

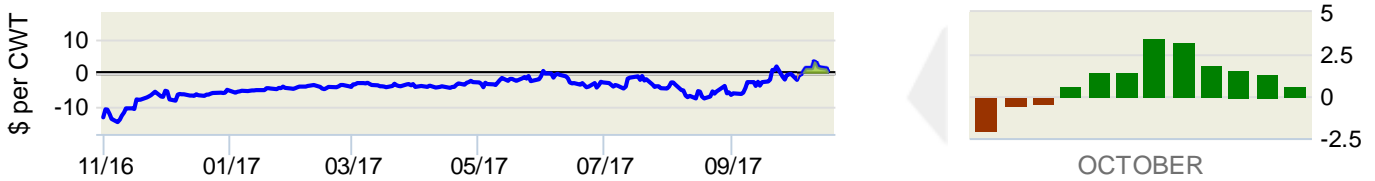
Beef Margin Watch: October



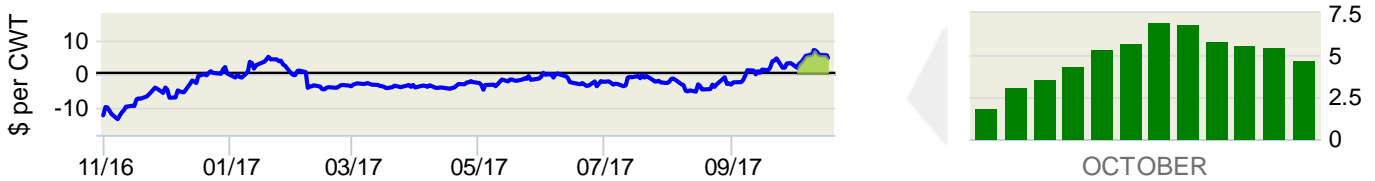
Beef margins were steady to slightly higher across the board due to improved live cattle futures and flat feed prices. The October WASDE report did not provide much direction for the feed markets; however, corn production was raised 96 million bushels from the previous estimate to 14.28 billion bushels. Higher projected yields of 171.8 bushels per acre offset lower planted and harvested acres, which dropped about half a million acres from September. While ending stocks were higher by only five million bushels, to 2,340 million, they continue to show the second-highest carryout projection on record, pressuring harvest basis levels in many areas. August beef and veal exports were 264 million pounds, an increase of 24 million from July and, more impressively, 34 million pounds or 14.7% greater than August 2016. Higher exports continue to help offset the year-over-year slaughter and production gains of 5.8% and 4.2% respectively. Our beef producer clients are looking to set alerts at more favorable margin levels, while looking to reduce delta if the market breaks.

Live Cattle Marketing Periods:

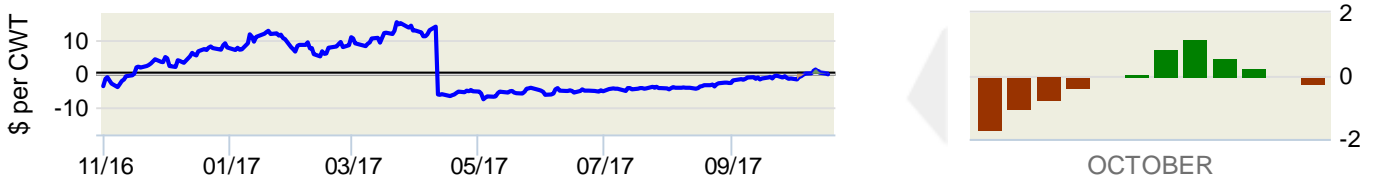
Dec '17 2016 2017 Dec 2017: HIGH **\$3.44** LOW **(\$14.53)** LAST **\$0.60** 10YR PERCENTILE **85.5%**



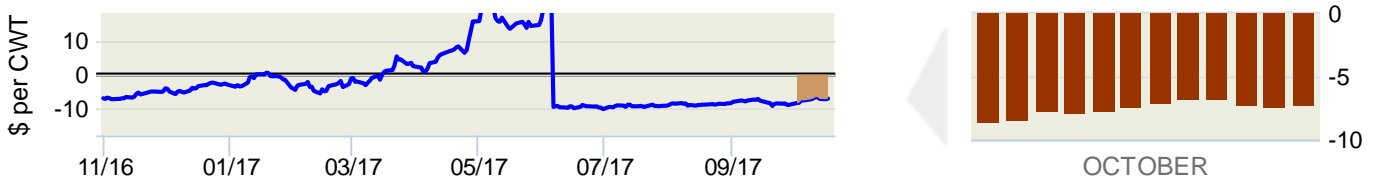
Feb '18 2017 2018 Feb 2018: HIGH **\$7.01** LOW **(\$13.38)** LAST **\$4.77** 10YR PERCENTILE **88.5%**



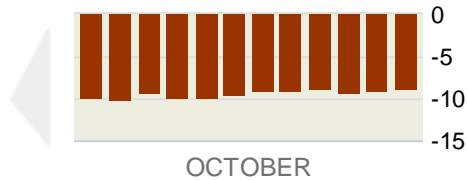
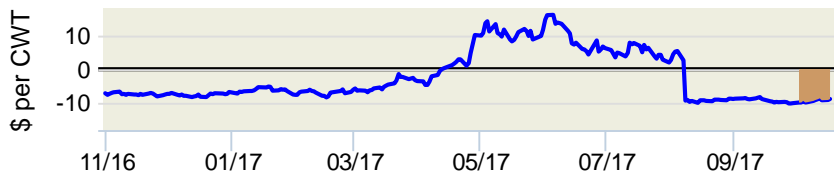
Apr '18 2017 2018 Apr 2018: HIGH **\$15.25** LOW **(\$7.54)** LAST **(\$0.20)** 10YR PERCENTILE **69.5%**



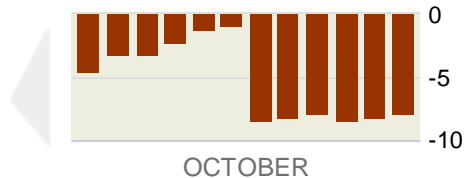
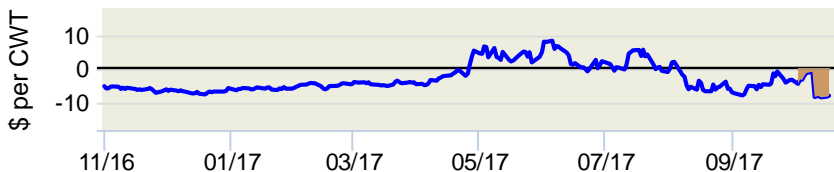
Jun '18 2017 2018 Jun 2018: HIGH **\$23.69** LOW **(\$10.24)** LAST **(\$7.10)** 10YR PERCENTILE **34.3%**



Aug '18 2017 2018 Aug 2018: HIGH **\$16.06** LOW **(\$10.15)** LAST **(\$8.84)** 10YR PERCENTILE **21.3%**



Oct '18 2017 2018 Oct 2018: HIGH **\$8.37** LOW **(\$8.36)** LAST **(\$7.89)** 10YR PERCENTILE **15.3%**



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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