



Morning October 16, 2020 Livestock Report

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

CATTLE

USDA FEDERAL SLAUGHTER

| | |
|-----------------------------|---------|
| OCTOBER 15, 2020 | 120,000 |
| WEEK AGO | 117,000 |
| YEAR AGO | 111,000 |
| WEEK TO DATE (EST) | 476,000 |
| SAME PERIOD LAST WEEK (EST) | 472,000 |
| SAME PERIOD LAST YEAR (ACT) | 462,000 |

=====

| | CHOICE | SELECT |
|-----------------------|--------|--------|
| BOXED BEEF FINAL | 210.48 | 196.50 |
| CHANGE FROM PRIOR DAY | (0.66) | (2.77) |
| CHOICE/SELECT SPREAD: | | 13.98 |
| TOTAL LOAD COUNT | | 236 |
| 5 DAY SIMPLE AVERAGE: | 213.65 | 200.52 |

=====

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 OCTOBER 15, 2020

| | | |
|--------------------|--------|--------|
| Primal Rib | 388.12 | 342.01 |
| Primal Chuck | 171.21 | 165.83 |
| Primal Round | 166.56 | 166.23 |
| Primal Loin | 274.30 | 242.61 |
| Primal Brisket | 152.87 | 148.61 |
| Primal Short Plate | 128.13 | 128.13 |
| Primal Flank | 100.57 | 97.29 |

FINAL OCTOBER 14, 2020

| | | |
|--------------------|--------|--------|
| Primal Rib | 387.39 | 344.08 |
| Primal Chuck | 171.45 | 165.59 |
| Primal Round | 166.45 | 167.12 |
| Primal Loin | 276.80 | 252.48 |
| Primal Brisket | 153.59 | 152.18 |
| Primal Short Plate | 129.53 | 129.53 |
| Primal Flank | 101.30 | 98.31 |

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



LOAD COUNT AND CUTOFF VALUE SUMMARY FOR PRIOR 5 DAYS

| Date | Choice | Select | Trim | Grinds | Total | CHOICE 600-900 | SELECT 600-900 |
|-------|--------|--------|------|--------|-------|-------------------|-------------------|
| 10/14 | 103 | 43 | 0 | 26 | 173 | 211.14 | 199.27 |
| 10/13 | 83 | 46 | 12 | 17 | 157 | 212.44 | 200.08 |
| 10/12 | 76 | 23 | 12 | 16 | 127 | 214.62 | 200.34 |
| 10/09 | 75 | 30 | 11 | 8 | 124 | 214.06 | 199.82 |
| 10/08 | 82 | 44 | 8 | 28 | 162 | 216.00 | 203.10 |

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 | 139.03 loads | 5,561,173 pounds |
| Select Cuts | 59.73 loads | 2,389,297 pounds |
| Trimmings | 10.31 loads | 412,486 pounds |
| Ground Beef | 26.78 loads | 1,071,284 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)

BEEF AND PORK EXPORT HIGHLIGHTS AT BOTTOM OF REPORT FOR WEEK ENDING OCTOBER 8, 2020

Poor and slow beef exports

Pork exports down to minimal what they need to export week after week. Mexico best buyer. China far down from previous month

USDA LIVESTOCK REPORTS FOR OCTOBER 2020

OCTOBER 22, 2020 COLD STORAGE REPORT 2:00PM CENTRAL TIME
OCTOBER 23, 2020 CATTLE ON FEED REPORT 2:00PM CENTRAL TIME

DELIVERY NOTICE SERVED – OCTOBER 2020 - LIVE CATTLE
SETTLEMENT: OCTOBER 15, 2020 - \$107.77
OLDEST LONG: 02/28/20 SETTLEMENT AT \$107.52
0 DELIVERIES

USDA POSTED CATTLE PRICES ON 10/15/2020



IA/MN – CASH 105.00 - 109.00- WEIGHT RANGE 1,475 - 1,650 Average weight 1,597.5 DRESSED 165.00 – 168.00 Average carcass 999.4
 NE - CASH – 106.00 - 108.00 DRESSED: 167.00 - 169.00
 KS – CASH 108.00 DRESSED 168.00
 TX/OK/NM – 108.00
 CO – Information not available due to confidentiality

*****National Daily Direct Cattle** October 15, 2020
 (5 day accumulated weighted avg)

| | Weight | Price | Head |
|-----------------|--------|----------|--------|
| Live Steer: | 1472 | \$107.96 | 67,979 |
| Live Heifer: | 1312 | \$108.29 | 28,944 |
| Dressed Steer: | 969 | \$169.37 | 29,036 |
| Dressed Heifer: | 855 | \$169.34 | 9,615 |

=====
 Thursday boxed beef shipments consisted of 139.03 loads of Choice primal cuts and 59.73 loads of Select primal cuts. The ratio should be at least 80% Choice to 20% or less Select. Also the price spread is widening which is good when prices are going up but widening with Select prices dropping more than Choice, it is a big part of the reason cattle prices are dropping.

It also appears packers are dumping the Select on the market and moving Choice on top of all the Select. 236 loads is large compared to what has been moved on daily markets.

