



Your Partner in Agriculture

Understand – Advise – Collaborate

Find us online at www.jgl.ca

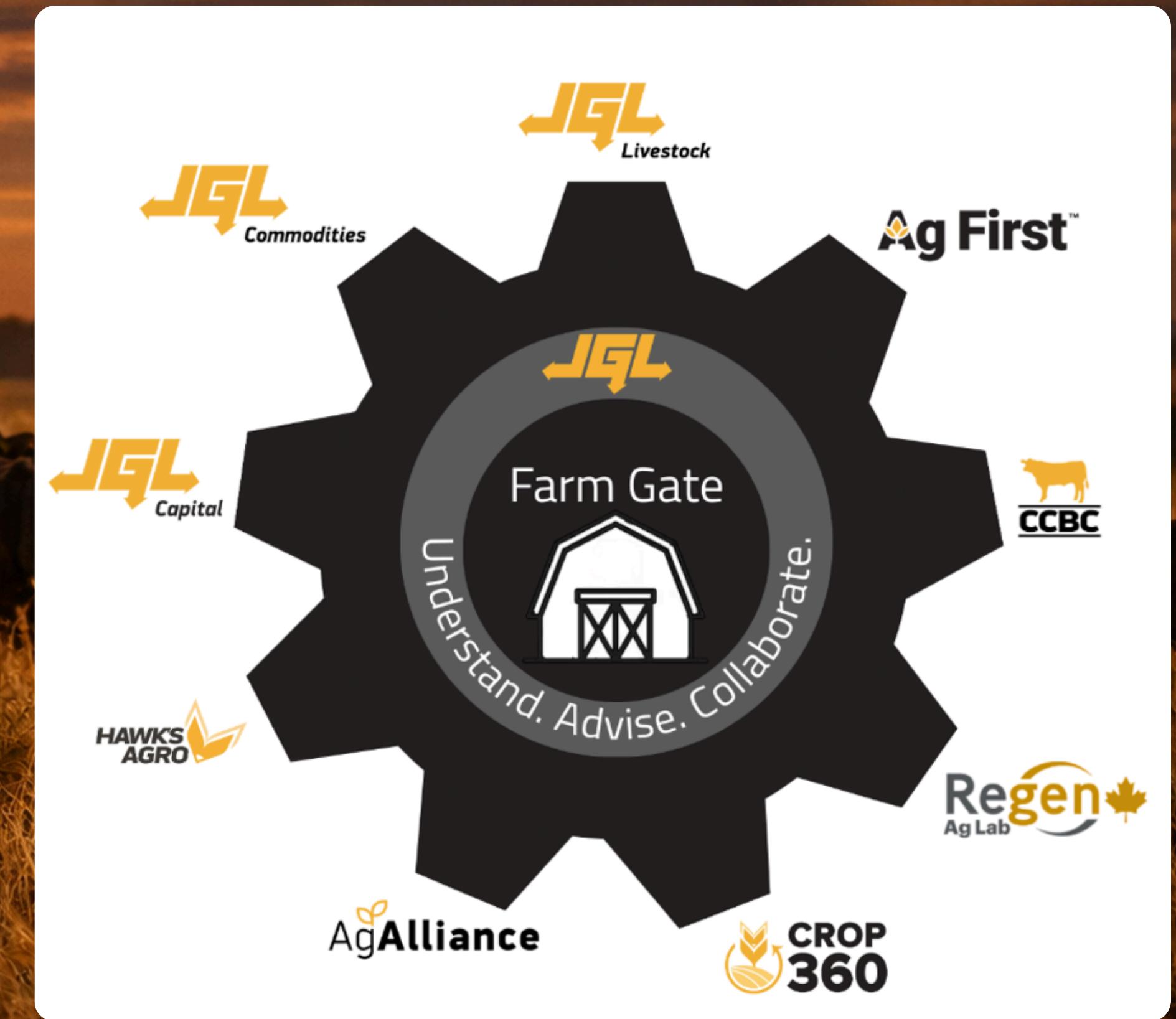


Ag First®

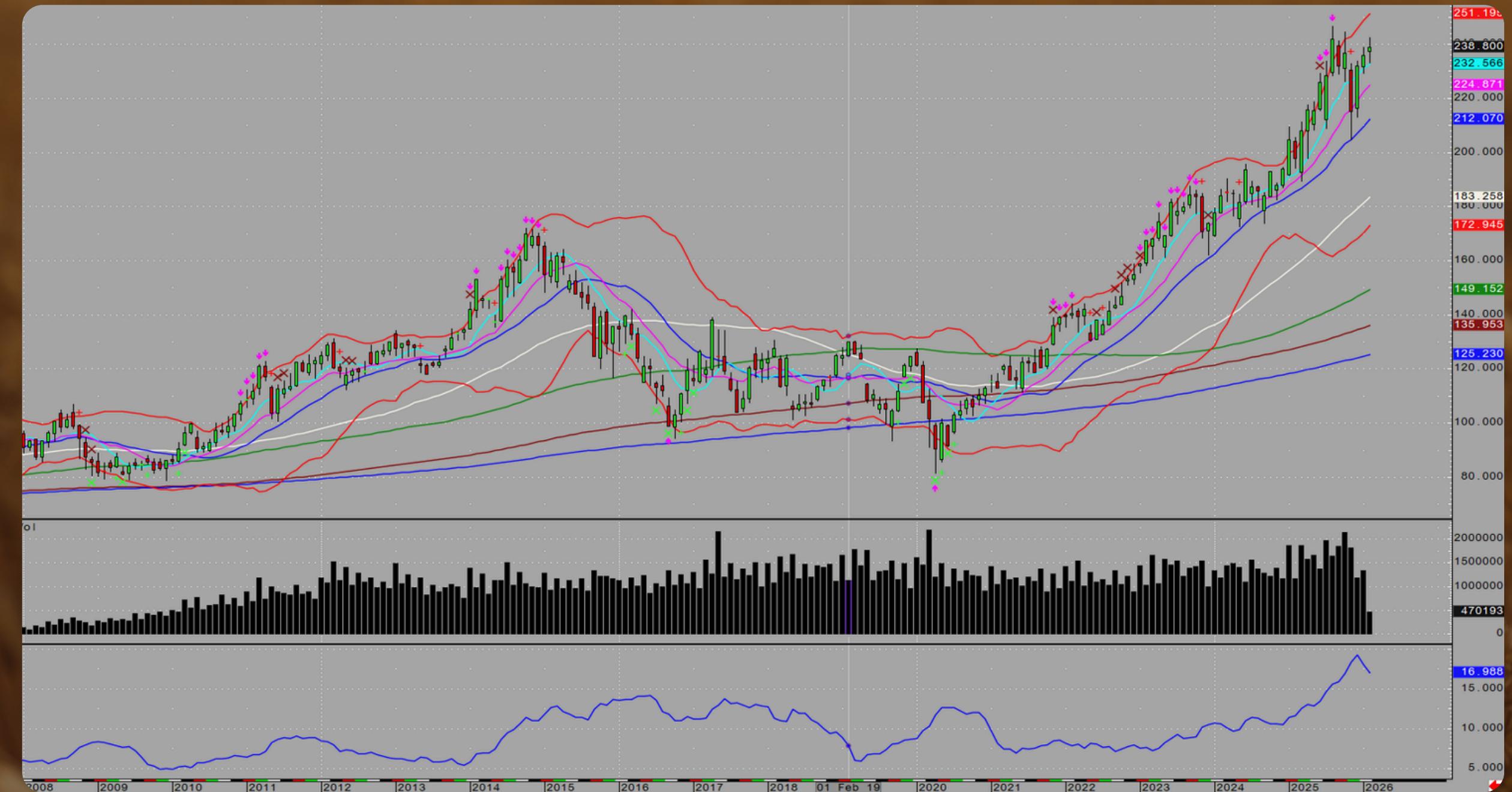




JGL OVERVIEW



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.*

