



## Morning August 19, 2020 Livestock Report

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### CATTLE

#### USDA FEDERAL SLAUGHTER

AUGUST 18, 2020	120,000
WEEK AGO,	117,000
YEAR AGO,	117,000
Week to date	232,000
Same Period Last Week (est)	230,000
Same Period Last Year (act)	232,000

**\*\*Revised Monday Cattle Slaughter...112,000\*\*\* Previous estimate 117,000**

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	<b>CHOICE</b>	<b>SELECT</b>
BOXED BEEF FINAL	220.86	204.65
CHANGE FROM PRIOR DAY	3.60	2.71
CHOICE/SELECT SPREAD:		16.21
TOTAL LOAD COUNT		173
5 DAY SIMPLE AVERAGE:	211.92	197.93

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<b>FINAL AUGUST 18, 2020</b>	<b>CHOICE</b>	<b>SELECT</b>
Primal Rib	368.06	322.20
Primal Chuck	171.84	172.83
Primal Round	176.60	177.32
Primal Loin	315.15	262.59
Primal Brisket	155.07	152.64
Primal Short Plate	140.59	140.59
Primal Flank	117.08	113.01

<b>FINAL AUGUST 17, 2020</b>	<b>CHOICE</b>	<b>SELECT</b>
Primal Rib	359.15	318.38
Primal Chuck	172.49	170.25
Primal Round	175.39	174.81
Primal Loin	303.91	260.32
Primal Brisket	152.40	146.41
Primal Short Plate	138.70	138.7
Primal Flank	121.61	112.23



**LOAD COUNT AND CUTOFF VALUE SUMMARY FOR PRIOR 5 DAYS**

Date	Choice	Select	Trim	Grinds	Total	CHOICE 600-900	SELECT 600-900
08/17	64	21	15	32	133	217.26	201.94
08/14	72	22	15	17	126	214.24	199.29
08/13	73	27	15	25	139	210.95	197.41
08/12	116	34	15	17	182	209.09	195.99
08/11	84	23	19	29	156	208.08	195.02
08/10	64	20	9	15	108	207.20	193.93

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	101.93 loads	4,077,236 pounds
Select Cuts	19.47 loads	778,706 pounds
Trimming	20.03 loads	801,381 pounds
Ground Beef	31.66 loads	1,266,225 pounds

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)

DELIVERY NOTICE SERVED – AUGUST 2020 - LIVE CATTLE  
SETTLEMENT: AUGUST 18, 2020 - \$101.325  
OLDEST LONG: 07/24/20 SETTLEMENT \$99.65

6- RETENDERS

FIRM #	FIRM NAME	DEL	REC
407	STRAITS FINANCIAL	3	
685	R.J.O'BRIEN ASSOC	3	3
905	ADM INVESTOR SERVICE		3

LOCATION: CLOVIS

The move up in boxed beef is impressive especially Choice Rib and Loin sections. Consumers are buying high price beef again. Will it continue after Labor Day is the question?

Tuesday's live cattle trade was higher except for August as the few long spec traders left in August finally exited positions. Volume was light. Feedlots at current levels are beginning to question how much more upside market has in it. But with Boxed Beef taking day after day steps higher, market looks strong.



Packers are shooting for a big kill this week and with good profit margins will pay more especially for cattle that can be killed in Nebraska\Iowa plants

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If packers can buy enough cattle this week, look for them to try to kill 650,000. Last week Kansas feedlots were the reason the spread narrowed between Southwest and Midwest cattle and why prices were up. They should hold out for higher prices this week around \$2.00 higher, but there have been several times over the past couple of years, Kansas feedlots jump the gun and sell early. They are the key at the present time if prices are too narrow between regions.

The demand for beef has done an about face over the past three weeks. There is strong demand for Choice Rib and Loin sections. It is no longer being blended into trimmings and ground beef. For months when the market was moving lower, Rib and loin sections were t like other cuts. Yes, there were people buying Prime and Choice steaks, but when consumers were hoarding everything from bleach, toilet paper and meat, they were buying meat that could be used in a variety of recipes and meat that could be added to products. They weren't buying steaks. They were buying ground beef and beef that was further processed. Currently, there are still more consumers buying what can be utilized the most economically but there are also the consumers that are buying the same as they did before COVID 19 became known.

