



Morning September 28, 2020 Livestock Report

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CATTLE

USDA FEDERAL SLAUGHTER

SEPTEMBER 25, 2020	112,000
WEEK AGO	111,000
YEAR AGO	114,000
SATURDAY 09/26/2020	57,000 - A WEEK AGO 55,000, YEAR AGO 67,000
WEEK TO DATE (EST)	651,000
SAME PERIOD LAST WEEK (EST)	645,000
SAME PERIOD LAST YEAR (ACT)	650,000
2020 YEAR TO DATE	23,505,000
*YEAR TO DATE	24,571,000
Percent change year to date	-4.3%
Previous week	-4.5%

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	CHOICE	SELECT
BOXED BEEF FINAL	219.34	206.98
CHANGE FROM PRIOR DAY	1.86	(0.76)
CHOICE/SELECT SPREAD:		12.36
TOTAL LOAD COUNT		138
5 DAY SIMPLE AVERAGE:	216.13	206.28

PREVIOUS WEEK 09/21/2020

BOXED BEEF FINAL	215.64	203.94
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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 25, 2020

Primal Rib	374.19	344.51
Primal Chuck	179.63	172.15
Primal Round	172.13	170.49
Primal Loin	300.61	271.84
Primal Brisket	159.02	154.10
Primal Short Plate	139.44	139.44
Primal Flank	100.64	99.73



PREVIOUS WEEK

FINAL SEPTEMBER 21, 2020

	CHOICE	SELECT
Primal Rib	356.62	331.74
Primal Chuck	172.87	165.92
Primal Round	168.84	169.19
Primal Loin	305.88	271.40
Primal Brisket	157.83	161.33
Primal Short Plate	137.58	137.58
Primal Flank	103.99	112.29

LOAD COUNT AND CUTOUT VALUE SUMMARY FOR PRIOR 5 DAYS

Date	Choice	Select	Trim	Grinds	Total	CHOICE	SELECT
						600-900	600-900
09/24	72	21	5	24	123	217.48	207.74
09/23	92	30	11	35	169	215.87	207.60
09/22	108	29	9	17	162	215.44	206.30
09/21	70	17	7	12	106	216.22	205.82
09/18	84	21	28	13	147	215.64	203.94

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	83.11 loads	3,324,505 pounds
Select Cuts	27.84 loads	1,113,596 pounds
Trimming	12.30 loads	491,861 pounds
Ground Beef	14.60 loads	583,933 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)

USDA POSTED CATTLE PRICES ON 9/24/2020

IA/MN –CASH 104.00 - 108.00 DRESSED - 165.00
NE - CASH – 105.00 DRESSED 165.00
KS – CASH – 105.00 DRESSED 164.00 - 165.00
TX/OK/NM – 105.00
CO – **Information not available due to confidentiality**



National Daily Direct Cattle SEPTEMBER 24, 2020
(5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1493	\$103.90	24,127
Live Heifer:	1336	\$103.79	8,051
Dressed Steer:	945	\$164.05	18,567
Dressed Heifer:	854	\$163.73	5,679

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SEPTEMBER 25, 2020 USDA CATTLE ON FEED REPORT

	Range	Average	ACTUAL
On feed Sept 1	102.2-103.9	103.3	104
Placements in August	100.8-110.0	105.8	109
Marketings in August	95.7-97.5	96.6	97

United States Cattle on Feed Up 4 Percent

Cattle and calves on feed for the slaughter market in the United States for feedlots with capacity of 1,000 or more head totaled 11.4 million head on September 1, 2020. The inventory was 4 percent above September 1, 2019. This is the highest September 1 inventory since the series began in 1996.

Placements in feedlots during August totaled 2.06 million head, 9 percent above 2019. Net placements were 2.00 million head. During August, placements of cattle and calves weighing less than 600 pounds were 405,000 head, 600-699 pounds were 335,000 head, 700-799 pounds were 470,000 head, 800-899 pounds were 522,000 head, 900-999 pounds were 230,000 head, and 1,000 pounds and greater were 95,000 head.

Marketings of fed cattle during August totaled 1.89 million head, 3 percent below 2019.

Other disappearance totaled 55,000 head during August, 10 percent below 2019.

