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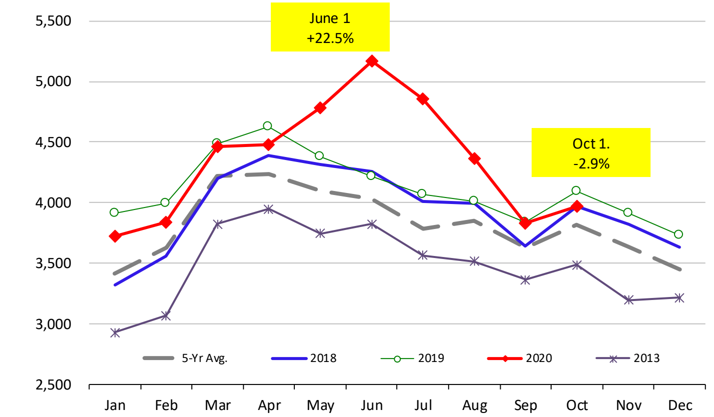
On October 1 the total inventory of cattle in feedlots with +1000 head capacity was estimated at 11.717 million head, 429,000 head or 3.8% higher than a year ago. Positive margins and dry conditions continued to incentivize higher placements in September. The marketing pace improved, in large part due to one extra marketing day. Feedlots are now largely current although good weather in September and early October and fed cattle weights have been trending higher. We think current fed weights are now as much as 3% above year ago levels. The inventory of cattle with +150 day on feed on October 1 was 1.988 million head, down 5.4% compared to a year ago and only 80k head higher than the five year average. Back in August the inventory of such cattle was running 40% above year ago levels. The inventory of cattle with 120 days or more on feed was estimated at 3.974 million head, 2.9% lower than last year but 4.2% higher than the five year average. Fed cattle traded lower this week despite the relatively current position, largely due to concerns about a slowdown in demand and weakness in wholesale beef prices.

Feedlots with +1000 head capacity placed 2.227 million head of cattle on feed during September, 124,000 head or 5.9% more than a year ago. This was the third consecutive month that placements have exceeded estimates, reflecting in part the impact of drought in parts of the country but also an improvement in feedlot margins and good availability of feeder cattle. Higher feeder cattle imports from Mexico also added to the feedlot supply. According to USDA weekly data, imports of feeder cattle from Mexico in September were up 27,300 head, 34% higher than a year ago. Placements were higher for all weight categories but the bulk of the increase was for cattle weighing between 700 to 900 pounds. Placements of such cattle were up 82,000 head or 9% from a year ago. Dry conditions in parts of Kansas appear to have pushed more cattle into feedlots, with placements for the state up 55,000 head or 12.6% compared to a year ago. Total Kansas inventory is currently up 140,000 head or 6.2% from a year ago. Placements in Nebraska were up 70,000 head or 13.2%. The October report also offered a breakdown of the feedlot inventory by sex. The inventory of steers and steer calves on October 1 was 6.5% higher than a year ago while the inventory of heifers on feed was 0.3% lower than last year. The ratio of heifers to the total inventory was 37.6%. While lower than a year ago (39.2%), it is still on the higher end of the range of the last 15 years. Liquidation may have slowed down, it has not stopped.

Wholesale beef prices have been trending lower since mid August. The choice beef cutout on Friday was $207.5/cwt, down 10.4% since August 27. The primary reason for the decline is the sharp pullback in loin prices. The loin primal on Friday was $268.9/cwt, down $69/cwt or 20.5% compared to late August levels. The decline in the value of the loin primal is responsible for about 60% of the overall drop in the value of the cutout. Some of this is seasonal as loin prices are usually lower after Labor Day. A slowdown in foodservice demand is normal and consumers also shift purchases to less expensive protein items after the start of the school year. The question at this time is whether prices for other beef cuts, especially end cuts, will gain enough to offset some of the decline in middle meats. That was the case last year but has not happened yet this year. Ground beef demand is also highly uncertain, with bars closed in a number of areas and more kids doing remote learning. We think the sharp decline in the value of 50CL beef (38 cents on Friday) is evidence of slower demand. This is further compounded by the fact that fed cattle weights are significantly higher than last year and retail ground beef features are now 30% lower than a year ago.

