

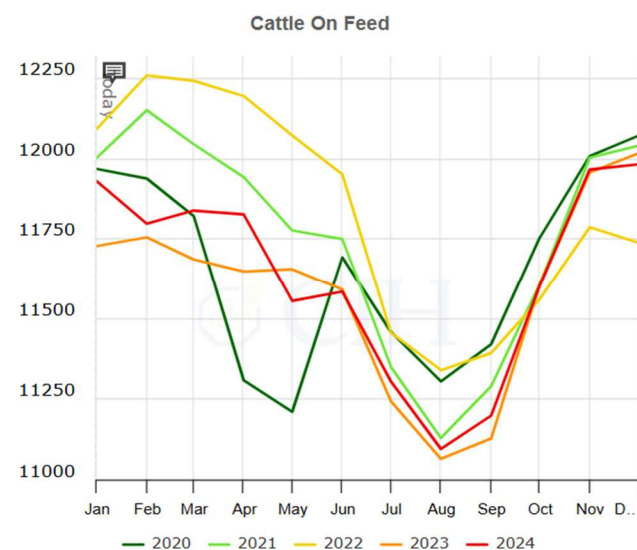
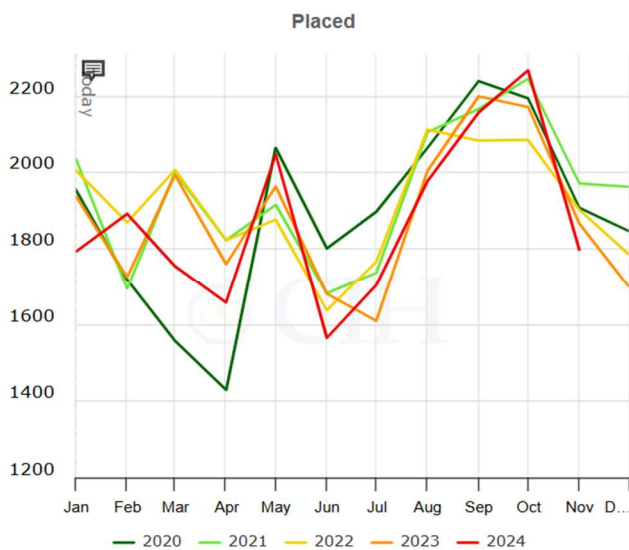
Beef Margin Watch: December



Cattle futures were flat to higher over the last half of December, with feeder cattle futures rising to new life-of-contract highs while the corn market also firmed on commodity fund short covering and technical strength. USDA’s December Cattle on Feed report was considered largely neutral with the headline categories all close to market expectations. Total cattle on feed as of December 1 was pegged at 11.982 million head, down 0.28% from last year and within expectations while placements during November totaled 1.796 million head, down 3.7% from last year and also in the range of estimates. Most of the decline in placements was due to fewer placements of lightweight cattle, as drought conditions pushed more cattle onto feed earlier during September and October. The temporary closure of the border with Mexico that cut off feeder supplies also likely impacted placements, and this may show up even more in the December figures. USDA reported frozen beef supplies in Cold Storage at the end of November totaled 440.5 million pounds, down 3.7% from last year, with boneless beef inventories down 18.9 million pounds or 4.5% from last year to 398.2 million pounds while bone-in beef supplies increased 2 million pounds or 5.1% to 42.3 million. Cattle slaughter last week of 434,000 head was down 183,000 head or 29.7% from the prior week and 13.3% lower than last year. Lower cow slaughter continues to limit availability of grinding beef supplies which may continue supporting the market. The corn market closed above the early October high in a major technical breakout to reach the highest levels since June 2023 which should now keep the market well supported on breaks. Our clients continue to evaluate existing hedges on cattle inventory and corn hedges for potential strategic adjustments.

USDA December Cattle on Feed Report Summary:

Cattle on Feed Report								Edit	
	2022	2023	2024	Actual	Avg Est	Low Est	High Est	Previous Month	Diff From Est
Placed On Feed in Nov (1,000 head)	1901	1865	1796	96.30%	95.9%	92.6%	98.9%	79.3%	0.4
Fed Cattle Marketed in Nov (1,000 head)	1892	1751	1725	98.52%	98.1%	96.6%	98.7%	93.5%	0.4
Other Disappearance in Nov (1,000 head)	57	54	55	101.85%	0.0%	0.0%	0.0%	100.0%	101.9
On Feed Dec 1 (1,000 head)	11738	12016	11982	99.72%	99.9%	99.4%	100.6%	100.1%	-0.2



The information contained in this publication is taken from sources believed to be reliable, but is not guaranteed by Commodity & Ingredient Hedging, LLC, nor any affiliates, as to accuracy or completeness, and is intended for purposes of information and education only. Nothing therein should be considered as a solicitation to trade commodities or a trade recommendation by Commodity & Ingredient Hedging, LLC. All references to market conditions are current as of the date of the presentation. Futures and options trading involves the risk of loss. Past performance is not indicative of future results. Please visit www.cihmarginwatch.com to subscribe to the CIH Margin Watch report.