



MORNING October 21, 2020 Livestock Report

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

CATTLE

USDA FEDERAL SLAUGHTER

OCTOBER 20, 2020	121,000
WEEK AGO	120,000
YEAR AGO	119,000
WEEK TO DATE (EST)	239,000
SAME PERIOD LAST WEEK (EST)	237,000
SAME PERIOD LAST YEAR (ACT)	236,000

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	CHOICE	SELECT
BOXED BEEF FINAL	210.60	191.67
CHANGE FROM PRIOR DAY	0.86	(0.17)
CHOICE/SELECT SPREAD:		18.93
TOTAL LOAD COUNT		190
5 DAY SIMPLE AVERAGE:	210.77	196.24

PREVIOUS WEEK 10/16/2020

BOXED BEEF FINAL	CHOICE	SELECT
	210.03	193.52

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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 OCTOBER 20, 2020

Primal Rib	388.91	312.25
Primal Chuck	170.93	159.89
Primal Round	164.88	166.36
Primal Loin	276.51	243.53
Primal Brisket	146.34	141.85
Primal Short Plate	133.22	133.22
Primal Flank	99.91	99.18



FINAL OCTOBER 19, 2020

Primal Rib	385.58	324.70
Primal Chuck	170.02	161.00
Primal Round	166.51	165.22
Primal Loin	273.66	236.65
Primal Brisket	151.58	148.48
Primal Short Plate	129.93	129.93
Primal Flank	100.21	100.71

LOAD COUNT AND CUTOFF VALUE SUMMARY FOR PRIOR 5 DAYS

Date	Choice	Select	Trim	Grinds	Total	CHOICE	SELECT
						600-900	600-900
10/19	52	30	12	20	114	209.74	191.84
10/16	68	38	11	10	127	210.03	193.52
10/15	139	60	10	27	236	210.48	196.50
10/14	103	43	0	26	173	211.14	199.27
10/13	83	46	12	17	157	212.44	200.08

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	124.76 loads	4,990,254 pounds
Select Cuts	33.11 loads	1,324,252 pounds
Trimming	22.32 loads	892,646 pounds
Ground Beef	9.38 loads	375,032 pounds

73.5% Choice to Select OCTOBER 20, 2020
 58.4% Choice to Select OCTOBER 19, 2020

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 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 20, 2020 - \$104.12
OLDEST LONG: 02/28/20 SETTLEMENT AT \$107.52
0 DELIVERIES



USDA POSTED CATTLE PRICES ON 10/16/2020

IA/MN – CASH 103.00 - 104.00 - Average weight 1,526.8 DRESSED 163.00 - 166.00

NE - CASH – 104.00 - 105.00 DRESSED: 166.0

KS – CASH 106.00 DRESSED No Reportable Trade.

TX/OK/NM – 106.00

CO – Information not available due to confidentiality

*****National Daily Direct Cattle October 16, 2020
(5 day accumulated weighted avg)**

	Weight	Price	Head
Live Steer:	1459	\$107.08	48,607
Live Heifer:	1388	\$106.85	21,984
Dressed Steer:	976	\$168.15	24,886
Dressed Heifer:	861	\$167.63	6,686

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 Ahead cattle buyers will need to pay up for cattle that meet specifications for the previously contracted beef and then deeper discount cattle that aren't the grade and weight needed.
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Choice boxed beef was higher Tuesday. Select lower with day to day meat buyers likely taking advantage of cheap Select, but to fill orders had to pay up on Choice especially the high end cuts. Spread between Choice and Select primal rib sections is wide at \$76.66 and Tuesday Choice movement was largest load sales with 73.5% compared to Select Primal rib sections and loin sections had largest gains. Retailers buying Select can have store specials calling beef a store grade name like Blue Ribbon beef or Rancher Reserves. At a discount, many consumers after eating mostly ground and processed beef will be happy to buy Select steaks several dollars below similar cuts of Choice. Select rib and loin sections around \$40 below Choice can be marked up more than Choice and store has better margins.