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Nothing unusual but placements were 3 percent above average trade estimate but not out of range of high estimates. There are a lot of 800 to 899 pound placements, negative to November and December if steers keep selling at weights above 1425 to 1450 pounds. However, November is usually a time when beef rallies for holiday parties, but it is hard to say what COVID 19 will do to holiday dinners and get togethers.

Placements on feed makes sure there are plenty of cattle. Marketing at 97% isn't a big deal with last month's big placements and packers have been increasing slaughter month after month.

The report is negative because of placements. Big placements were there because in many areas from Southwest to Western areas and mountains the grass and pastures were dried up with severe heat and drought. After initial negativity of report, February and April futures should see improvement but with current wide spreads, prices may already be in the market. With this week's stronger boxed beef, October will trade on cash market news with December trade down \$2.00 or \$2.50 with continued bear spreading continuing into 2021 and then see April on out narrowing spreads.

July and August placements have been big because feeders weren't sold in the spring. May 2020 placements were at 78%. Cattle normally placed didn't vanish into thin air.

Feeders could open down \$3.00 or more.

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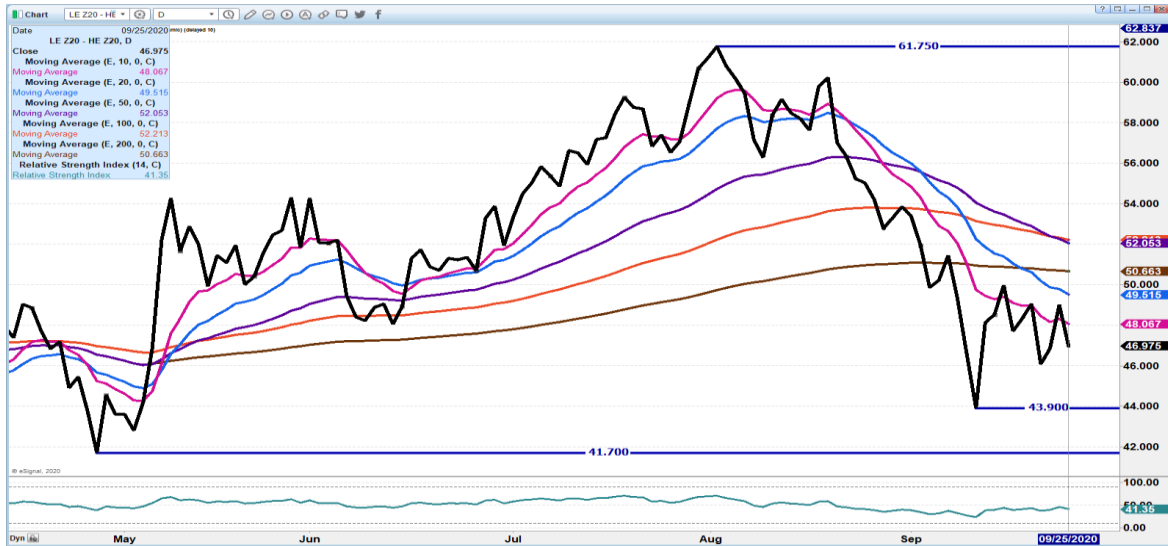
With wide spreads, over the past couple of weeks there has been active forward contracting. Up to the past couple of weeks since cattle prices dumped last spring feedlots haven't been eager to sell far ahead, but with unusually wide spreads, they took advantage of what futures offered and packers booked cattle into 2021. However, last week packers were trying to price ahead cattle into the second week of October and feedlots were not taking bids and only selling for this week's delivery.

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As of September 22nd, dressed steer and heifer weights were 887.0 compared to previous week at 896.6 DOWN 9.6 pounds from week ago and 17 pounds over a year ago but 12 from previous week at 29 over.. Grading percent was 82.2% compared to previous week at 82.6%.



DEC 2020 LIVE CATTLE/DECEMBER 2020 LEAN HOG SPREAD - SPREAD IS NARROW.

