



# Your Partner in Agriculture

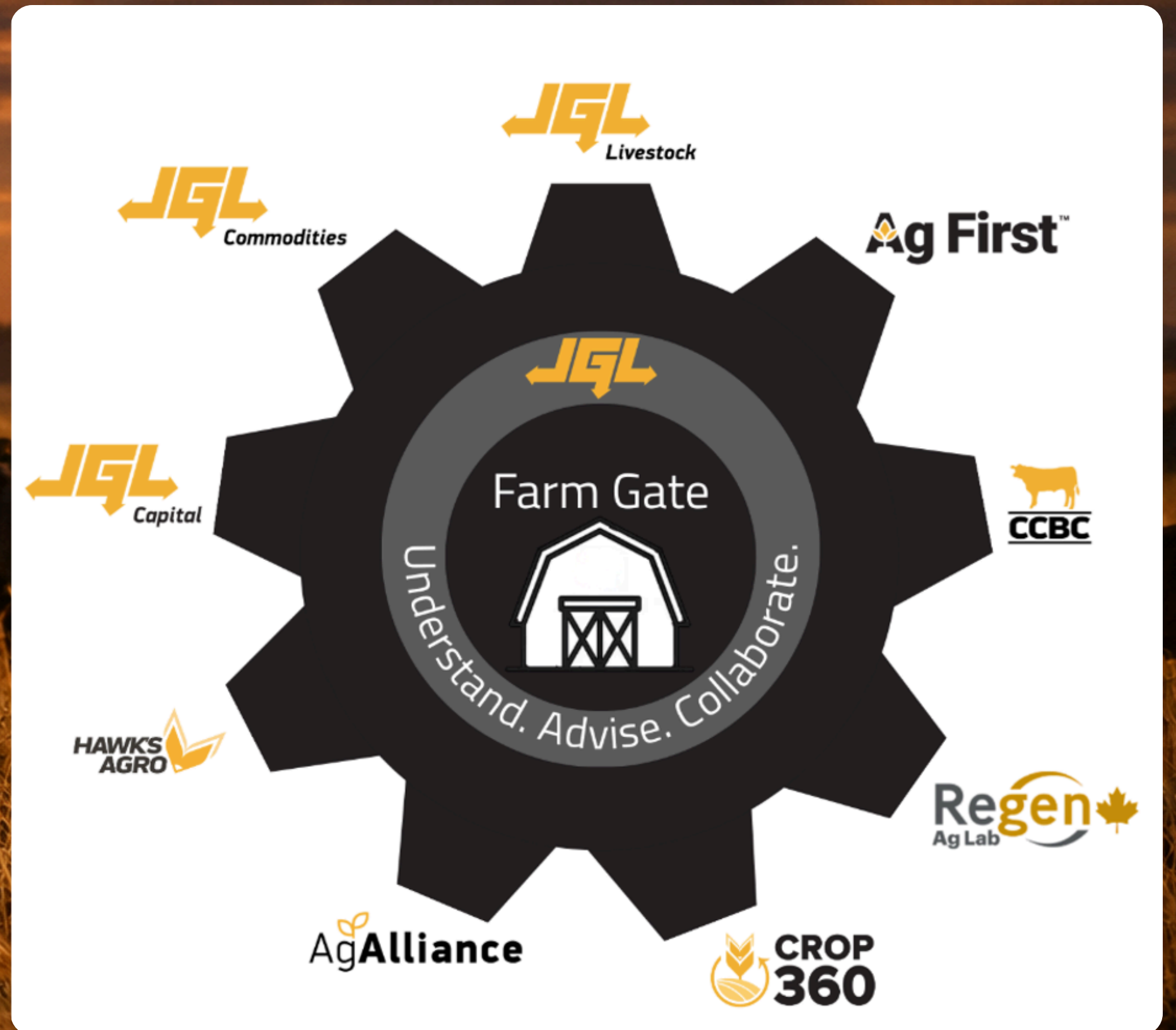
*Understand – Advise – Collaborate*

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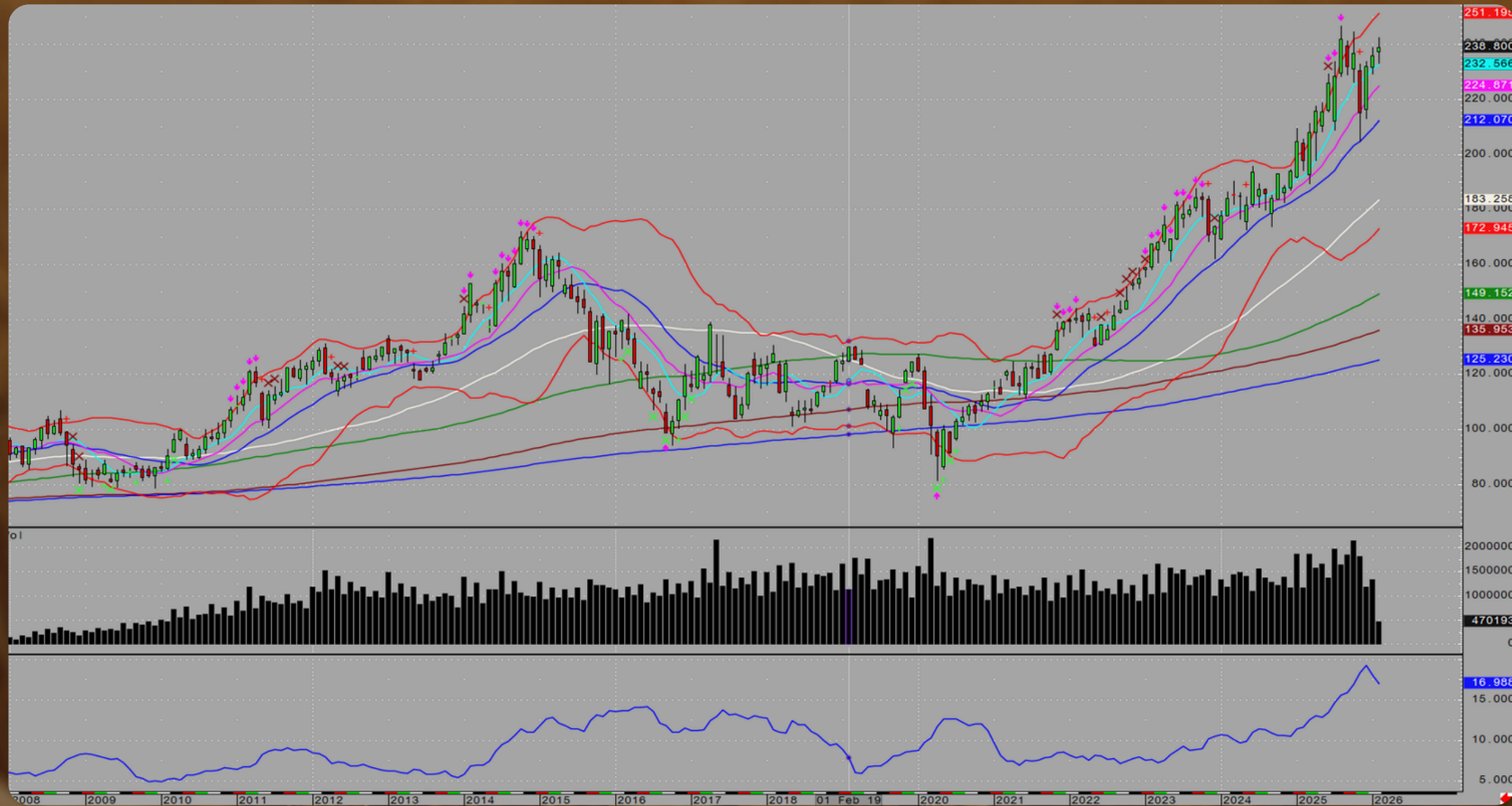


# JGL OVERVIEW





# Why is Risk Management Becoming More Important?





# Why is Risk Management Becoming More Important?

## Trade Policy and Import Risk

- Ongoing political pressure to lower beef prices keeps import policy in focus
- Recent headlines around Argentina lean beef trimmings reinforce the risk of incremental supply entering the U.S. market (whether this is material or not, it's a market sentiment thing)

**Risk:** *Expanded imports over time can cap upside in lean beef values and pressure fed cattle indirectly.*

## Mexico and Cross-Border Cattle Flow

- The Mexican border closure has played a huge roll in the price appreciation over the past year or so
- The uncertainty around this space leads to ups and downs in the market, while a re opening of this cattle flow would be material to the market and would spike On Feed levels in the southern states (currently lacking)

## Packer Margins

- We've already seen one packer close their doors (Tyson @ Lexington NE)



# Cattle on Feed Picture



## Cattle On Feed

Alberta and Saskatchewan

Number on feed, Placements, Marketings and other Disappearances on 1000+ Feedlots  
January 1, 2026

	2025	2024	5 yr avg	2025 as % of 2024	2025 as % of 5 yr avg
On Feed December 1, 2025	1,100,461	1,092,108	1,132,121	101%	97%
Placed on Feed During December 2025	80,940	102,044	89,000	79%	91%
Fed Cattle Marketed During December 2025	141,323	145,360	142,942	97%	99%
Other Disappearances During December 2025	7,233	5,843	7,733	124%	94%
On Feed January 1, 2026	1,032,845	1,042,949	1,070,446	99%	96%