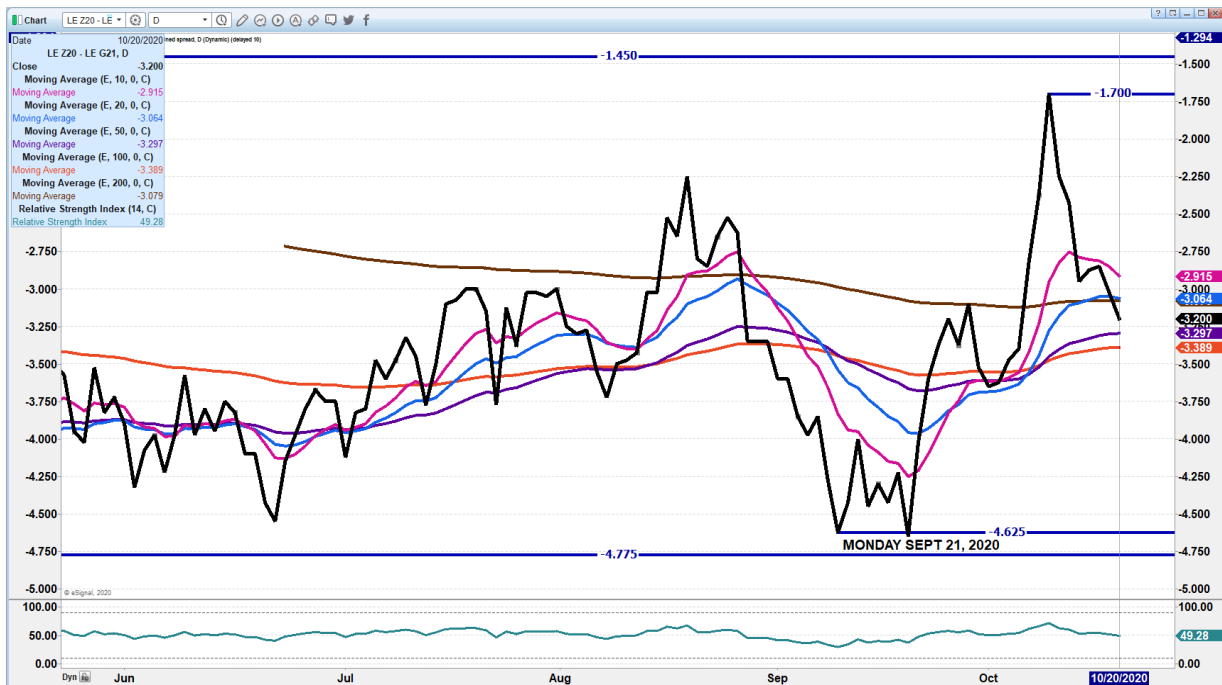
With Thanksgiving and winter holidays not too far away, retailers will show rib roasts on special and with mostly small gatherings, with many consumers not having any gatherings, consumers will be able to buy a small roasts. The turkey industry is planning on small gatherings and this year the availability of big turkeys will be fewer than more smaller birds for sale.

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 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.

