



## Morning August 21, 2020 Livestock Report

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### CATTLE

#### USDA FEDERAL SLAUGHTER

AUGUST 20, 2020	119,000
WEEK AGO,	118,000
YEAR AGO,	116,000
Week to date	470,000
Same Period Last Week (est)	465,000
Same Period Last Year (act)	466,000

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	<b>CHOICE</b>	<b>SELECT</b>
BOXED BEEF FINAL	225.38	206.31
CHANGE FROM PRIOR DAY	2.34	0.66
CHOICE/SELECT SPREAD:		19.07
TOTAL LOAD COUNT		150
5 DAY SIMPLE AVERAGE:	217.27	201.79

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<b>FINAL AUGUST 20, 2020</b>	<b>CHOICE</b>	<b>SELECT</b>
Primal Rib	372.71	29.50
Primal Chuck	178.99	172.62
Primal Round	180.68	180.28
Primal Loin	319.34	265.70
Primal Brisket	158.55	147.96
Primal Short Plate	138.54	138.54
Primal Flank	118.44	111.29

#### FINAL AUGUST 19, 2020

	<b>CHOICE</b>	<b>SELECT</b>
Primal Rib	369.38	327.90
Primal Chuck	174.21	171.23
Primal Round	178.36	179.95
Primal Loin	319.06	264.25
Primal Brisket	157.30	150.20
Primal Short Plate	140.75	140.75
Primal Flank	116.54	112.74



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

Date	Choice	Select	Trim	Grinds	Total	CHOICE	SELECT
						600-900	600-900
08/19	80	33	47	20	179	223.04	205.65
08/18	102	19	20	32	173	220.86	204.65
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

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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	88.46 loads	3,538,405 pounds
Select Cuts	20.09 loads	803,469 pounds
Trimmings	11.10 loads	443,827 pounds
Ground Beef	30.16 loads	1,206,358 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)

DELIVERY NOTICE SERVED – AUGUST 2020 - LIVE CATTLE  
SETTLEMENT: AUGUST 20, 2020 - \$107.025  
OLDEST LONG: 07/30/20 SETTLEMENT \$101.725  
0 - DELIVERIES  
FIRM # FIRM NAME DEL REC

LOCATION:

Trade today could be slow before Cattle on Feed Report.

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Somehow the USDA is going to need to explain why Federal USDA slaughter for the year is down from the same period a year ago by over 5%. What happened to the cattle? Yes, there was the time when placements during the time of the shutdown when placements were down to 79% but it was assumed with large disappearance, cattle were moved from feedlots to other areas such as pastures. No doubt placements in July are thought to be as high as expected this afternoon are some of those cattle going back on feed. If this is the case, there are going to be a



lot of big framed cattle ahead and if it is the case, it will not be friendly to prices. Something does not appear to be adding up.

The following are analysts' estimates for the U.S. Department of Agriculture's monthly Cattle on Feed report, which is due on Friday at 2 p.m. CDT

	RANGE	AVERAGE	MILLION HEAD
ON FEED AUGUST 1	99.7-101.4	100.7	11.190
PLACEMENTS IN JULY	101.7-108.7	105.9	1.806
MARKETING IN JULY	98.8-101.5	99.6	1.994

*“July cattle placements seen up 5.9% as sector recovers from plant closures - Reuters News*

*The cattle industry is recovering from temporary shutdowns at U.S. slaughterhouses in April due to coronavirus outbreaks among meatpacking workers. The closures backed up cattle in feedlots and on ranches because they could not all be processed. Plants continue to struggle with worker absences after reopening.”*

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So far cattle slaughter for the week is 470,000. A slaughter on Friday at 115,000 put slaughter at 585,000 and a Saturday kill of 65,000 puts week date kill at 650,000. Last Saturday's kill was 63,000 and week before 60,000 head. Packers have big profits. Packers want to kill cattle. Choice boxed beef in 5 days has gained \$13.17/cwt. A good incentive to kill even paying more for cattle.

Next week packers may not have to be as aggressive buying as they have this week. If there are Yield Grade 4s and 5s in their September formula cattle, they may start pulling some forward.

