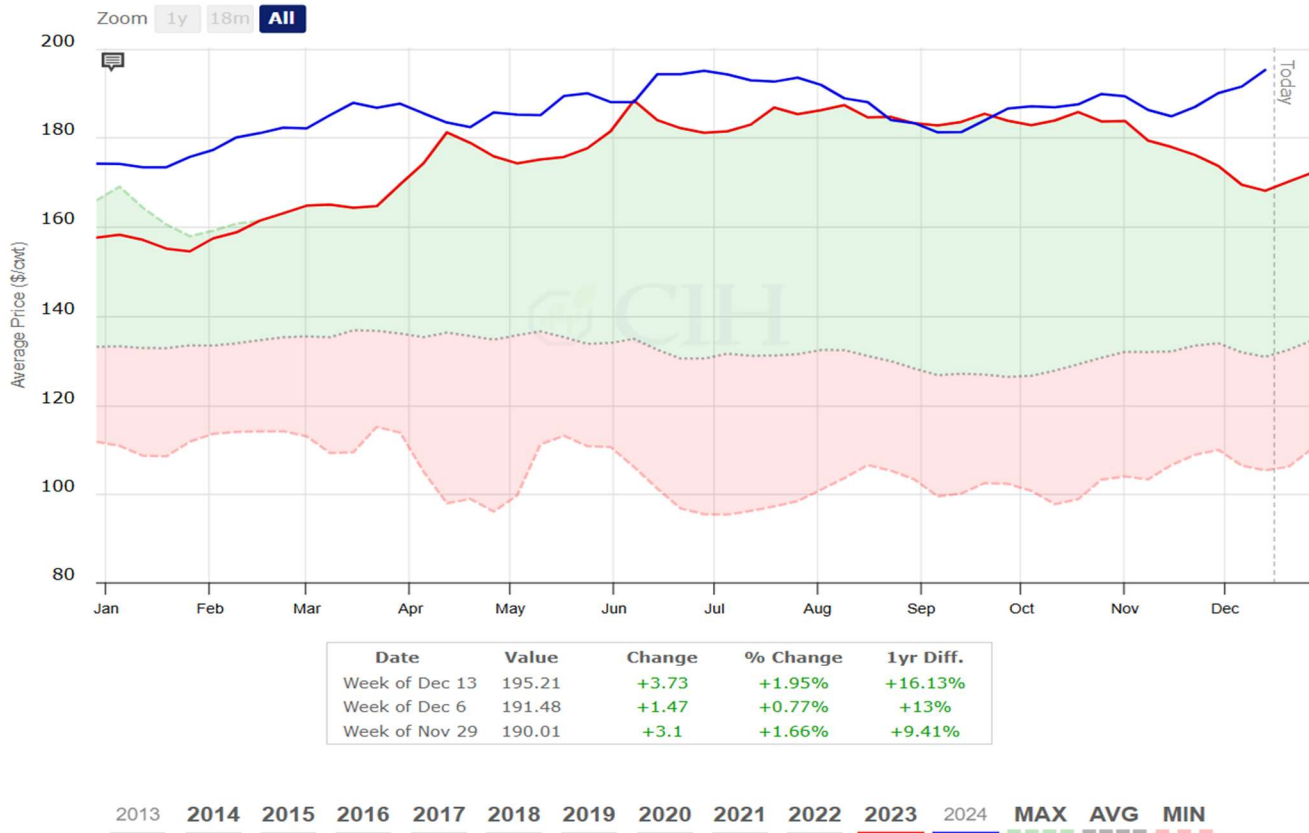


# Beef Margin Watch: December



Cattle futures continued to rise over the first half of December, with the market supported by continued strength in both cash cattle prices and the choice beef cutout. The five-area live cash price reached \$195.21/cwt. last week, up \$10.40/cwt. or 5.5% from mid-November and a new all-time nominal high. The choice beef cutout last week at \$313.75/cwt. is up \$7.64/cwt. from mid-November and 7.5% higher than last year supported by seasonal strength in the rib primal but also from rounds and chucks. The rib primal reached an all-time record price level at \$645.20/cwt., but has contributed only \$5 of the \$24 increase in the choice beef cutout between this year and 2023. The chuck and round primals have contributed the most, rising \$6.40/cwt. and \$8.70/cwt., respectively, from last year as a shortfall in cow slaughter supporting overall lean grinding beef values and strong consumer demand at retail has buoyed the market. Steer feeder cattle prices are up sharply also as U.S. calf supplies remain tight across all regions and the recent screwworm discovery in Mexico temporarily shut off the northern flow of feeder supplies, although the border has since been reopened. Feeder cattle sales in the five weeks ending November 29 were down 13.4% from last year, with sales of feeder cattle over 600 pounds down 14.3% and heifer sales down 16.9% versus a year ago. This along with the suspension of trade with Mexico is likely to lower placements in the upcoming Cattle on Feed report. The supply of feeder cattle from Mexico is crucial for feedlots in Texas, Arizona and New Mexico. Our clients continue to evaluate existing hedges on cattle inventory and corn hedges for potential strategic adjustments.

**USDA Live 5-Area Cash Cattle Price:**



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