

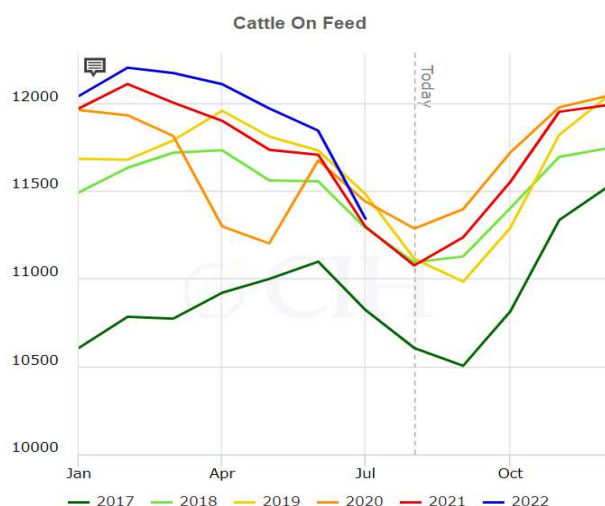
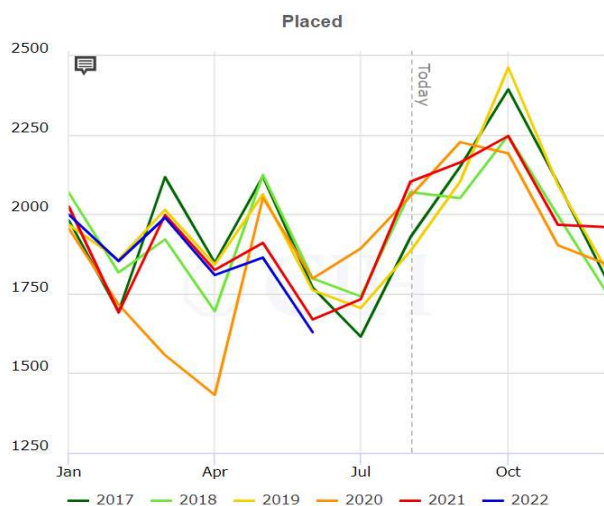
Beef Margin Watch: July



Live and feeder cattle futures continued to trade higher through the second half of July. USDA released both the July Cattle on Feed and semiannual Cattle Inventory reports which were considered largely neutral by market analysts. The total number of cattle on feed as of July 1 was pegged at 11.34 million head, up 0.4% from last year but within the range of pre-report expectations. Placements during June totaled 1.629 million head, down 2.4% from last year and higher than the average expectation of a 5.3% decline from last June but again within the range of expectations. Placements in both Texas and Colorado were each up 10,000 from 2021, with placements in the former featuring lighter-weight cattle in the under 600 pound and 600-699-pound categories while placements in Colorado were heavier-weight animals above 900 pounds. USDA reported all Cattle and Calves at 98.8 million head on July 1, down 2% from 2021 and slightly less than the 2.1% average decline expected pre-report. The mid-year inventory is the lowest since 2015 at 98.1 million head, with total cows and heifers that have calved declining 2.0% to 39.8 million head compared to the 2.6% average decline expected by analysts. Beef cows were reported down 2.4% from last year at 30.35 million head while dairy cows were estimated at 9.45 million head, down 0.5% from last year. Those figures compared to average pre-report expectations for a 3.0% and 1.2% decline from 2021, respectively. USDA also reported total beef inventories in Cold Storage at the end of June at 516.2 million pounds, 28.6% higher than last year and 22.9% above the five-year average. The figure was also down 1.9% from May, a larger drawdown than the typical 0.9% decline on average witnessed over the previous five years. Our clients continue to evaluate crush opportunities as well as potential strategic adjustments on existing positions.

USDA July Cattle on Feed Report Summary:

Cattle on Feed Report Edit									
	2020	2021	2022	Actual	Avg Est	Low Est	High Est	Previous Month	Diff From Est
Placed On Feed in Jun (1,000 head)	1798	1669	1629	97.60%	94.7%	89.2%	99.5%	87.4%	2.9
Fed Cattle Marketed in Jun (1,000 head)	1969	2021	2061	101.98%	102.0%	100.6%	103.0%	107.7%	-0.0
Other Disappearance in Jun (1,000 head)	62	57	69	121.05%	0.0%	0.0%	0.0%	90.8%	121.1
On Feed Jul 1 (1,000 head)	11438	11295	11340	100.40%	100.1%	98.9%	100.8%	95.8%	0.3



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