



Morning September 03, 2020 Livestock Report

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CATTLE

USDA FEDERAL SLAUGHTER

SEPTEMBER 02, 2020	117,000
WEEK AGO,	118,000
YEAR AGO,	117,000
WEEK TO DATE (EST)	356,000
SAME PERIOD LAST WEEK (EST)	353,000
SAME PERIOD LAST YEAR (ACT)	235,000

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	CHOICE	SELECT
BOXED BEEF FINAL	227.58	213.82
CHANGE FROM PRIOR DAY	(0.76)	(0.93)
CHOICE/SELECT SPREAD:		13.76
TOTAL LOAD COUNT		114
5 DAY SIMPLE AVERAGE:	229.74	214.66

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Based on negotiated prices and volume of boxed beef cuts delivered within 0-21 days and on average industry cutting yields. Values reflect U.S. dollars per 100 pounds

FINAL SEPTEMBER 02, 2020	CHOICE	SELECT
Primal Rib	371.11	337.97
Primal Chuck	178.60	178.45
Primal Round	181.48	181.88
Primal Loin	327.02	285.89
Primal Brisket	169.32	147.60
Primal Short Plate	142.28	142.28
Primal Flank	115.16	108.97

FINAL SEPTEMBER 01, 2020	CHOICE	SELECT
Primal Rib	369.09	336.93
Primal Chuck	181.17	180.62
Primal Round	181.24	181.65



Primal Loin	327.73	287.45
Primal Brisket	170.12	146.97
Primal Short Plate	143.30	143.30
Primal Flank	115.69	111.46

LOAD COUNT AND CUTOFF VALUE SUMMARY FOR PRIOR 5 DAYS

Date	Choice	Select	Trim	Grinds	Total	CHOICE	SELECT
						600-900	600-900
09/01	61	20	26	17	124	228.34	214.75
08/31	39	10	11	14	73	227.95	215.32
08/28	73	12	20	10	114	229.40	214.86
08/27	46	12	39	13	110	231.54	214.26
08/26	57	16	19	29	121	231.45	214.11
08/25	58	14	9	24	104	229.68	212.26

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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	53.10 loads	2,123,826 pounds
Select Cuts	18.64 loads	745,583 pounds
Trimming	26.42 loads	1,056,882 pounds
Ground Beef	15.71 loads	628,321 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)

BEEF AND PORK EXPORT HIGHLIGHTS WEEK ENDING AUGUST 27, 2020 AT BOTTOM OF REPORT

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USDA POSTED CATTLE PRICES ON 9/021/2020

IA/MN –CASH 103.00 - 105.00 DRESSED 162.00 - 163.00
NE - CASH – 102.00 – 104.00 DRESSED : 162.00 - 163.00
KS – CASH – 102.00 - 103.00 DRESSED : 162.00 ON 68 HEAD
TX/OK/NM – 103.00 ON 365 HEAD
CO – CASH **Information not available due to confidentiality**



National Daily Direct Cattle SEPTEMBER 02, 2020
(5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1453	\$104.23	36,946
Live Heifer:	1307	\$104.32	18,084
Dressed Steer:	952	\$165.38	29,566
Dressed Heifer:	821	\$164.91	7,241

Technically, October cattle dropped Wednesday to where August settled at \$104.50. It went through it to the support of July 28th at 103.65 and closed where August settled. Volume was light as it dropped but found buyers at 103.65 and reversed off the low to settle at 104.47. Wednesday was a technical trading day.

Boxed Beef - Support and Resistance

Boxed beef has support and resistance similar to chart trading futures. Because of the present economy in the U.S. and globally where millions are unemployed versus people that never stopped working, there has become a definite difference in demand. There are the people that buy meat simply for protein dietary requirements and stretch the meat purchased as far as their wallet will allow. Then there are people that can go to the best butcher shops or out to the best restaurants as often as they want and go far past what is considered dietary requirements for protein.

This mornings boxed beef is a good example. The movement of trimmings and grindings Wednesday was more than double the movement of Select beef. Select primal chucks are only 15 cents less than Choice chucks and Select rounds are more than Choice rounds. There are many people that can only buy lower quality priced beef.