Eventually, Choice boxed beef will stop dropping and could even quickly turn higher because they are going to need Choice to fill current demand and more importantly to fill previously sold contracts.

When there are too many overfed Choice cattle, Yield Grade 4's and 5's, showing up combined with the heavy Select cattle, packers will change discounts and deep cut prices on the above. Depending on how it takes to clean up the cattle outside of the range packers need, it is possible the top grading cattle could be paid a premium.

Too many Select cattle may be the reason that October deliveries have been light. The minimum contract specifications are 65% Choice and 35% Select Yield Grade 3 steers and heifers. (As of February 2021 grade changes to 70% Choice to 30% Select Yield Grade 3's.) All cattle must be born and raised exclusively in the United States and delivering sellers must sign an Exchange affidavit attesting that the cattle were born and raised in the United States. Steers need to weigh between 1,050 pounds and no more than 1,500 pounds and heifers between 1,050 and 1,350 pounds. Steers and heifers need to have an average hot yield of 63%.



As the ***National Daily Direct Cattle on the 5 day accumulated average shows, the average weights of cattle sold indicates that there are many steers and heifers weighing above the high end of acceptable CME weight standards.

There have been times when sellers announced delivery and found they couldn't meet CME weight specifications because of too heavy overweight cattle. They had to buy cattle on the open market at higher prices to deliver and ended up selling their own cattle at deep and much lower discounts.

As of Friday morning October Live Cattle open interest was down to 5,941 contracts. How many are true hedges is what we will find out over the next couple of weeks.

=====

The Fed Cattle Exchange for 10/14/2020 had 774 head for the Internet auction. 6711 sold for \$108.00 to \$108.25. The only group that didn't sell were 103 head of steers that weighed 1475 pounds and were asking \$107.00.

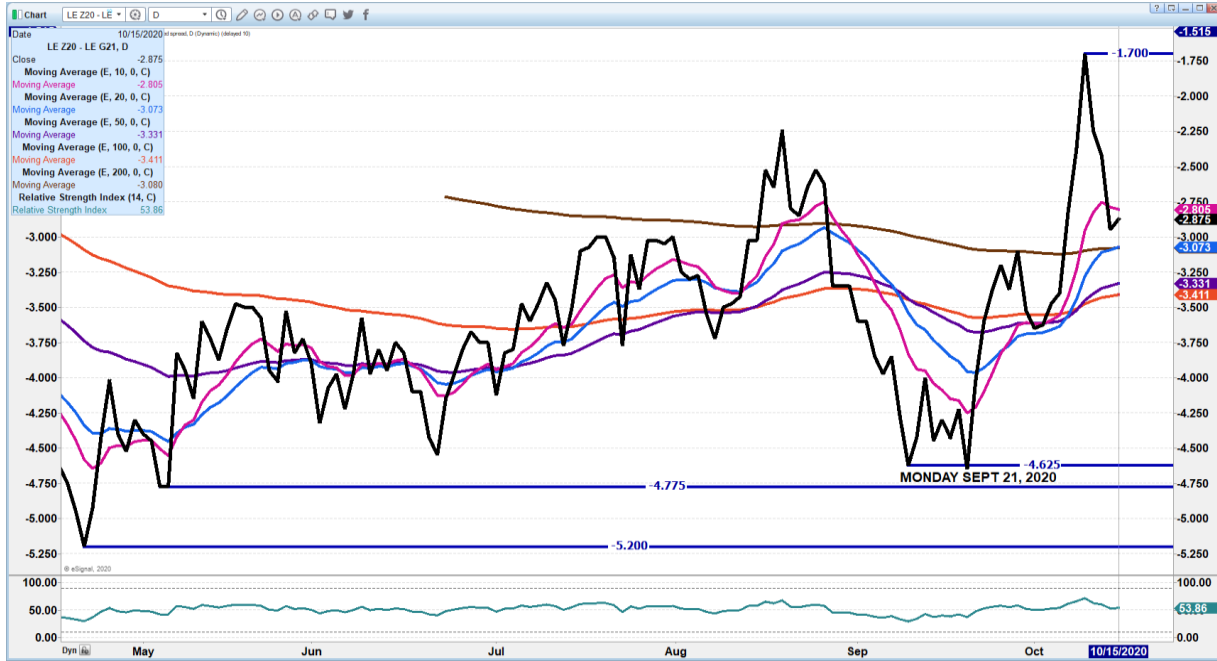
=====

On the positive side, packers are aggressively trying to forward contract cattle. Packer basis is plus \$1.00 over futures December 2020 through April 2021 and plus \$4.00 over futures from May throughout the summer of 2021.

=====

As of October 14th, dressed steer and heifer weights were 893.4 compared to previous week at 897.5 down 4.1 pounds from week ago and 21 pounds over a year ago. Grading percent was 81.7% compared to previous week at 81.2%.

