



Morning October 9, 2020 Livestock Report

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CATTLE

USDA FEDERAL SLAUGHTER

OCTOBER 8, 2020	117,000
WEEK AGO	120,000
YEAR AGO	117,000
WEEK TO DATE (EST)	472,000
SAME PERIOD LAST WEEK (EST)	478,000
SAME PERIOD LAST YEAR (ACT)	471,000

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	CHOICE	SELECT
BOXED BEEF FINAL	216.00	203.10
CHANGE FROM PRIOR DAY	(0.88)	(2.48)
CHOICE/SELECT SPREAD:		12.90
TOTAL LOAD COUNT		162
5 DAY SIMPLE AVERAGE:	217.59	207.13

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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 8, 2020

Primal Rib	384.17	352.58
Primal Chuck	174.69	164.94
Primal Round	169.19	167.91
Primal Loin	293.45	264.47
Primal Brisket	153.27	154.15
Primal Short Plate	131.55	131.55
Primal Flank	101.14	100.83

FINAL OCTOBER 7, 2020

Primal Rib	386.09	350.75
Primal Chuck	176.38	172.61
Primal Round	170.16	169.37
Primal Loin	292.11	263.54
Primal Brisket	152.57	155.77
Primal Short Plate	134.21	134.21
Primal Flank	103.31	101.30

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LOAD COUNT AND CUTOFF VALUE SUMMARY FOR PRIOR 5 DAYS

Date	Choice	Select	Trim	Grinds	Total	CHOICE 600-900	SELECT 600-900
10/07	104	26	6	23	159	216.88	205.58
10/06	95	20	19	34	168	216.24	206.84
10/05	65	25	7	35	132	216.98	208.01
10/02	63	16	9	33	121	218.88	207.61
10/01	89	32	7	20	147	218.98	207.62

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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	82.46 loads	3,298,279 pounds
Select Cuts	43.58 loads	1,743,225 pounds
Trimmings	7.86 loads	314,582 pounds
Ground Beef	28.34 loads	1,133,477 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)

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DELIVERY NOTICE SERVED – OCTOBER 2020 - LIVE CATTLE
SETTLEMENT: OCTOBER 8, 2020 - \$109.70
OLDEST LONG: 02/20/20 SETTLEMENT AT \$113.50
0 DELIVERIES

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USDA POSTED CATTLE PRICES ON 10/08/2020
IA/MN – CASH 1,012 HEAD AT 107.00 - 108.00 DRESSED - No Reportable Trade.
NE - CASH – 108.00 DRESSED: 168.00 - 169.00
KS – CASH 107.00 - 108.00 DRESSED No Reportable Trade
TX/OK/NM – CASH No Reportable Trade
CO – Information not available due to confidentiality

National Daily Direct Cattle October 8, 2020
(5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1487	\$107.24	26,871



Daily Futures Market Commentary

Live Heifer:	1351	\$107.10	12,716
Dressed Steer:	961	\$168.08	16,022
Dressed Heifer:	868	\$168.03	4,994

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Packers and feedlots are back to times before COVID 19 and pricing cattle late in the week. So far this week there have been a few scattered cash cattle sales at \$108.00 with a few at \$108.50 and dressed at \$169.00. Feedlots are holding for \$109.00 to \$110 and \$170.00 to \$171.00 dressed.

Thursday Select beef dropped on fairly large movement of 44 loads appearing packers dumped inventory.

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It seems to surprise some analysts how well middle cuts are doing at this time. Actually all cuts are doing well and even exports have been up. There is a good reason beef is selling. For the consumer that has never stopped working, they can buy any cut they want. For the consumer that stopped working, the low cuts of beef and processed beef are economical because it becomes an easy to use protein source. Beef can be anywhere from rime rib roasts and steaks to ground and processed. Beef can be an indulgence to a utilitarian need.