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The spread in cash prices this week from \$103 to \$108.00 this week are packers discounting heavier cattle. Over the past three months packers have taken heavier cattle, Yield Grade 4s and 5s often without any docks. Now they have started. A \$5.00 dock is still tight. It isn't unusual in past years when cattle were heavy and overfed to see docks \$12.00 to \$15.00. Compared to a week ago steer and carcass weights were 5.1 pounds heavier and 25 pounds over last year at this time.

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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.

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USDA POSTED CATTLE PRICES ON 8/20/2020  
 IA/MN –CASH SALES 106.00 - 108.50 DRESSED 167.00 - 171.00  
 NE - CASH – NO CASH DRESSED 170.00  
 KS – CASH – 103.00 - 106.00 DRESSED: n/a  
 TX/OK/NM – 106.00 - 106.75  
 CO – CASH n/a DRESSED n/a

National Daily Direct Cattle AUGUST 19, 2020  
 (5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1455	\$106.10	40,083
Live Heifer:	1317	\$105.98	25,339
Dressed Steer:	928	\$167.73	5,160
Dressed Heifer:	832	\$167.76	3,885

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As of August 18th, dressed weights were 882.5 compared to previous week at 876.6 up 5.1 from week ago Compared to a year ago weights are 26 pounds over a year ago and down 6 from a week ago. Grading percent was 83.5% compared to previous week at 83.5%.

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AUGUST 2020 LIVE CATTLE – Obvious resistance is 107.77 to 108.25 gap up to 111.17  
 Support 106.00 to 104.52 Open Interest 1411





**OCTOBER 2020 LIVE CATTLE –** Volume was moderately light on Thursday with 17,548 contracts traded. Fell to support at 10 day moving average. Next support 108.10, a buying opportunity with SCO below 105.37. Resistance 111.75 to 112.42.





## Feeder Cattle

THE CME FEEDER INDEX ON 08/19/2020 IS 142.80 up 18 cents from previous day.

AUGUST 2020 FEEDER CATTLE SETTLED AT 143.42 ON AUGUST 20, 2020.

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FEEDER HAVE SETTLED BACK OFF HIGHS OF LAST WEEK 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.

SEPTEMBER 2020 FEEDER CATTLE - FELL TO SUPPORT AT 10 DAY MOVING AVERAGE, WENT THROUGH IT AND CLOSED ABOVE, SUPPORT AT 145.82 TO 144.35 RESISTANCE 149.60 TO 150.55





## LEAN HOGS

### USDA ESTIMATED FEDERAL HOG SLAUGHTER

AUGUST 20, 2020	481,000
WEEK AGO	478,000
YEAR AGO	483,000
WEEK TO DATE	1,920,000
SAME PERIOD LAST WEEK (EST)	1,874,000
SAME PERIOD LAST YEAR (ACT)	1,923,000

\*\*REVISED WEDNESDAY HOG SLAUGHTER...476,000 PREVIOUS ESTIMATE 484,000\*\*

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CME CASH HOG INDEX 08/18/2020 AT 55.08 UP 27 CENTS FROM PREVIOUS DAY.

CME CASH PORK CUTOUT INDEX 08/19/2020 AT 74.46 UP 52 CENTS FROM PREVIOUS DAY.