However, there are many people that don't hesitate to buy 16 ounce T – bones and this weekend grilling out steaks for the entire extended family and friends that come to the Labor Day picnic. It is why Choice primal rib sections are \$32.58 over Select rib sections and Choice primal loin sections are \$38.64 over Select loins.

For the packer it is the best of both worlds. All beef is moving. No wonder packers are making over \$400.00 per head.

A week from now, packers will need showlist cattle for slaughter for the remainder of September. Monday is Labor Day and packers will use Saturday, September 12th to make up for cattle missed on Monday Labor Day.

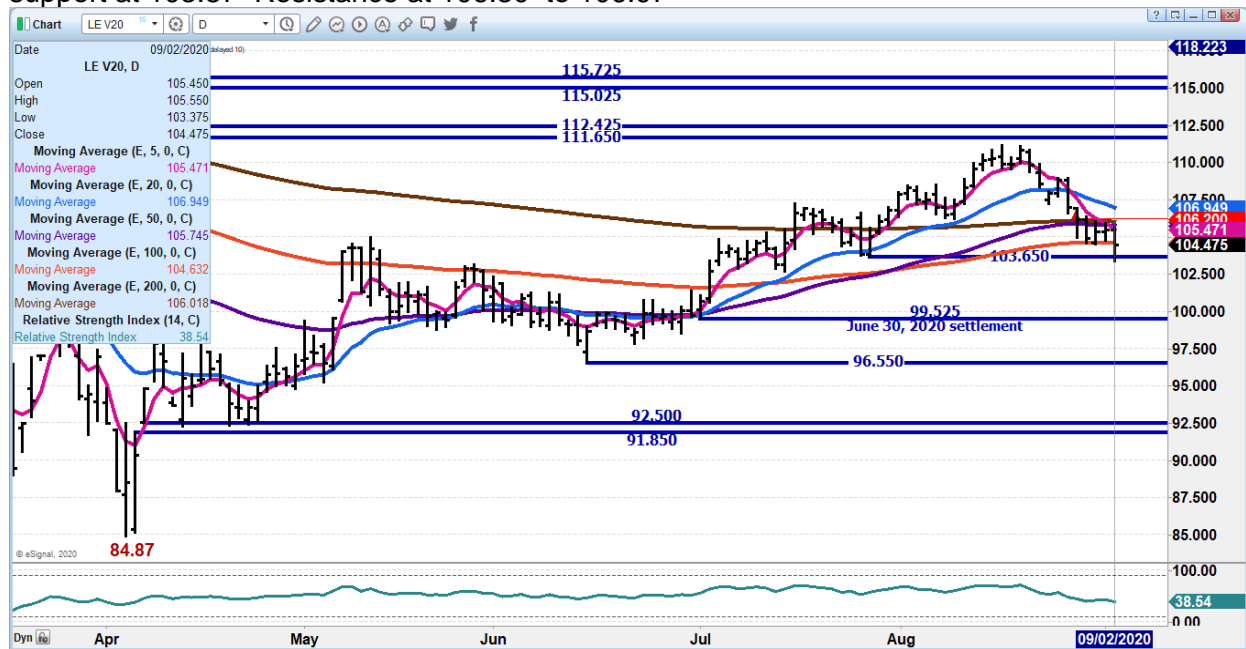


Wednesday the Fed Cattle Exchange had 436 head for the 10:00AM sale. 365 sold at \$103.00. Light weight heifers from Texas. They were a bargain.

Taiwan is dropping age restrictions on cattle and allowing ractopamine in pork. Both are positive to US meat and could allow more competition with Brazil's exports to Taiwan.

As of September 1, dressed weights were 885.3 compared to previous week at 882.6 up 2.7 from week ago. Grading percent was 82.9% compared to previous week at 83.0%.

OCTOBER 2020 LIVE CATTLE – Broke 100 day average at 105.47 fell to July 27 and 28th . low at 103.65 and closed 2 cents lower than where August went off the board. Low Wednesday support at 103.37 Resistance at 106.30 to 106.97





DECEMBER 2020 LIVE CATTLE – Support at 107.25 Resistance at 109.17



Feeder Cattle

THE CME FEEDER INDEX ON 09/01/2020 IS 140.35 DOWN 17 FROM PREVIOUS DAY.