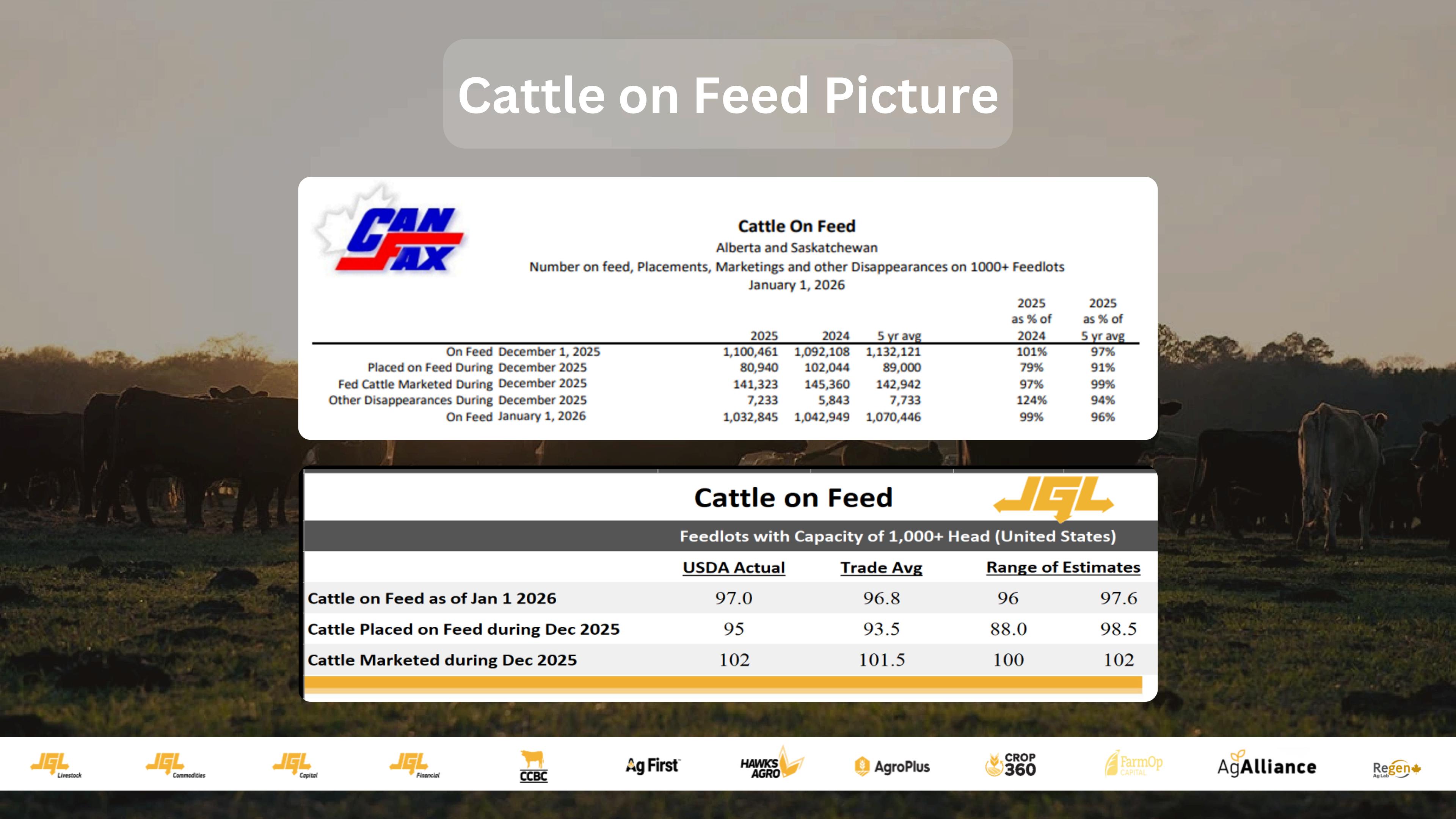
Mexico and Cross-Border Cattle Flow

- 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

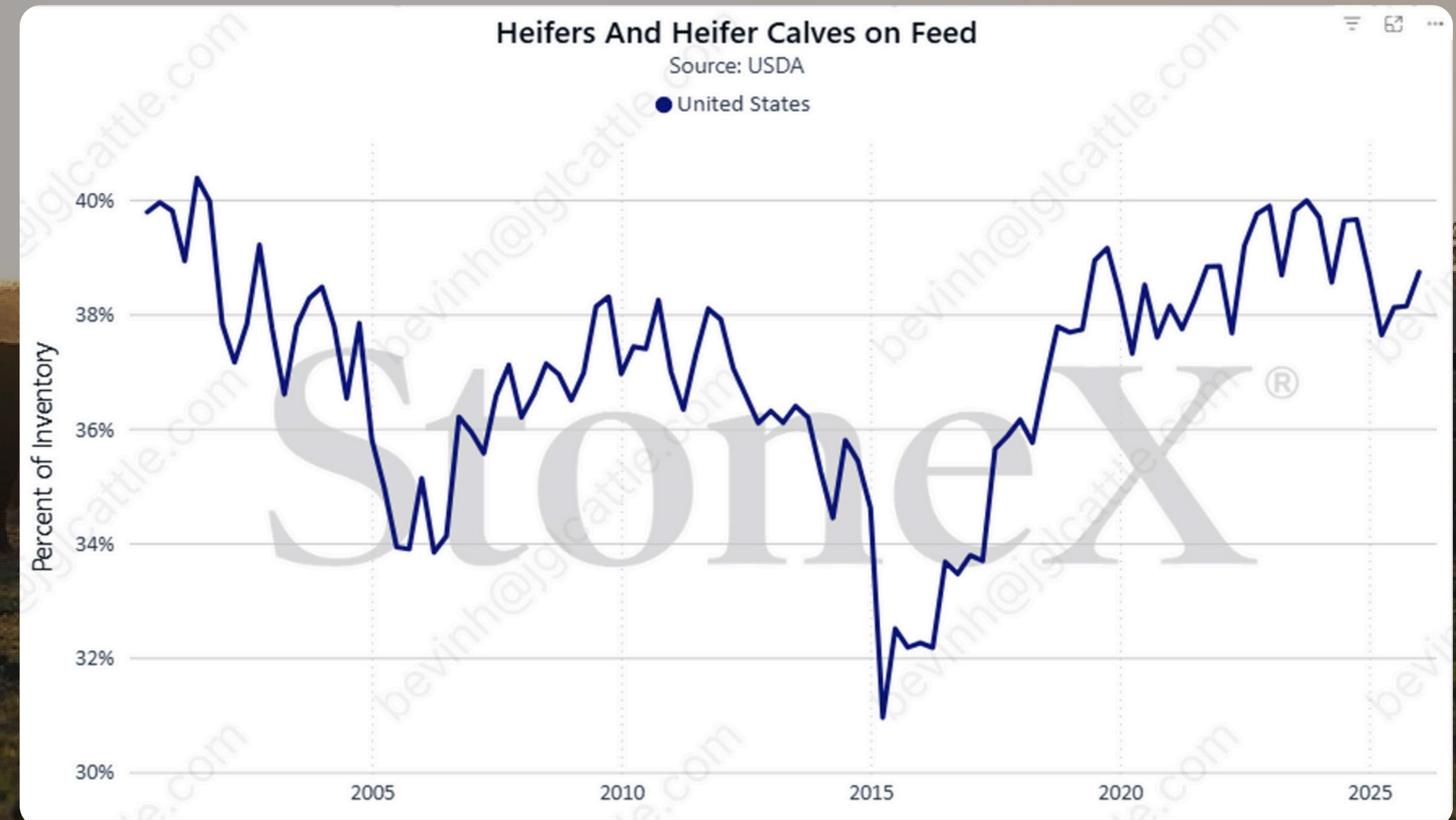
	2025	2024	5 yr avg	2025 as % of 2024	2025 as % of 5 yr avg
On Feed December 1, 2025	1,100,461	1,092,108	1,132,121	101%	97%
Placed on Feed During December 2025	80,940	102,044	89,000	79%	91%
Fed Cattle Marketed During December 2025	141,323	145,360	142,942	97%	99%
Other Disappearances During December 2025	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

