



Morning July 23, 2020 Livestock Report

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JULY 22, 2020 COLD STORGE REPORT AT BOTTOM OF REPORT

CATTLE

USDA FEDERAL SLAUGHTER

JULY 22, 2020	117,000
WEEK AGO	119,000
YEAR AGO	122,000
WEEK TO DATE (EST)	352,000
SAME PERIOD LAST WEEK (EST)	353,000
SAME PERIOD LAST YEAR (ACT)	358,000

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	CHOICE	SELECT
BOXED BEEF FINAL	201.15	189.28
CHANGE FROM PRIOR DAY	0.27	(2.02)
CHOICE/SELECT SPREAD:		11.87
TOTAL LOAD COUNT		124
5 DAY SIMPLE AVERAGE:	200.93	191.17

JUNE 22, 2020	CHOICE	SELECT
BOXED BEEF FINAL	214.06	204.30

JULY 22, 2019	CHOICE	SELECT
BOXED BEEF FINAL	213.32	189.59

JULY 23, 2018	CHOICE	SELECT
BOXED BEEF FINAL	204.82	198.03

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FINAL JULY 22, 2020	CHOICE	SELECT
Primal Rib	331.85	285.55
Primal Chuck	159.94	158.10
Primal Round	166.66	166.38
Primal Loin	270.81	243.78
Primal Brisket	155.80	152.95
Primal Short Plate	133.31	133.31
Primal Flank	119.13	116.42



FINAL JULY 21, 2020	CHOICE	SELECT
Primal Rib	328.69	297.48
Primal Chuck	162.02	157.91
Primal Round	166.43	166.87
Primal Loin	268.64	245.87
Primal Brisket	156.37	156.65
Primal Short Plate	133.31	133.31
Primal Flank	117.92	115.57

FINAL JUNE 22, 2020 BOXED	CHOICE	SELECT
Primal Rib	356.24	330.78
Primal Chuck	172.27	166.71
Primal Round	165.97	165.87
Primal Loin	300.87	277.98
Primal Brisket	155.82	149.32
Primal Short Plate	133.53	133.53
Primal Flank	125.77	125.77

LOAD COUNT AND CUTOUT VALUE SUMMARY FOR PRIOR 5 DAYS

Date	Choice	Select	Trim	Grinds	Total	CHOICE 600-900	SELECT 600-900
07/21	90	22	11	36	159	200.88	191.30
07/20	70	20	7	13	110	201.74	191.59
07/17	72	19	42	11	144	200.47	190.31
07/16	103	28	12	30	172	200.80	191.30
07/15	89	35	10	17	151	200.76	191.37

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NATIONAL BOXED BEEF CUTS - NEGOTIATED SALES FOB Plant basis negotiated sales for delivery within 0-21-day period. Prior days sales after 1:30pm are included.
CURRENT VOLUME - (one load equals 40,000 pounds)

Choice Cuts	57.96 loads	2,318,360 pounds
Select Cuts	29.51 loads	1,180,527 pounds
Trimmings	5.91 loads	236,240 pounds
Ground Beef	30.54 loads	1,221,726 pounds

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USDA BY-PRODUCT DROP VALUE (STEER) FOB CENTRAL U.S.
[HTTPS://WWW.AMS.USDA.GOV/MNREPORTS/NW_LS441.TXT](https://www.ams.usda.gov/mnreports/nw_ls441.txt)



JULY 2020 LIVESTOCK REPORTS

COLD STORAGE REPORT – WEDNESDAY, JULY 22, 2020 2:00PM US CENTRAL TIME

CATTLE ON FEED REPORT – FRIDAY, JULY 24, 2020 2:00PM US CENTRAL TIME

EXPORT HIGHLIGHTS FOR WEEK ENDING JULY 16, 2020 AT BOTTOM OF REPORT

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estimates for the U.S. Department of Agriculture's monthly Cattle on Feed report due on Friday 7/24/2020 at 2 p.m. CDT

	Range	Average	MIn head
On feed July 1	99.1-100.7	100.0	11.480
Placements in June	100.1-107.9	103.8	1.815
Marketings in June	98.8-103.1	101.0	1.962

