



Morning August 24, 2020 Livestock Report

by Chris Lehner | 312.242.7942 | chris.lehner@admis.com

CATTLE

USDA FEDERAL SLAUGHTER

AUGUST 21, 2020	116,000
WEEK AGO,	112,000
YEAR AGO,	117,000
SATURDAY 08/22/2020	66,000 - A WEEK AGO 63,000, YEAR AGO 75,000
WEEK TO DATE (EST)	652,000
SAME PERIOD LAST WEEK (EST)	640,000
SAME PERIOD LAST YEAR (ACT)	657,000
2020 YEAR TO DATE	20,337,000
2019 *YEAR TO DATE	21,400,000

PERCENT CHANGE YEAR TO DATE MINUS 5.0% A WEEK AGO MINUS 5.1%

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	CHOICE	SELECT
BOXED BEEF FINAL	225.94	208.99
CHANGE FROM PRIOR DAY	0.56	2.68
CHOICE/SELECT SPREAD:		16.95
TOTAL LOAD COUNT		75
5 DAY SIMPLE AVERAGE:	220.15	203.57

PREVIOUS WEEK 08/14/2020

BOXED BEEF FINAL	214.24	199.29
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FINAL AUGUST 21, 2020	CHOICE	SELECT
Primal Rib	376.31	330.06
Primal Chuck	179.54	177.60
Primal Round	178.16	178.11
Primal Loin	321.28	270.93
Primal Brisket	160.24	156.80
Primal Short Plate	138.91	138.91
Primal Flank	119.40	112.75



PREVIOUS WEEK

FINAL AUGUST 14, 2020

	CHOICE	SELECT
Primal Rib	353.56	311.87
Primal Chuck	170.12	166.66
Primal Round	173.77	172.97
Primal Loin	298.64	259.74
Primal Brisket	151.73	140.80
Primal Short Plate	137.30	137.30
Primal Flank	119.83	114.33

LOAD COUNT AND CUTOFF VALUE SUMMARY FOR PRIOR 5 DAYS

Date	Choice	Select	Trim	Grinds	Total	CHOICE	SELECT
						600-900	600-900
08/20	88	20	11	30	150	225.38	206.31
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

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	38.39 loads	1,535,424 pounds
Select Cuts	6.43 loads	257,275 pounds
Trimmings	16.91 loads	676,529 pounds
Ground Beef	12.91 loads	516,311 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 21, 2020 - \$105.80

OLDEST LONG: 07/30/20 SETTLEMENT \$101.725

0 - DELIVERIES

FIRM # FIRM NAME DEL REC

LOCATION:



USDA CATTLE ON FEED REPORT AUGUST 21, 2020

	RANGE	AVERAGE	ACTUAL
ON FEED AUGUST 1	99.7-101.4	100.7	102
PLACEMENTS IN JULY	101.7-108.7	105.9	111
MARKETING IN JULY	98.8-101.5	99.6	99

Cattle and calves on feed for the slaughter market in the United States for feedlots with capacity of 1,000 or more head totaled 11.3 million head on August 1, 2020. The inventory was 2 percent above August 1, 2019. *This is the highest August 1 inventory since the series began in 1996.*

Placements in feedlots during July totaled 1.89 million head, 11 percent above 2019. Net placements were 1.84 million head. During July, placements of cattle and calves weighing less than 600 pounds were 420,000 head, 600-699 pounds were 315,000 head, 700-799 pounds were 435,000 head, 800-899 pounds were 458,000 head, 900-999 pounds were 195,000 head, and 1,000 pounds and greater were 70,000 head.

Marketings of fed cattle during July totaled 1.99 million head, 1 percent below 2019. Other disappearance totaled 57,000 head during July, 20 percent below 2019.

Looks like the USDA found out why slaughter has been down from a year ago by plus 5%. Cattle were placed in July. Report is bearish. There are going to be more than enough cattle to kill. Monday, with the 102 on Feed as of August 1st and big placements October Live Cattle into 2021 could be \$3.00 lower. August Live Cattle will depend on what happens to current bullish boxed beef market.