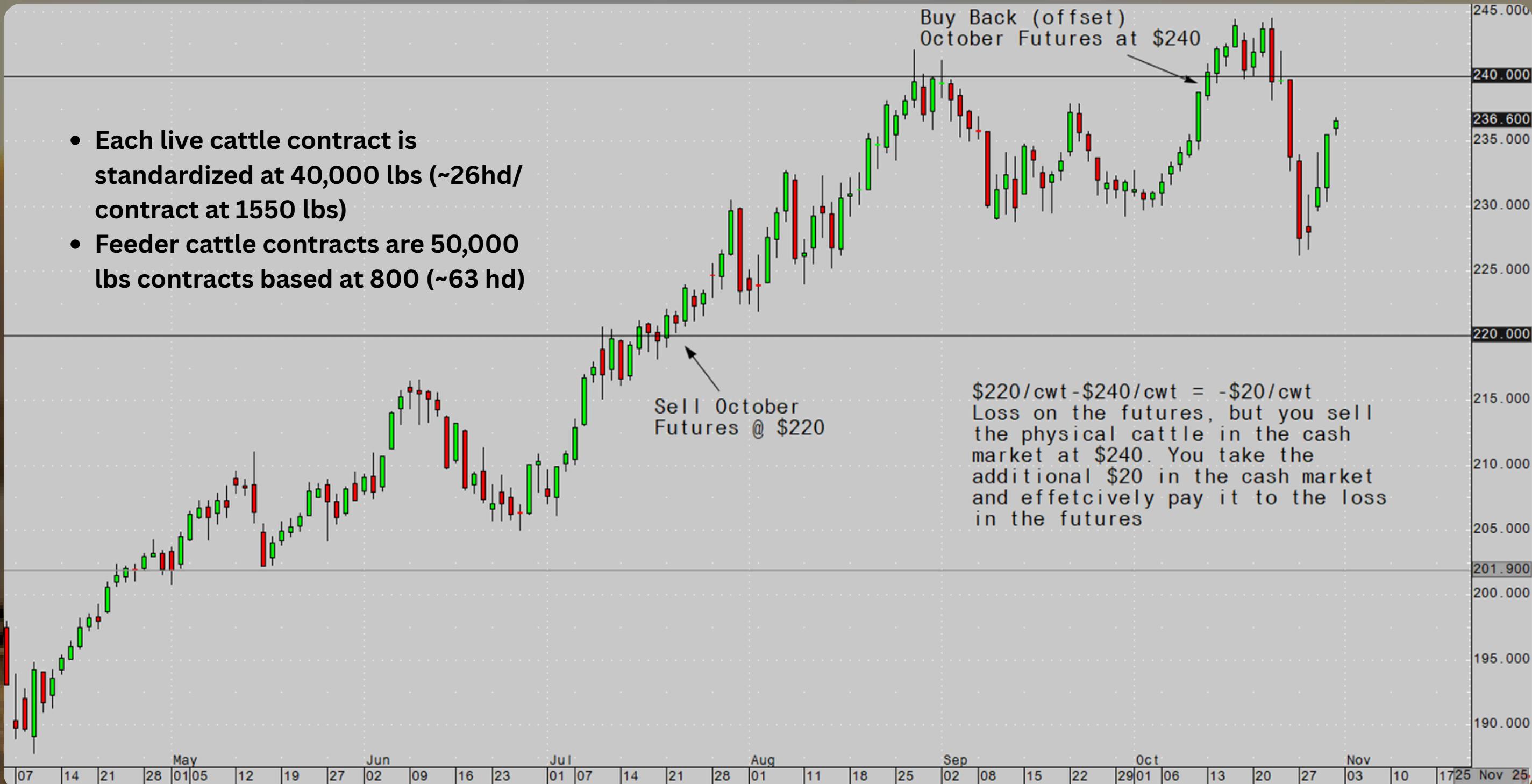
- Protect against negative price scenarios (*PUTS*)
- Possibly exposure to positive price scenarios (*CALLS*)
- Options give you opportunity & flexibility

