



Morning September 01, 2020 Livestock Report

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CATTLE

USDA FEDERAL SLAUGHTER
AUGUST 31, 2020 119,000
WEEK AGO, 117,000
YEAR AGO, 4,000

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	CHOICE	SELECT
BOXED BEEF FINAL	227.95	215.32
CHANGE FROM PRIOR DAY	(1.45)	0.46
CHOICE/SELECT SPREAD:		12.63
TOTAL LOAD COUNT		73
5 DAY SIMPLE AVERAGE:	229.91	213.35

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FINAL AUGUST 31, 2020	CHOICE	SELECT
Primal Rib	372.64	338.44
Primal Chuck	180.62	181.51
Primal Round	179.46	183.72
Primal Loin	328.36	282.90
Primal Brisket	165.37	159.65
Primal Short Plate	143.11	143.11
Primal Flank	112.19	112.18

FINAL AUGUST 28, 2020	CHOICE	SELECT
Primal Rib	376.75	334.88
Primal Chuck	180.10	183.20
Primal Round	179.39	183.16
Primal Loin	334.13	281.65
Primal Brisket	165.41	158.36
Primal Short Plate	141.79	141.79
Primal Flank	112.74	112.06



LOAD COUNT AND CUTOFF VALUE SUMMARY FOR PRIOR 5 DAYS

Date	Choice	Select	Trim	Grinds	Total	CHOICE 600-900	SELECT 600-900
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
08/24	56	12	24	20	112	227.47	211.25

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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	38.61 loads	1,544,207 pounds
Select Cuts	10.48 loads	419,087 pounds
Trimmings	10.54 loads	421,525 pounds
Ground Beef	13.79 loads	551,695 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 31, 2020 - \$104.50
OLDEST LONG: SETTLEMENT DAY
0 - DELIVERIES

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USDA POSTED CATTLE PRICES ON 8/31/2020

IA/MN –CASH NO CASH ON MONDAY DRESSED NO SALES
NE - CASH – NO CASH ON MONDAY DRESSED NO SALES
KS – CASH – NO CASH ON MONDAY DRESSED NO SALES
TX/OK/NM – NO CASH ON MONDAY
CO – CASH **Information not available due to confidentiality**



National Daily Direct Cattle AUGUST 31, 2020
(5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1441	\$104.92	27,655
Live Heifer:	1292	\$104.85	19,409
Dressed Steer:	951	\$166.52	19,007
Dressed Heifer:	788	\$166.47	3,820

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Packer profits are near \$350.00/head. Packers want to kill as many cattle as they can when profit margins are this big. They are selling grindings, trimmings and high end cuts. Last week's slaughter was 654,000 head and slaughter is currently running about the same as a year ago. It doesn't appear, packers are leaving cattle in feedlots if they are ready. There is even more weight, 28 pounds per carcass than a year ago and they are selling beef. Put all the fundamentals together and they are positive.

Next week will be a short slaughter with packers down on Monday. This week cash could be down \$1.00. Next week packers will be need to buy showlist cattle.

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Monday boxed beef movement was ONLY 73 loads. Last week's biggest day was ONLY 121 loads. Boxed Beef sales released to the USDA are a drop in the bucket of actual beef movement. Using daily boxed beef prices as a fundamental method for price discovery for either cash cattle or the direction of futures on a scale of 1 to 10 with 1 the lowest is a 2. We have no idea how most meat is priced or how it is contracted. We do see packers are pushing cattle through the line during the daily buy and on Saturdays with last week's slaughter of 653,000 head and Monday's slaughter at 119,000 is a large slaughter especially at current weights. But where is the beef?

Packers forward contract beef because it is the method large beef buyers want it priced. It also is a plus for packers because they can contract cattle or buy cattle of their own to feed knowing the price of cattle out the gate based on long term composite prices, grids or contracting with formulas.

Daily prices are fundamentals to be used and because small retail traders are effected by what they feel the day to day movement does to the markets. Last March it did prove to be useful when daily volume went ballistic and there were days movement was over 500 loads. Packers were selling beef right out of the back door as fast as they could kill the fewer cattle. But now, 42 loads is a drop in the bucket. Where is all the beef going? How is it really priced?



