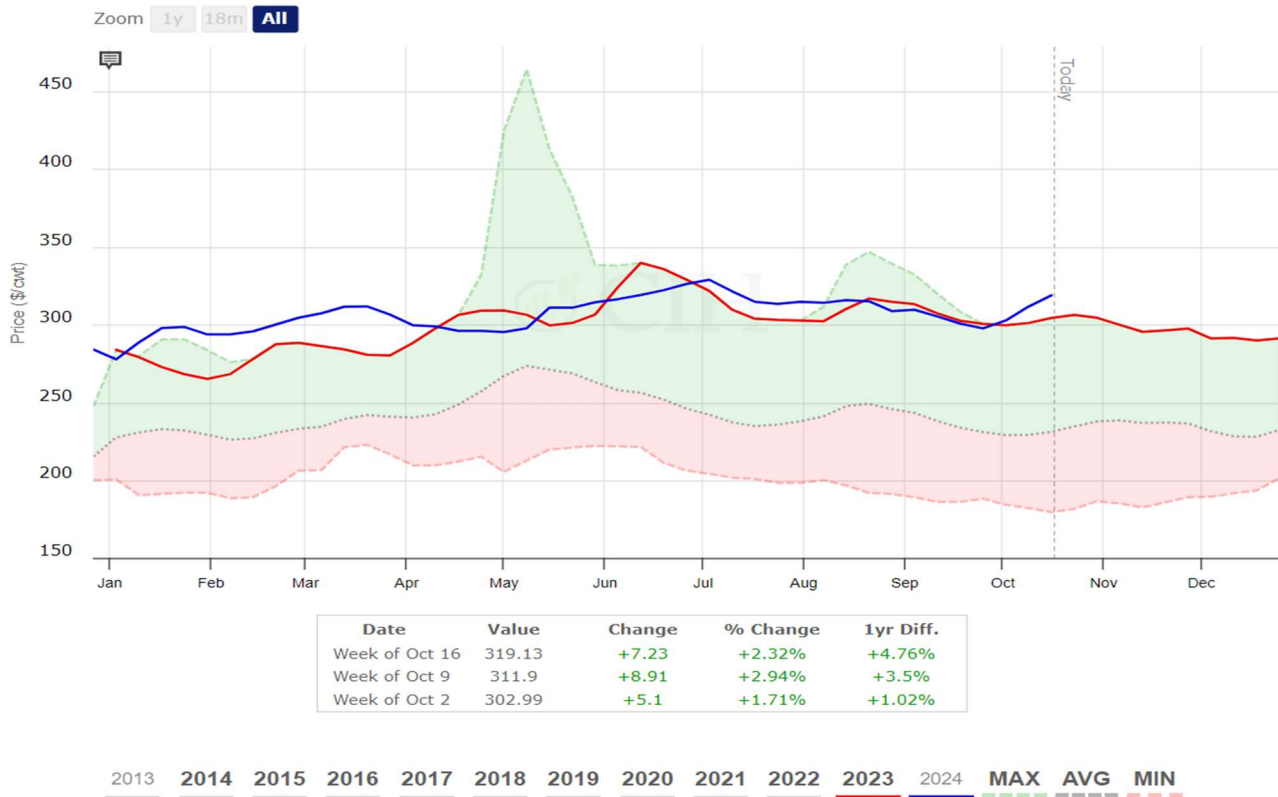


Beef Margin Watch: October



Cattle futures prices were steady to higher over the first half of October while the corn market sold off. A recent compression in packer margins has led to a decline in fed cattle slaughter recently which in turn has helped to support cutout values. Estimated cattle slaughter last week of 468,000 head was down 30,000 from the previous week and 1.8% below the same week last year, representing the first year-over-year decline in weekly slaughter since early August. The estimated slaughter for the current week is also forecast down about 3% from last year as packers work to maintain margins and work down beef inventories. The choice beef cutout is up around \$17/cwt. or 6% since September 26, and \$8.70 higher than last year. The chuck primal has been particularly impacted, with chuck rolls up 30% year-over-year and up another 10% over the past week. This gain has come on diminishing volume though, and there is concern given that the chuck primal has accounted for much of the recent strength in the choice beef cutout. If the chuck primal declines after November following heavy retail features this month, the rib and loin primals would need to strengthen to maintain cutout values. USDA continued to revise estimated beef production and trade both this year and next year in the October WASDE report. Imports in 2024 were revised up 1.3% from last month and 2025 imports were also forecast up 90 million pounds from September, with imports next year now expected to exceed 2024. While beef per capita was initially expected to be 2.8% lower in 2024 compared to last year, it is now forecast 1.9% higher. Our clients continue to evaluate strategic adjustments to existing cattle inventory and corn feed hedges to take advantage of recent price fluctuations.

USDA Choice Beef Cutout:



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