Pricing Components of Options

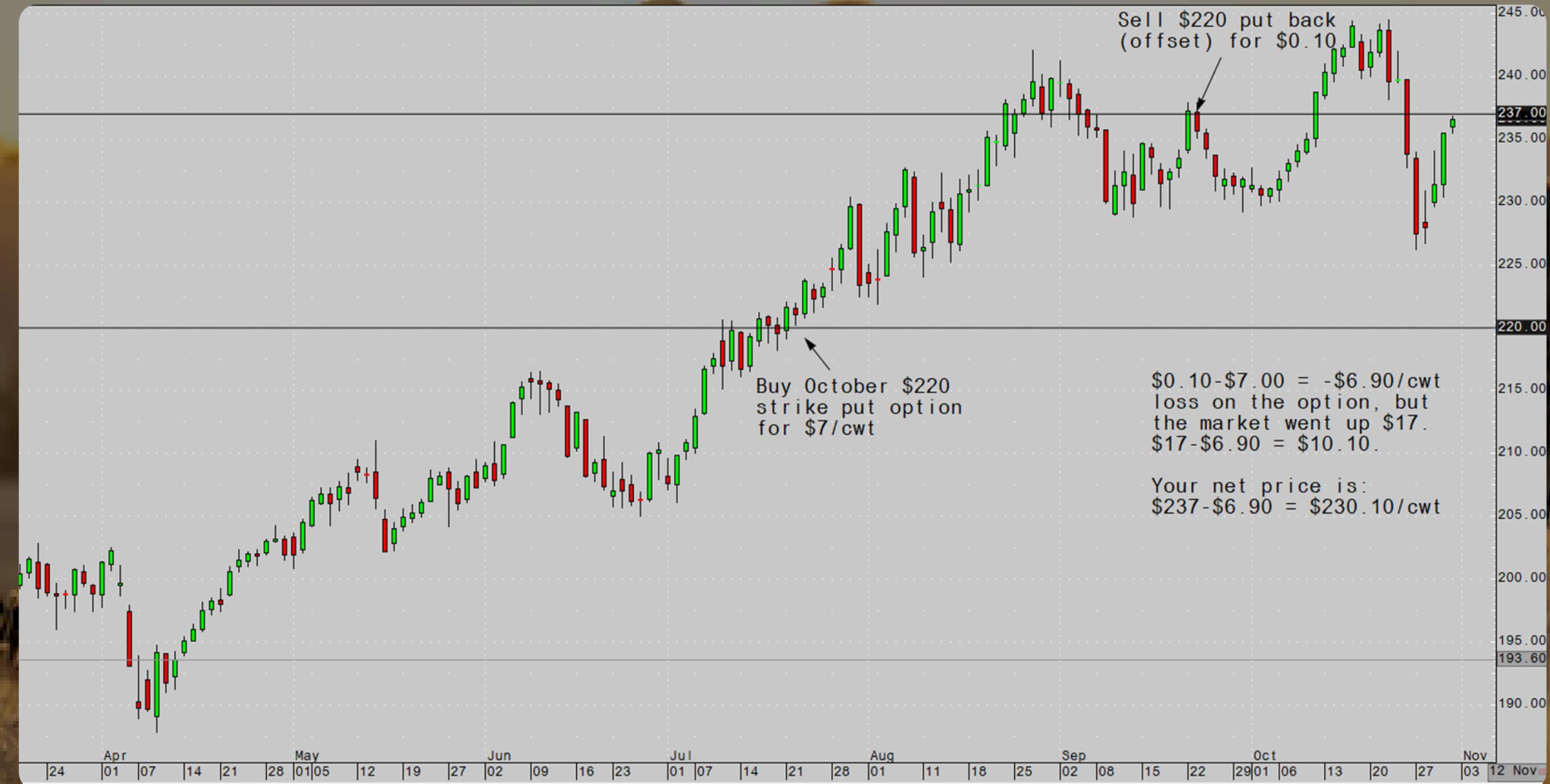
- **Time:** longer insurance = more expensive
- **Strike:** closer to the market = more expensive
- **Volatility:** more risk = higher premium