But should report be bearish? After all there were two months when placements were off 17% when it was obvious cattle were moved from feedlots. They really didn't disappear.

Next week we will find out if the current boxed beef rally is a Labor Day rally or if beef especially high priced cuts steaks and roast will continue to rally.

Cattle fundamentals are giving two sides of the coin for traders to start out Monday. The Cattle On Feed Report was bearish. But on the other hand, Boxed Beef and cash cattle markets last week were higher and continued to gain in price all the way through Friday with packers paying as high as \$109.25 in Iowa. Will traders use the COF report or use beef market. Thursday and Friday futures were lower anticipating a bearish report, but they were anticipating placements at 6% more, not 11% more.



Boxed beef had impressive moves higher last week. The Choice cutout gained \$11.70/cwt last week and the Select cutout was up \$9.70 Choice Primal rib sections were up \$22.75/cwt and Choice Primal Loins up \$22.64/cwt. Chucks also gained \$9.42 but it is usually bullish when the two top cuts, Rib and Loin sections are the leaders.

Of course, it is hard to say at this time how much of the rally is due to demand for beef because of the last big beef grill out time, Labor Day. Will packers be as aggressive this week? Will packers pull cattle for next week's kill out of September contracts versus needing showlist cattle? Are packers going to continue to use Kansas cattle for Iowa and Nebraska packing houses?

Packer margins show they are making money and this week's estimated weekly slaughter at 652,000 head showed they want to kill cattle and made sure to kill 650,000 with Saturday's kill at 66,000.

When COVID 19 dropped cattle and hog prices, consumers tightened their grocery belts both people that kept right on working and those that were laid off. Over the past month, it has been the high priced cuts that have pushed boxed beef higher as well as demand for ground beef and trimmings. Consumers that remained working have loosened up with spending and back to buying steaks and consumers that are unemployed or that have recently gone back to work are still buying ground beef and less expensive processed beef.

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NOTICE FROM CME GROUP

Amendments to the Daily Price Limits Rule of the Live Cattle and Feeder Cattle Futures Contracts

Cattle: "Moo-ving" to variable price limits will be implemented in both Live Cattle and Feeder Cattle, effective October 5, 2020.



ADM Investor Services, Inc.



Daily Futures Market Commentary

	Live Cattle		Feeder Cattle	
	Current	Proposed	Current	Proposed
Percent of Price	n/a	4.25%	n/a	1.25 times LC
Adjustment	*Annually adjusted based settlement of JUNE contract over a 45-day period ending April LTD*			
Normal Limit	\$3.00	\$4.00	\$4.50	\$5.00
Expanded Limits	\$4.50	\$6.00	\$6.75	\$7.50
Expansion Rule	*Expanded limits trigger when any front FOUR contracts settle at initial limit *If either contract expands, so does the other.			
Reversion Rule	Price limit remains expanded if market settles locked limit	Price limit remains expanded until market settles inside initial price limit.	Price limit remains expanded if market settles locked limit.	Price limit remains expanded until market settles inside initial price limit.
Last Day Rule	Allow for the triggering of an additional expanded daily price limit in the expiring contract for Live Cattle and Feeder Cattle futures for the last trade date.			

<https://www.cmegroup.com/content/dam/cmegroup/notices/ser/2020/08/SER-8642.pdf>

USDA POSTED CATTLE PRICES ON 8/21/2020

IA/MN –CASH SALES 109.00 - 109.25 DRESSED 168.00 - 172.00
 NE - CASH – 106.00 - 107.50 DRESSED 169.00 - 172.00
 KS – CASH – 106.00 - 106.50 DRESSED: n/a
 TX/OK/NM – 106.00 - 106.75
 CO – CASH 106.00 - 106.50

