









**A current issue that catches our attention this month: Livestock costs & hide prices.**

- Livestock prices continue to march higher, recently touching the highest in recent memory.
- Nearby live cattle futures traded on the CME currently stand above 180 cents per pound, owing to persistently tighter fundamentals.
- In particular, the size of the domestic cattle herd continues to dwindle. At 95.9 million head, the USDA's mid-year cattle inventory is the smallest in decades, with the numbers of cows, heifers, steers, and bulls all lower from a year ago.
- Improving pasture conditions, relatively cheaper corn prices, and the prospect for higher fed cattle prices have fueled feeder cattle sales, in turn likely lowering the expected supply for feeder cattle available in the second half of 2023 which will likely further elevate feeder cattle prices.
- Accordingly, we maintain our outlook for live cattle futures to drift mostly higher well into next year, continuing to support firmer hide and leather prices, likely with no downside respite ahead.