Futures Example



Options Example

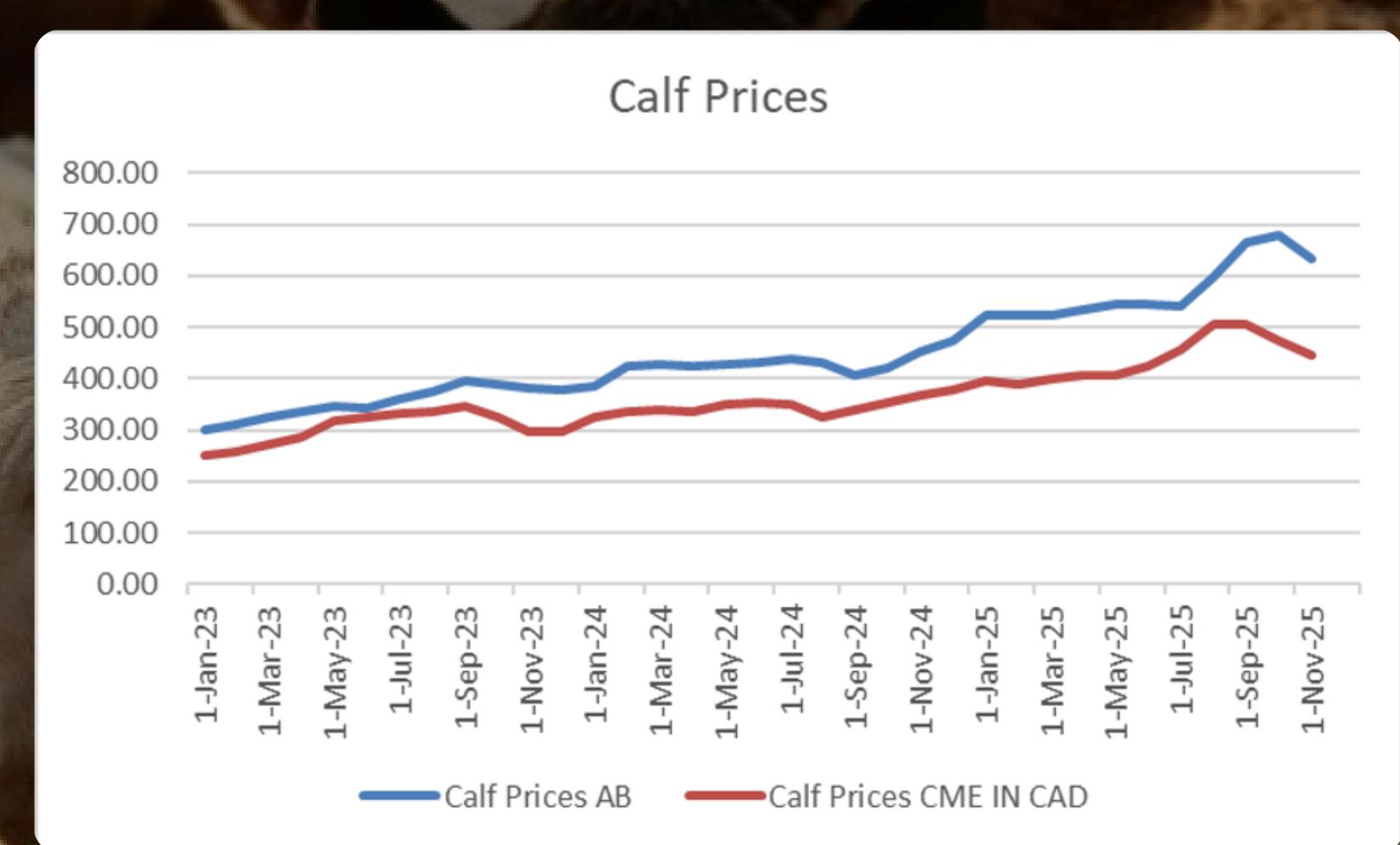


CME Cattle Futures VS. Alberta Cattle Prices

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

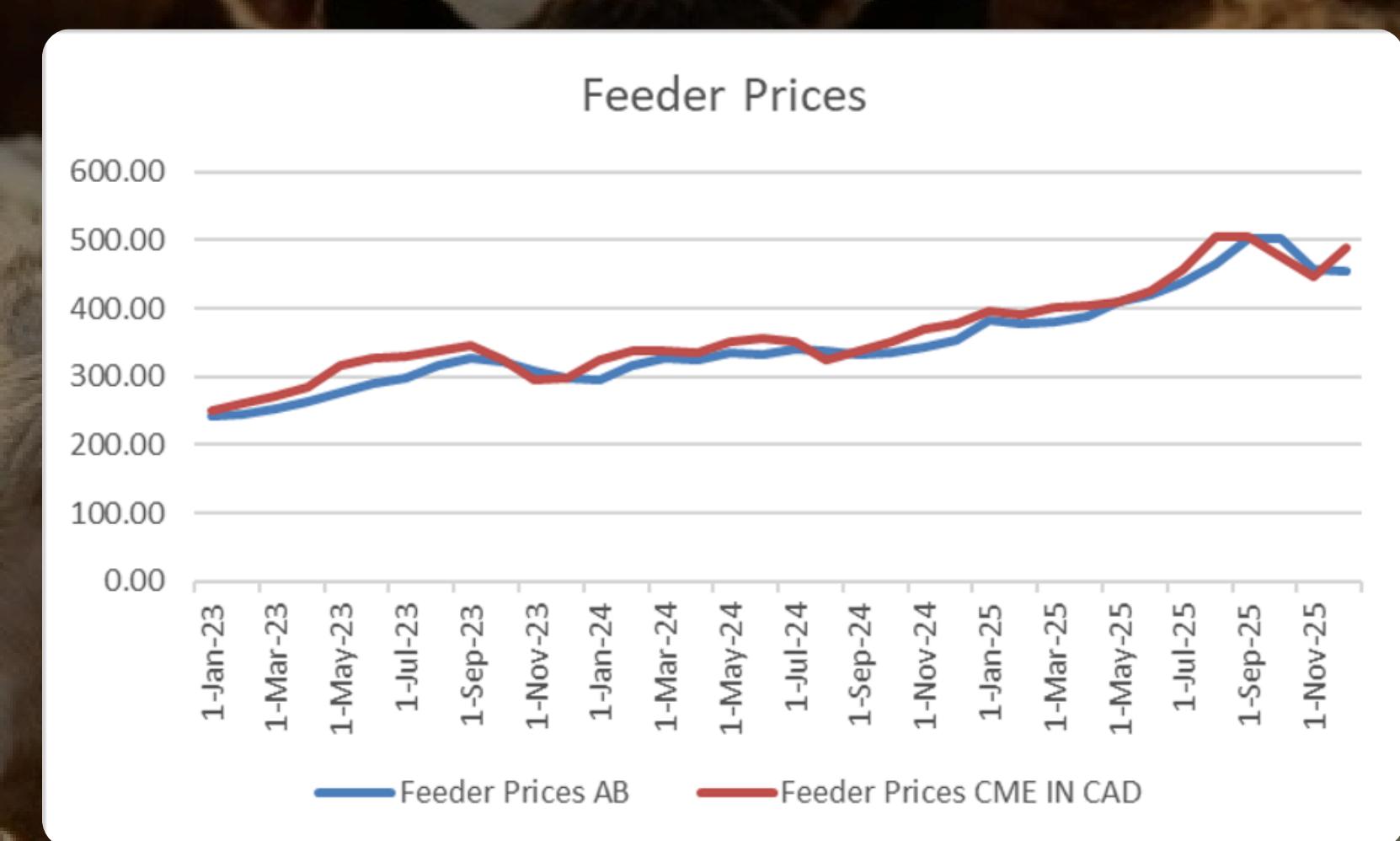


