

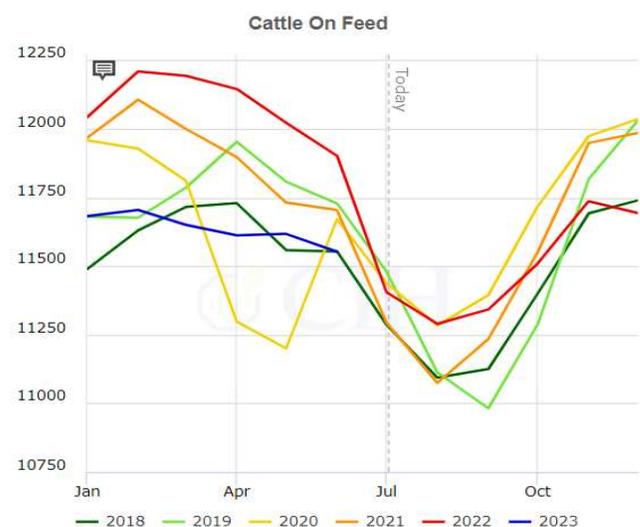
Beef Margin Watch: June



Cattle futures prices advanced to new life of contract highs in deferred contracts despite a monthly Cattle on Feed report that was considered bearish. USDA reported the total on-feed cattle inventory as of June 1 at 11.552 million head, down 2.93% from last year when on average the market was expecting a 3.2% decline from 2022. May placements totaled 1.955 million head, up 4.6% from a year ago when on average the market was only expecting a 2.2% increase from 2022. Placements in Nebraska were up 55,000 head or 13.9% from last year due to drought conditions across the state. While the choice beef cutout has been trending down since mid-June, at \$327.72/cwt. last week, it is still up 23.3% from last year. Much of the gain in the cutout so far this year has come from higher value beef cuts, ribs, and loins. The value of the loin primal is currently up 29% from last year and contributing about 36% of the overall year-over-year gain in the choice beef cutout. The rib value is still holding up above \$500/cwt. and up about 32% from a year ago adding around \$14 of the overall year-over-year cutout gain. Together, these two primals have contributed 58% of the total growth in the value of the cutout and will be key moving forward, particularly if consumers begin facing higher prices for these items later this summer and fall. USDA reported revised corn planted area at 94.096 million acres, up 2.1 million from the March Planting Intentions and 6% higher than last year as well as the third highest corn acreage base since 1944. The figure was well above the range of pre-report estimates and that along with recent timely rainfall across the Eastern Corn Belt has put significant pressure on the corn market, erasing all the recent risk premium added since mid-May. Our clients continue monitoring forward crush opportunities.

USDA June Cattle on Feed Summary:

Cattle on Feed Report									Edit
	2021	2022	2023	Actual	Avg Est	Low Est	High Est	Previous Month	Diff From Est
Placed On Feed in May (1,000 head)	1910	1869	1955	104.60%	102.2%	100.1%	103.7%	111.2%	2.4
Fed Cattle Marketed in May (1,000 head)	1870	1914	1946	101.67%	101.6%	101.1%	102.0%	114.3%	0.1
Other Disappearance in May (1,000 head)	67	76	74	97.37%	0.0%	0.0%	0.0%	145.1%	97.4
On Feed Jun 1 (1,000 head)	11704	11901	11552	97.07%	96.8%	96.4%	96.9%	99.4%	0.3



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