Daily retail beef buyers may be short for Labor Day or are simply short because long term contractors have and are continuing to build long term supplies. If beef remains strong throughout the week, it isn't a Labor Day push but a squeeze on those buyers that need it in the here and now compared to buyers that have inventory and want to increase inventory.

There is concern countries will be shutting down when COVID 19 and flu hit. Wholesalers learned if they have supplies on hand, they can take advantage when supplies run short. There re also buyers that bought beef when it was cheaper than it is now. Those buyers have leverage.

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Packers have worked through their August contracts and their own cattle in the North and Midwest. With packer profits and the rapidly moving higher boxed beef market, packers are going to need cattle unless the move on boxed beef is primarily for Labor Day and the retailers that buy hand to mouth are caught short for holiday specials.

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Steer and heifer weights have been steadily dropping over the past month. Average steer and carcass weights for week ending August 11<sup>th</sup> were down 5 pounds from previous week. They are 25 pounds over same time a year ago. They are 10 pounds less than a month ago compared to same period now.

USDA POSTED CATTLE PRICES ON 8/18/2020  
IA/MN –CASH SALES 106.00 - 108.00 DRESSED n/a



NE - CASH – 106.00 DRESSED 70 head 170.00  
 KS – CASH – 106.00 - 108.00 DRESSED: n/a  
 TX/OK/NM – 106.00  
 CO – CASH n/a DRESSED n/a

National Daily Direct Cattle AUGUST 17, 2020  
 (5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1450	\$105.11	40,472
Live Heifer:	1308	\$104.59	23,116
Dressed Steer:	938	\$167.98	12,835
Dressed Heifer:	842	\$168.07	7,283

As of August 11th, dressed weights were 876.6 compared to previous week at 878.1. Compared to a year ago weights are 25 pounds over a year ago and down 6 from a week ago. Grading percent was 83.5% compared to previous week at 83.0%.

AUGUST 2020 LIVE CATTLE – Small set back on Tuesday. Support at 10 day average at 105.45 Resistance 108.25 to 111.17





**OCTOBER 2020 LIVE CATTLE – RSI at 67 is not overbought. Volume on Tuesday 21,242**  
Support at 109.57 to 107.67 Resistance 111.75 to 112.42



## Feeder Cattle

THE CME FEEDER INDEX ON 08/17/2020 IS 142.62 UP 42 CENTS

AUGUST 2020 FEEDER CATTLE SETTLED AT 143.22 ON AUGUST 18, 2020.

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**NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 08/14/2020**

RECEIPTS:	AUCTIONS	DIRECT	VIDEO/INTERNET	TOTAL
THIS WEEK:	158,100	66,500	7,000	231,600
LAST WEEK:	171,800	66,400	261,400	499,600
YEAR AGO:	104,800	27,900	70,100	202,800



COMPARED TO LAST WEEK, STEERS AND HEIFERS SOLD UNEVEN, 1.00 LOWER TO 3.00 HIGHER. MANY OF THE RECEIPTS IN THE NORTHERN PLAINS ARE COMING OFF SUMMER GRASS WITH THE YEARLINGS IN EXCELLENT CONDITION REPORTED. BUYERS ARE LOOKING FOR THOSE CATTLE TO PERFORM VERY WELL IN THE FEEDLOT WITH COMPENSATORY GAINS ON THE FRONT END APPEARING TO BE VERY GOOD.

FEEDERS HAVE SETTLED BACK POSSIBLY DUE TO RALLY IN CORN. DEMAND WILL INCREASE AS MORE FEEDERS BEGIN TO SHOW FROM MOUNTAIN AND HIGH PLAINS CATTLE. FEEDLOTS IN MIDWEST NEED FEEDER CATTLE.

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SEPTEMBER 2020 FEEDER CATTLE - SECOND DAY TO FALL TO 20 DAY MOVING AVERAGE AT 144.60 NOW FIRST SUPPORT. NEXT SUPPORT AT 141.05. RESISTANCE AT 149.60 TO 150.52





## LEAN HOGS

### USDA ESTIMATED FEDERAL HOG SLAUGHTER

AUGUST 18, 2020	483,000
WEEK AGO	458,000
YEAR AGO	482,000
WEEK TO DATE	963,000
SAME PERIOD LAST WEEK (EST)	915,000
SAME PERIOD LAST YEAR (ACT)	960,000

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CME CASH HOG INDEX 08/14/2020 AT 54.47 UP 63 CENTS FROM PREVIOUS DAY.