DECEMBER 2020/FEBRUARY 2021 LIVE CATTLE SPREAD - SLIGHT UP TICK
THURSDAY. WATCHING TO SEE IF REMAINS NARROW OR WIDENS FOR MARKET
DIRECTION



February 2021/April 2021 Live Cattle Spread - Widening but remains tight

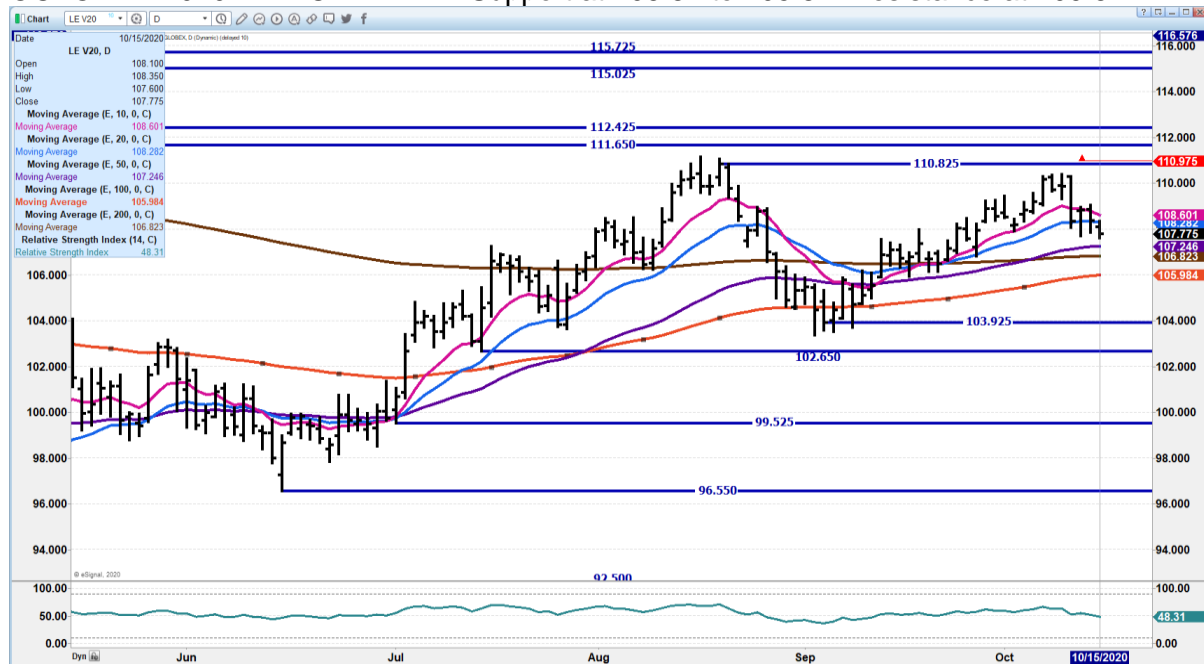


ADMIS.com | 312.242.7000 | Chicago | New York | London | Hong Kong | Singapore | Taipei | Shanghai

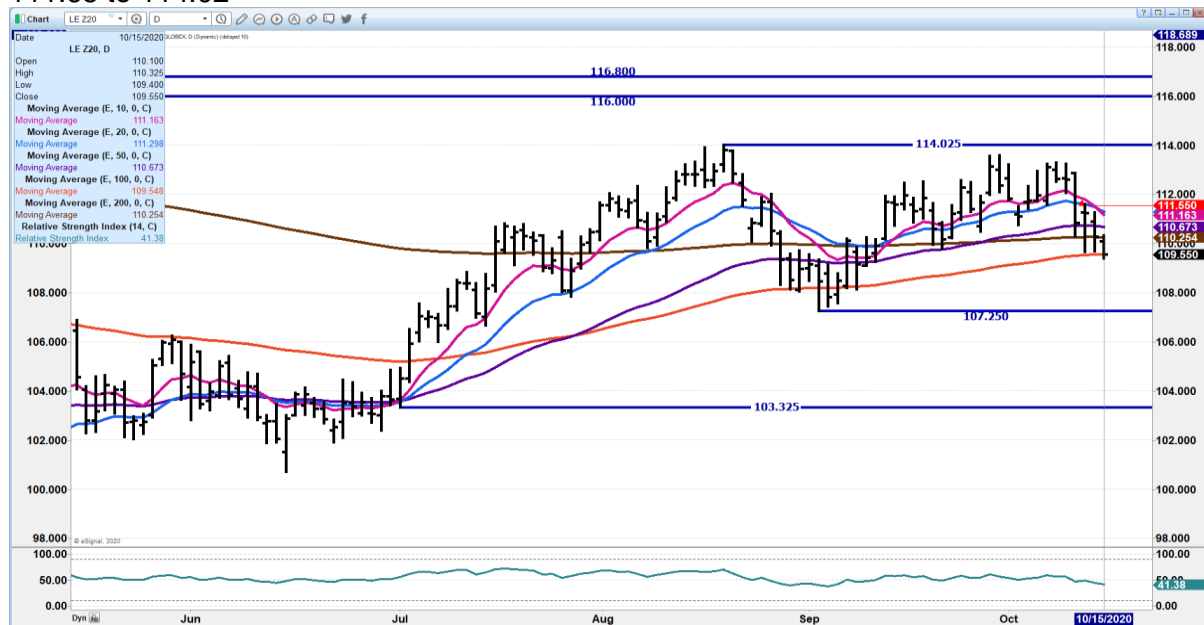
The information and comments contained herein is provided by ADM Investor Services, Inc. ("ADMIS") and NOT ADM. Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Research analyst does not currently maintain positions or have financial interest in the commodities specified within this report. Any reproduction or retransmission of this report without the express written consent of ADM Investor Services, Inc. is strictly prohibited. Again, the information and comments contained herein is provided by ADMIS and in no way should be construed to be information provided by ADM. Copyright © ADM Investor Services, Inc.