## Cattle on Feed

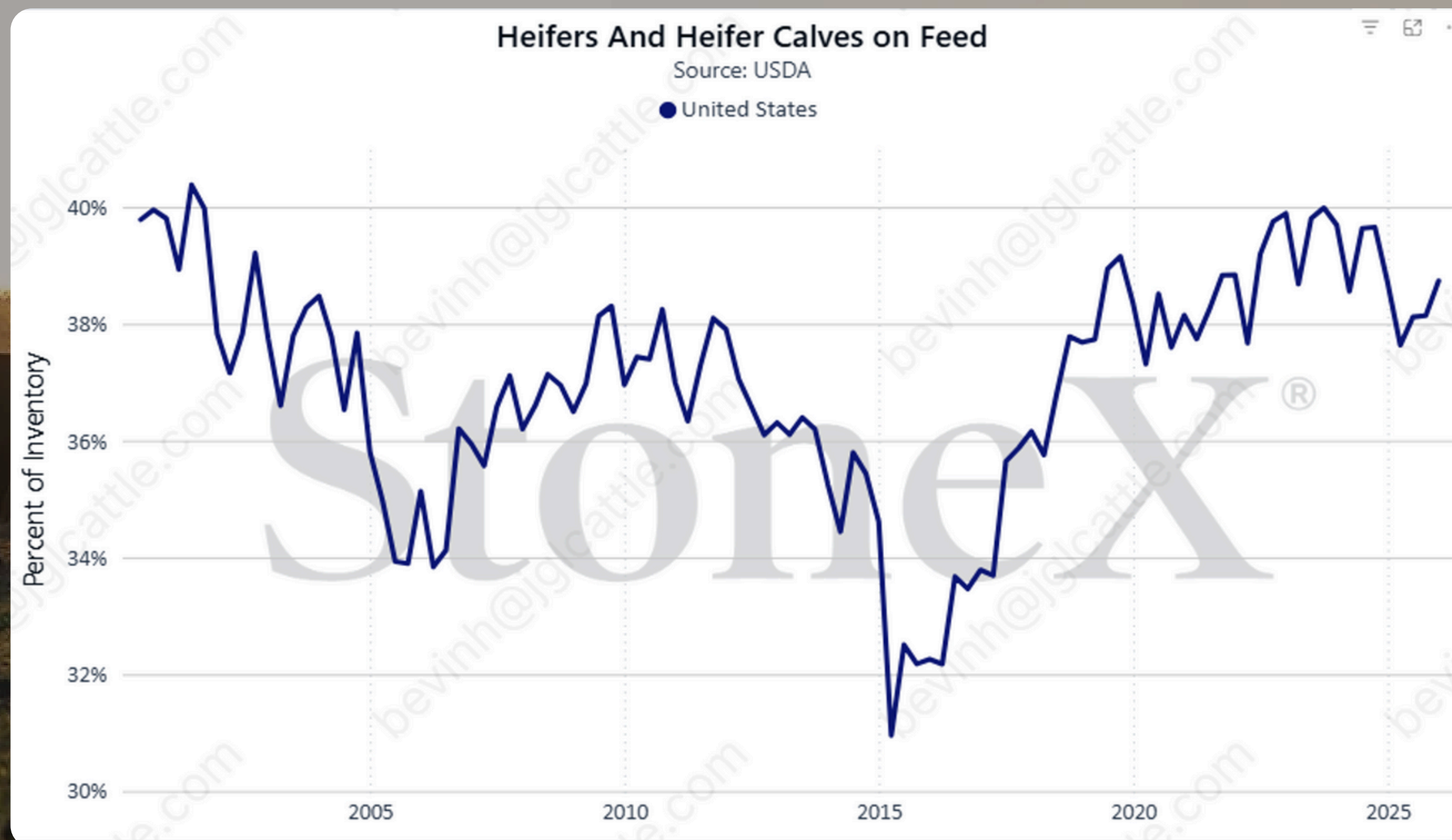


Feedlots with Capacity of 1,000+ Head (United States)

	<u>USDA Actual</u>	<u>Trade Avg</u>	<u>Range of Estimates</u>	
Cattle on Feed as of Jan 1 2026	97.0	96.8	96	97.6
Cattle Placed on Feed during Dec 2025	95	93.5	88.0	98.5
Cattle Marketed during Dec 2025	102	101.5	100	102



# Cattle on Feed Picture

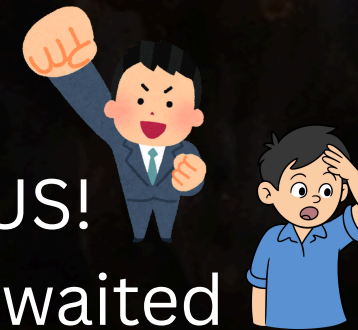




# Mental Rollercoaster of Pricing

*Common thoughts & our responses*

- Do I sell now or wait?
- What if I sold too early?
- What if I miss the top?
- It went down after I sold it - I'm a GENIUS!
- It went up after I sold it - I should have waited
- Nobody - and we mean **nobody** knows where the market is going
- We can't control where the market goes, but we can control how to approach it