CME CASH PORK CUTOUT INDEX 08/17/2020 AT 73.04 UP 87 CENTS FROM PREVIOUS DAY.

CME CASH FRESH BACON INDEX ON 8/14/2020 WAS 140.79 COMPARED TO 8/7/2020 WAS 134.40

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There are plenty of hogs for packers. Pork is off it's lows but unless packers start to pull hogs forward, they don't need to fight over hogs on the open market

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Will packers need to pay up for hogs? They could put a few dollars on them if pork continues to improve but unless exports improve, with growing global supplies it is difficult to see any sustained rallies. But.... There is the possibility moving forward hog inventories drop.

The pigs and hogs euthanized in the spring would have been through slaughter facilities by now. So any drop in hogs because of euthanasia is over. But there were first time gilts and sows that were aborted or not bred. There were breeding animals that were sent to kill instead of being bred. So far, year to date hog slaughter is up 1.1% compared to same period in 2019. From September 2020 into 2021 slaughter could begin to drop 2% even as high as 4%.

A drop in US hogs should be friendly to prices but with the fast growing numbers in Argentina and Brazil, the Ukraine and EU pork producing counties along with exponential rebuilding along with expansion in China and Viet Nam, price improvement in the US will need to from mainly internal demand and Mexico remaining a consistently strong buyer.

US Dollar is cheap and look for continued export strength from Mexico. If Mexico backs off buying US pork, hogs could be in for a lot of problems. Mexico is the buyer that the US pork industry must depend upon for constant and continued buying.



Year to date hog slaughter compared to a year ago is up 1.1%. Large Saturday slaughter is making up for processing that has slowed. It certainly doesn't hurt packers are making money and want to push as many hogs through the kill line as possible.

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Basing hog prices on pork movement on daily pork prices has become a lesson in futility. It is better to base pork price movement on what changes take place from one week to the next.

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### AUGUST 18, 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

LOADS OF PORK CUTS: 334.72

LOADS TRIM/PROCESSED PORK: 41.70

#### FINAL 8/18/2020

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
08/014/2020	376.42	74.06	74.52	78.10	52.71	127.53	61.41	107.29
CHANGE :		-0.49	1.92	1.33	3.01	2.01	-4.99	-1.93
Five Day Average --		73.95	72.43	76.40	48.90	124.31	66.38	106.00

#### FINAL 8/17/2020

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
08/017/2020	294.03	74.55	72.60	76.77	49.70	125.52	66.40	109.22
CHANGE :		-0.38	-1.13	-1.23	-2.50	0.18	-3.80	7.58
Five Day Average --		73.21	72.24	76.21	48.11	122.90	63.67	106.58

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#### NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE

Slaughter Data for AUGUST 18, 2020

Average carcass weight - **276.08**

Average live weight - **207.49**

[https://www.ams.usda.gov/mnreports/ams\\_2511.pdf](https://www.ams.usda.gov/mnreports/ams_2511.pdf)

#### DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM AUGUST 18, 2020

##### NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES

Carcass Base Price: \$34.50 - \$38.25

Weighted Average: \$37.53

Change from Prior Day: 0.11 lower

HOGS SOLD: : 6,450



SWINE OR PORK MARKET FORMULA PURCHASE (Including Packer Sold)  
 PRICE RANGE: \$37.10 - \$70.12  
 Weighted Average \$53.89 PREVIOUS DAY \$53.77  
 HOGS SOLD: 147,311

[https://www.ams.usda.gov/mnreports/lm\\_hq203.txt](https://www.ams.usda.gov/mnreports/lm_hq203.txt)

OCTOBER 2020 LEAN HOGS – fell to strong support where three moving averages are converging to 51.37 l3vel. Next support at 50.55 Resistance at 53.90



DECEMBER 2020 LEAN HOGS –Fell below recent support the 100 day average at 54.17 now resistance. Support at 54.47



Daily Futures Market Commentary



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