Cattle On Feed July 1	June Place-ments	June Mar-ketings	
Allendale	99.3	102.8	103.1
Allegiant Commodity Group	100.0	103.7	100.9
HedgersEdge	99.7	103.6	102.2
KIS Futures, Justin Lewis	100.0	104.0	101.0
Linn Group	100.2	102.9	98.8
Livestock Mktg Info Center	100.2	104.9	100.7
MBS Research, Mike Sands	100.0	103.0	101.0
New Frontier Capital Markets	99.1	100.1	101.6
Steiner Consulting	100.3	105.5	100.8



Texas A&M AgriLife Extension	100.7	107.9	100.7
U.S. Commodities	100.0	103.5	100.0

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NOW, A MONTH AGO AND A YEAR AGO

Since it was a quiet day Wednesday, I checked out where beef and cattle were trading a month ago and a year ago. A month ago cash cattle averaged \$101 to \$102 and in 2019 cattle were \$114 to \$115. The big difference between now and a year ago and why cattle prices were higher was the spread between Choice and Select boxed beef. A year ago the spread was \$23.73 compared to now around \$9.00 to \$10.00. There is also a big difference just in the past month. A month ago the spread between Choice Primal Rib sections and Choice Primal Chucks was \$183.97 with Ribs over Chucks. In a month, the spread has narrowed to \$162.93 with Rib sections losing to Chucks.

Of course a market can potentially rally with a strong Chuck/Round market, but when demand is for the high end cuts, Rib sections and Loins and demand increases on high end cuts, it is often bullish. Most years it is easily seen when the Ribs and Loins rally October through December when demand increases for winter holiday dinners at home and restaurants. Restaurants and event dining are usually booked and reserved long in advance. It is doubtful the 2020 holiday buying will see a surge like previous years. In 2020 it will likely be the opposite of 2019. When the recession occurred in 2008 office parties and buying high end cuts began to resurge in 2014 and 2014 was a big rally year for cattle. December 2014 Live Cattle from January 2, 2014 to November 24, 2014 rallied over \$40.00.

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USDA RELEASED 20 PAGE REPORT ON THE TRADING THAT HAPPENED AFTER THE AUGUST 12, 2019 FIRE IN GARDEN CITY TYSON PLANT. THE REPORT CONCLUDED THERE WAS NO INAPPROPRIATE TRADING

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Last week the year to date slaughter was .3% more than a year ago. It is likely packers have been able to work through most of the backed up cattle using big Saturday kills to push more cattle through the plants. A few cattle in the Southwest are where it is believed cattle still need to be killed

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The Fed Cattle Exchange had 1,022 head for sale at the Wednesday Internet sales. 422 head sold from 96.00 to 96.25. Cattle offered at 96.50 to 97.00 were passed over.

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It doesn't look like feedlots will be able to push packers to pay more this week. Tuesday there were cattle sold in Iowa and Nebraska, but Texas/Oklahoma and Kansas sold several thousand head on Tuesday from \$94.00 to \$96.00. North and Midwest producers holding out for \$100.

With packer profits at \$300, they want to kill cattle, but they aren't banging on doors to buy them. If Choice boxed beef breaks \$200, packers will try to buy cattle lower. However beef movement has been getting lighter and it is doubtful packers are storing but more likely selling forward. This is positive. Beef buyers may be building supplies ahead of possible slow down.

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Brazil and Argentina have plants that China has stopped taking exports. Both countries will need to sell beef and pork to other countries. But exporters may be coming to US Last week beef exports stronger than usual.

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USDA POSTED CATTLE PRICES ON 7/22/2020
IA/MN – CASH 97.00 – 100.00 DRESSED; 156.00 - 160.00
NE - CASH – 98.00 DRESSED 158.00 - 160.00
KS – CASH - 94.00 - 96.50 DRESSED: NO SALES
TX/OK/NM – CASH: 95.00 - 96.25
COLORADO – 97.00 - 98.00

National Daily Direct Cattle July 22, 2020
(5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1433	\$96.20	36,690
Live Heifer:	1304	\$95.90	14,114
Dressed Steer:	925	\$157.20	5,823
Dressed Heifer:	820	\$157.16	1,164

National Daily Direct Cattle June 22, 2020
(5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1437	\$101.00	28,659
Live Heifer:	1305	\$100.80	15,513
Dressed Steer:	922	\$160.78	34,915
Dressed Heifer:	835	\$161.13	11,839

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As of July 21st Dressed weights were 878.7 compared to previous week at 875. This is 38 pounds over the same period last year. Grading percent was 83.1% compared to previous week at 82.7%.