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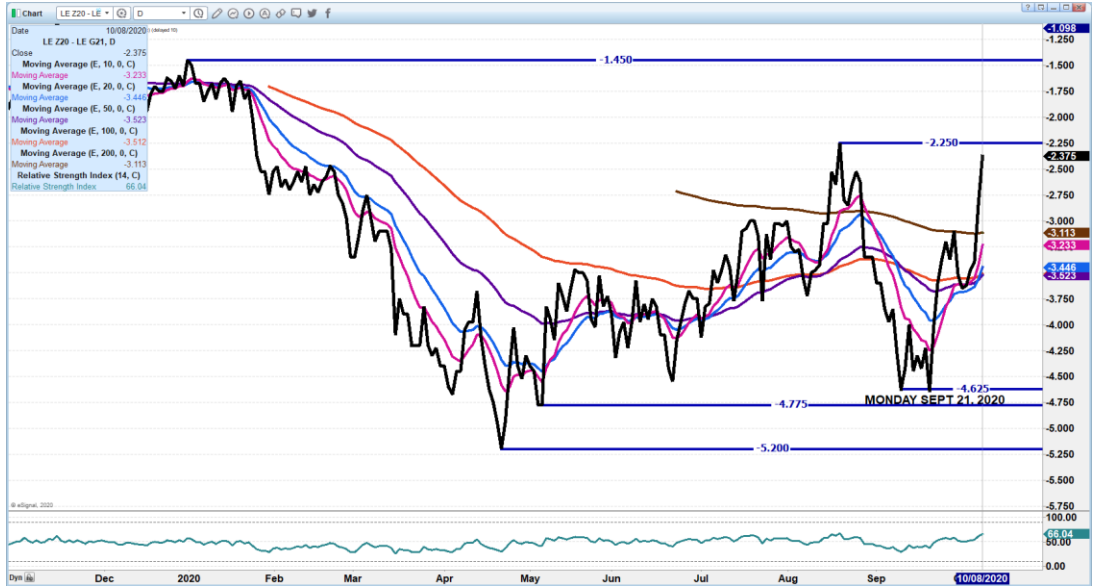
The Fed Cattle Exchange had 470 head listed for the Internet sale Wednesday morning. First group of heifers from Texas weighing 1225 started out offering cattle for \$106.00 and final bid was 108.50. Second lot from Nebraska steers weighing 1450 were passed with offer at \$109.25, Third group from Texas weighing 1375 sold for \$108.50. All groups were for delivery 1-17 days

Packers are paying up because cattle are current and because they are making a lot of money. The latter probably most important. \$350/head profit margins and packers will kill as many as possible. Beef is selling from Choice to ground beef.

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As of September 29th, dressed steer and heifer weights were 893.2 compared to previous week at 887.0 up 6.2 pounds from week ago and 19 pounds over a year ago. Grading percent was 81.3% compared to previous week at 82.2%.