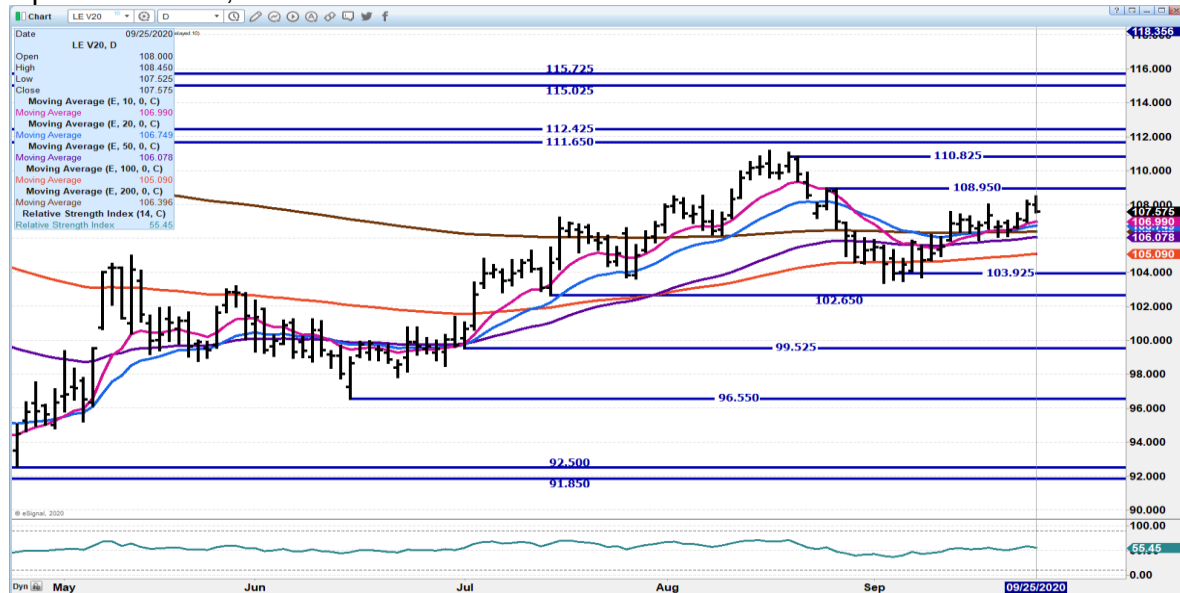


DECEMBER 2020/FEBRUARY 2020 LIVE CATTLE SPREAD - SPREAD IS FAIRLY NORMAL.