# Means of Risk Management



*FUTURES*



*OPTIONS*



*INSURANCE*



# Options

*For example: Who would you rather insure?*

## Strategies

- Protect against negative price scenarios (*PUTS*)
- Possibly exposure to positive price scenarios (*CALLS*)
- Options give you opportunity & flexibility

## Pricing Components of Options

- **Time:** longer insurance = more expensive
- **Strike:** closer to the market = more expensive
- **Volatility:** more risk = higher premium





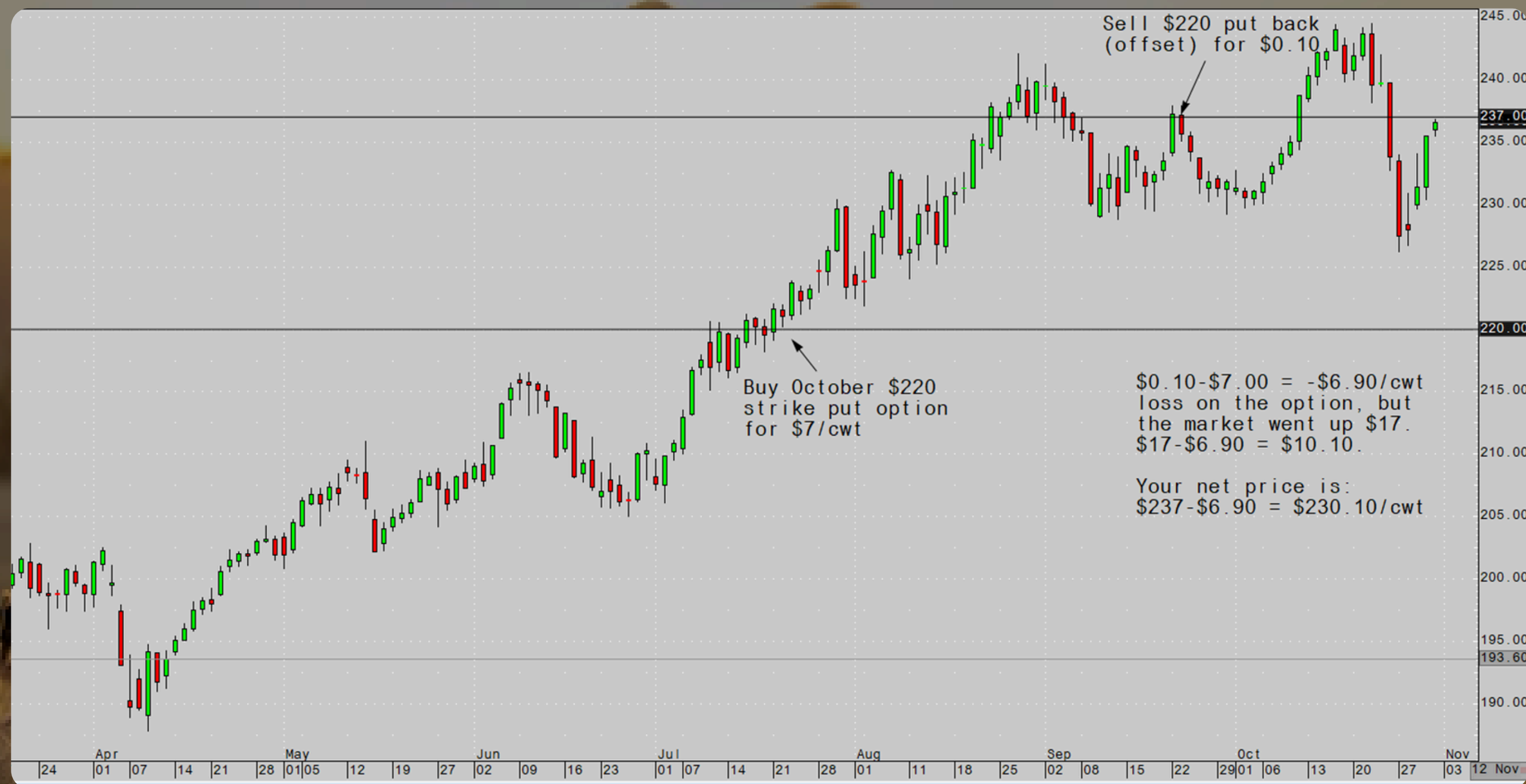
# Futures Example

- Each live cattle contract is standardized at 40,000 lbs (~26hd/contract at 1550 lbs)
- Feeder cattle contracts are 50,000 lbs contracts based at 800 (~63 hd)