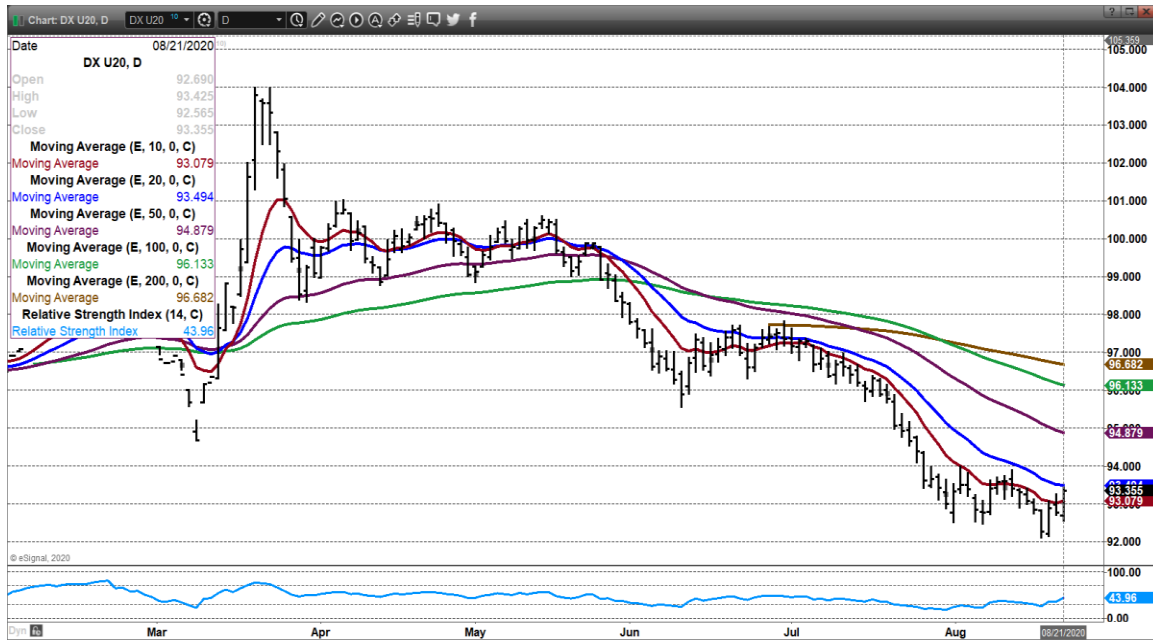
CME CASH FRESH BACON INDEX ON 8/14/2020 WAS 140.79 COMPARED TO 8/7/2020 WAS 134.40

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Fresh Hams are the engine driving pork cutout higher. As it was expected, Mexico was the number one buyer on the Thursday morning export report. As the US Dollar Index shows, it is a great time for exporters to buy US commodities and if an exporter started loading up when pork was low, when it comes to actually pay for the commodity, the cheap US Dollar made buying all the better. The products buyers may be adding to their net sales now, are real bargains at the present.



**US Dollar Index - Exporters should be loading up US commodities and goods – Chart as of 7.25AM 8/21/2020**



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.

**AUGUST 20, 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: 243.61  
LOADS TRIM/PROCESSED PORK: 38.42

FINAL 8/20/2020

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
08/020/2020	282.03	76.08	70.65	76.04	49.18	127.50	75.71	104.65
CHANGE :		1.09	-0.79	-0.41	-0.06	0.40	1.89	4.78





Five Day Average --            74.92   72.59   77.07   50.61   126.60   69.51   104.53

NOON 8/20/2020

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
08/020/2020	146.83	77.52	67.41	72.88	55.25	127.57	80.94	108.27
CHANGE :		2.53	-4.03	-3.57	6.01	0.47	7.12	8.40
Five Day Average --		75.21	71.94	76.44	51.82	126.61	70.55	105.26

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**NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE**  
Slaughter Data for AUGUST 19, 2020

Average carcass weight - 277.19  
Average live weight - 208.00  
[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 20, 2020  
NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES  
Carcass Base Price: \$35.00 - \$43.00  
Weighted Average: \$39.19  
Change from Prior Day: 0.28 higher  
HOGS SOLD: : 5,655

SWINE OR PORK MARKET FORMULA PURCHASE (Including Packer Sold)  
PRICE RANGE: \$37.10 - \$70.56  
Weighted Average \$54.39 PREVIOUS DAY \$53.76  
HOGS SOLD: 161,405  
[https://www.ams.usda.gov/mnreports/lm\\_hq203.txt](https://www.ams.usda.gov/mnreports/lm_hq203.txt)

DECEMBER 2020 – FEBRUARY 2021 LEAN HOG SPREAD - Spread is narrowing. It is still about 2.00 too wide but if continues to narrow, it is friendly



**OCTOBER 2020 LEAN HOGS** – Closed above last high at back to end of May at 54.97 Next resistance at 57.87 to 200 day moving average at 59.97 Support at 53.55 to 52.82



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**DECEMBER 2020 LEAN HOGS – Moved to high of May now resistance at 56.02 to 58.45  
Support at 53.87**



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