DECEMBER 2020/FEBRUARY 2021 LIVE CATTLE SPREAD – SPREAD NARROWING IS FRIENDLY

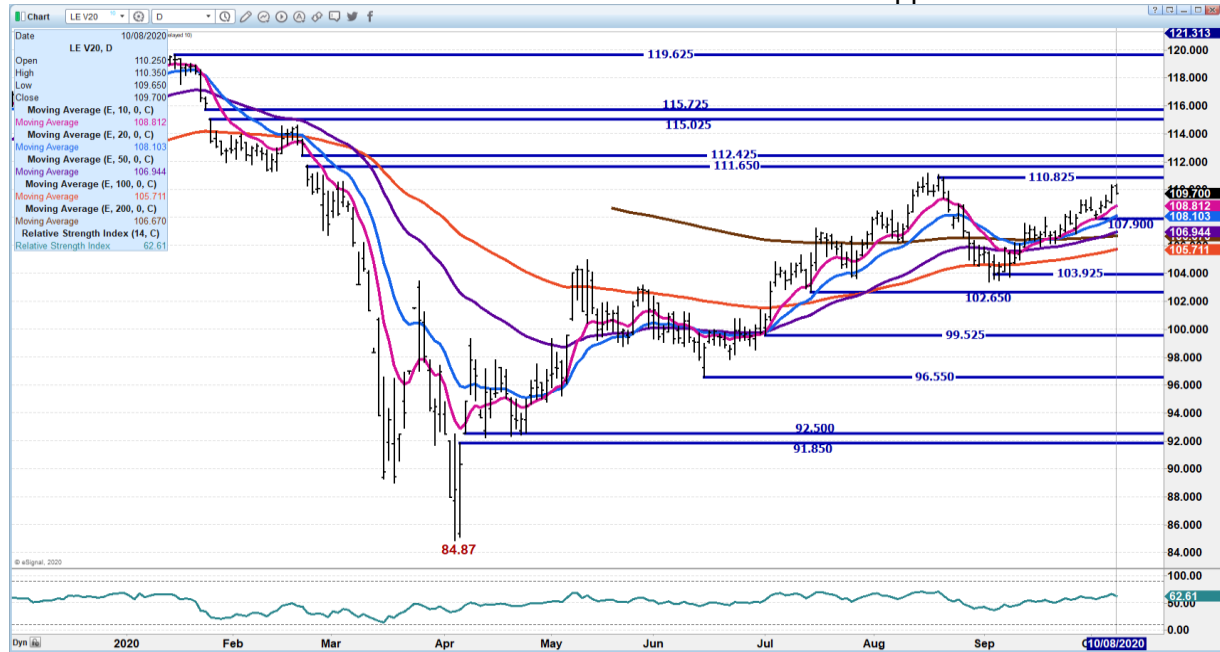


February 2021/April 2021 Live Cattle Spread - Bull spreading. If continues to it is bullish

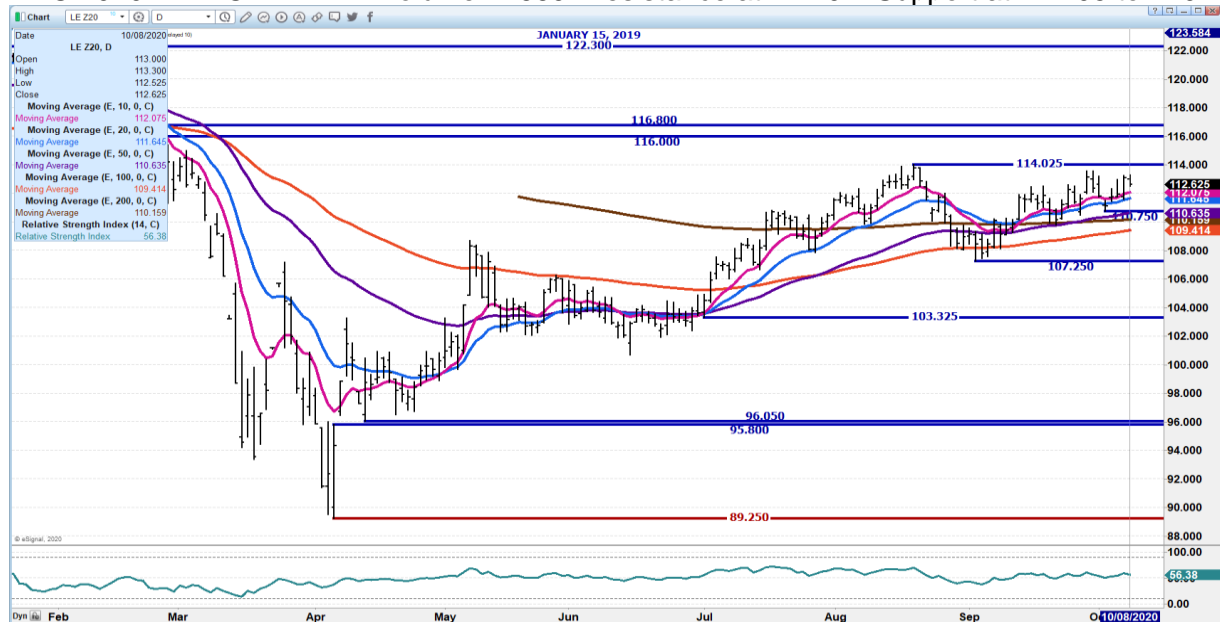




OCTOBER 2020 LIVE CATTLE – 110.82 to 112.42 Resistance Support at 108.82 to 107.90