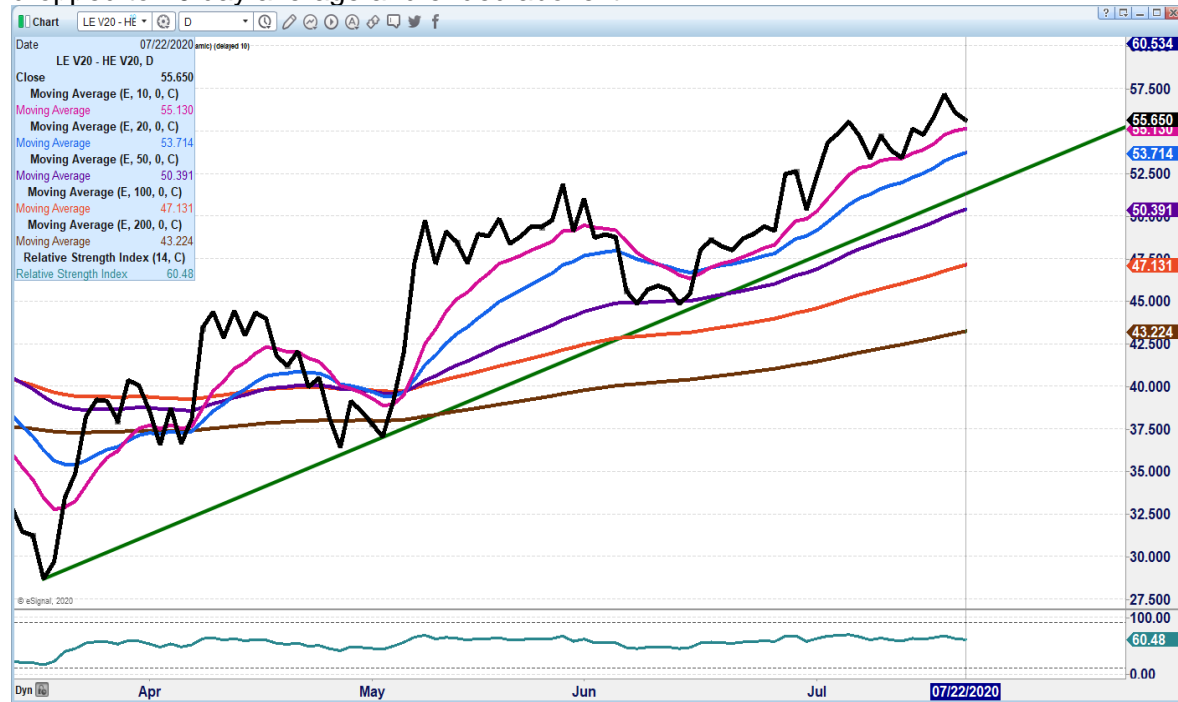


Another way to look at the extra weight of 38 pounds on a 650,000 head weekly slaughter, it adds 24,700,000 pounds a beef. On an average 1400 pound steer it would be adding about 17,650 steers compared to a year ago. When a majority of the carcass is getting ground or put into trimmings for the packer the additional weight is a plus. The time it takes to process a carcass with 30 to 50 pounds is the same as a lighter carcass. The packer has a better time value of labor so there is time cost savings.