**OCTOBER 2020 LIVE CATTLE – 108.95 to 110.82 Resistance Support at 106.87 to 105.00
Open interest 28,751**

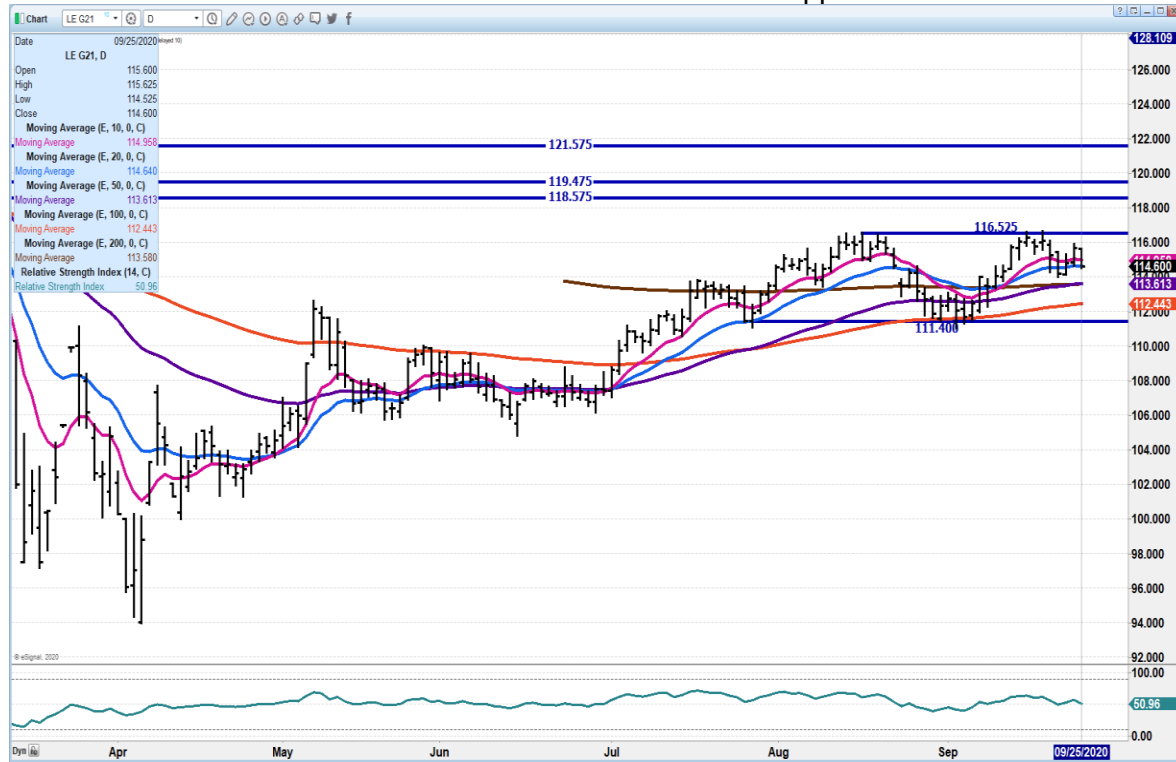


**DECEMBER 2020 LIVE CATTLE – 112.55 to 114.82 resistance. Support at 110.77 to 108.90
Volume Friday was light at 16,871**





FEBRUARY 2021 LIVE CATTLE – Resistance at 116.52 Support at 113.50 to 112.45



Feeder Cattle

THE CME FEEDER INDEX ON 09/24/2020 WAS 142.23 DOWN 36 CENTS FROM PREVIOUS DAY

OCTOBER 2020 FEEDER CATTLE SETTLED ON SEPTEMBER 25, 2020 AT \$140.32

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NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 09/25/2020

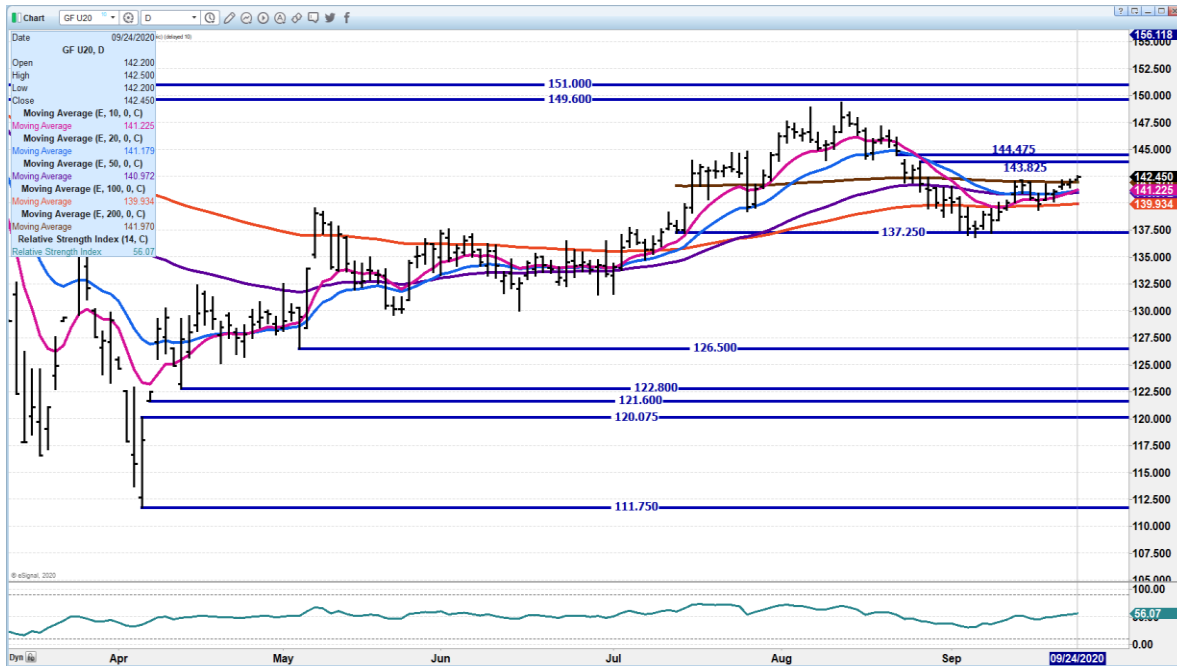
RECEIPTS:	AUCTIONS	DIRECT	VIDEO/INTERNET	TOTAL
THIS WEEK:	195,500	29,700	42,300	267,500
LAST WEEK:	201,200	46,700	39,800	287,700
YEAR AGO:	208,000	73,900	24,800	306,700