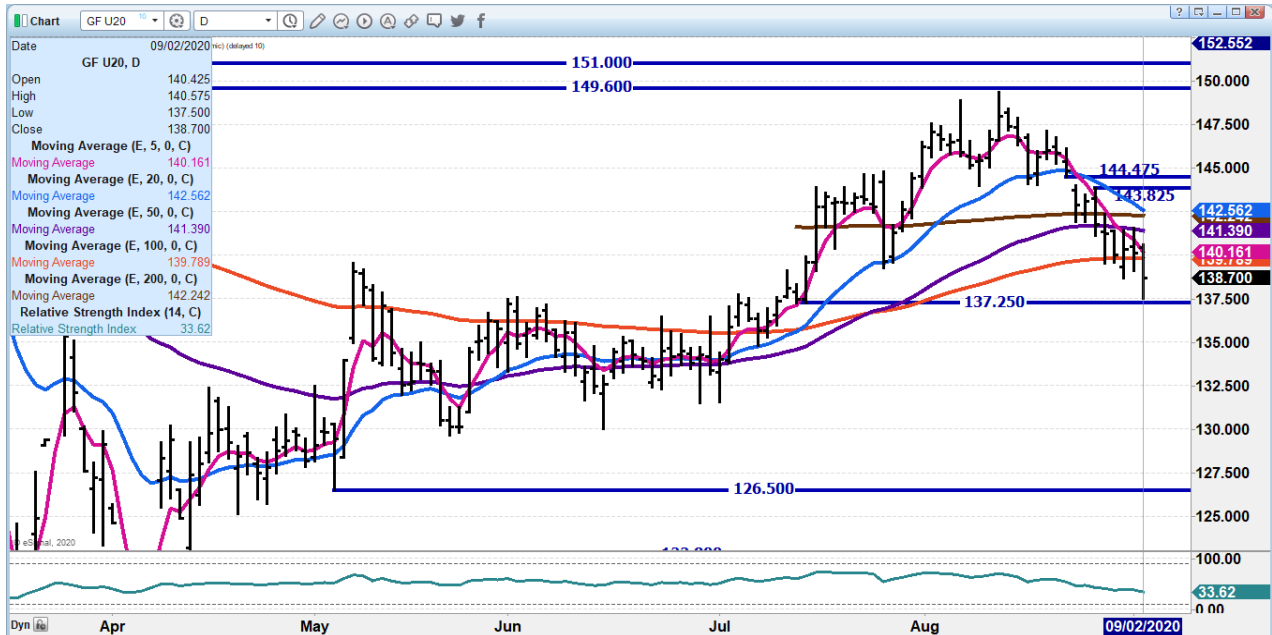
SEPTEMBER 2020 FEEDER CATTLE SETTLEMENT ON SEPTEMBER 02, 2020 WAS \$138.70

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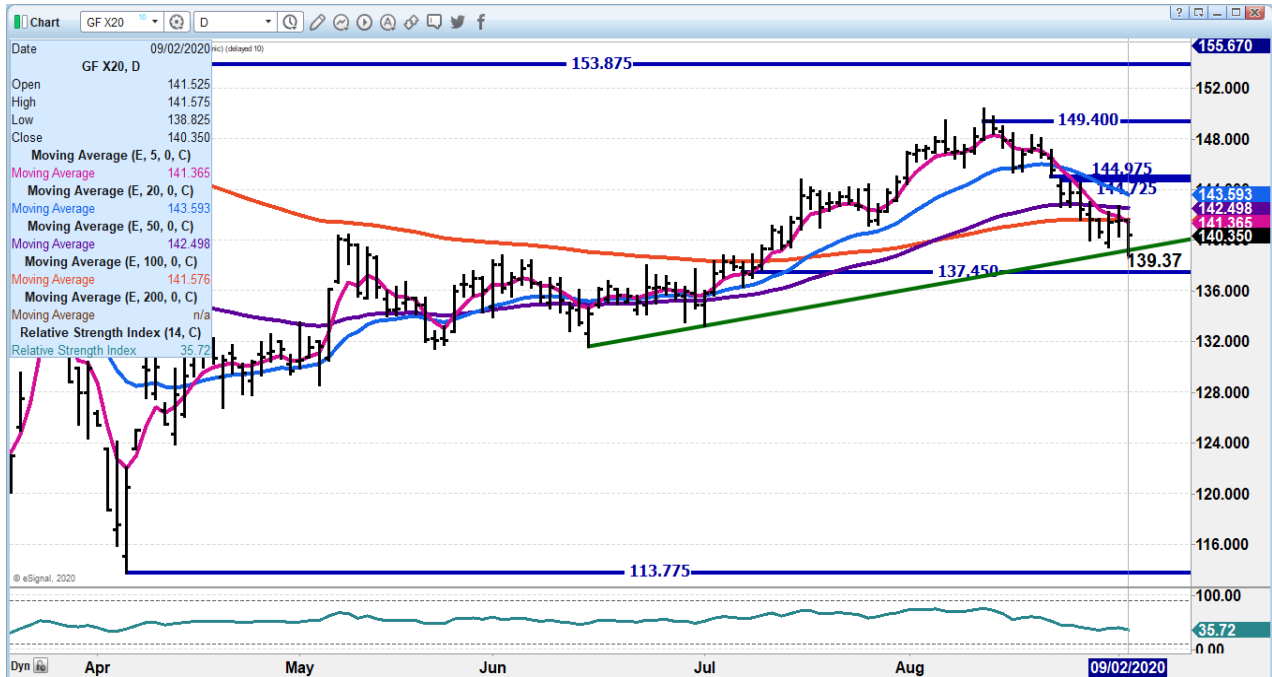
THE PLACEMENTS AT 111% ABOVE LAST YEAR GAVE BUYERS AN OPPORTUNITY TO BUY CATTLE CHEAPER LAST WEEK. HOWEVER, FEEDLOTS ARE MOVING CATTLE AS SOON AS THEY ARE READY AND NEED TO REPLACE THEM. THERE IS GOING TO BE MORE CORN IN IOWA CHOPPED OR BAILED THIS YEAR AND IF FEEDLOTS DIDN'T BUY, CONTRACT OR HEDGE FEED NEEDS WHEN CORN WAS PRICED BELOW \$3.00/BUSHEL I WOULD BE SURPRISED.



SEPTEMBER 2020 FEEDER CATTLE – SUPPORT AT 137.25 RESISTANCE AT 140.20



NOV 2020 FEEDER CATTLE - SUPPORT 139.37 TO 137.45 RESISTANCE AT 141.37



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LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

SEPTEMBER 02, 2020	480,000
WEEK AGO	482,000
YEAR AGO	488,000
WEEK TO DATE (EST)	1,431,000
SAME PERIOD LAST WEEK (EST)	1,435,000
SAME PERIOD LAST YEAR (ACT)	965,000

REVISED TUESDAY HOG SLAUGHTER..475,000* PREVIOUS ESTIMATE WAS 480,000

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CME CASH HOG INDEX 08/31/2020 AT 56.60 UNCHANGED FROM PREVIOUS DAY.

CME CASH PORK CUTOUT INDEX 09/01/2020 AT 72.85 DOWN 13 CENTS FROM PREVIOUS DAY.

CME CASH FRESH BACON INDEX ON 08/28/2020 WAS 141.51 COMPARED TO 08/21/2020 WAS 137.95

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The daily fluctuations on the pork cutout and light movement compared to the total amount of pork produced is making day to day price discovery next to impossible. For example, the loins Wednesday were down \$10.36 at \$64.16 where Tuesday loins settled up \$6.19 at \$74.52. Hams on Wednesday morning were up \$9.73 at \$66.18, settled Wednesday a 61.64 and Tuesday they settled at \$56.45.

Use changes from the open on Monday to the following week's opening or Friday's close to the following Friday close. With only a small amount of pork sold on daily market, a running weekly average will give a better representation for price discovery.

For pork producers that sell on the open market, it is just another example how the hog market is under thumb of the contract and hogs owned by the packer. Hedging and locking in risk is important but hedgers need to use options to protect futures hedges or admit they are speculating.

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Packers are making good money. The question is will they share profits. For now the answer is likely yes. They are pulling hogs to kill with lowering weights and want to fill shackles. Dollar is cheap encouraging exports. Taiwan dropping Ractopamine on US pork is positive.