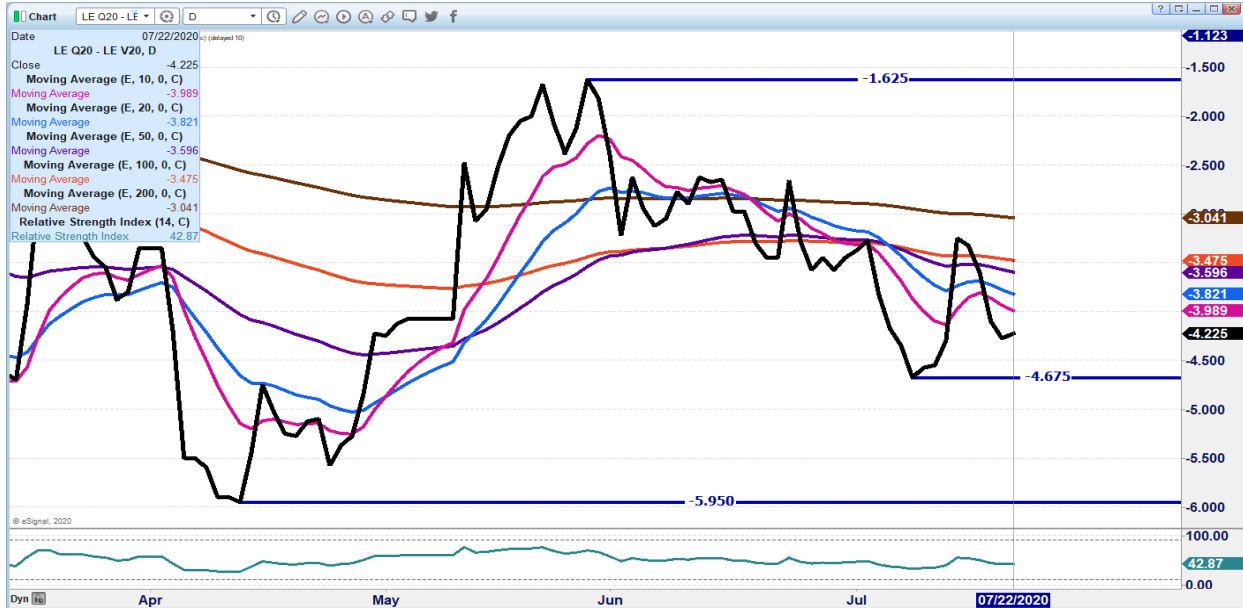
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CHARTS ARE UPDATED ON MORNING REPORTS –

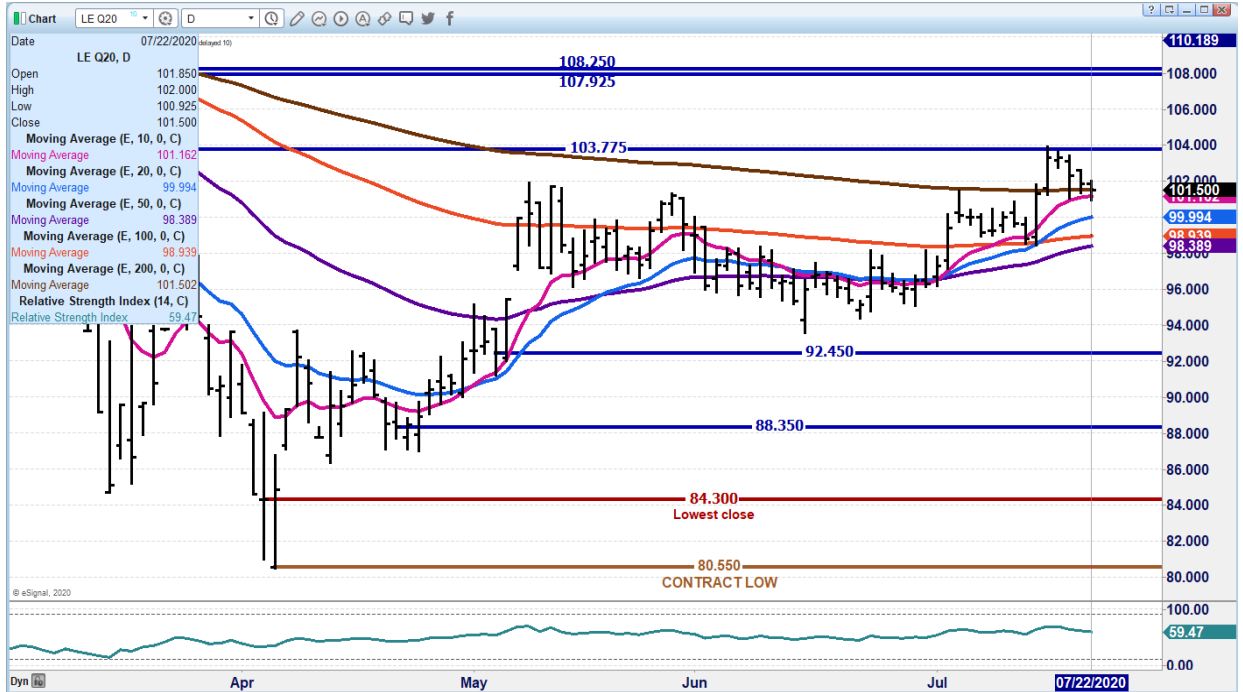
OCT 2020 LIVE CATTLE/OCTOBER 2020 LEAN HOGS – During the day Wednesday spread dropped to 10 day average and ended above it.



