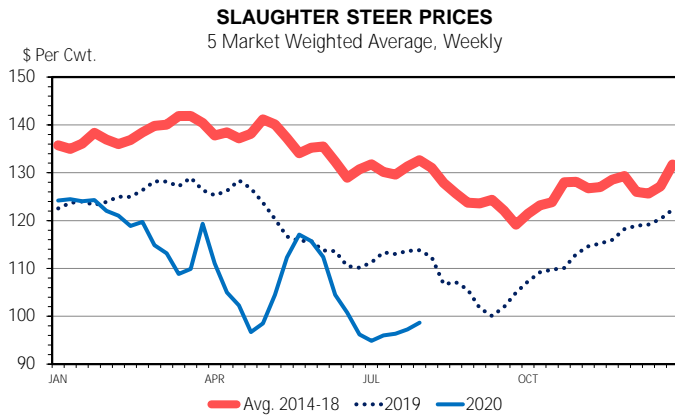


The disruptions across the cattle sector have greatly effected cattle feeding margins. July was one of the worst months for cattle feeding partly because fed cattle prices averaged the lowest price since 2010. The 5-area monthly weighted average released yesterday put the weighted average live steer price at \$96.57 per cwt.



Data Source: USDA-AMS
Livestock Marketing Information Center

08/03/20

The Livestock Marketing Information Center (LMIC) has been estimating monthly cattle feeding returns since the mid-1970s. Those estimates assume feeding-out a 750-pound steer in a commercial Southern Plains feedlot and include all costs of production. The estimates are not survey-based and presume normal weather conditions. Cash prices are used (fed cattle prices and feedstuff costs are not hedged).

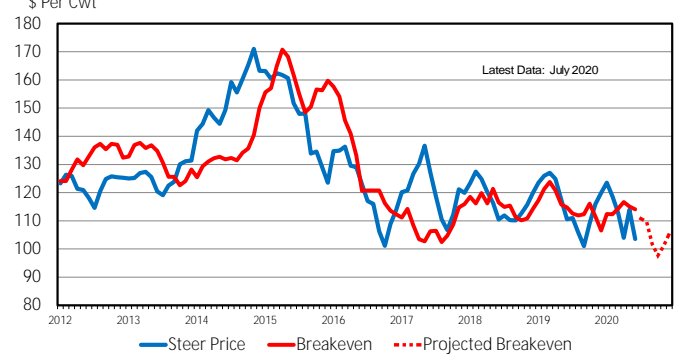
Those assumptions imply cattle feeders faced margins well below breakeven, and was the worse month so far this year. It would also be the fifth consecutive month of negative returns.

Prospects for feedlots should get some relief by the fourth quarter of 2020 as breakeven projections are lower than futures market prices. However the remainder of the 3rd quarter will still likely be negative or approach breakeven levels. Ample fed cattle supplies will still be a factor in August and September.

Cattle feeders appear to be optimistic about future cattle feeding, holding 700-800 lbs. feeder cattle prices in the Southern Plains above \$140 per cwt. Large projected corn crop too, helps add to the positivity.

CHOICE STEER PRICE vs BREAKEVEN

Cattle Feeding, S. Plains, Monthly



Data Source: USDA-AMS & USDA-NASS, Compiled & Analysis by LMIC
Livestock Marketing Information Center

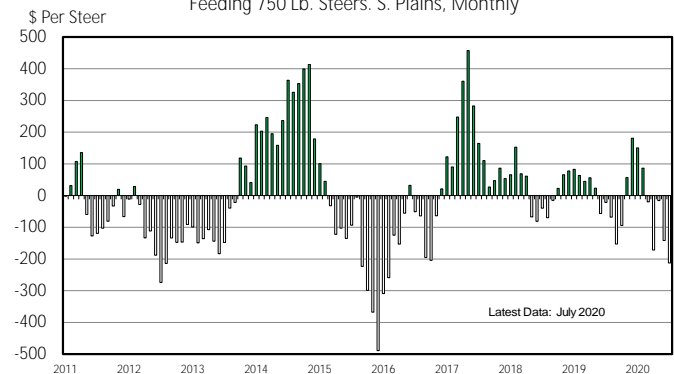
C-P-21
08/05/20

Lower placements in the 2nd quarter in response to dismal economic returns should provide a relief after working through burdensome market-ready supplies of feedlot cattle. Optimism for late year cattle markets is gaining momentum. LMIC is projecting positive feeding returns in late 2020 and early 2021, based on better fed cattle prices and lower feed costs compared to a year ago.

Beef demand remains a lingering question for the rest of 2020. Staggered re-opening of the economy is expected to continue. Consumer confidence and the willingness to spend on higher priced beef items is a concern.

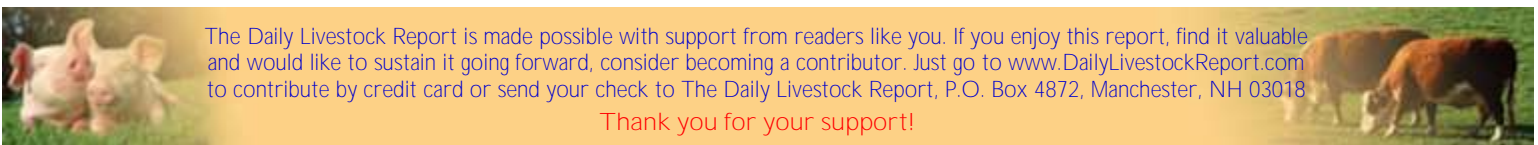
AVERAGE RETURNS TO CATTLE FEEDERS

Feeding 750 Lb. Steers, S. Plains, Monthly



Data Source: USDA-AMS & USDA-NASS, Compiled & Analysis by LMIC
Livestock Marketing Information Center

C-P-22
07/17/20



The Daily Livestock Report is made possible with support from readers like you. If you enjoy this report, find it valuable and would like to sustain it going forward, consider becoming a contributor. Just go to www.DailyLivestockReport.com to contribute by credit card or send your check to The Daily Livestock Report, P.O. Box 4872, Manchester, NH 03018

Thank you for your support!

The **Daily Livestock Report** is published by **Steiner Consulting Group, DLR Division, Inc.**. To subscribe, support or unsubscribe please visit www.dailylivestockreport.com.

The Daily Livestock Report is not owned, controlled, endorsed or sold by CME Group Inc. or its affiliates and CME Group Inc. and its affiliates disclaim any and all responsibility for the information contained herein. CME Group®, CME® and the Globe logo are trademarks of Chicago Mercantile Exchange, Inc.

Disclaimer: The *Daily Livestock Report* is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.