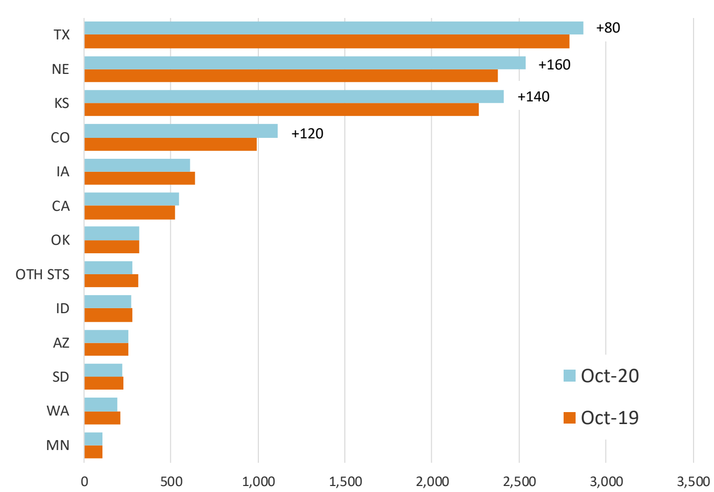
INVENTORY OF CATTLE THAT HAVE BEEN ON FEED FOR 120 DAYS OR MORE

Calcuated using the USDA Monthly "Cattle on Feed" Report



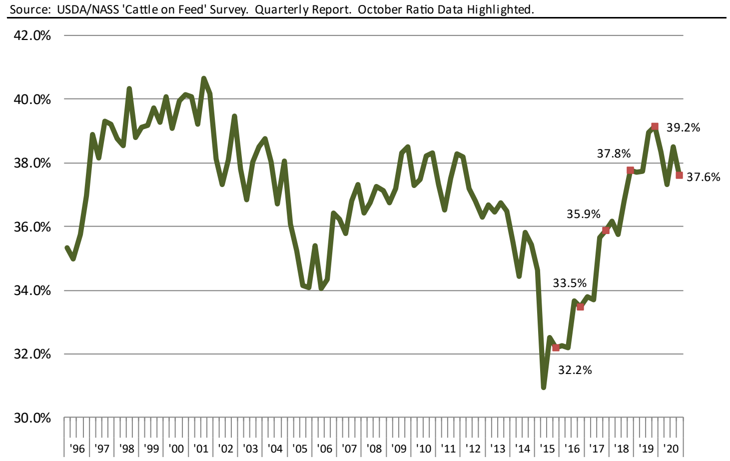
Cattle on Feed Inventory on October 1. By State. '000 Head

Source: USDA. Analysis by Steiner Consulting



Inventory of Heifers as % of Total Inventory on Feed, Quarterly

Source: USDA/NASS 'Cattle on Feed' Survey. Quarterly Report. October Ratio Data Highlighted.



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PRODUCTION & WKLY AVG. PRICE SUMMARY Week Ending 10/24/2020

Source: Various USDA Agricultural Marketing Service reports. Some data are preliminary. Weekly Avg. Prices