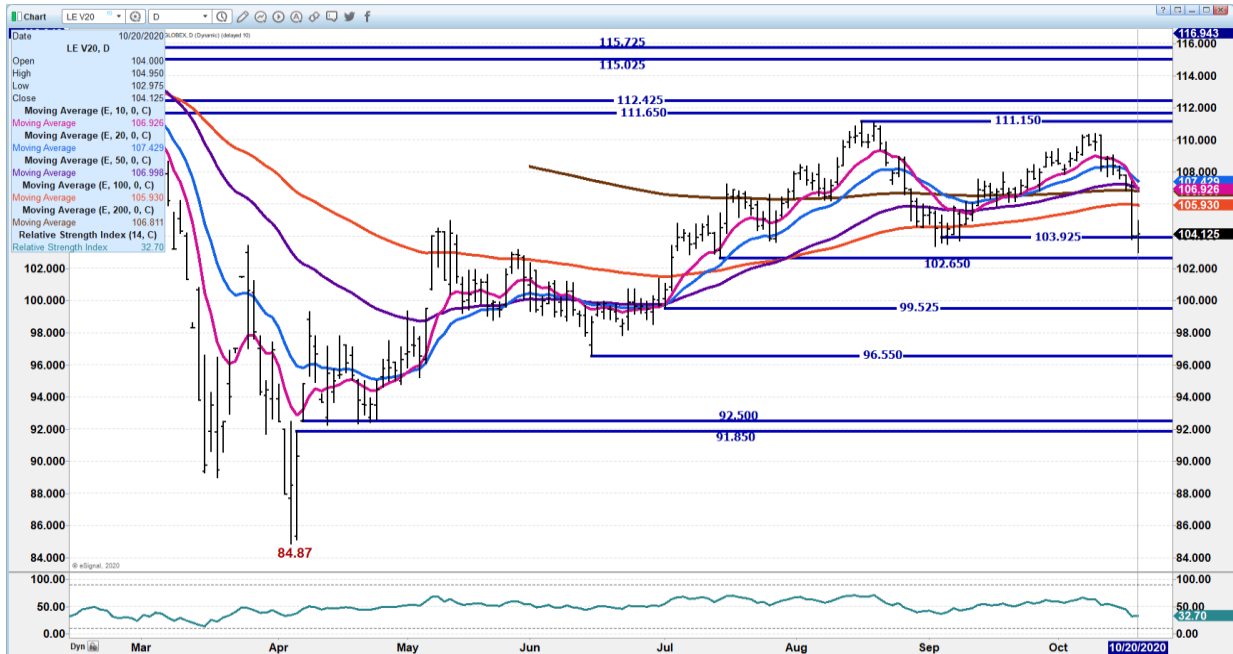


As of October 20th, dressed steer and heifer weights were 901.0 compared to previous week at 893.4 up 7.6 pounds from week ago and 28 pounds over a year ago. Grading percent was 81.7% compared to previous week at 81.7%.

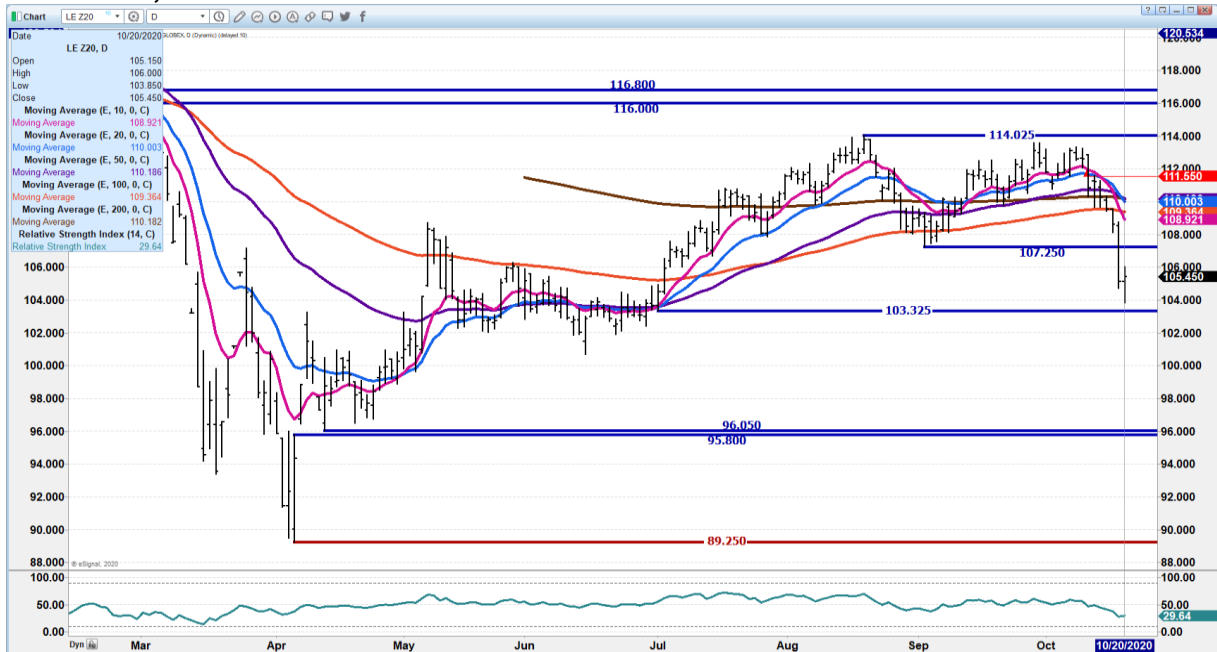
DECEMBER 2020/FEBRUARY 2021 LIVE CATTLE SPREAD - WIDENING NOT SO MUCH AS BULL OR BEAR SPREAD BUT WITH PACKERS PAYING PREMIUM FOR 3031 FORWARD CONTRACTS



OCTOBER 2020 LIVE CATTLE – Futures moving cash versus cash moving futures. Packers using futures to buy beginning next week’s kill down and the problem with big cattle. Now need cattle to meet demand of meat forward contracts. Support 104.00 Resistance 106.95