AUGUST 2020 LIVE CATTLE/OCTOBER 2020 LIVE CATTLE - Slight uptick Wednesday. Spread is wide



AUGUST 2020 LIVE CATTLE – Light volume of 10,368 Support at 101.12 to 98.37
Resistance at 103.77

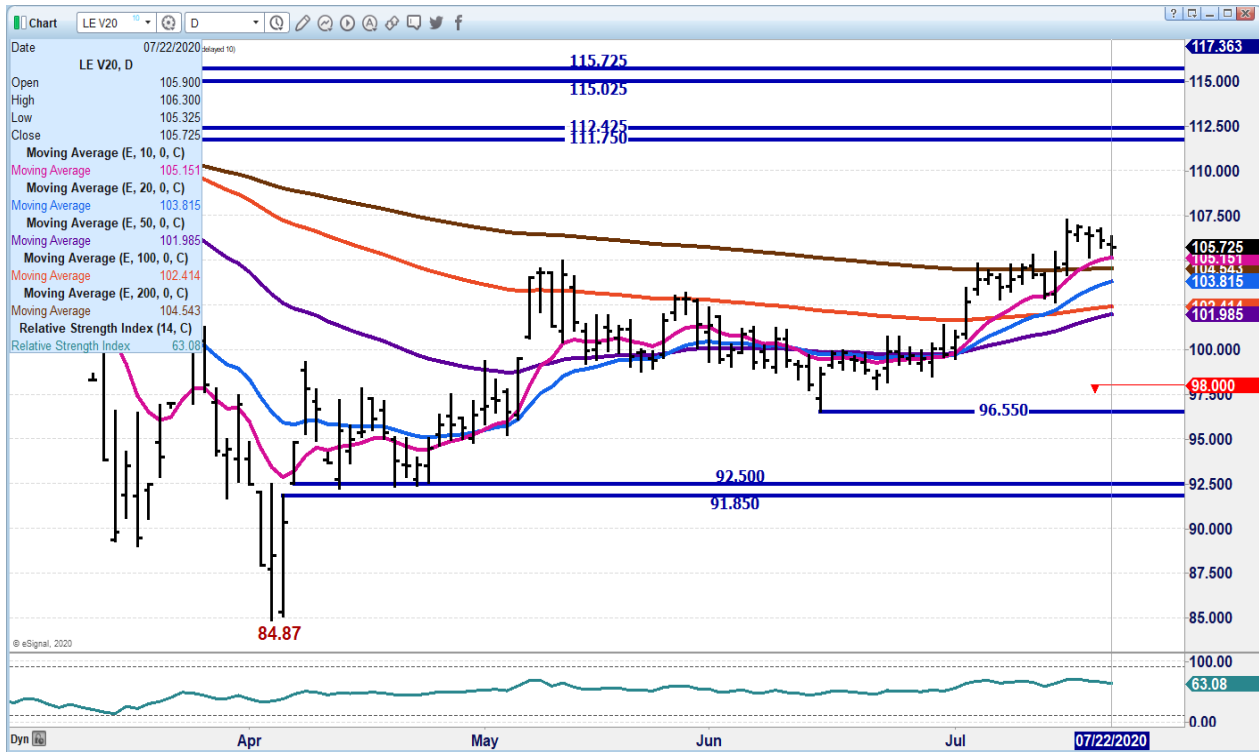


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OCTOBER 2020 LIVE CATTLE – Light volume of 15,690 contracts. Support is 10 day average at 105.15 to 101.97 Resistance is 107.22 to 108.67



Feeder Cattle

THE CME FEEDER INDEX ON 07/21/2020 IS 136.42 DOWN 6 CENTS FROM PREVIOUS DAY -
AUGUST 2020 FEEDER CATTLE SETTLED AT 141.52 ON JULY 22, 2020.