Use daily sales as a barometer over time as an average

Without a spot month over the month of September 2020, the current daily boxed beef price may be more confusing. For instance on August 31, 2020 will the Choice boxed beef price have a correlation to delivery day for October 2020 Live Cattle on October 5, 2020? Probably not. But the change over next 5 weeks will help give an indication.

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Live cattle futures are out of a spot month. Specs take over “anticipating” October prices.

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.

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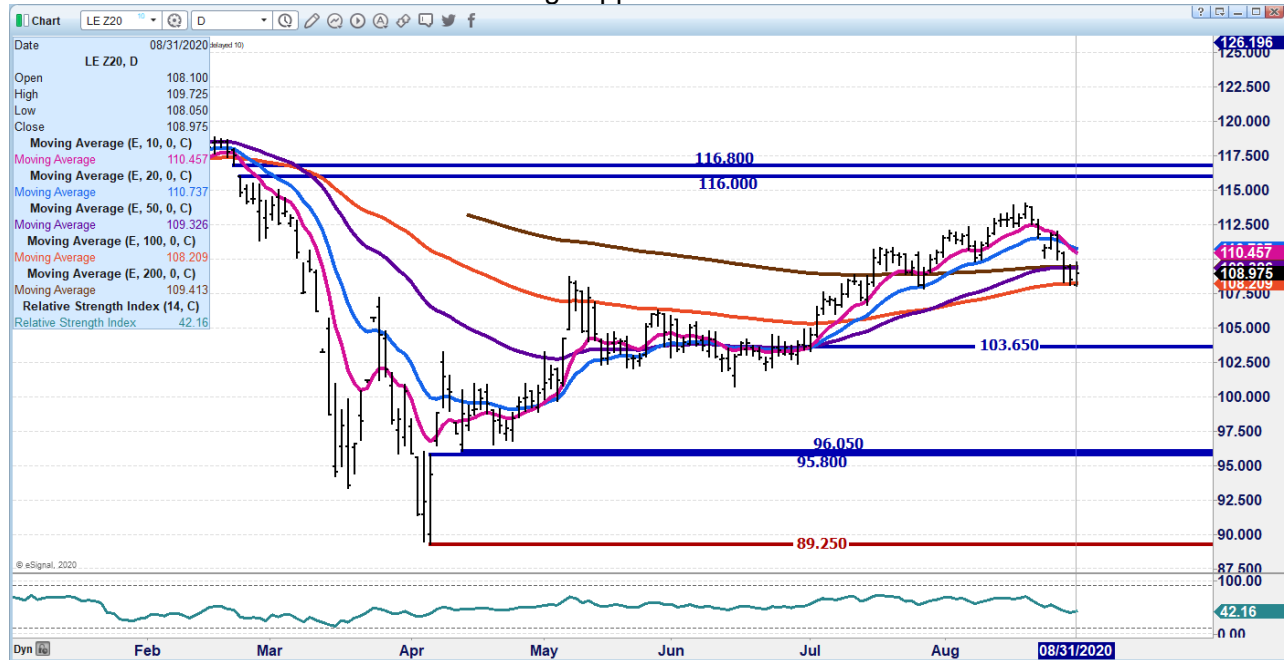
As of August 25th, dressed weights were 882.6 compared to previous week at 882.5 up .1 from week ago Compared to a year ago weights are 28 pounds over a year ago . Grading percent was 83.0% compared to previous week at 83.5%.

OCTOBER 2020 LIVE CATTLE – Past two days the 100 day moving average has been support at 104.60 and resistance at convergence at 106.02. Low support Tuesday is 103.65 that needs to hold above on the close and upside resistance at 107.20. Volume Monday was 22,832





DECEMBER 2020 LIVE CATTLE – Strong support at 108.17 Resistance 109.50 to 110.47



Feeder Cattle

THE CME FEEDER INDEX ON 08/28/2020 IS 140.99 DOWN 57 from previous day.