CME Cattle Futures VS. Alberta Cattle Prices

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

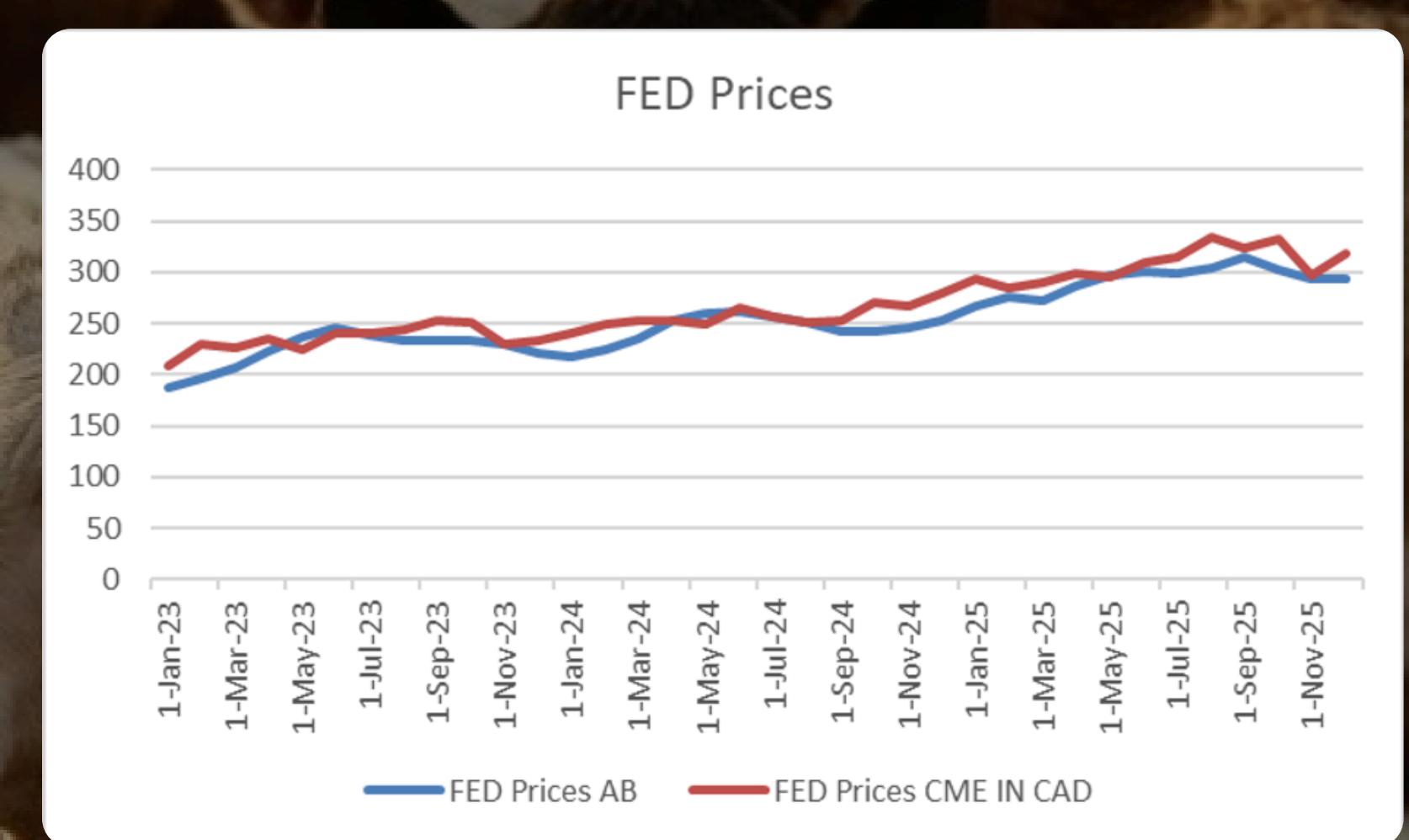


CME Cattle Futures VS. Alberta Cattle Prices

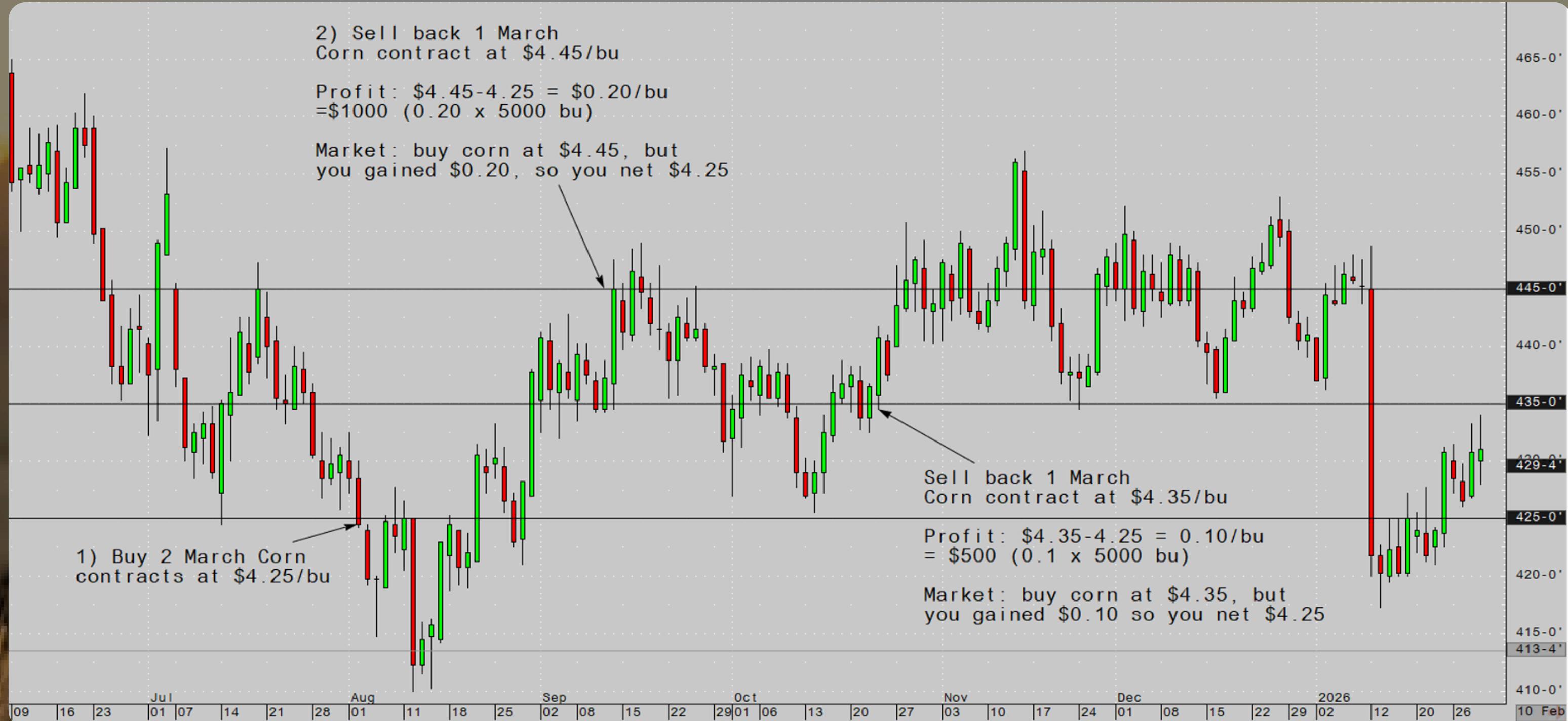