Need to monitor weights. Falling weights show packers want hogs.

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I feel hog numbers will drop over next two to three months before rebuilding late 2020 into 2021. Could see 2% to 4% decline due to sows aborted and not bred during March 2020 through early May 2020.

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SEPTEMBER 02, 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

SEPTEMBER 02, 2020

LOADS OF PORK CUTS: 313.21

LOADS TRIM/PROCESSED PORK: 44.00

FINAL 9/02/2020

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
09/02/2020	357.21	73.51	64.16	81.54	47.43	129.71	61.34	119.22
CHANGE :		-1.03	-10.36	-1.89	1.51	-0.53	4.89	2.38
Five Day Average --		72.97	69.59	83.09	46.83	128.29	55.62	115.66

NOON 9/02/2020

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
09/02/2020	192.28	75.55	64.74	81.28	55.27	131.36	66.18	117.74
CHANGE :		1.01	-9.78	-2.15	9.35	1.12	9.73	0.90
Five Day Average --		73.38	69.71	83.04	48.40	128.62	56.59	115.37

FINAL 9/01/2020

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
09/01/2020	413.21	74.54	74.52	83.43	45.92	130.24	56.45	116.84
CHANGE :		1.92	6.19	0.06	-6.56	1.61	2.93	0.33
Five Day Average --		72.65	70.48	83.19	47.01	126.60	54.55	113.86

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NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE

Slaughter Data for SEPTEMBER 1, 2020



Average carcass weight - 275.06
 Average live weight - 206.42
https://www.ams.usda.gov/mnreports/ams_2511.pdf

DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM September 1, 2020
 NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES
 Carcass Base Price: \$38.00 - \$48.00
 Weighted Average: \$44.25
 Change from Prior Day: 1.22 higher
 HOGS SOLD: 6,737

SWINE OR PORK MARKET FORMULA PURCHASE (Including Packer Sold)
 PRICE RANGE: \$38.42 - \$70.11
 Weighted Average \$56.26 PREVIOUS DAY \$55.63
 HOGS SOLD: 147,991

https://www.ams.usda.gov/mnreports/lm_hq203.txt

DECEMBER 2020 – FEBRUARY 2021 LEAN HOG SPREAD - Narrowing is friendly Could narrow to 3.00 under



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OCTOBER 2020 LEAN HOGS - Strong market Next resistance at 59.50 Support at 55.02



DEC 2020 LEAN HOGS – Resistance at 56.95 to 58.45 Support at 55.92 to 54.75



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BEEF AND PORK EXPORT HIGHLIGHTS WEEK ENDING AUGUST 27, 2020

Beef: Net sales of 11,400 MT reported for 2020 were down 4 percent from the previous week and 19 percent from the prior 4-week average. Increases were primarily for Japan (2,600 MT, including decreases of 500 MT), South Korea (2,000 MT, including decreases of 400 MT), China (1,800 MT, including decreases of 100 MT), Taiwan (1,500 MT, including decreases of 100 MT), and Indonesia (1,000 MT). For 2021, net sales of 400 MT were primarily for Canada. Exports of 17,400 MT were down 4 percent from the previous week and 2 percent from the prior 4-week average. The destinations were primarily to South Korea (5,600 MT), Japan (5,100 MT), Taiwan (1,600 MT), China (1,100 MT), and Hong Kong (1,000 MT).

Pork: Net sales of 53,600 MT reported for 2020 were up 36 percent from the previous week and up noticeably from the prior 4-week average. Increases primarily for China (28,700 MT, including decreases of 900 MT), Mexico (14,700 MT, including decreases of 1,500 MT), Japan (2,900 MT, including decreases of 300 MT), Canada (2,000 MT, including decreases of 500 MT), and Chile (1,400 MT), were offset by reductions primarily for Macedonia (200 MT). For 2021, total net sales of 300 MT were for Australia. Exports of 32,500 MT were unchanged from the previous week, but down 3 percent from the prior 4-week average. The destinations were primarily to China (9,700 MT), Mexico (9,400 MT), Japan (4,200 MT), Canada (3,000 MT), and South Korea (1,700 MT).

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