OCTOBER 2020 LIVE CATTLE – Support at 106.87 to 105.87 Resistance at 109.67



DECEMBER 2020 LIVE CATTLE – Volume 20,697 Support 109.50 to 107.25 Resistance at 111.65 to 114.02

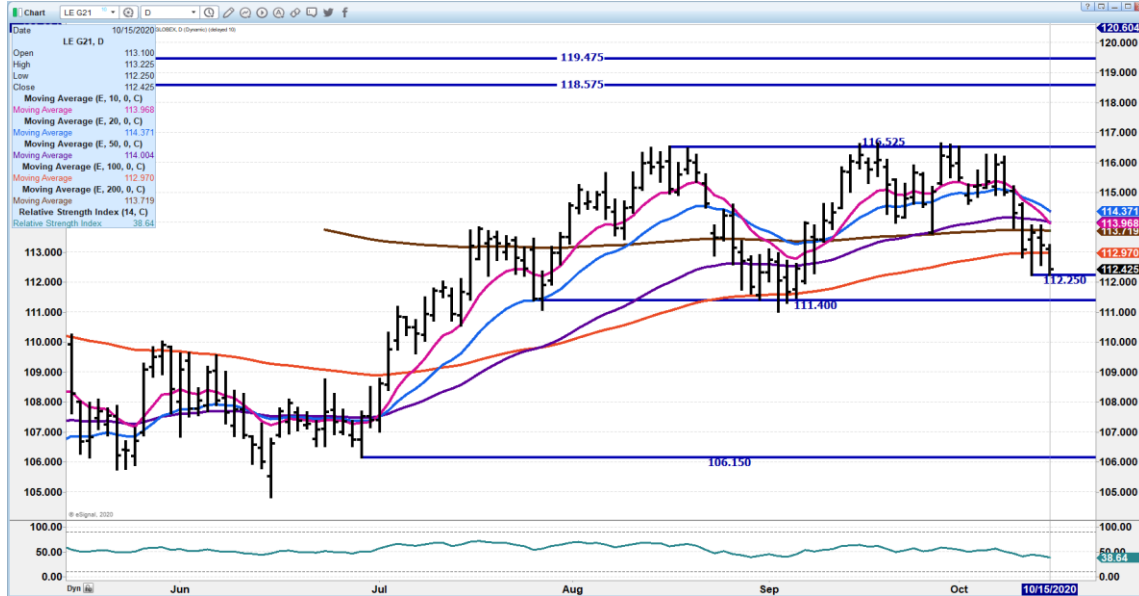


ADMIS.com | 312.242.7000 | Chicago | New York | London | Hong Kong | Singapore | Taipei | Shanghai

The information and comments contained herein is provided by ADM Investor Services, Inc. ("ADMIS") and NOT ADM. Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Research analyst does not currently maintain positions or have financial interest in the commodities specified within this report. Any reproduction or retransmission of this report without the express written consent of ADM Investor Services, Inc. is strictly prohibited. Again, the information and comments contained herein is provided by ADMIS and in no way should be construed to be information provided by ADM. Copyright © ADM Investor Services, Inc.



FEBRUARY 2021 LIVE CATTLE - Support at 112.25 last two lows Tuesday and Thursday to 114.37 Resistance at 113.97 to 116.52