Fed Cattle Prices

	AB	CME
B	1	
CME	0.9437	

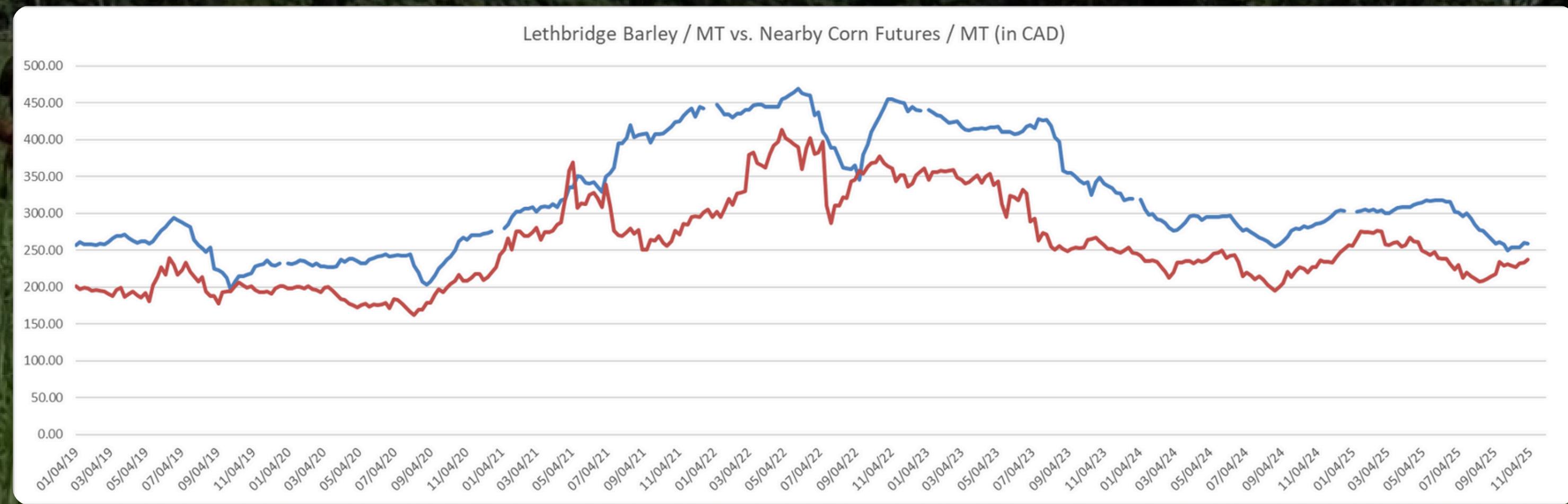
	AB	CME IN CAD
AB	1	
CME IN CAD	0.934063191	1



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

Find us online at www.jgl.ca



Ag First