OKLAHOMA NATIONAL STOCKYARDS FEEDER CATTLE - OKLAHOMA CITY, OK MONDAY JULY 20, 2020

	THIS WEEK	LAST REPORTED	LAST YEAR
		7/13/2020	
TOTAL RECEIPTS:	7,584	8,234	6,039



COMPARED TO LAST WEEK: FEEDER STEERS SOLD STEADY TO 3.00 HIGHER. FEEDER HEIFERS MOSTLY 1.00-6.00 HIGHER. STEER CALVES TRADED UNEVENLY STEADY ON VERY LIMITED COMPARABLE RECEIPTS. HEIFER CALVES SOLD 2.00-8.00 HIGHER ON A VERY LIGHT TEST. DEMAND GOOD TO VERY GOOD.

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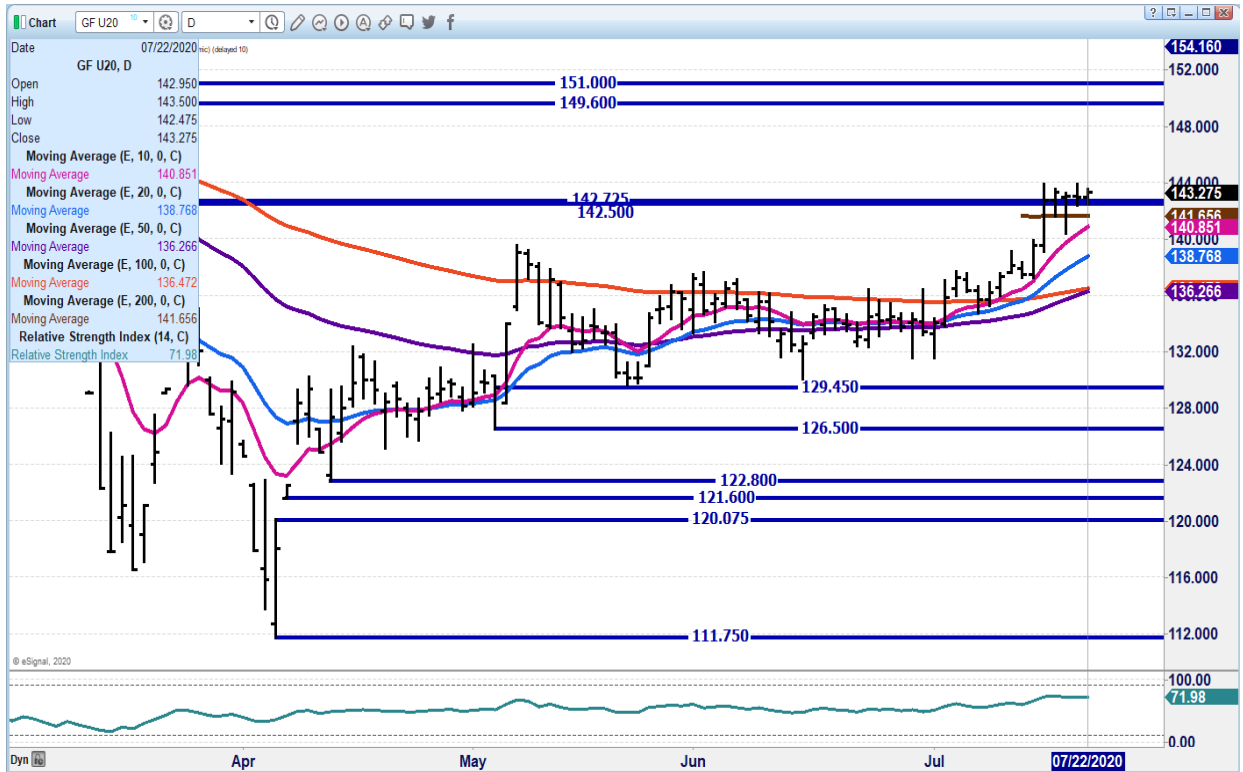
FEEDER CATTLE ARE IN DEMAND. CONTRACT FEEDERS AND PACKERS THAT FEED THEIR OWN CATTLE NEED CATTLE TO FULFILL BEEF NEEDS THAT WAS CONTRACTED MONTHS AGO AND FOR MONTHS AHEAD FROM NOW.