**DECEMBER 2020 LIVE CATTLE – Support at 103.32 Resistance 107.25 to 109.95
Volume 34,079**

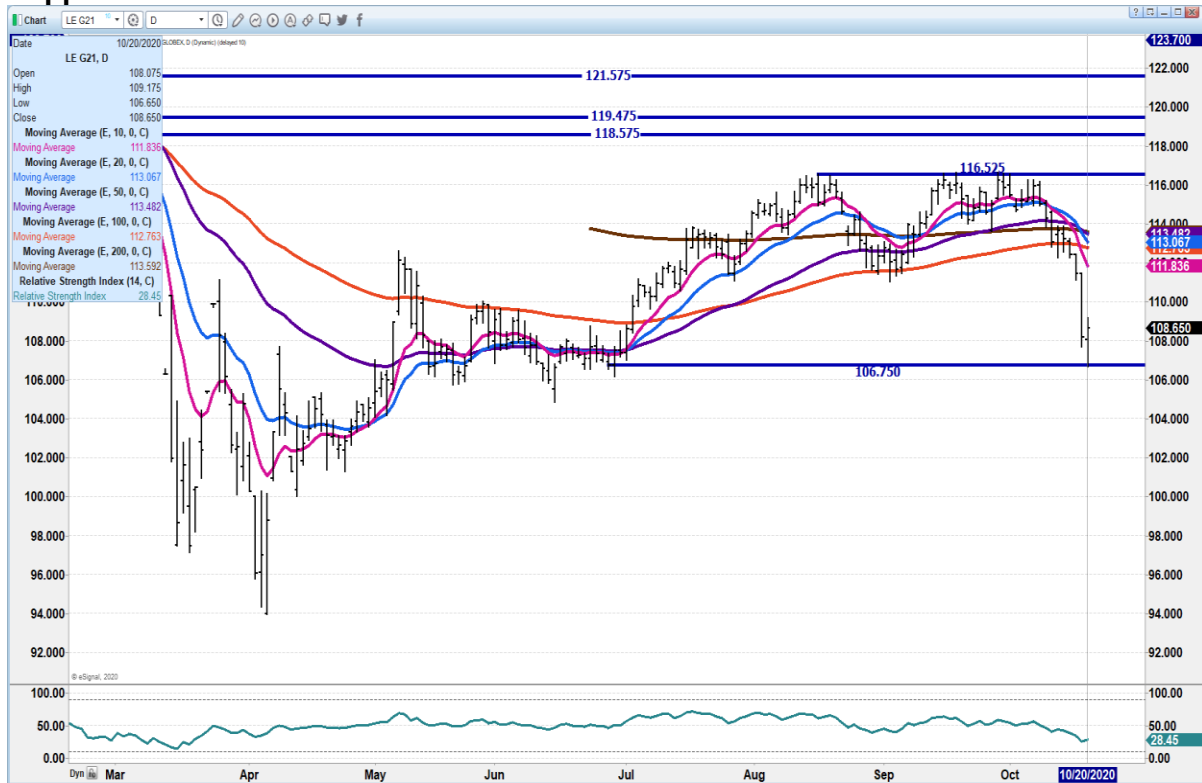


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FEBRUARY 2021 LIVE CATTLE - Hit support and bounce off as spreads have reversed. Support at 106.75 Resistance at 111.85



Feeder Cattle

**THE CME FEEDER INDEX ON 10/19/2020 WAS 138.66 DOWN \$1.60 FROM PREVIOUS DAY
OCTOBER 2020 FEEDER CATTLE SETTLED ON OCTOBER 20, 2020 AT \$134.50**

Reversed spreads on Tuesday. Cash Index to futures spread narrowing, but this isn't the first or probably last time it is wide. Unfortunately when open interest Tuesday on October Feeder futures was only 1,553 contracts and majority of trading has been speculative spreading, spread could remain wide right up to last couple days. Correcting at expiration with such small open interest a few dollars is easy to do on low volume trading cash settled commodities.