SEPTEMBER 2020 FEEDER CATTLE SETTLEMENT ON AUGUST 31, 2020 WAS \$140.30

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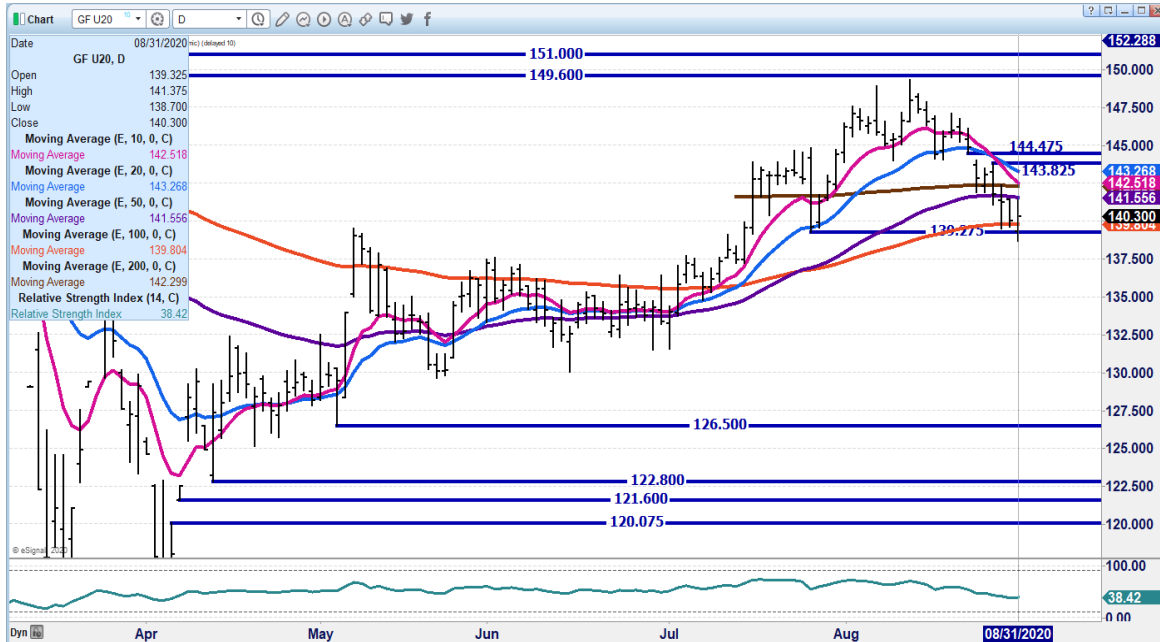
NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 08/28/2020

RECEIPTS:	AUCTIONS	DIRECT	VIDEO/INTERNET	TOTAL
THIS WEEK:	156,200	38,700	280,300	475,200
LAST WEEK:	160,400	158,100	87,400	405,900
YEAR AGO:	150,400	58,600	211,800	420,800

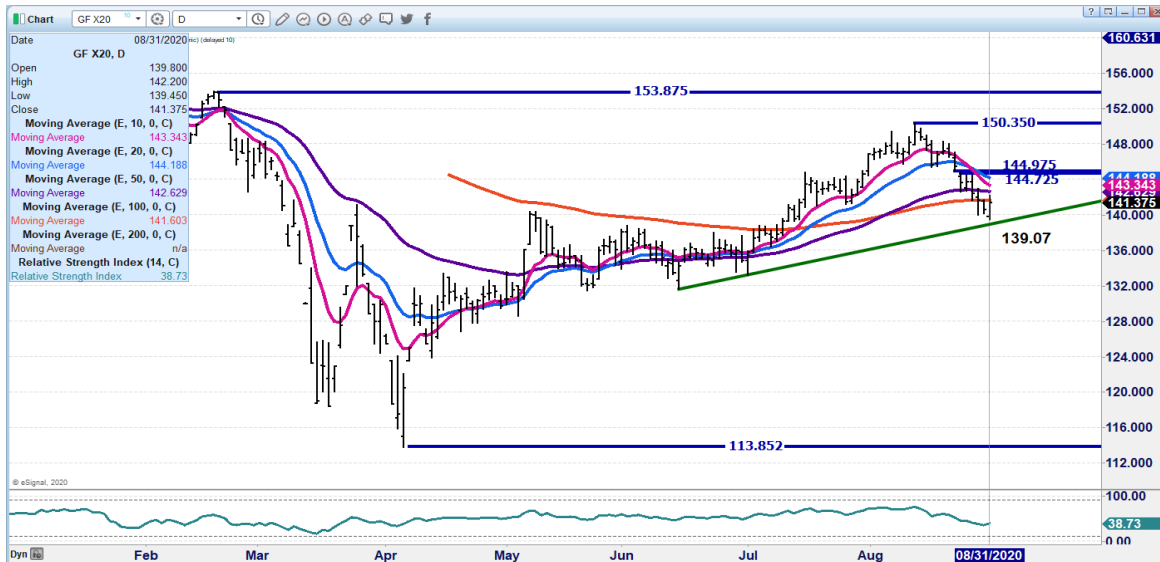
COMPARED TO LAST WEEK, STEERS AND HEIFERS SOLD STEADY TO 4.00 LOWER. LAST FRIDAY'S CATTLE ON FEED REPORT HAD JULY PLACEMENTS AT 111 PERCENT OF A YEAR AGO AND THE INDUSTRY STOOD UP AND TOOK NOTICE.



