

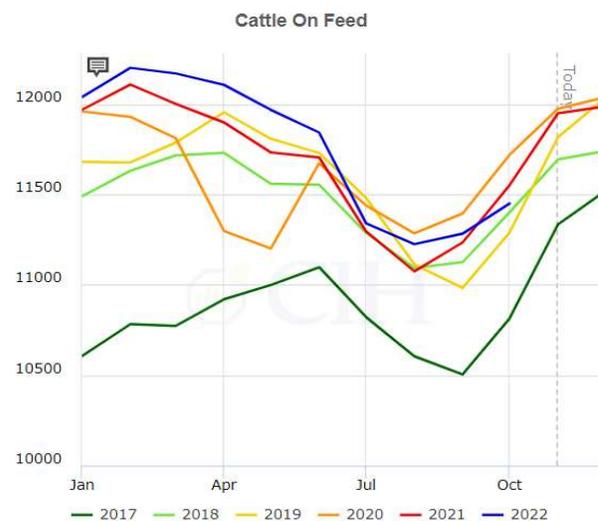
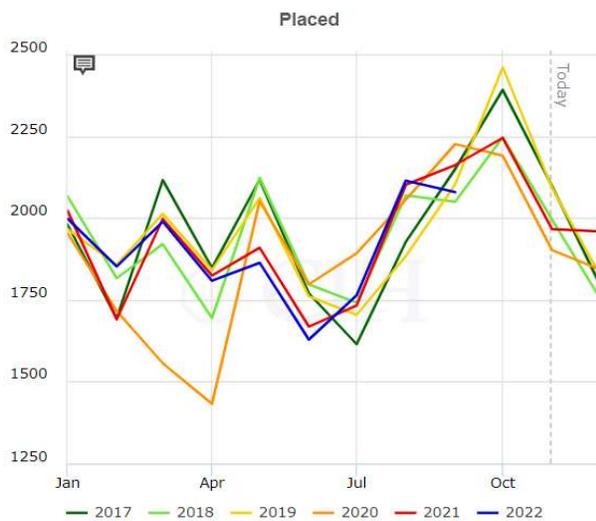
Beef Margin Watch: October



Cattle futures rebounded sharply over the second half of the month supported by strength in beef cutout values while the corn market was largely flat. Beef cutout increased \$19.51/cwt. during October or 8% although still 7.6% below last year. USDA released the October Cattle on Feed report which was in line with market expectations. The total inventory of cattle on feed as of October 1 was estimated at 11.449 million head, up 167,000 from September but 101,000 or 0.9% below last year and the first month so far in 2022 that the inventory has been below a year ago. September cattle placements totaled 2.08 million head, down 83,000 or 3.8% from last year while September marketings of 1.86 million head were up 4% from last year. USDA provided a quarterly update of the share of female cattle on feed. As of October 1, the inventory of steers on feed was down 2.3% from last year while the heifer inventory was up 1.4%. The ratio of heifers on feed relative to the total inventory increased to 39.7% in October versus 39.2% in July, the highest ratio in 20 years. The increase in heifer placements coincides with a high rate of beef cow herd liquidation due to drought. This continues to bode well for deferred cattle futures with lower slaughter and beef production expected over the next couple of years. USDA reported total beef inventories in Cold Storage at the end of September at 522.9 million pounds, up 18.9% from last year and 10.1% higher than the five-year average. Beef inventories were up 1.8% from August versus the average increase of 2.7% over the previous five years. Boneless beef inventories of 470 million pounds were up 16.3% from last year and the highest September inventory figure since 2016. Our clients continue to evaluate crush opportunities as well as potential strategic adjustments on existing positions.

USDA October Cattle on Feed 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 Sep (1,000 head)	2227	2163	2080	96.16%	96.3%	91.8%	99.0%	98.3%	-0.1
Fed Cattle Marketed in Sep (1,000 head)	1846	1789	1860	103.97%	104.0%	103.8%	105.1%	92.8%	-0.0
Other Disappearance in Sep (1,000 head)	58	58	53	91.38%	0.0%	0.0%	0.0%	100.0%	91.4
On Feed Oct 1 (1,000 head)	11717	11550	11449	99.13%	99.1%	98.2%	99.6%	101.5%	0.0



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