National Daily Direct Cattle AUGUST 21, 2020 (5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1464	\$106.51	51,108
Live Heifer:	1316	\$106.26	25,775
Dressed Steer:	937	\$168.94	22,599
Dressed Heifer:	835	\$168.76	10,888

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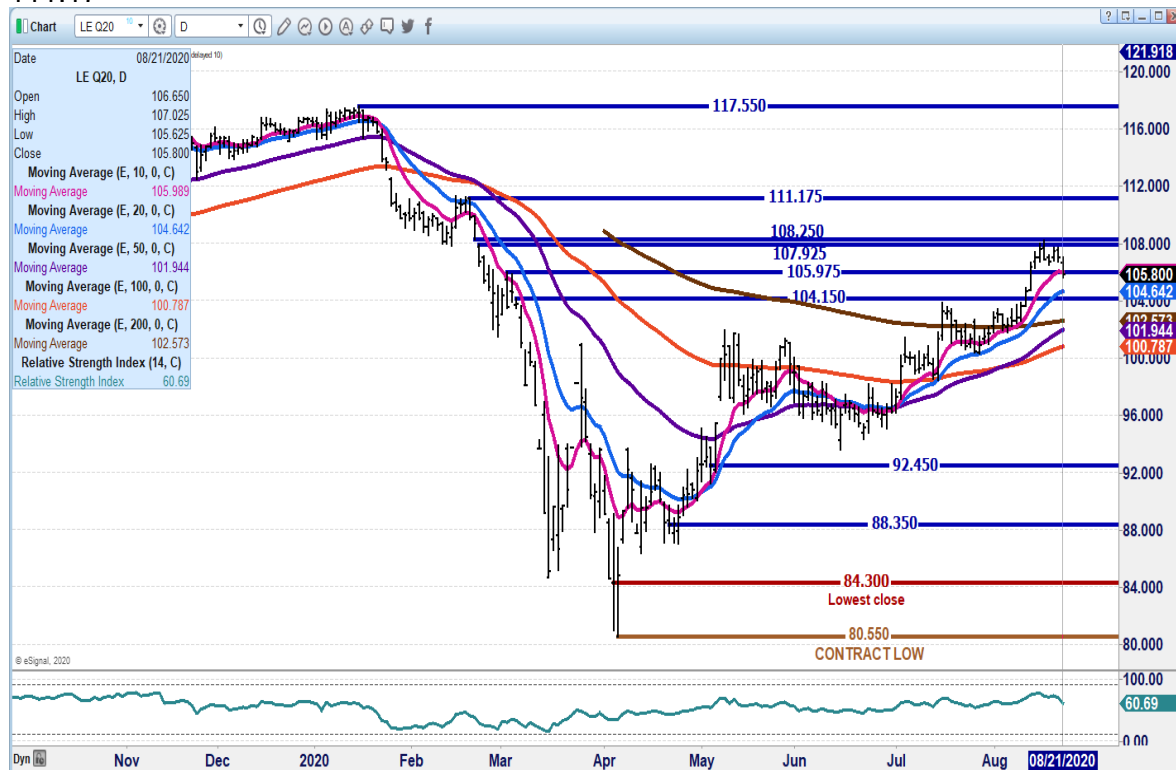
PREVIOUS WEEK

National Daily Direct Cattle AUGUST 14, 2020
(5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1431	\$104.15	29,152
Live Heifer:	1291	\$104.00	17,622
Dressed Steer:	940	\$167.08	12,864
Dressed Heifer:	847	\$167.59	4,640