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AUGUST 2020 FEEDER CATTLE – STRONG SUPPORT AT 139.65 TO 135.07 RESISTANCE AT 143.82 TO 147.87



SEPTEMBER 2020 FEEDER - RESISTANCE IS 143.90 TO 146.87 SUPPORT AT 140.85 TO 136.25



LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

JULY 22, 2020	478,000
WEEK AGO	470,000
YEAR AGO	475,000
WEEK TO DATE (EST)	1,421,000
SAME PERIOD LAST WEEK (EST)	1,393,000
SAME PERIOD LAST YEAR (ACT)	1,422,000

**REVISED TUESDAY HOG SLAUGHTER..473,000 - PREVIOUS ESTIMATE 477,000

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CME CASH HOG INDEX 07/20/2020 AT 48.64 UP 74 CENTS FROM PREVIOUS DAY.
CME CASH PORK CUTOUT INDEX 07/21/2020 AT 69.70 UP 1.33 FROM PREVIOUS DAY.



CME CASH FRESH BACON INDEX ON 07/17/2020 WAS 132.05 COMPARED TO 07/09/2020 WAS 123.87

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 Moderate movement Wednesday with the pork cutout down reversing Tuesday's move up Carcass cutout was down 2.90, loins fell out of bed down 8.12 early to settle down 2.83 and hams dropped 4.42 in the morning to settle down 2.33.
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Don't get too caught up in the individual fluctuating cuts. Most pork is being sold as carcass, but even in the US like beef, pork is being ground up or trimmed out and further processed. As reported a month ago, products like SPAM are having some of the best sales in years. In 15 weeks ending June 13th, US sales of SPAM was up 70%

<https://www.bloomberg.com/news/articles/2020-06-20/from-spam-to-corned-beef-sales-of-canned-meat-are-booming>

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 Last week's exports were strong at 38,500 metric tonnes. As mentioned, Mexico has been a consistent strong buyer in 2020 and China the first quarter of 2020 lived up to Phase One at least in pork. China has stopped several S.A. plants from exporting and just may be needing it's old US pork friends.

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JULY 22, 2020 USDA MARKET NEWS

Based on negotiated prices and volume of pork cuts delivered within 14 days and on average industry cutting yields. Calculations for 215 lb Pork Carcass. 55-56% lean, 0.55"-0.70" BF Last Rib

NATIONAL DAILY PORK REPORT FOB PLANT - NEGOTIATED SALES FINAL

LOADS OF PORK CUTS: 295.40

LOADS TRIM/PROCESSED PORK : 31.12

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
07/22/2020	326.52	69.33	67.48	68.37	40.37	110.60	68.25	97.19
CHANGE :		-2.90	-2.83	-2.82	-7.72	-0.40	-2.33	-4.25
Five Day Average --		69.71	68.84	69.06	43.62	111.57	66.42	98.90

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
06/22/2020	385.77	64.84	64.32	72.48	44.73	139.30	46.86	94.95

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
07/22/2019	194.73	80.61	78.39	91.10	55.94	105.21	72.60	123.79



Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
07/23/2018	281.81	80.07	76.57	85.36	46.16	117.45	53.88	161.57

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NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE
Slaughter Data for JULY 20, 2020

Average carcass weight - 278.95
 Average live weight - 209.62
https://www.ams.usda.gov/mnreports/ams_2511.pdf

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DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM JULY 22, 2020
NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES
 Carcass Base Price: \$30.50 - \$37.00
 Weighted Average: \$34.25
 Change from Prior Day: 0.66 higher
 HOGS SOLD: 8,548