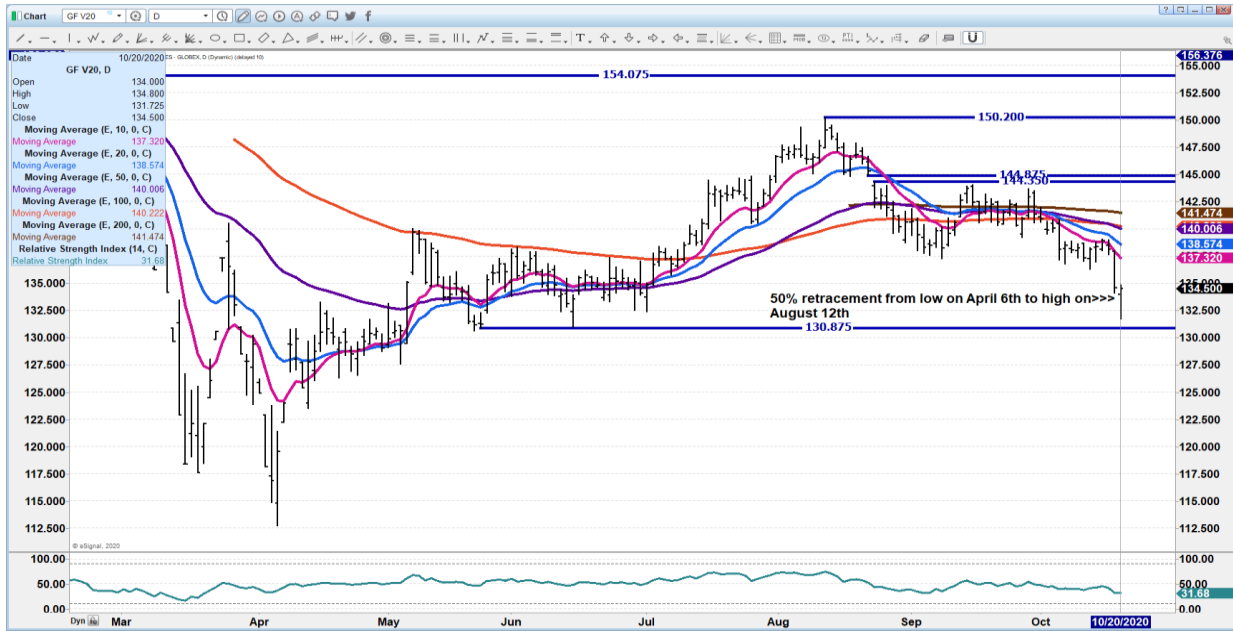
Feeder futures are a spec playground right up to a contract's expiration.

Feeders are cheap and with level of slaughter now, feedlots need to replace cattle. With the way packers are forward contracting cash cattle, it is fairly obvious that they need cattle in the feedlots to fill forward contracted beef contracts.

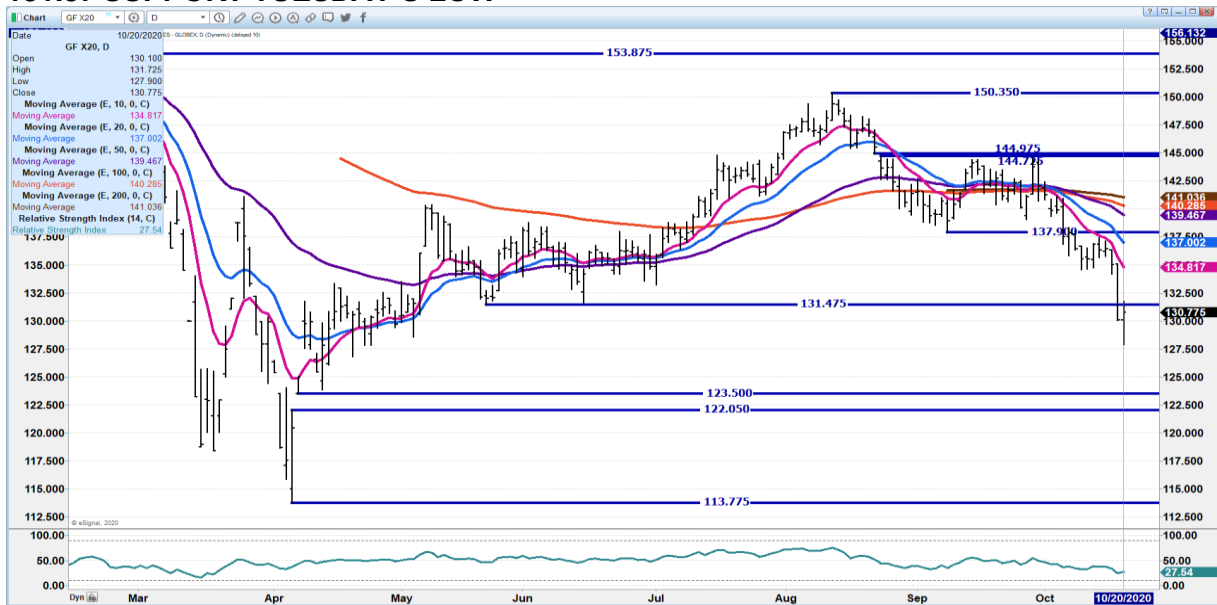
JANUARY 2021/MARCH 2021 FEEDER CATTLE SPREAD - WIDENING SPREADS BECAUSE FEEDERS SIMPLY TOO CHEAP.