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Y/Y % Change
			24-Oct-20	17-Oct-20		26-Oct-19			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**2,049**	**2,048**	0.08%	**2,069**	-0.94%	**81,812**	0.5%
	FI Slaughter	Thou. Head	643	654	-1.68%	640	0.43%	26,110	-3.8%
C	FI Cow Slaughter **	Thou. Head	123	127	-2.95%	128	-4.00%	4,905	-1.4%
T	Avg. Dressed Weight	Lbs.	844	843	0.12%	826	2.18%	830	2.7%
T	Beef Production	Million Lbs.	541.4	549.7	-1.51%	527.5	2.64%	21,665	-1.2%
L	Live Fed Steer Price	$ per cwt	105.11	107.52	-2.24%	110.13	-4.56%		
E	Dressed Fed Steer Price	$ per cwt	163.97	168.35	-2.60%	174.56	-6.07%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	133.99	136.59	-1.90%	151.57	-11.60%		
&	Choice Beef Cutout	$ per cwt	209.03	211.74	-1.28%	223.08	-6.30%		
	Hide/Offal	$ per cwt, live wt	8.27	8.36	-1.08%	8.90	-7.08%		
B	Rib Primal, Choice	$ per cwt	385.61	386.49	-0.23%	405.02	-4.79%		
E	Round Primal, Choice	$ per cwt	166.47	167.16	-0.41%	177.87	-6.41%		
E	Chuck Primal, Choice	$ per cwt	170.60	172.92	-1.34%	175.19	-2.62%		
F	Trimmings, 50%	$ per cwt	43.59	50.00	-12.82%	65.17	-33.11%		
	Trimmings, 90%	$ per cwt	195.33	198.51	-1.60%	219.93	-11.19%		
	FI Slaughter	Thou. Head	2,679	2,688	-0.33%	2,690	-0.42%	105,650	1.0%
	FI Sow Slaughter **	Thou. Head	61.8	65.9	-6.25%	62.4	-1.02%	2,616	11.5%
H	Avg. Dressed Weight	Lbs.	214.0	213.0	0.47%	213.0	0.47%	214	0.9%
O	Pork Production	Million Lbs.	574.1	572.7	0.24%	572	0.37%	22,644	1.8%
G	Iowa-S. Minn. Base	Wtd. Avg.	62.04	63.31	-2.01%	55.45	11.88%		
S	Natl. Base Carcass Price	Wtd. Avg.	75.12	75.34	-0.29%	65.30	15.04%		
	Natl. Net Carcass Price	Wtd. Avg.	76.94	77.13	-0.25%	67.34	14.26%		
	Natl. Early Wean Feeder	Wtd. Avg.	37.75	36.69	2.89%	35.05	7.70%		
	Pork Cutout	205 Lbs.	97.05	97.48	-0.44%	76.15	27.45%		
	Ham Primal	$ per cwt	88.28	79.36	11.24%	65.40	34.98%		
	Loin Primal	$ per cwt	84.24	89.11	-5.47%	69.31	21.54%		
	Belly Primal	$ per cwt	171.24	169.43	1.07%	116.35	47.18%		
	Trimmings, 72%, Fresh	$ per cwt	86.01	88.90	-3.25%	47.98	79.26%		
	Hog By-Product Value	$ per cwt, live wt	4.33	4.36	-0.69%	3.60	20.28%		
C	Young Chicken Slaughter *	Million Head	168.4	168.3	0.08%	174.3	-3.38%	6,916	-0.6%
H	Avg. Weight (RTC)	Lbs.	4.90	4.92	-0.46%	4.89	0.16%	6.31	1.7%
I	Young Chicken Production (RTC)	Million Lbs.	825.6	828.8	-0.38%	853.2	-3.23%	33,168	1.1%
C	Eggs Set (19-state)	Million	223.6	219.3	1.96%	219.4	1.88%	9,739	0.6%
K	Chicks Placed (19-state)	Million Head	177.2	181.3	-2.22%	181.7	-2.46%	7,797	-0.3%
E	National Composite Whole Bird	Composite	68.75	67.87	1.30%	78.31	-12.21%		
	Northeast Breast, B/S	$/cwt	91.76	87.96	4.32%	87.25	5.17%		
	Northeast Leg Quarters	$/cwt	24.65	25.83	-4.57%	32.85	-24.96%		
T	Total Turkey Slaughter *	Million Head	4.630	3.853	20.17%	4.77	-2.94%	168.102	-1.5%
U	Avg. Weight (RTC)	Lbs.	23.33	25.01	-6.70%	24.30	-3.98%	32.07	-1.3%
R	Turkey Production (RTC)	Million Lbs.	108.0	96.4	12.12%	115.9	-6.80%	4,335	-2.6%
K	National Hen (8-12 lb)	8-16 Lbs.	115.91	113.78	1.87%	96.00	20.74%		
G	Corn, Omaha	$ per Bushel	3.98	3.83	3.92%	3.76	5.85%		
R	Soybeans, Cntrl IL	$ per Bushel	10.75	10.54	1.99%	9.17	17.23%		
A	Soybn Meal 48%, Cntrl IL	$ per Bushel	381.40	371.10	2.78%	306.60	24.40%		
I	Distillers Grain, IL	$ per Bushel	172.50	167.50	2.99%	142.50	21.05%		

* Chicken & turkey slaughter. Production, egg sets are 1 week earlier than the date at the top of this sheet.

** Cow and sow slaughter reflect levels from two weeks ago due to reporting lag.