SWINE OR PORK MARKET FORMULA PURCHASE (Including Packer Sold)
 PRICE RANGE: \$30.94 - \$68.62
 Weighted Average \$49.53 PREVIOUS DAY \$48.01
 HOGS SOLD: 144,871

NATIONAL NEGOTIATED LIVE HOG PURCHASE PRICE
 PRICE RANGE: *Price not reported due to confidentiality*
 Weighted Average:
 Change from Prior Day:
 Hogs sold: 375

https://www.ams.usda.gov/mnreports/lm_hg203.txt

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AUGUST 2020 LEAN HOGS – Gapped open leaving gap from 51.65 to 52.00 with 51.65 strong support. Resistance is 53.95 volume 10,465



OCTOBER 2020 LEAN HOGS - Light volume at 11,799 Resistance 51.60 to 55.25 Support at 50.07 to 47.00



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DECEMBER 2020 LEAN HOGS – Support at 50.77 to 48.75 Resistance at 51.80 to 52.60



CHARTS FROM ESIGNAL INTERACTIVE, INC.

Export Sales Highlights for the period July 10-16, 2020

Beef: Net sales of 15,600 MT reported for 2020 were down 44 percent from the previous week and 15 percent from the prior 4-week average. Increases primarily for South Korea (4,500 MT, including decreases of 400 MT), Japan (4,200 MT, including decreases of 1,000 MT), Taiwan (2,400 MT, including decreases of 100 MT), Hong Kong (2,100 MT, including decreases of 100 MT), and Canada (700 MT, including decreases of 100 MT), were offset by reductions for Indonesia (200 MT) and Guatemala (100 MT). Exports of 16,100 MT were up 4 percent from the previous week and 1 percent from the prior 4-week average. The destinations were primarily to South Korea (5,400 MT), Japan (4,400 MT), Taiwan (1,600 MT), Hong Kong (1,100 MT), and Canada (1,100 MT).

Pork: Net sales of 31,800 MT reported for 2020 were down 17 percent from the previous week and 4 percent from the prior 4-week average. Increases primarily for Mexico (12,900 MT, including decreases of 100 MT), China (7,200 MT, including decreases of 600 MT), Japan



(4,300 MT, including decreases of 200 MT), Canada (3,200 MT, including decreases of 400 MT), and South Korea (1,300 MT, including decreases of 100 MT), were offset by reductions for Nicaragua (200 MT). For 2021, total net sales of 300 MT were for Australia. Exports of 35,700 MT were up 22 percent from the previous week and 16 percent from the prior 4-week average. The destinations were primarily to China (13,700 MT), Mexico (8,600 MT), Japan (3,600 MT), Canada (3,500 MT), and South Korea (1,400 MT).

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JULY 22, 2020 COLD STORAGE REPORT

- Total red meat supplies in freezers were up 1 percent from the previous month but down 12 percent from last year.
- Total pounds of beef in freezers were up 3 percent from the previous month and up 6 percent from last year
- Frozen pork supplies were down 1 percent from the previous month and down 25 percent from last year.
- Stocks of pork bellies were down 8 percent from last month and down 2 percent from last year.
- Record high storage of Chicken Breast and White Meat in 2020

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Chris Lehner 07/22/2020

Beef stocks up shouldn't be a surprise. Beef is expensive compared to other proteins and why stocks are up along with a slow first half of 2020 exports. Report isn't friendly to beef. As shown in today's ADMIS Afternoon Livestock Report, Primal rib sections, the highest priced primal has been dropping faster than cuts like Chuck sections. High priced beef cuts aren't on the consumers shopping list.

Pork has been moving in the US as well as exports. First quarter of 2020 China and Mexico big buyers. Remember what is listed on the weekly exports may be already shipped or scheduled for shipments. In other words, pork movement is good and could remain good. Processed pork sales growing in 2020.

Report is negative cattle and is positive for hogs. Thursday hog prices could be up \$1.00 to \$2.00 and could be better if strong morning exports. Live Cattle could open down \$1.50 to \$2.00. The record high storage of Chicken breasts and white meat is negative to pork and could temper a big move higher.

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