OCTOBER 2020 FEEDER CATTLE – TUESDAY’S LOW WAS 50% RETRACEMENT. RESISTANCE AT 137.35



NOVEMBER 2020 FEEDER CATTLE - SUPPORT TUESDAY'S LOW RESISTANCE AT 131.87 SUPPORT TUESDAY'S LOW



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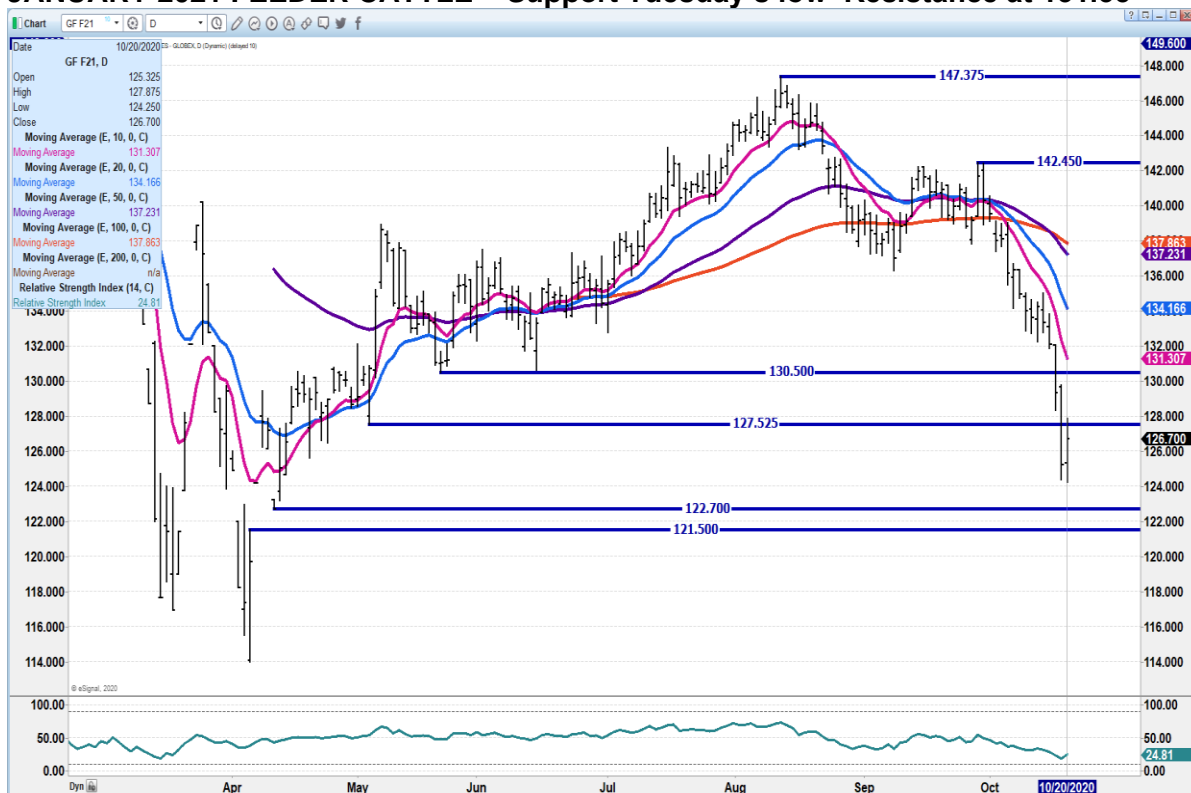
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JANUARY 2021 FEEDER CATTLE – Support Tuesday’s low Resistance at 131.35



LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

OCTOBER 20, 2020	488,000
WEEK AGO	488,000
YEAR AGO	487,000
WEEK TO DATE (EST)	965,000
SAME PERIOD LAST WEEK (EST)	966,000
SAME PERIOD LAST YEAR (ACT)	977,000

****REVISED MONDAY HOG SLAUGHTER..477,000.** PREVIOUS ESTIMATE 488,000**

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CME CASH HOG INDEX 10/16/2020 AT 78.23 DOWN 26 CENTS FROM PREVIOUS DAY

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CME CASH PORK CUTOUT INDEX 10/19/2020 AT 97.44 UP .88 FROM PREVIOUS DAY.