SEPTEMBER 2020 FEEDER CATTLE - DROPPED BELOW LOW BACK TO 7/27.2020 BUT BOUNCE OFF IT AND 100 DAY AVERAGE, SUPPORT AT 139.80 AND BOUNCED TO RESISTANCE AT 141.57. NEXT RESISTANCE AT 142.52



NOVEMBER 2020 FEEDER CATTLE - RESISTANCE AT 139.07 RESISTANCE AT 141.67 TO 143.37





LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

AUGUST 31, 2020	486,000
WEEK AGO	469,000
YEAR AGO	2000

**REVISED SATURDAY HOG SLAUGHTER..269,000... PREVIOUS ESTIMATE 276,000
NEW WEEK TO DATE..2,657,000... PREVIOUS ESTIMATE 2,664,000

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CME CASH HOG INDEX 08/27/2020 AT 57.05 DOWN 7 CENTS FROM PREVIOUS DAY.

CME CASH PORK CUTOUT INDEX 08/28/2020 AT 73.14 DOWN 39 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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Pork carcass starting out higher Monday morning up \$5.10 but ended the day up just 12 cents
Loins were up 5.10 early and settled down 43 cents. Bellies early were 20.93 higher and closed
out 1.24 higher . The fluctuation on pork sales is the difference between hand to mouth buyers
pulling out available primal cuts against buyers that have pork contracted or buying those
buying the entire carcass.

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Trade volume on Lean Hog futures was extremely light Monday. October the most actively
traded month on the preliminary volume was 13,110 contracts. December Lean Hogs, the next
active month, barely broke 6682 daily contracts. Look for specs to be active spreaders during
September. The direction of the spreads indicates market direction in October. Will specs be
bull or bear spreaders.

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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 1.4%. Large Saturday slaughter is
making up for processing that was down in the spring.

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AUGUST 31, 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

August 31, 2020

LOADS OF PORK CUTS: 282.15

LOADS TRIM/PROCESSED PORK: 28.80

FINAL 8/31/2020

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
08/31/2020	310.95	72.62	68.33	83.37	52.48	128.63	53.52	116.51
CHANGE :		0.12	-0.43	6.26	1.32	3.33	1.24	1.24
Five Day Average --		72.70	70.71	82.68	47.95	127.46	54.82	112.62

NOON 8/31/2020

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
08/31/2020	167.20	76.49	70.45	85.37	52.47	129.62	52.93	136.20
CHANGE :		5.10	2.24	1.57	6.25	2.31	2.74	20.93
Five Day Average --		73.47	71.14	83.08	47.95	127.66	54.70	116.56

NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE

Slaughter Data for AUGUST 28 and 29, 2020

Average carcass weight - 275.90

Average live weight - 207.48

Hog weights are dropping. Packers are pulling hogs to kill as soon as ready.

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

DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM AUGUST 31, 2020

NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES

Carcass Base Price: \$37.00 - \$43.50

Weighted Average: \$43.00,

Change from Prior Day: 0.09 higher

HOGS SOLD: 10,010

SWINE OR PORK MARKET FORMULA PURCHASE (Including Packer Sold)

PRICE RANGE: \$40.61 - \$67.83

Weighted Average \$55.46 PREVIOUS DAY \$54.40

HOGS SOLD: 190,307

https://www.ams.usda.gov/mnreports/lm_hg203.txt



DECEMBER 2020 – FEBRUARY 2021 LEAN HOG SPREAD - Barometer for direction. Narrows it is bullish Widens it is bearish Look for narrowing



OCTOBER 2020 LEAN HOGS – Dropped to 20 day moving average support at 53.20 Next support needs to hold 52.82 Resistance 54.10 to gap at 55.02 to 55.22



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DECEMBER 2020 LEAN HOGS – Support at 54.47 to 53.50 Resistance at 56.97



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