Feeder Cattle

THE CME FEEDER INDEX ON 10/14/2020 WAS 140.91 DOWN 1 CENT FROM PREVIOUS DAY

OCTOBER 2020 FEEDER CATTLE SETTLED ON OCTOBER 15, 2020 AT \$138.92

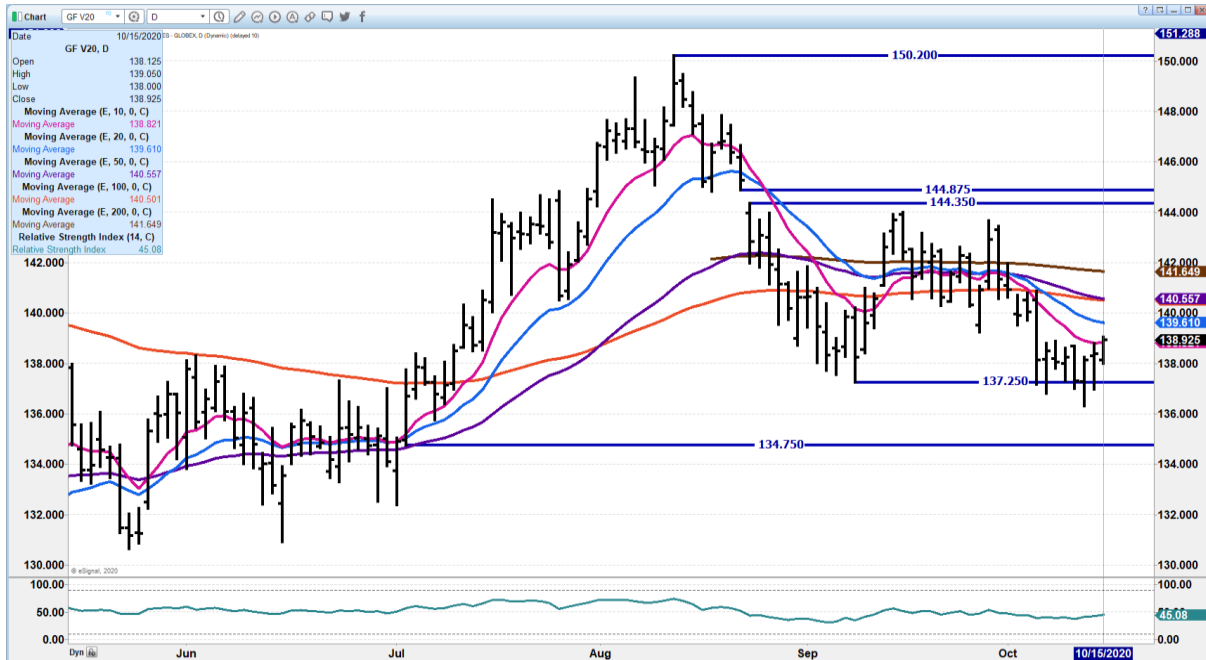
Feeders are cheap and traders are bull spreading feeders.

=====

JANUARY 2021/MARCH 2021 FEEDER CATTLE SPREAD -



OCTOBER 2020 FEEDER CATTLE – NEEDS TO TAKE OUT THURSDAY HIGH. UNDER CME INDEX

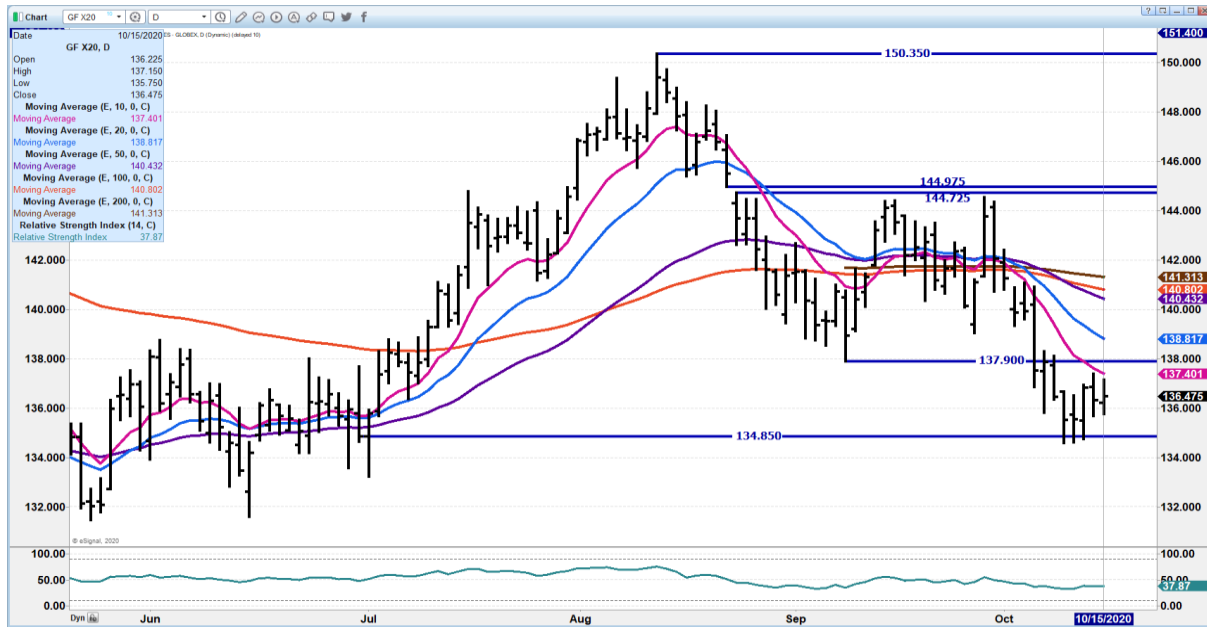


ADMIS.com | 312.242.7000 | Chicago | New York | London | Hong Kong | Singapore | Taipei | Shanghai

The information and comments contained herein is provided by ADM Investor Services, Inc. ("ADMIS") and NOT ADM. Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Research analyst does not currently maintain positions or have financial interest in the commodities specified within this report. Any reproduction or retransmission of this report without the express written consent of ADM Investor Services, Inc. is strictly prohibited. Again, the information and comments contained herein is provided by ADMIS and in no way should be construed to be information provided by ADM. Copyright © ADM Investor Services, Inc.



