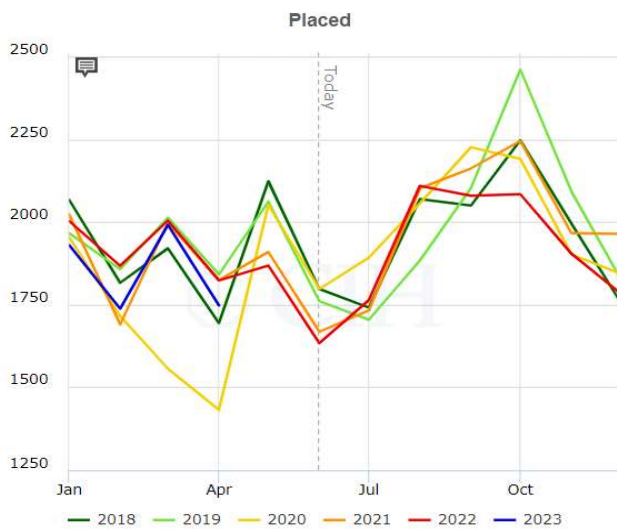
# Beef Margin Watch: May



Cattle prices soared over the second half of May, setting fresh life-of-contract highs for both live and feeder futures across the forward curve. A continued tightening of cattle supplies is supporting the market as the summer grilling season kicks into gear. The choice beef cutout continues to hover around \$300/cwt., up around \$40/cwt. or 15% from last year at this time, with the loin primal pacing that advance despite all the talk of inflation hurting consumer demand. USDA’s May Cattle on Feed report estimated the total inventory on feed as of May 1 at 11.608 million head, down slightly from last month and 414,000 head or 3.44% below a year ago. The supply of market-ready cattle on feed 120 days or longer was estimated at 4.424 million head, down 117,000 or 2.6% lower than last year. Pasture conditions are generally better than they were a year ago at this time which is also impacting placements. Cattle placed into feedlots during April was estimated at 1.748 million head, down 4.2% from a year ago but in line with the average of pre-report estimates. USDA also reported beef supplies in Cold Storage at the end of April totaled 447.98 million pounds, down 15.8% from last year with boneless beef supplies of 402.769 million pounds down 16.6% from last year and beef cuts of 45.215 million down 7.6%. The corn market continues to decline meanwhile as ongoing export cancelations from China and generally favorable crop conditions pressure prices. USDA pegged corn in 69% good-excellent condition in their first report of the season compared to 73% at this time last year. Our clients continue to maintain upside flexibility on cattle hedges while using the recent weakness to strengthen feed hedges ahead of any potential weather disruptions later in the growing season.

## USDA May Cattle on Feed Report Summary:

Cattle on Feed Report								Edit	
	2021	2022	2023	Actual	Avg Est	Low Est	High Est	Previous Month	Diff From Est
Placed On Feed in Apr (1,000 head)	1825	1824	1748	95.83%	95.9%	90.5%	99.6%	87.8%	-0.1
Fed Cattle Marketed in Apr (1,000 head)	1936	1893	1701	89.86%	90.0%	89.0%	90.5%	86.0%	-0.1
Other Disappearance in Apr (1,000 head)	55	54	51	94.44%	0.0%	0.0%	0.0%	96.2%	94.4
On Feed May 1 (1,000 head)	11731	12022	11608	96.56%	96.7%	95.9%	97.2%	100.0%	-0.1



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