# Options Example



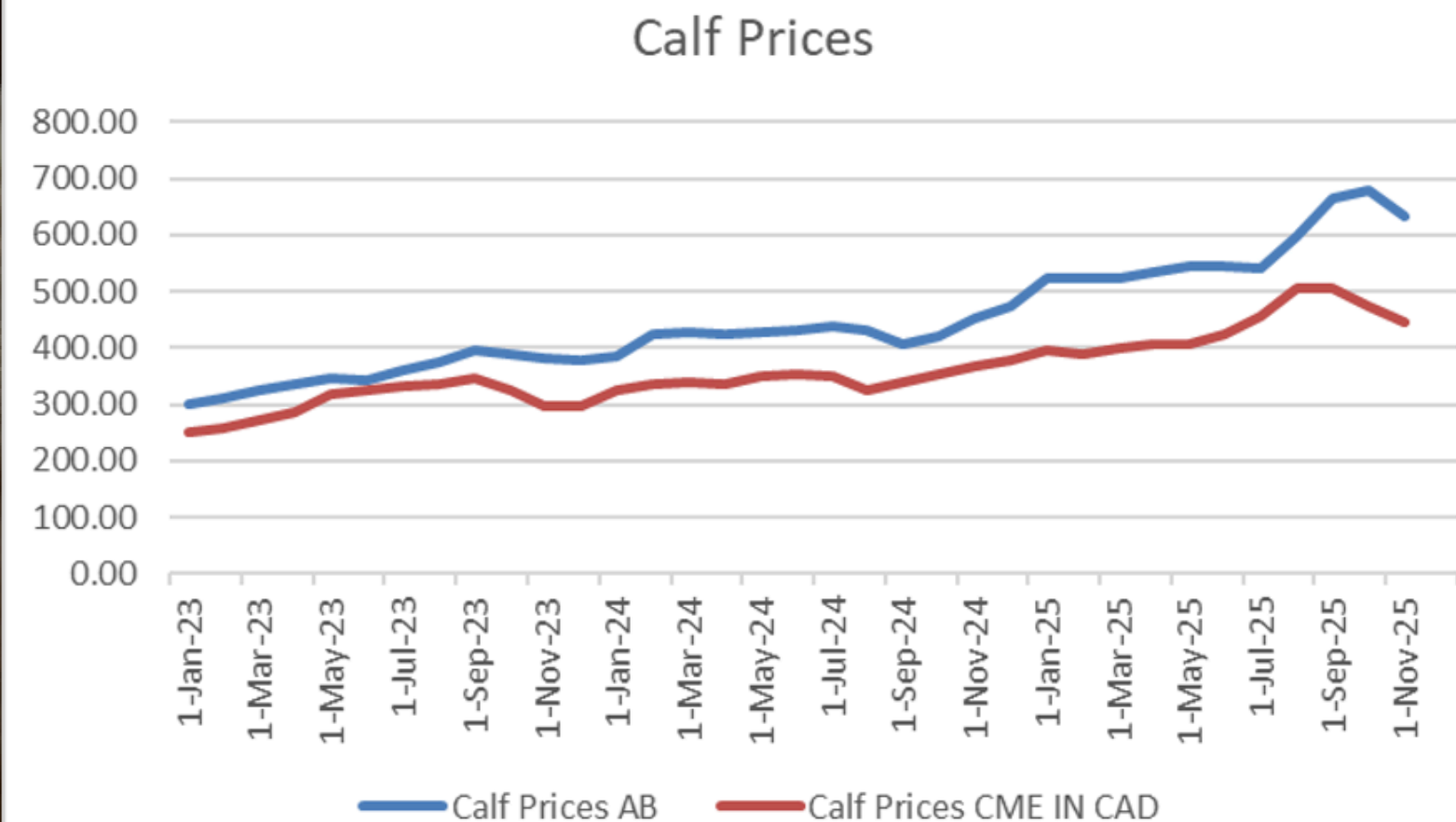


# CME Cattle Futures VS. Alberta Cattle Prices

*500-600 Weight vs. CME Feeder Cattle*

	AB	CME
AB	1	
CME	0.93917	1

	AB	CME IN CAD
AB	1	
CME IN CAD	0.954514425	1



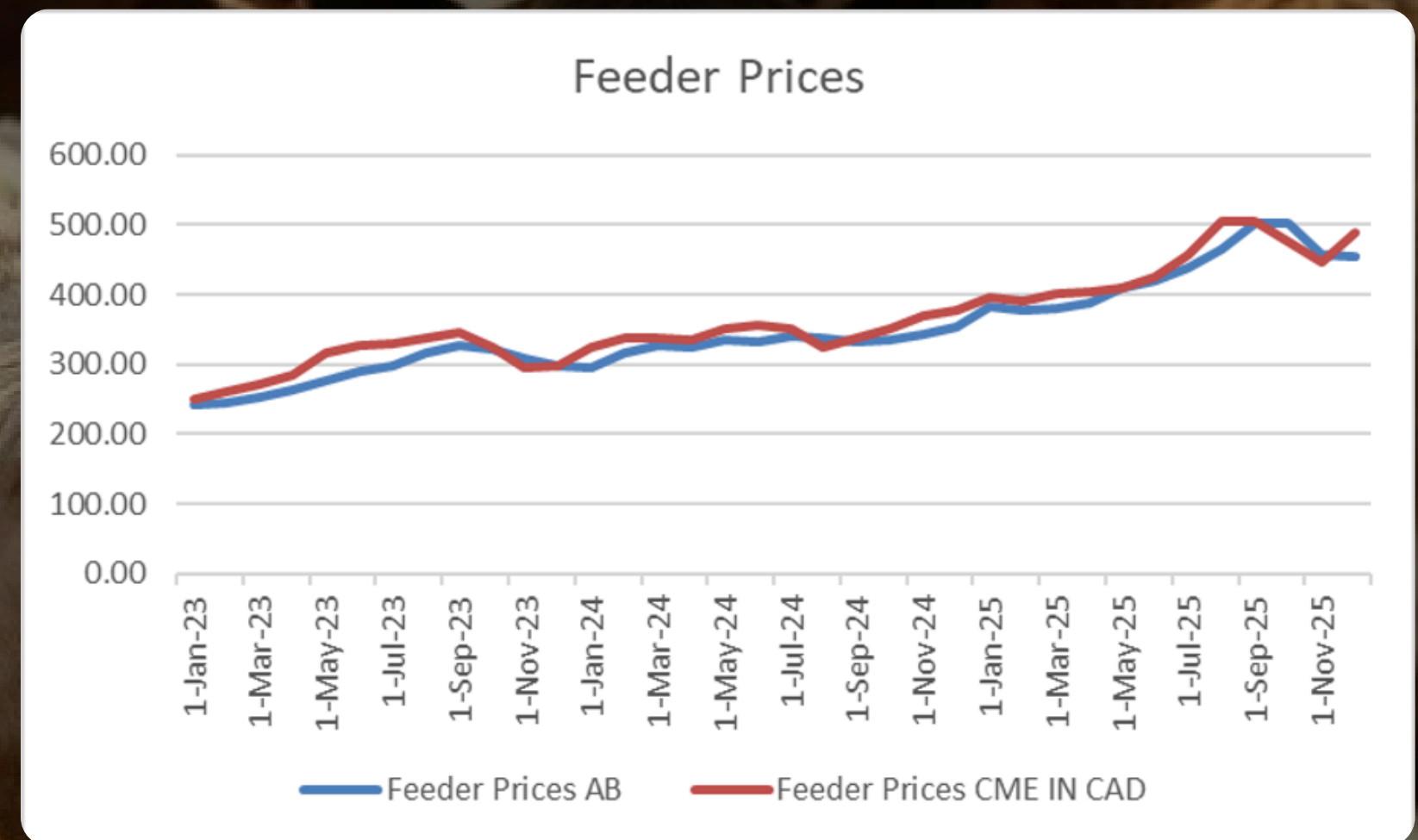


# CME Cattle Futures VS. Alberta Cattle Prices

*800-900 Weight vs. CME Feeder Cattle*

	AB	CME
B	1	