**NOVEMBER 2020 FEEDER CATTLE - RESISTANCE THURSDAY HIGH TO 141.30
SUPPORT AT 134.85**



LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

| | | |
|-----------------------------|-----------|--|
| OCTOBER 15, 2020 | 490,000 | |
| WEEK AGO | 489,000 | |
| YEAR AGO | 492,000 | |
| WEEK TO DATE (EST) | 1,945,000 | |
| SAME PERIOD LAST WEEK (EST) | 1,954,000 | |
| SAME PERIOD LAST YEAR (ACT) | 1,959,000 | |

=====

CME CASH HOG INDEX 10/13/2020 AT 78.24 UP 3 CENTS FROM PREVIOUS DAY

CME CASH PORK CUTOUT INDEX 10/14/2020 AT 95.38 UP 26 CENTS FROM PREVIOUS DAY.

CME CASH FRESH BACON INDEX ON 10/09/2020 WAS 200.47 COMPARED TO 10/02/2020 WAS 194.37



Pork exports at what they have to be week after week. Mexico is a weekly consistent buyer and likely reason fresh hams are strong. China small buyer. Could have topped big buying for year with Harvest Festival over. Plenty of poultry and pork available in China.

=====

Hams are the driver of the cutout. For the week hams are up \$21.42. Loins are up \$1.17. Bellies have down well and are up \$10.61. Both picnics and butts down and ribs steady.

Weights are not going down as packers increase slaughter numbers. The Direct purchase hog prices have been dropping but formula prices keep CME Index prices high. One plus one isn't equaling two.

=====

It is now time to concentrate on December/February or spreads into June 2021. Anything can happen now that October settled. The world has a lot of pork. Chinese pork prices are dropping. China has been buying to refill coolers. Next big need for China will be late January to February. China is now COVID testing all people and starting to lock down certain areas. The tonnes of pork China has bought the first 10 months not only from the US but Brazil and the EU and with their own hog herd quickly rebuilding and poultry inventories 2.5 times of 2019 might come to a fast breaking halt.

In 2018 October hogs settled \$13.50 over December. When October 2018 closed out. the market did the exactly the opposite on the December 2018-February 2019. The Dec 2018/Feb 2019 spread moved December 2018 minus \$13.62 under February 2019 and it settled at minus \$9.55. December was the short leg with October 2018/ December 2018 spread and the short leg on the Dec 2018/Feb 2019 spread . As of October 13, 2020 the December/February spread has Dec 2020 minus \$3.97 to Feb 2021.

=====

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

OCTOBER 15, 2020

LOADS OF PORK CUTS: 288.69

LOADS TRIM/PROCESSED PORK: 35.10

FINAL

| Date | Loads | Carcass | Loin | Butt | Pic | Rib | Ham | Belly |
|---------------------|--------|---------|-------|-------|-------|--------|-------|--------|
| 10/15/2020 | 323.79 | 101.42 | 88.99 | 91.66 | 64.91 | 149.28 | 93.14 | 173.89 |
| CHANGE : | | 4.85 | 1.86 | 0.04 | -0.49 | -4.56 | 13.65 | 7.74 |
| Five Day Average -- | | 96.60 | 88.46 | 94.33 | 66.98 | 151.19 | 76.81 | 167.36 |



NOON

| Date | Loads | Carcass | Loin | Butt | Pic | Rib | Ham | Belly |
|---------------------|--------|---------|-------|-------|-------|--------|-------|--------|
| 10/15/2020 | 172.55 | 102.65 | 89.94 | 90.53 | 69.23 | 154.63 | 89.31 | 182.01 |
| CHANGE : | | 6.08 | 2.81 | -1.09 | 3.83 | 0.79 | 9.82 | 15.86 |
| Five Day Average -- | | 96.85 | 88.65 | 94.11 | 67.85 | 152.26 | 76.05 | 168.98 |

FRIDAY OCTOBER 9, 2020 FINAL

| Date | Loads | Carcass | Loin | Butt | Pic | Rib | Ham | Belly |
|------------|--------|---------|-------|-------|-------|--------|-------|--------|
| 10/09/2020 | 368.58 | 94.80 | 87.82 | 97.83 | 69.42 | 148.64 | 71.72 | 163.28 |

=====

NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE
SLAUGHTER DATA FOR OCTOBER 14, 2020

Average carcass weight - 284.04
Average live weight - 212.59

DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM October 15, 2020
NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES
Carcass Base Price: \$56.00 - \$67.00
Weighted Average: \$63.63
Change from Prior Day: 0.65 higher
HOGS SOLD: 10,287