CME CASH FRESH BACON INDEX ON 10/16/2020 WAS 214.50 COMPARED TO 10/09/2020 WAS 200.47

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Spreads reversed Tuesday. After moving to extremes Monday, the reverses of Tuesday could be simply a turn around Tuesday or a actually reverse. As pointed out in previous reports when the October/December hog spread went off the board in 2019 when at extremes, the December/February Lean Hog reversed with December falling under February more than \$11.00 and settling at \$9.55 under.

The spread between cash direct hogs and formula hogs is the reason CME Index is so high. Last spring it happened when packers took contract and formula hogs first. Moving into December it is likely cash and formula contract could converge with formula hogs dropping to cash market.

Last spring, previously contracted hogs were taken to kill over direct hogs and packers paid contracted producers the prices paid on their contracts and cash hogs sold on the open market were deeply discount. It is similar to what has been taking place. Monday direct negotiated hogs were a miniscule part of the purchase and they were and have been at a deep discount. Look at prices below on table of purchase prices and spreads on prices in each group.

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CHINA FORECASTS LUNAR NEW YEAR PORK SUPPLIES TO BE 30% HIGHER THAN YEAR AGO

Reuters Staff – BEIJING

“Pig producers have built 12,500 new large-scale pig farms in the first three quarters of the year and restarted more than 13,000 empty farms....”

<https://www.reuters.com/article/china-pork-idINKBN2760GF>

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 20, 2020

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LOADS OF PORK CUTS: 322.80
LOADS TRIM/PROCESSED PORK: 30.79

FINAL

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
10/20/2020	353.59	96.91	86.10	87.92	63.60	150.03	78.68	177.68
CHANGE :		-1.19	0.98	-0.29	1.84	-0.50	-7.16	1.03
Five Day Average --		98.44	87.68	90.16	63.75	150.43	84.32	173.60

NOON

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
10/20/2020	215.53	99.87	89.08	88.49	64.60	150.33	82.84	183.79
CHANGE :		1.77	3.96	0.28	2.84	-0.20	-3.00	7.14
Five Day Average --		99.03	88.28	90.28	63.95	150.49	85.16	174.83

FINAL PREVIOUS WEEK

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
10/16/2020	288.80	99.19	91.07	91.41	63.08	148.47	84.47	173.65

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NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE
SLAUGHTER DATA FOR OCTOBER 19, 2020

Average carcass weight - 284.03
 Average live weight - 212.40

DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM October 19, 2020
NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES

Carcass Base Price: \$57.54 - \$66.00
 Weighted Average: \$62.31
 Change from Prior Day: 0.58 higher
 HOGS SOLD: 10,884

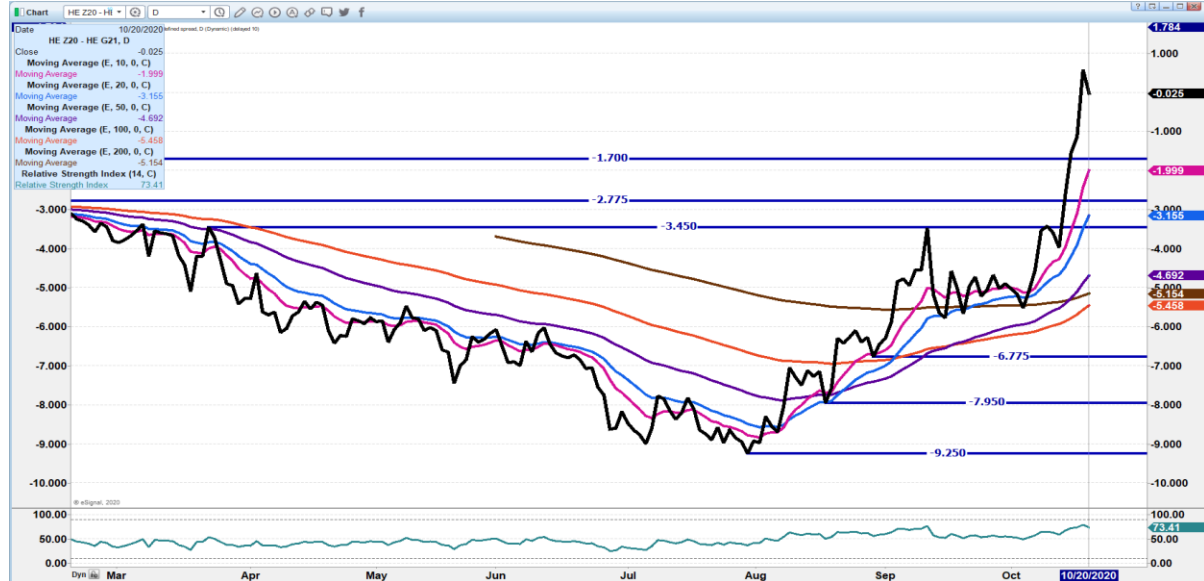
SWINE OR PORK MARKET FORMULA PURCHASE (Including Packer Sold)

