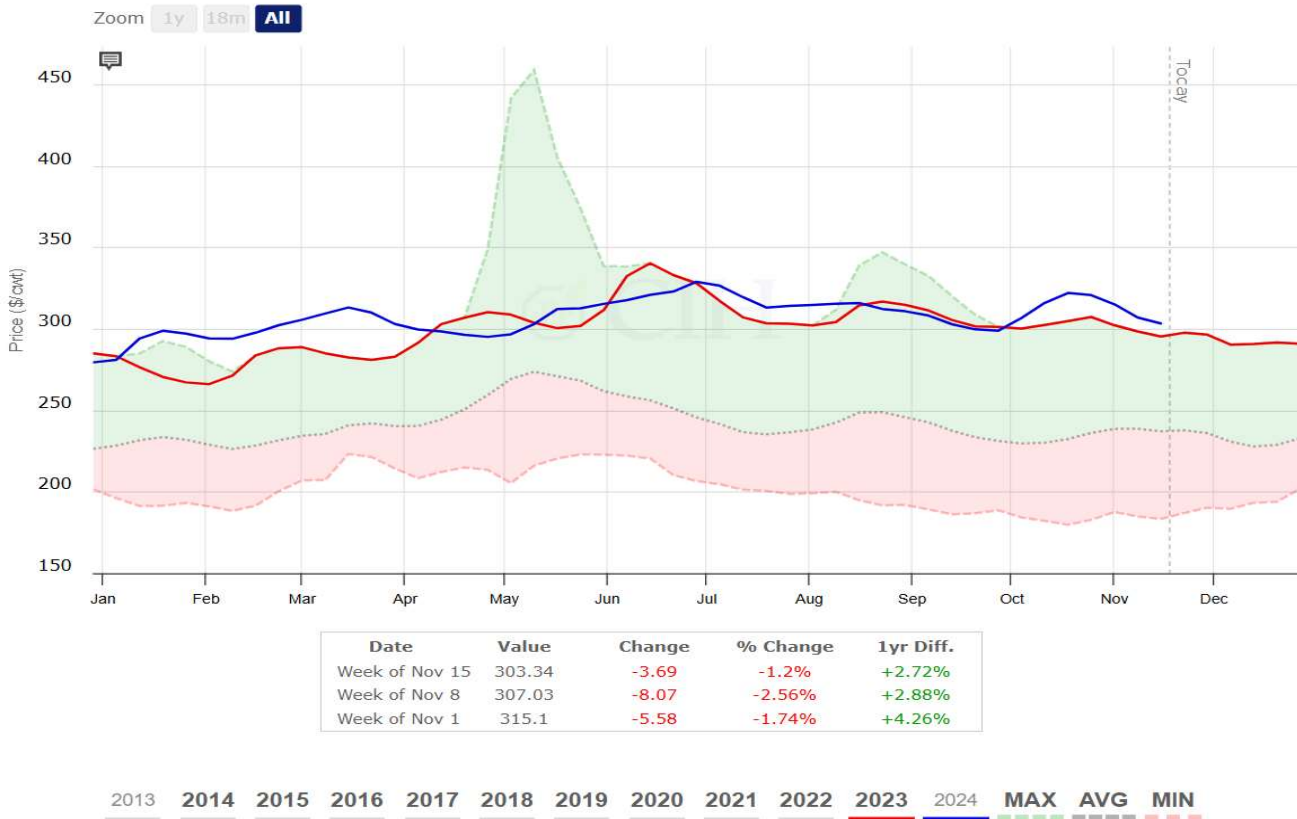


# Beef Margin Watch: November



Cattle futures prices dropped over the first half of November in nearby months while deferred contracts traded relatively flat since the end of October. Feeder cattle prices moved higher during the period with the corn market also moving up. The choice beef cutout has been declining since mid-October but remains at 10-year highs for this point in the season. Recent weakness in rounds, chucks and ground beef have put pressure on the choice beef cutout even though packers have been able to put more value on ribs and loins due to holiday demand. Since October 28, the chuck primal has declined by more than \$38/cwt. or 13.5%, contributing more than 2/3 of the total decline in the choice beef cutout. Much of this decline though is seasonal in nature, and overall beef demand has held up quite well considering beef production and per capita availability is higher than initially forecast. Beef supply projections have been steadily revised higher over the past few months as fed cattle slaughter has exceeded expectations despite a decline in cow slaughter while heavier carcass weights have likewise contributed to increased beef production. USDA raised its beef production forecast for 2025 by 355 million pounds compared to what was projected in October. The pace of placements has yet to slow down, and harvest weights are expected to remain elevated. The corn market was supported by the November WASDE report which lowered both U.S. and world corn ending stocks from last month, while weekly export shipments and ethanol corn grind have been robust. Our clients continue to evaluate existing hedges on cattle inventory and corn hedges to take advantage of potential strategic adjustments.

## USDA Choice Beef Cutout:



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