COMPARED TO LAST WEEK, STEERS AND HEIFERS SOLD STEADY TO 2.00 LOWER. WEAKNESS IN THE CME CATTLE COMPLEX WEIGHED HEAVILY ON THE MARKET THIS WEEK AHEAD OF FRIDAY'S CATTLE ON FEED REPORT. SUPPLY WAS MODERATE THIS WEEK AS YEARLINGS BECOME HARDER AND HARDER TO FIND AS WE GET CLOSER TO FALL ON THE CALENDAR.

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**OCTOBER 2020 FEEDER CATTLE – RESISTANCE IS GAP AT 143.82 TO 144.47
SUPPORT AT 141.22 TO 139.95 TO 137.95**



NOVEMBER 2020 FEEDER CATTLE - 137.90 SUPPORT. RESISTANCE 144.97



ADM Investor Services, Inc.



LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER – TUESDAY

SEPTEMBER 25, 2020	478,000	
WEEK AGO	459,000	
YEAR AGO	482,000	
SATURDAY 09/26/2020	230,000-	A WEEK AGO 193,000 - YEAR AGO 285,000
WEEK TO DATE (EST)	2,627,000	
SAME PERIOD LAST WEEK (EST)	2,578,000	
SAME PERIOD LAST YEAR (ACT)	2,641,000	
2020 YEAR TO DATE	94,959,000	
2019 *YEAR TO DATE	93,871,000	

PERCENT CHANGE YEAR TO DATE 1.2% COMPARED TO A WEEK AGO 1.2%

REVISED THURSDAY HOG SLAUGHTER..469,000** PREVIOUS ESTIMATE 485,000

CME CASH HOG INDEX 09/23/2020 AT 73.70 UP 81 CENTS FROM PREVIOUS DAY -
CME CASH HOG INDEX 09/16/2020 AT 67.84

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CME CASH PORK CUTOUT INDEX 09/24/2020 AT 89.26 UP .82 FROM PREVIOUS DAY.
[CME CASH PORK CUTOUT INDEX 09/17/2020 AT 83.04](#)

CME CASH FRESH BACON INDEX ON 09/18/2020 WAS 175.11 COMPARED TO 09/11/2020 WAS 163.42

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For a day after a Hogs and Pigs Report traders seemed to forget it took place. At 1:00PM when livestock futures settled, volume was only 16,400 contracts on the December Lean Hog contract. That few of contracts is a slow day any time but after a quarterly report, you could say it was a dead day. Trading was some spreading but hardly any of it. Trade on light volume was more about the active cash market and moving October closer to the index.

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HOGS AND PIGS REPORT - TABLE AT BOTTOM OF REPORT

Breeding inventory, at 6.33 million head, was down 2 percent from last year, but up slightly from the previous quarter

Market hog inventory, at 72.8 million head, was up 1 percent from last year, but down 1 percent from last quarter

The June-August 2020 pig crop, at 35.1 million head, was down 3 percent from 2019. Sows farrowing during this period totaled 3.18 million head, down 3 percent from 2019. The sows farrowed during this quarter represented 50 percent of the breeding herd. The average pigs saved per litter was 11.04 for the June-August period, compared to 11.11 last year.

United States hog producers intend to have 3.12 million sows farrow during the September-November 2020 quarter, down 5 percent from the actual farrowings during the same period one year earlier, and down 3 percent from the same period two years earlier. Intended farrowings for December 2020-February 2021, at 3.11 million sows, are down 1 percent from the same period one year earlier, but up slightly from the same period two years earlier.

The total number of hogs under contract owned by operations with over 5,000 head, but raised by contractees, accounted for 47 percent of the total United States hog inventory, down 1 percent from the previous year.

Farrowings are down. There will be fewer hogs.



All hogs and pigs as of September 1 up 1 % is no surprise since Federal slaughter is now slightly over it compared to same period a year ago. Breeding herd at 98 may in near term be construed as slightly negative because of high side of estimates, but fewer hogs if pork demand remains strong is still fewer hogs and is friendly. Market inventory at 101 was a fraction above estimates and may be slightly negative, but with demand for pork , the report is neutral in the long run unless pork demand falls out of bed. Market inventory down 1 percent from last quarter goes along with my expectations there were sows aborted and not bread March and part of April.