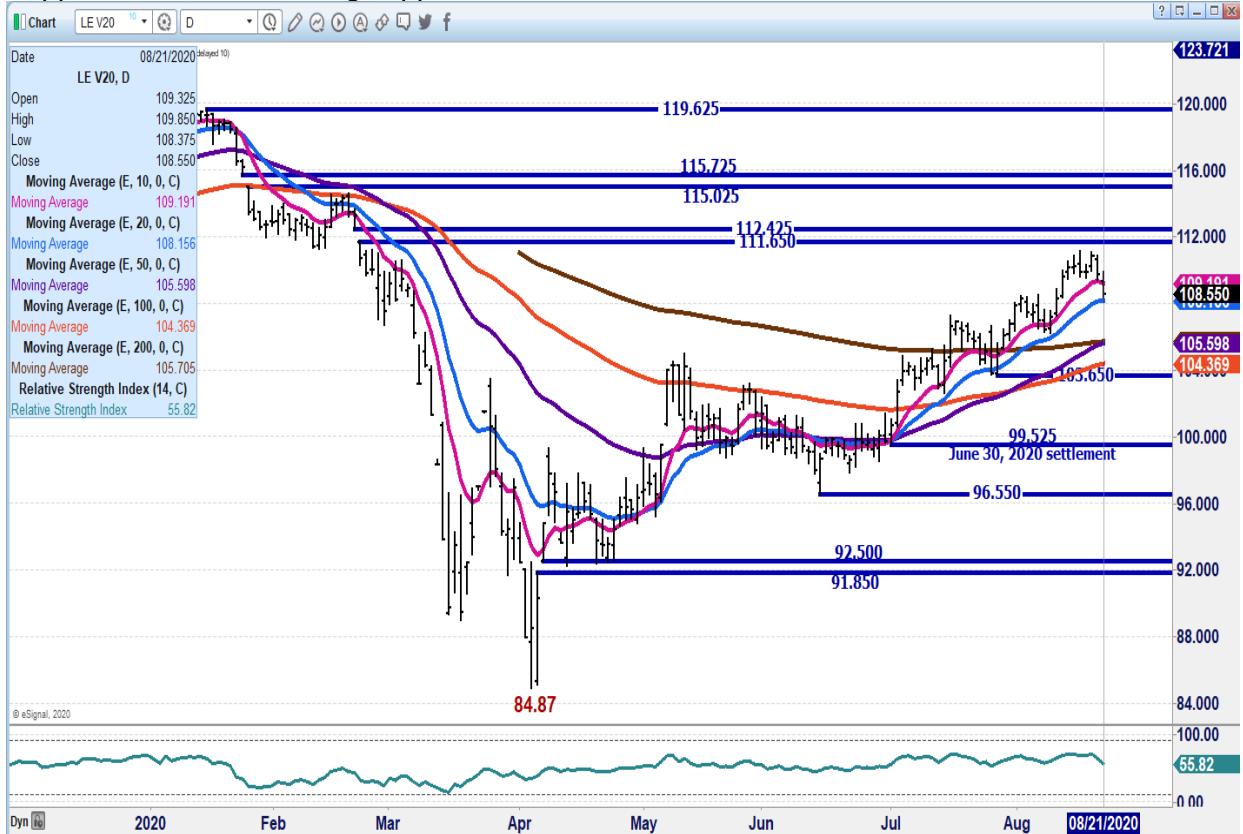
As of August 18th, dressed weights were 882.5 compared to previous week at 876.6 up 5.1 from week ago Compared to a year ago weights are 26 pounds over a year ago and down 6 from a week ago. Grading percent was 83.5% compared to previous week at 83.5%.

AUGUST 2020 LIVE CATTLE – Support at 104.65 to 103.37 Resistance at 107.92 to 108.25 to 111.17





OCTOBER 2020 LIVE CATTLE – 17,177 volume on Friday as traders liquidated before report. Support at 105.15 to strong support at 105.60 Resistance at 111.65 to 112.42



Feeder Cattle

THE CME FEEDER INDEX ON 08/20/2020 IS 143.90 up 1.10 from previous day.
AUGUST 2020 FEEDER CATTLE SETTLED AT 142.92 ON AUGUST 21, 2020.

