

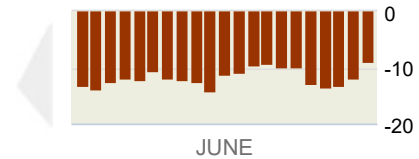
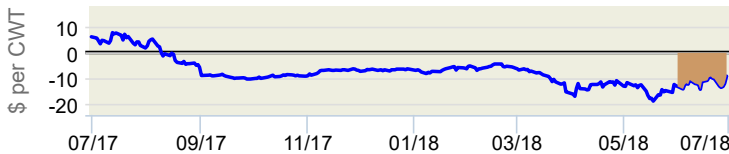
Beef Margin Watch: June



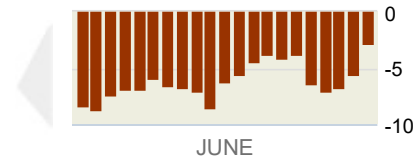
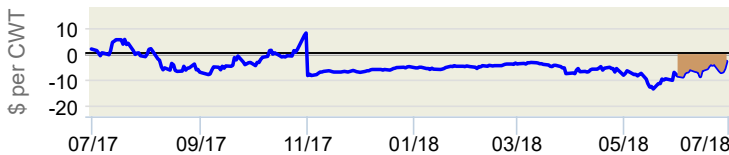
Beef prices recovered late month in spite of the trade firestorm engulfing the agricultural sector. Margins benefited from falling feed prices, as unrest is palpable between the U.S. and many of its trade partners. Early July deadlines are approaching for additional retaliatory tariffs on multiple U.S. products, including beef, pork and soybeans, from China, Mexico and Canada. There has not been any reported progress between the U.S. and China or amongst the NAFTA partners either. Mexico did elect a new leader, President elect Andres Manuel Lopez Obrador, who will take office in December. This week President Trump indicated a desire to wait until after the U.S. mid-term elections to continue the NAFTA renegotiation process, perhaps wanting to reset talks with the new administration. Fundamentally, the Cattle-on-Feed report indicated continued expansion, with June on-feed supplies of 11.553 million head, an increase of 4.1% from last year, and were slightly above expectations of a 3.4% hike. Placements were on par with last year at 2.124 million head, but expectations were for a reduction of 4%, while marketings were 105.4% of 2017. Cold storage inventories as of the end of May were 465.4 million pounds, a decrease of 1.2% from April, but a robust 13.1% year-over-year jump.

Live Cattle Marketing Periods:

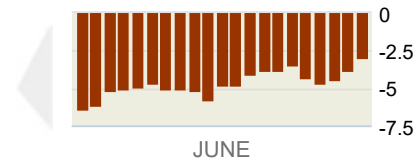
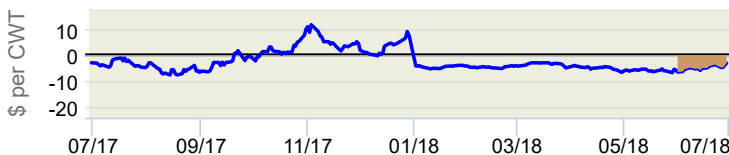
Aug '18 2017 2018 Aug 2018: HIGH **\$7.79** LOW (**\$18.63**) LAST (**\$8.98**) 10YR PERCENTILE **24.0%**



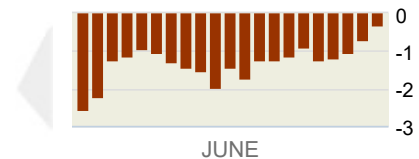
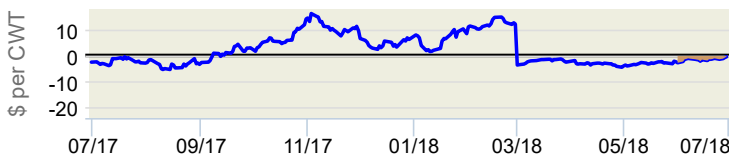
Oct '18 2017 2018 Oct 2018: HIGH **\$8.23** LOW (**\$13.41**) LAST (**\$2.80**) 10YR PERCENTILE **60.2%**



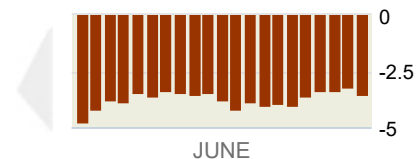
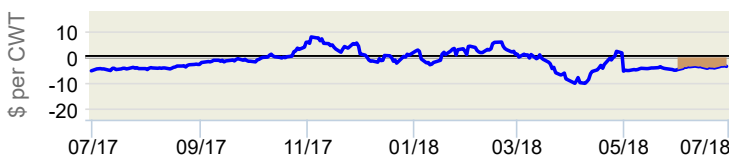
Dec '18 2017 2018 Dec 2018: HIGH **\$11.96** LOW (**\$7.49**) LAST (**\$2.94**) 10YR PERCENTILE **53.7%**

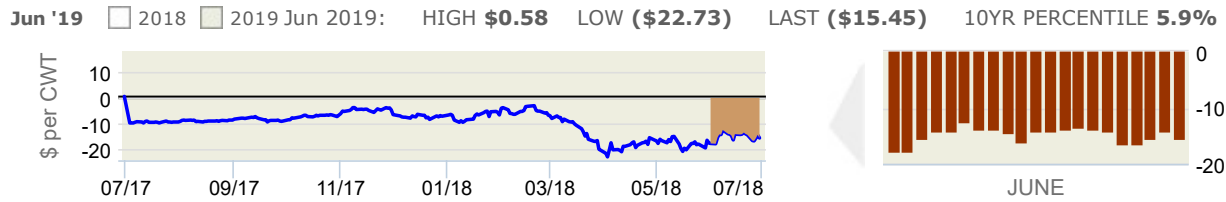


Feb '19 2018 2019 Feb 2019: HIGH **\$16.41** LOW (**\$5.29**) LAST (**\$0.31**) 10YR PERCENTILE **66.6%**



Apr '19 2018 2019 Apr 2019: HIGH **\$7.88** LOW (**\$10.08**) LAST (**\$3.54**) 10YR PERCENTILE **32.2%**





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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