

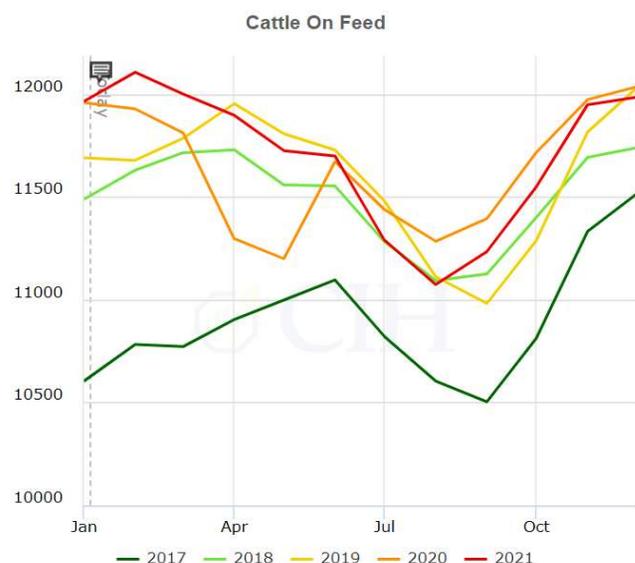
# Beef Margin Watch: December



Live cattle futures have largely traded sideways over the second half of December while corn feed costs were steady to higher finishing off the year. USDA's December Cattle on Feed report revealed the on-feed inventory on Dec 1 at 11.985 million head, down 0.4% from last year when the market on average was expecting a decline of 0.2% from 2020. November placements of 1.971 million head were up 3.6% from last year when the market was expecting an average increase of 3.4% from 2020. November marketings of 1.873 million head was up 5.3% from last year when the market was only anticipating 4.4% increase on average from 2020. There was one extra marketing day in 2021 compared to 2020, so the average daily slaughter was similar to a year ago. Total beef supplies in Cold Storage at the end of November were reported at 493.32 million pounds, down 4% from last year but up seasonally on the month with a 4.2% build from October. The five-area live price finished December at \$140.72/cwt. while the choice beef cutout was valued at \$265.26/cwt., both steady to higher over the second half of the month. In other news, Reuters reported that Argentina, the world's fifth-largest beef exporter, has extended its export ban on 7 different cuts of beef over the next 2 years to the end of 2023. Corn prices continue to draw support from lingering drought in Southern Brazil, although Argentina is expecting some much-needed rain in the near to mid-range forecast. High fertilizer prices also continue to support the market along with strength in new-crop soybeans competing for acreage with corn this spring. Our clients have benefited from maintaining strong delta on cattle positions and feed hedges.

## USDA December Cattle on Feed Summary:

Cattle on Feed Report								Edit	
	2019	2020	2021	Actual	Avg Est	Low Est	High Est	Previous Month	Diff From Est
Placed On Feed in Nov (1,000 head)	2093	1903	1971	103.57%	103.4%	96.4%	106.7%	87.8%	0.2
Fed Cattle Marketed in Nov (1,000 head)	1813	1779	1873	105.28%	104.4%	104.3%	105.0%	104.8%	0.9
Other Disappearance in Nov (1,000 head)	65	61	61	100.00%	0.0%	0.0%	0.0%	103.4%	100.0
On Feed Dec 1 (1,000 head)	12031	12036	11985	99.58%	99.8%	98.6%	103.1%	100.3%	-0.2



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