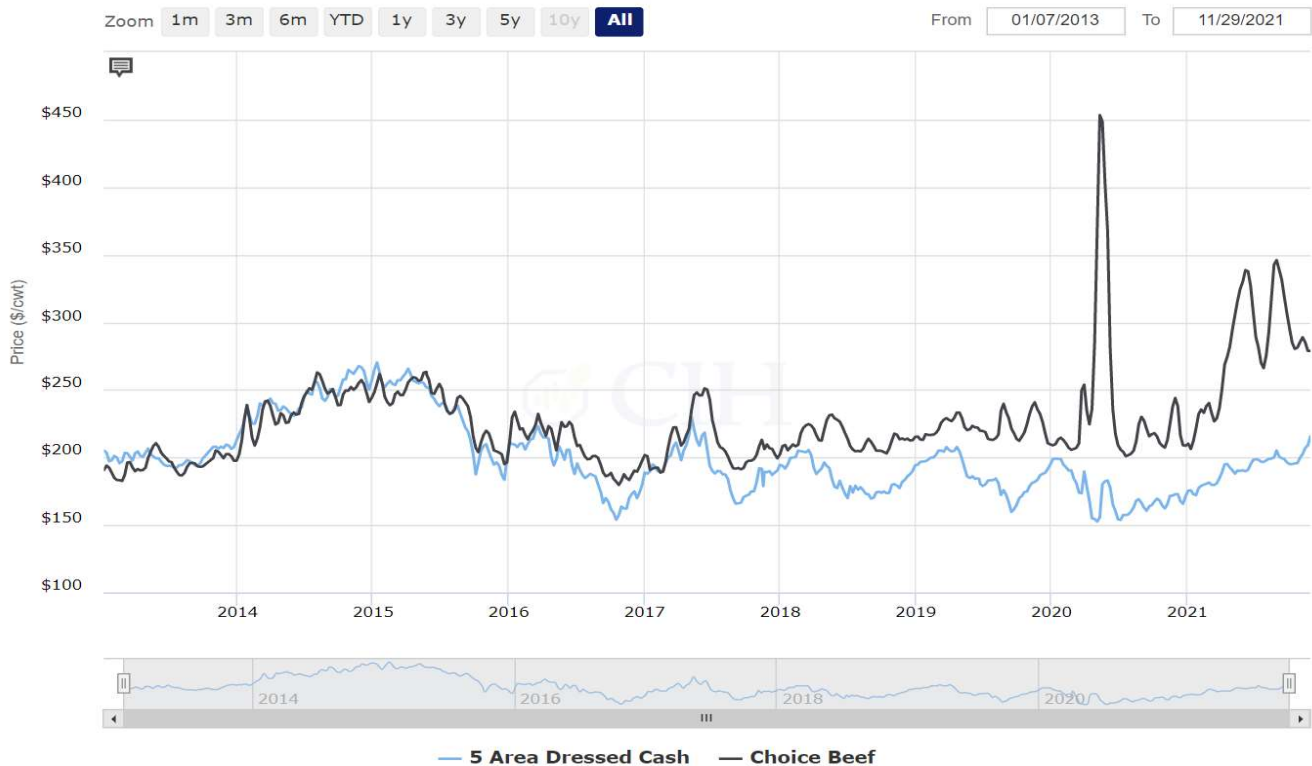


Beef Margin Watch: November



Feeder and Live cattle futures continued to strengthen over the second half of November while corn feed costs remained steady. The 5-Area dressed cash price increased to \$215.54/cwt. at the end of the month, up \$15.82 from the beginning of November and the highest value for this time of year since 2014. Higher beef features and prices at retail were on display during the month, with 19,290 features through the four weeks ending November 26, 4.6% higher than a year ago. The average feature price of \$4.43/lb. was up 40% from last year, with beef feature prices ranging from 20% to 50% higher than a year ago. Retail demand is also supporting forward packer sales, with loads for 22-60 days out and 61-90 days out both higher than comparable weeks in the previous five years. Demand strength in the export market also continues to support beef and cattle prices. China emerged as a top buyer for beef in November in terms of product sold, and despite significantly reduced pork purchases, the country continues to be large buyer of U.S. beef with limitations from other sources in both South America and Australia. In other news, a labor contract impasse reported by Bloomberg at the Cargill High River beef plant in Alberta threatens to lockout workers at a facility that represents 35% of Canada's annual cattle slaughter capacity. The possibility that U.S. processors may need to absorb some of that load may put pressure on the domestic market already struggling with labor disruptions at plants. Corn prices continue to draw support from soaring fertilizer prices, dry weather in South America, and the need to compete for acres with other crops currently offering attractive new-crop return profiles. Our clients are looking to take advantage of the recent strength in cattle prices by strengthening delta on positions.

USDA 5-Area Dressed Cash vs. Choice Beef Cutout:



The information contained in this publication is taken from sources believed to be reliable, but is not guaranteed by Commodity & Ingredient Hedging, LLC, nor any affiliates, as to accuracy or completeness, and is intended for purposes of information and education only. Nothing therein should be considered as a solicitation to trade commodities or a trade recommendation by Commodity & Ingredient Hedging, LLC. All references to market conditions are current as of the date of the presentation. Futures and options trading involves the risk of loss. Past performance is not indicative of future results. Please visit www.cihmarginwatch.com to subscribe to the CIH Margin Watch report.