PRICE RANGE: \$60.02 - \$93.67
 Weighted Average: \$77.67
 Previous Day: \$77.51
 HOGS SOLD: 146,175

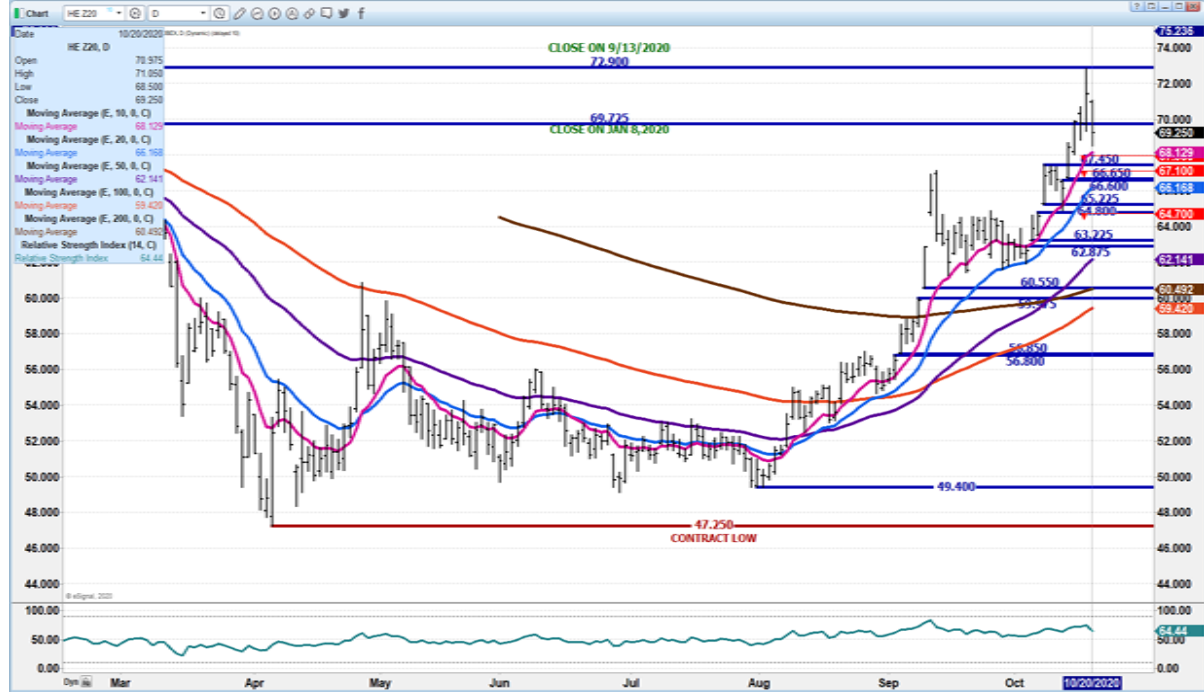
https://www.ams.usda.gov/mnreports/lm_hq203.txt



DECEMBER 2020/FEBRUARY 2021 LEAN HOG SPREAD - LOOK FOR SPREAD TO REVERSE AND DEC MOVE UNDER FEB



DECEMBER 2020 LEAN HOGS – Resistance at 71.42 Support at 68.10 to 66.10



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FEBRUARY 2021 LEAN HOGS – Resistance 70.52 to 71.00 Support at 66.20 to 64.67



APRIL 2021 LEAN HOGS – support at 69.37 Resistance at 73.29



CHARTS FROM E SIGNAL INTERACTIVE, INC.

Chris.Lehner@admis.com

312 242 7942

913.787.6804

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