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NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 08/21/2020

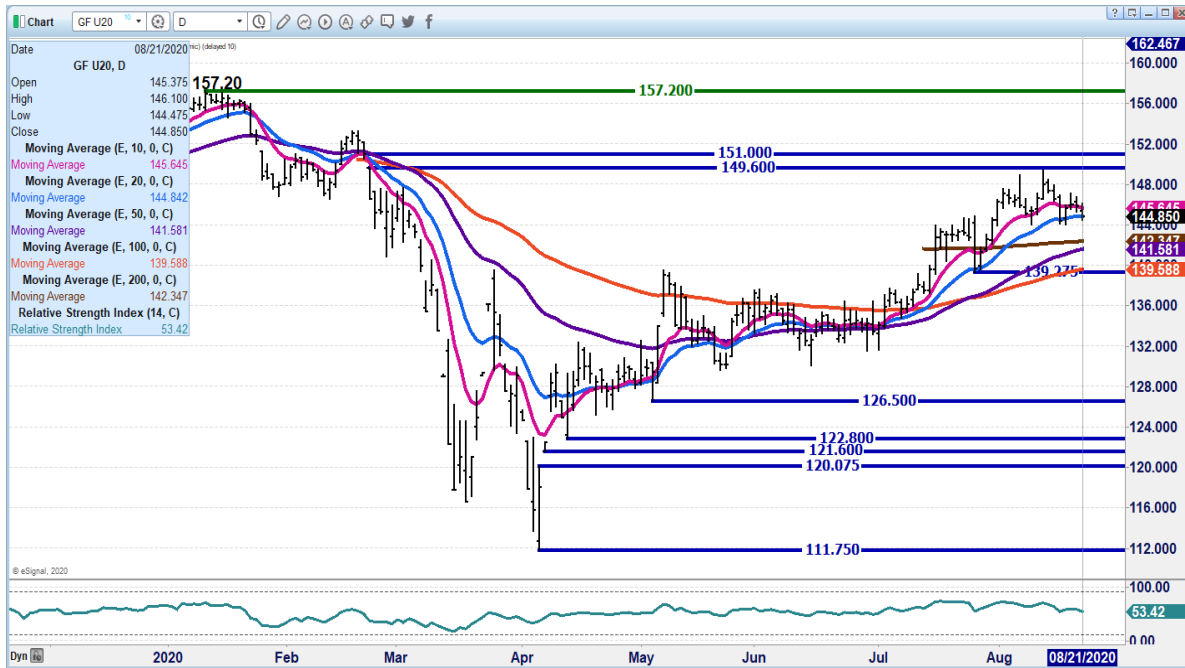
RECEIPTS:	AUCTIONS	DIRECT	VIDEO/INTERNET	TOTAL
THIS WEEK:	160,400	51,500	71,200	283,100
LAST WEEK:	158,100	66,500	7,000	231,600
YEAR AGO:	87,400	64,900	65,900	218,200



COMPARED TO LAST WEEK, STEERS AND HEIFERS SOLD UNEVEN; 1.00 LOWER TO 2.00 HIGHER. YEARLING CATTLE ARE IN DEMAND THIS WEEK AND SOME CALVES HAVE STARTED TO SHOW AT AUCTIONS THIS WEEK. THERE ARE STILL PLENTY OF YEARLINGS ON OFFER AT SALES THIS YEAR DUE TO THE ELONGATION OF MARKETING PERIOD AFTER PRODUCERS WERE MORE INCLINED TO WAIT TO SELL AFTER THIS SPRING'S AUCTION PRICE DECLINE.

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SEPT 2020 FEEDER CATTLE - SUPPORT AT 144.82 TO 142.35 RESISTANCE AT 149.60



LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

AUGUST 21, 2020	476,000	
WEEK AGO	466,000	
YEAR AGO	477,000	
SATURDAY 08/22/2020	277,000-	A WEEK AGO 219,000 - YEAR AGO 131,000
WEEK TO DATE (EST)	2,618,000	
SAME PERIOD LAST WEEK (EST)	2,559,000	
SAME PERIOD LAST YEAR (ACT)	2,531,000	
2020 YEAR TO DATE	82,288,000	



2019 *YEAR TO DATE 81,311,000
PERCENT CHANGE YEAR TO DATE 1.2% COMPARED TO A WEEK AGO 1.1% .