Farrowings at 97 percent during June and August should see prices stay strong into end of year. Into 2021 there should be fewer hogs because of drop in farrowing intentions. For most part , report was close to what was expected. Fewer farrowings are friendly. Into 2021 hog prices should increase because of fewer breeding intentions. Of course pork demand especially exports has been terrific in 2020 and the demand for pork must remain strong to sustain hog prices. China is not only rebuilding hog herd after collapsing due to African Swine Fever, their intentions are to see substantial increases by July of 2021 and inventory as much as 50% more with continual building of their hog herd over next 5 years. Brazil is coming on like gang busters and majority of their pork moves to China. Ukraine is building hog herd with financial assistance from China. Argentina is building their hog herd with Chinese investors and almost all pork slated for China. It is good US producers have paired back breeding. Global competition is fierce. So far African Swine Fever hasn't been found in German herds. Unless ASF is found in farm herds, pork that once was slated for China will find other global buyers. There are many countries that would love to buy the pork likely at a discount to global prices.

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SEPTEMBER 25, 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 25, 2020

LOADS OF PORK CUTS: 342.50

LOADS TRIM/PROCESSED PORK: 35.88

FINAL 9/25/2020

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
09/25/2020	378.38	91.32	80.01	86.79	63.17	135.12	85.04	150.16
CHANGE :		-0.71	2.58	3.58	-0.02	1.40	-4.83	-1.95
Five Day Average --		90.21	76.36	82.88	62.42	132.07	86.35	150.22

NOON 9/25/2020



Date	Loas	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
09/25/2020	252.10	92.94	81.23	87.77	62.89	134.76	87.30	152.78
CHANGE :		0.91	3.80	4.56	-0.30	1.04	-2.57	0.67
Five Day Average --		90.54	76.61	83.08	62.37	131.99	86.80	150.74

SETTLE ON FRIDAY 9/18/2020

Date	Loas	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
09/18/2020	389.73	87.53	73.78	80.91	60.87	128.34	84.13	145.26

CHANGE FROM PREVIOUS WEEK

Carcass	Loin	Butt	Pic	Rib	Ham	Belly
3.79	6.23	5.88	2.30	6.80	.91	4.90

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NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE
SLAUGHTER DATA FOR SEPTEMBER 24, 2020

Average carcass weight - 280.61
Average live weight - 209.54

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

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DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM September 25, 2020
NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES
Carcass Base Price: \$60.00 - \$69.00
Weighted Average: \$64.74
Change from Prior Day: .14 higher
HOGS SOLD: 9,863

SWINE OR PORK MARKET FORMULA PURCHASE (Including Packer Sold)
PRICE RANGE: \$60.68 - \$87.60
Weighted Average: \$74.00
Previous Day: \$73.15
HOGS SOLD: 159,308

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

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DECEMBER 2020 – FEBRUARY 2021 LEAN HOG SPREAD - Should continue to narrow



OCTOBER 2020 LEAN – Resistance at 73.30 to 75.67 Support at gap at 67.07 to 66.47



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**DECEMBER 2020 LEAN HOGS – For after a report volume was light at 17,119 contracts
Resistance at 66.82 Support at 61.30 to 59.97**



SEPTEMBER 24, 2020 USDA HOGS AND PIGS REPORT

United States Hog Inventory Up 1 Percent

	Ranges	Average	Actual
All hogs September 1	96.9-102.6	100.1	101
Kept for breeding	96.7-98.9	97.5	98
Kept for market	96.9-103.0	100.6	101
Pig crop			
June-August	93.2-96.0	95.1	97
Weight Groups			



Under 50 lbs	95.0-100.5	98.6	97
50-119 lbs	95.4-102.0	99.8	97
120-179 lbs	98.1-105.1	102.3	106
Over 180 lbs	101.0-106.6	103.3	110
Farrowings			
June-August	95.1-96.9	95.7	97
Farrowing intentions			
September-November	94.3-97.2	95.5	95
December-February	95.0-99.7	97.0	99

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CHARTS FROM ESIGNAL INTERACTIVE, INC.

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