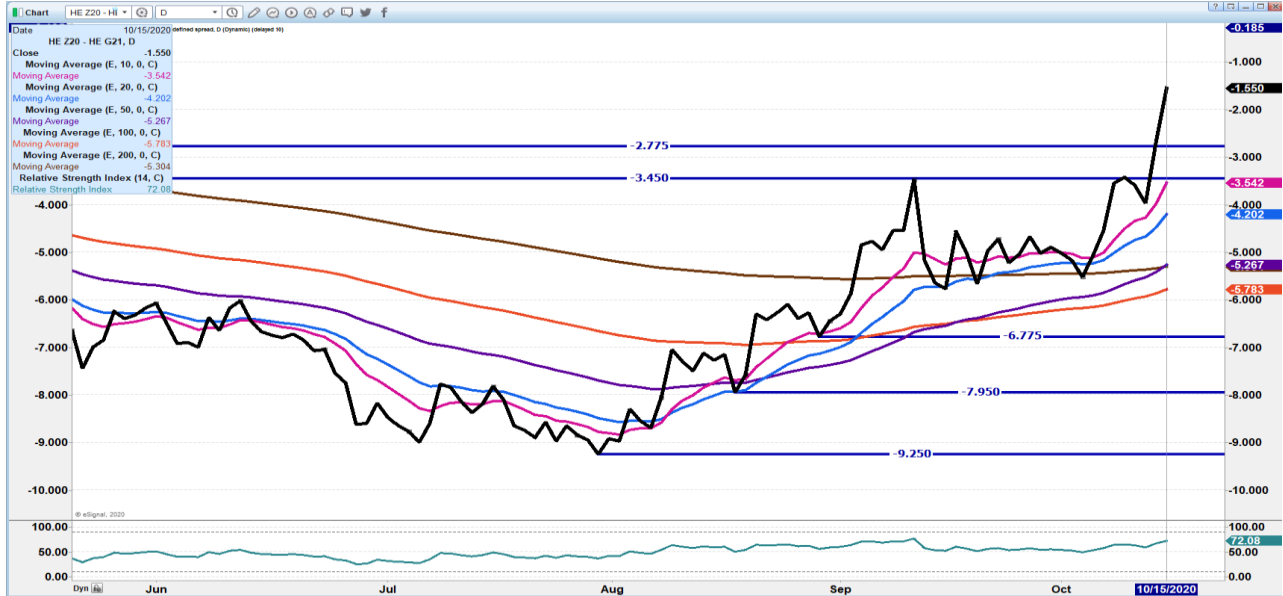
SWINE OR PORK MARKET FORMULA PURCHASE (Including Packer Sold)
PRICE RANGE: \$61.60 - \$92.14
Weighted Average: \$76.60
Previous Day: \$77.19
HOGS SOLD: 164,433

TOTAL HOGS PURCHASED OCTOBER 14, 2020 LIVE AND CARCASS - 304,259 - 184,741
DIFFERENCE THAN TOTAL SLAUGHTER OF 489,000

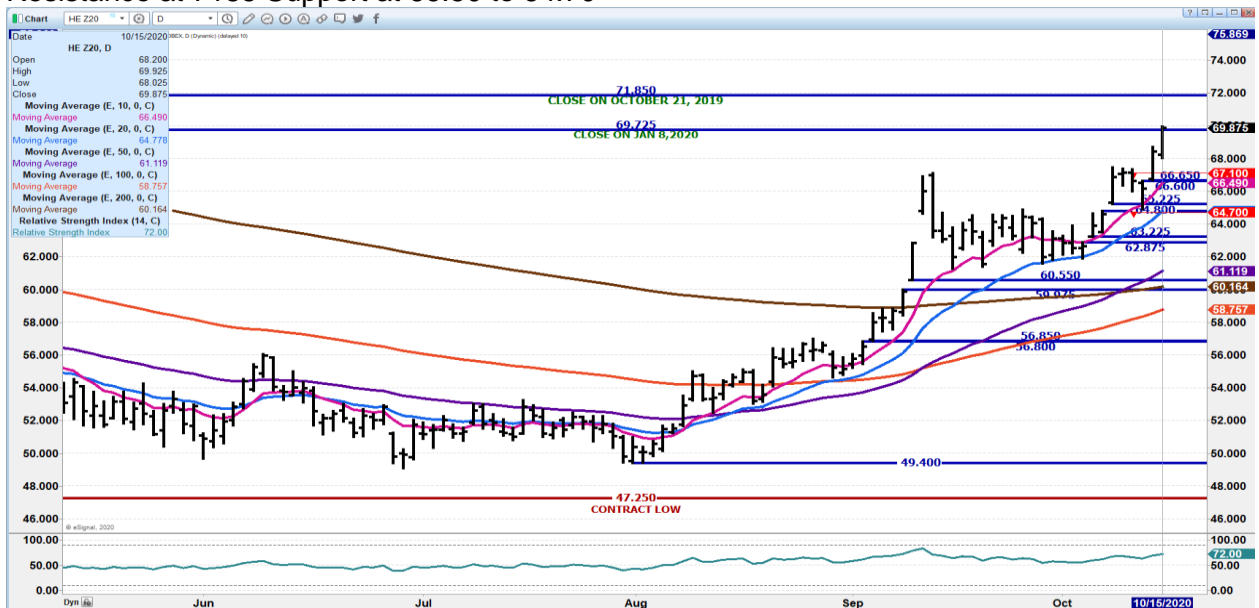
https://www.ams.usda.gov/mnreports/lm_hq203.txt



DECEMBER 2020/FEBRUARY 2021 LEAN HOG SPREAD - NARROWING AS DEC MOVES UP TO WHERE OCTOBER WENT OFF THE BOARD AT 78.42.