**REVISED THURSDAY HOG SLAUGHTER...476,000 PREVIOUS ESTIMATE 481,000
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CME CASH HOG INDEX 08/19/2020 AT 55.41 UP 33 CENTS FROM PREVIOUS DAY.

CME CASH PORK CUTOUT INDEX 08/20/2020 AT 74.87 UP 41 CENTS FROM PREVIOUS DAY.

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

So much for the fresh belly rally. As of the Friday cutout, bellies are down \$16.44 and for the week down \$1.93. Cutout for the week was \$1.42. Loins up \$1.63.

Packer are making money and want to push hogs through the plant now. Need to watch US Dollar. Cheap Dollar has been advantageous for Mexico to buy US pork Time will tell but expect to see fewer hogs into September through year end due to sows and gilts aborted.

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CHINA JULY PORK IMPORTS HIT RECORD 430,000 TONNES

“Aug 24 (Reuters) - China imported 430,000 tonnes of pork in July, customs data showed late on Sunday, up 136% from the same month a year earlier and a record monthly volume, despite tough new checks on cargoes that had slowed clearing at ports....”

Beef imports in July came to 210,000 tonnes, said customs, with shipments for the first seven months reaching 1.2 million tonnes...”

<https://www.reuters.com/article/china-economy-trade-pork/china-july-pork-imports-hit-record-430000-tonnes-customs-idUSL4N2FM1D6>

With August off the board, the usual chain of events in Lean Hogs is to see speculators take total control of the reigns. Use rallies as hedging opportunities.

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Year to date hog slaughter compared to a year ago is up 1.2%. Large Saturday slaughter is making up for processing that was down in the spring.



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 21, 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: 292.37

LOADS TRIM/PROCESSED PORK: 30.71

FINAL 8/21/2020

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
08/021/2020	323.08	73.51	75.36	80.14	49.45	129.00	59.27	103.19
CHANGE :		-2.57	4.71	4.10	0.27	1.50	-16.44	-1.46
Five Day Average --		74.64	72.91	77.50	50.06	127.33	67.32	104.84

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

PREVIOUS WEEK

FINAL 8/14/2020

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
08/014/2020	357.55	74.93	73.73	78.00	52.20	125.34	70.20	101.64

CHANGE FOR THE WEEK -1.42 +1.63 +2.14 -2.75 +3.66 -10.93 +1.55

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NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE

Slaughter Data for AUGUST 20, 2020

Average carcass weight - 277.73

Average live weight - 208.52

https://www.ams.usda.gov/mnreports/ams_2511.pdf

DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM AUGUST 21, 2020

NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES

Carcass Base Price: \$35.50 - \$44.00



Weighted Average: \$40.20
Change from Prior Day: 0.96 higher
HOGS SOLD: : 5,791

SWINE OR PORK MARKET FORMULA PURCHASE (Including Packer Sold)
PRICE RANGE: \$37.00 - \$71.65
Weighted Average \$54.65 PREVIOUS DAY \$54.39
HOGS SOLD: 170,823
https://www.ams.usda.gov/mnreports/lm_hg203.txt

DECEMBER 2020 – FEBRUARY 2021 LEAN HOG SPREAD - Watch spread to see if continues to narrow. It is friendly if it does narrow.



OCTOBER 2020 LEAN HOGS – Resistance are to previous today tops over 56.07 Support at 52.85 to 51.87 Volume was very light at 13,371



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DECEMBER 2020 LEAN HOGS – Resistance 56.37 Support at 54.15



CHARTS FROM ESIGNAL INTERACTIVE, INC.

Chris.Lehner@admis.com

312 242 7942

913.787.6804

ADMIS.com | 312.242.7000 | Chicago | New York | London | Hong Kong | Singapore | Taipei | Shanghai

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