ME	0.96803	

	AB	CME IN CAD
AB	1	
CME IN CAD	0.975630539	1



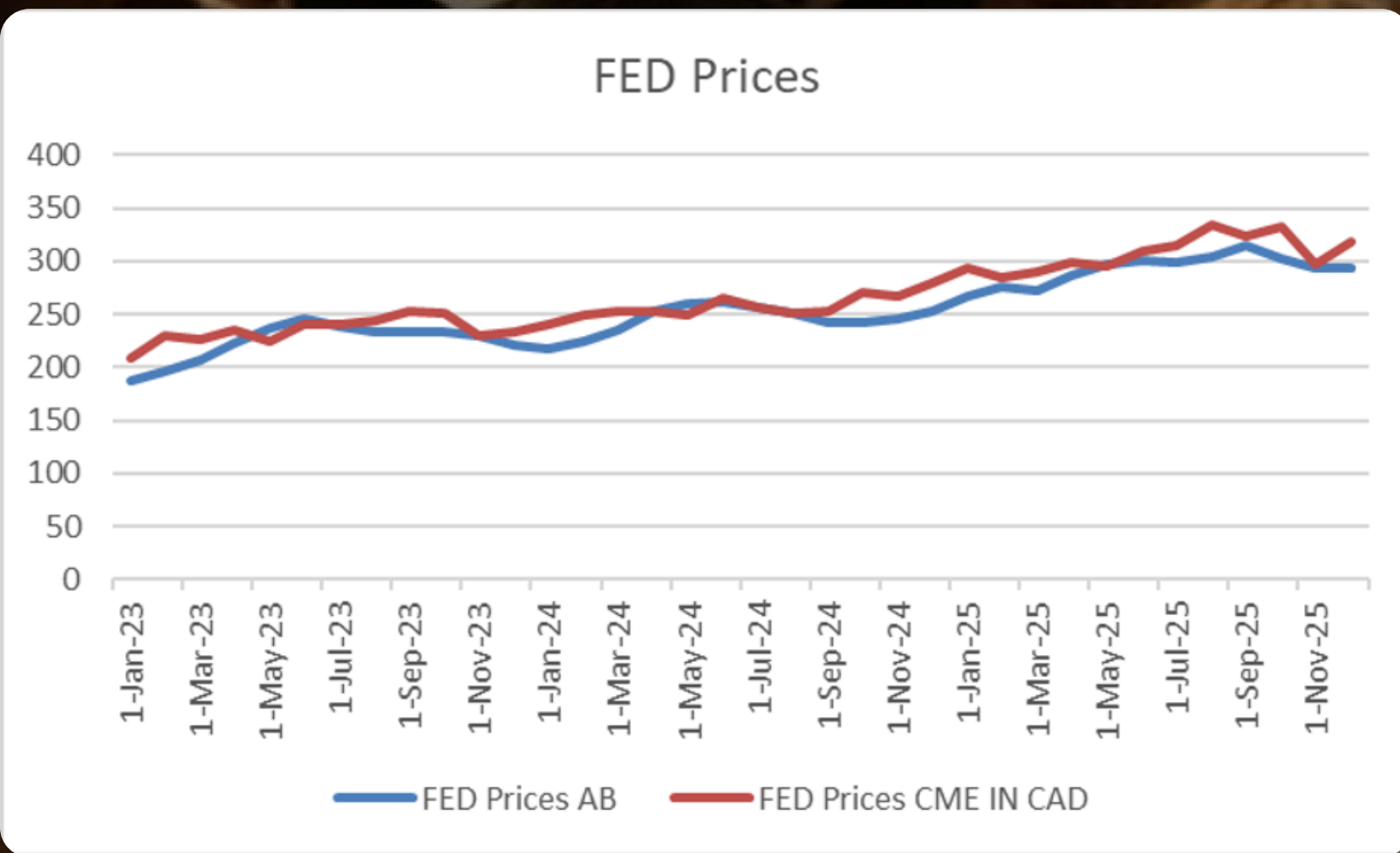


# CME Cattle Futures VS. Alberta Cattle Prices

## Fed Cattle Prices

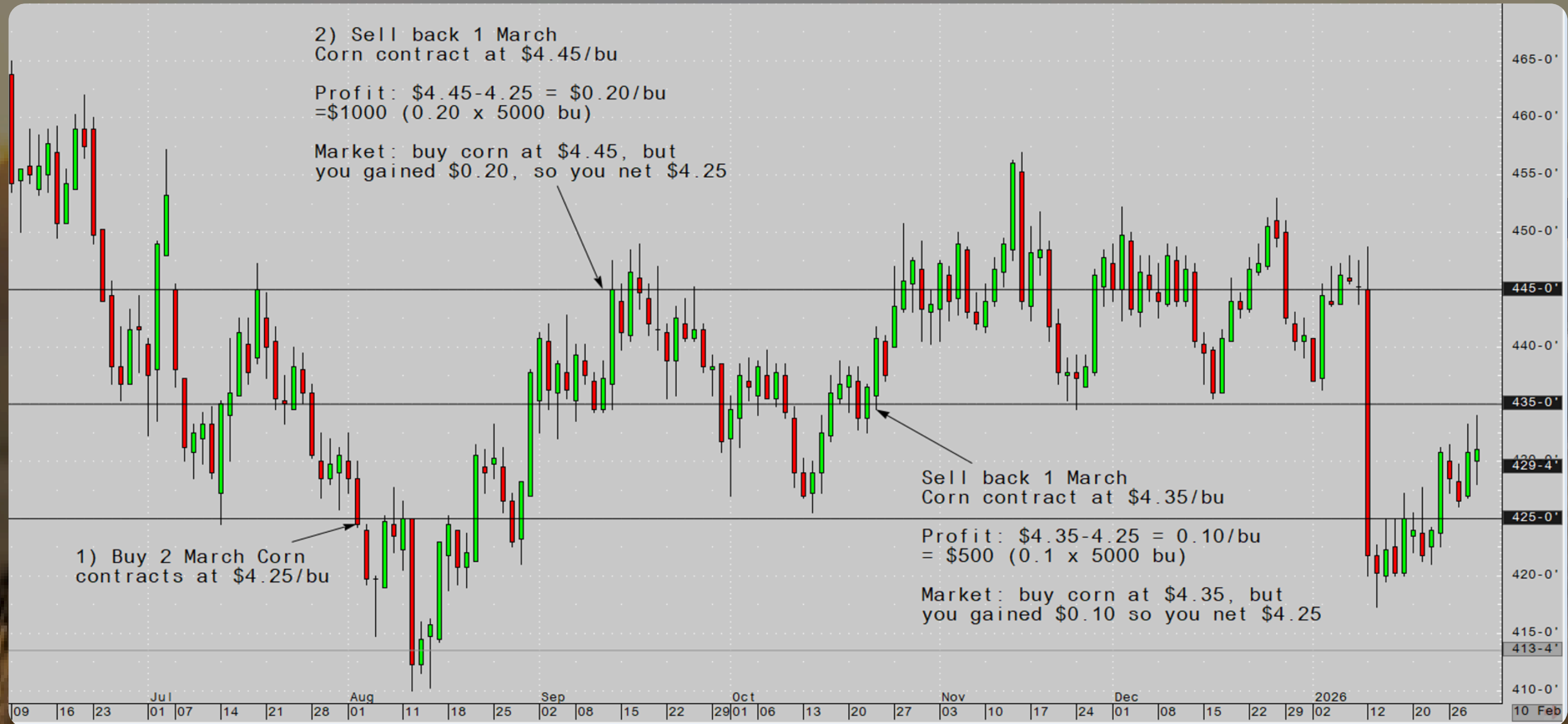
	AB	CME
B	1	
ME	0.9437	

	AB	CME IN CAD
AB	1	
CME IN CAD	0.934063191	1



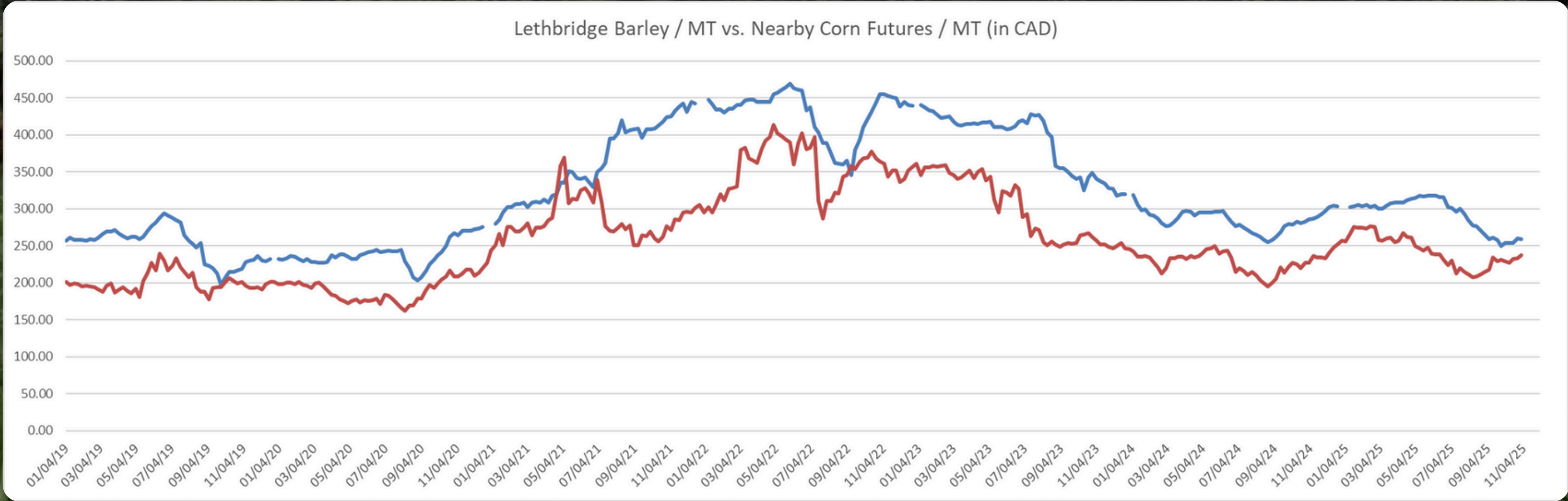


# Cost of Gain Hedging





# Lethbridge Barley/MT VS. Nearby Corn futures/MT (CAD)





# Common Misconceptions with Hedge Accounts

*A properly hedged account is a risk management tool. Avoid common misconceptions to effectively minimize risk and consider overall results.*

- Wanting to use these accounts to make additional money (there's a time and a place - we will get to this)
- “Hedge accounts are **too risky**” - they don't have to be
- I've tried in the past but I lost too much money



## SPECULATION

*Gambling on prices*



## WANTING TO PROFIT

*Focusing on making money  
vs. minimizing risk*



## VIEW AS A WHOLE

*Consider overall profitability  
and total risk*





# Thank you

*Bevin Hudson - Portfolio Manager & Risk Management*

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