

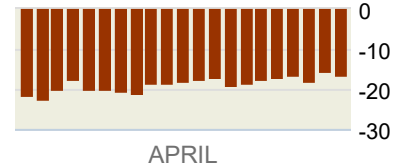
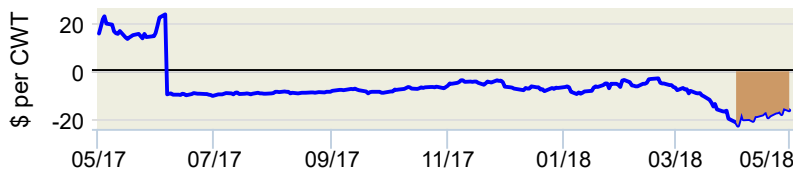
# Beef Margin Watch: April



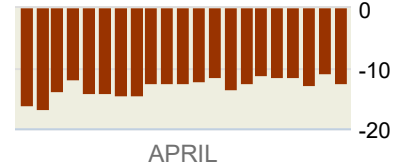
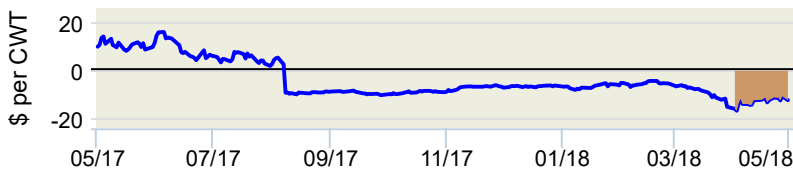
Beef margins were weaker over the last half of April, as feed costs increased while cattle prices held relatively steady. Margins remain historically depressed in both spot and deferred marketing periods against forward crushes. Cattle prices continue to trade mostly rangebound without a significant catalyst to move the market. The spring grilling season has been delayed by unseasonably cold weather across a large section of the country, although temperatures are finally starting to warm. USDA's latest Cold Storage report showed total beef inventories at the end of March were 464.0 million pounds, virtually unchanged from last year and up about 1% from February. Boneless beef stocks were the main culprit behind the increase, with much of that supply build in the mid-Atlantic region signaling that it most likely was a function of lackluster domestic demand and not staging for export. Monthly Cattle on Feed data meanwhile were mostly in line with pre-report trade expectations, with the total on feed number as of April 1 at 11.729 million head, up 7.4% from last year. Placements during March totaled 1.921 million head, down 9.3% or 196,000 head from 2017. A sharp drop in placements was noted in both Kansas and Colorado, where the early removal of cattle from winter wheat and small grain grazing reduced placements in those states. Corn prices remain firm due to strong demand and ongoing planting delays. USDA reported corn planting progress at 17% complete for the week ending April 29 compared to 32% last year and 30% on average over the past ten years. Our clients continue to focus mainly on adjustments to existing positions. Following recent strength in the corn market, our clients are looking to add flexibility back to feed hedges after recently strengthening delta in those positions.

## Live Cattle Marketing Periods:

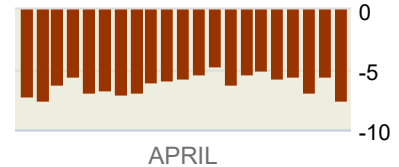
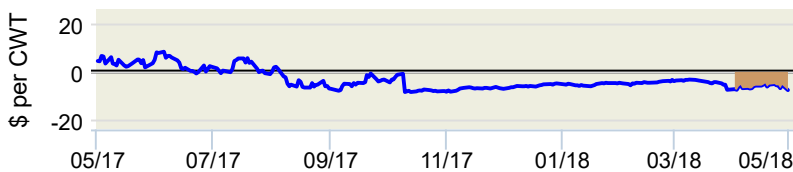
Jun '18  2017  2018 Jun 2018: HIGH **\$23.69** LOW (**\$22.73**) LAST (**\$16.35**) 10YR PERCENTILE **3.6%**



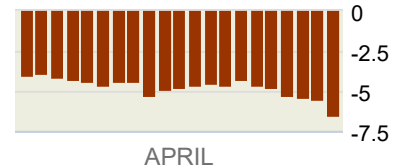
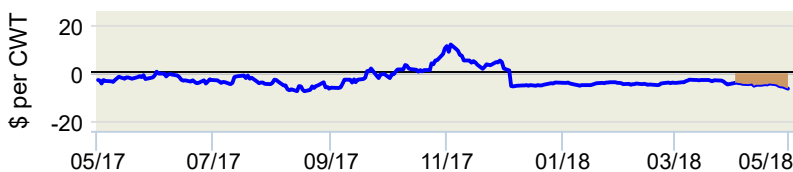
Aug '18  2017  2018 Aug 2018: HIGH **\$16.06** LOW (**\$16.75**) LAST (**\$12.29**) 10YR PERCENTILE **8.9%**



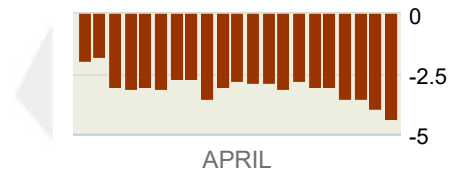
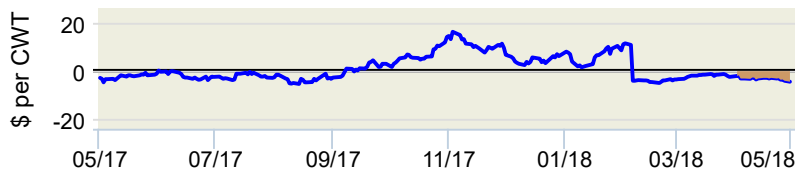
Oct '18  2017  2018 Oct 2018: HIGH **\$8.37** LOW (**\$8.36**) LAST (**\$7.55**) 10YR PERCENTILE **16.6%**



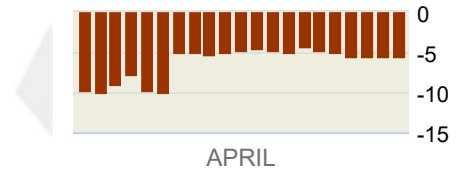
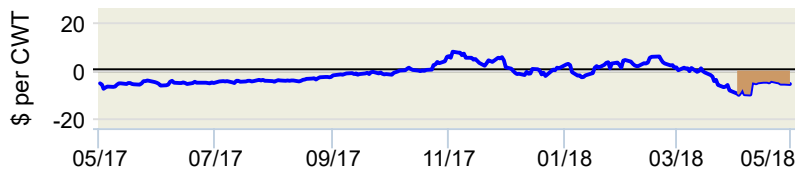
Dec '18  2017  2018 Dec 2018: HIGH **\$11.96** LOW (**\$7.49**) LAST (**\$6.48**) 10YR PERCENTILE **17.8%**



Feb '19 2018 2019 Feb 2019: HIGH **\$16.41** LOW **(\$5.29)** LAST **(\$4.33)** 10YR PERCENTILE **27.7%**



Apr '19 2018 2019 Apr 2019: HIGH **\$7.88** LOW **(\$10.08)** LAST **(\$5.58)** 10YR PERCENTILE **16.2%**



*The Beef Margin calculation uses Feeder Cattle futures to price inbound animals and assumes each will consume 55 bushels of corn and cost approximately \$250 per head (for other feed and non-feed expenses) to gain 550 pounds and reach a market weight of 1,250 pounds.*

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