**DECEMBER 2020 LEAN HOGS – Could have topped Thursday at Jan 8th high. Volume 21,378
Resistance at 7185 Support at 66.50 to 64.70**

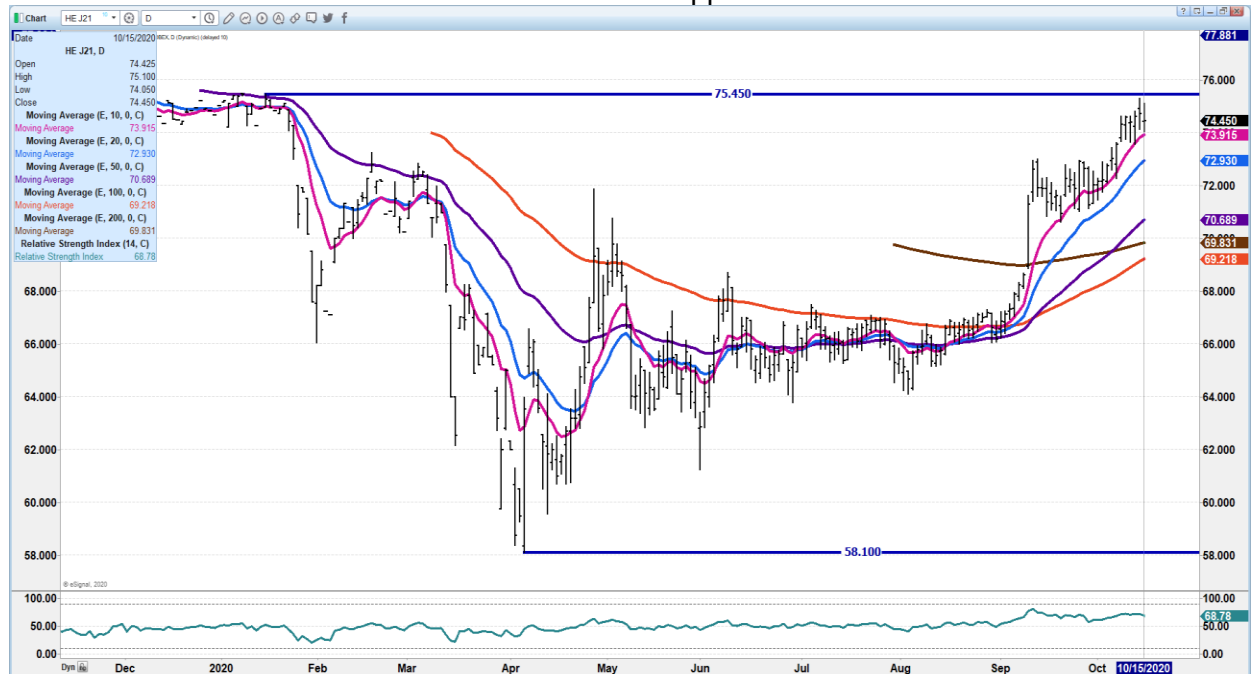




FEBRUARY 2021 LEAN HOGS – Resistance at 72.57 Support at 70.02 to 68.97



APRIL 2021 LEAN HOGS – Resistance at 75.45 Support at 73.90 to 72.90



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

The information and comments contained herein is provided by ADM Investor Services, Inc. (“ADMIS”) and NOT ADM. Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Research analyst does not currently maintain positions or have financial interest in the commodities specified within this report. Any reproduction or retransmission of this report without the express written consent of ADM Investor Services, Inc. is strictly prohibited. Again, the information and comments contained herein is provided by ADMIS and in no way should be construed to be information provided by ADM. Copyright © ADM Investor Services, Inc.



BEEF AND PORK EXPORT HIGHLIGHTS

Beef: Net sales of 13,400 MT reported for 2020 were down 35 percent from the previous week and 31 percent from the prior 4-week average. Increases were primarily for Japan (3,900 MT, including decreases of 200 MT), Mexico (3,100 MT), South Korea (2,200 MT, including decreases of 300 MT), Taiwan (1,000 MT, including decreases of 100 MT), and Canada (600 MT, including decreases of 100 MT). For 2021, net sales of 400 MT were reported for Japan (200 MT), Taiwan (100 MT), and Chile (100 MT). Exports of 16,200 MT were down 5 percent from the previous week and 1 percent from the prior 4-week average. The destinations were primarily to Japan (4,200 MT), South Korea (3,800 MT), Hong Kong (1,500 MT), China (1,500 MT), and Mexico (1,500 MT).

Pork: Net sales of 26,800 MT reported for 2020 were down 56 percent from the previous week and 43 percent from the prior 4-week average. Increases were primarily for Mexico (11,900 MT, including decreases of 800 MT), China (5,200 MT, including decreases of 1,400 MT), Japan (4,700 MT, including decreases of 300 MT), Canada (1,100 MT, including decreases of 400 MT), and Colombia (800 MT, including decreases of 100 MT). For 2021, net sales of 1,600 MT were primarily for Mexico (700 MT), Chile (600 MT), and Australia (300 MT). Exports of 36,000 MT were down 2 percent from the previous week, but up 8 percent from the prior 4-week average. The destinations were primarily to Mexico (11,700 MT), China (10,700 MT), Japan (4,600 MT), Canada (2,200 MT), and South Korea (1,800 MT).

CHARTS FROM ESIGNAL INTERACTIVE, INC.

Chris.Lehner@admis.com 312.242.7942 913.787.6804