DEC 2020 LIVE CATTLE – Volume 22669 Resistance at 114.02 Support at 112.05 to 110.75

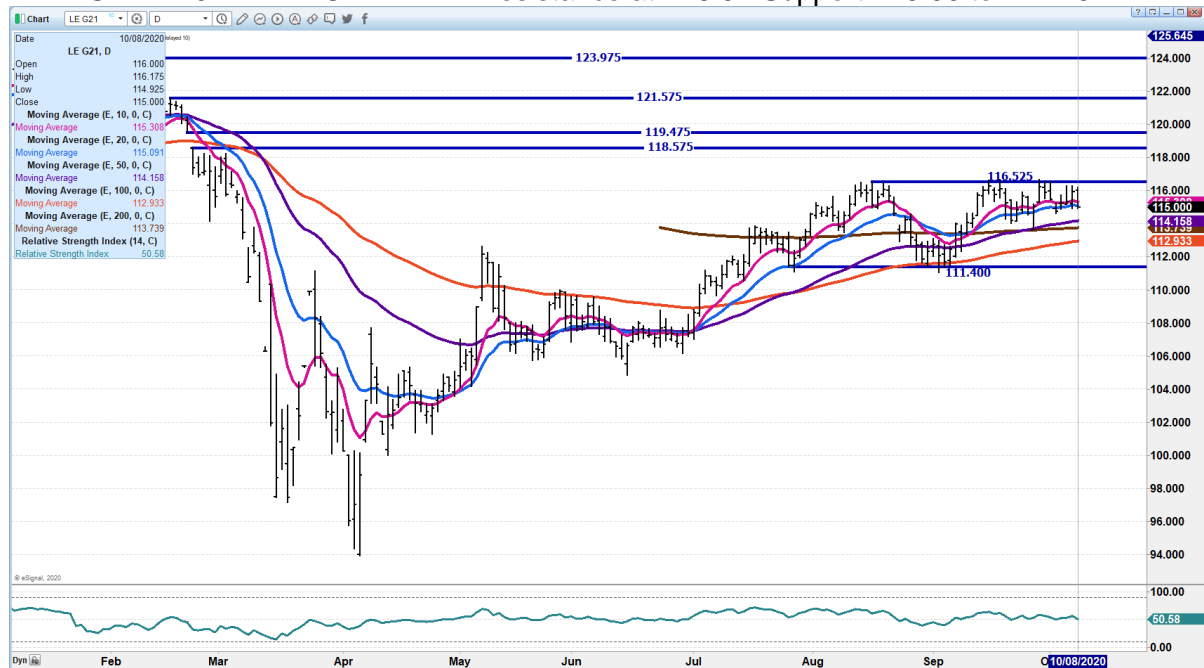


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FEBRUARY 2021 LIVE CATTLE - Resistance at 116.52 Support 115.00 to 114.15



Feeder Cattle

THE CME FEEDER INDEX ON 10/07/2020 WAS 142.69 DOWN 11 CENTS FROM PREVIOUS DAY - UPDATE ON MORNING REPORT

OCTOBER 2020 FEEDER CATTLE SETTLED ON OCTOBER 8, 2020 AT \$138.05

PACKERS ARE BUYING CATTLE AND THEY NEED TO BE REPLACED. AS OF TUESDAY'S CLOSE OCTOBER FUTURES WERE \$4.98 UNDER THE CME INDEX. TRADERS ARE BULL SPREADING FEEDER CATTLE.

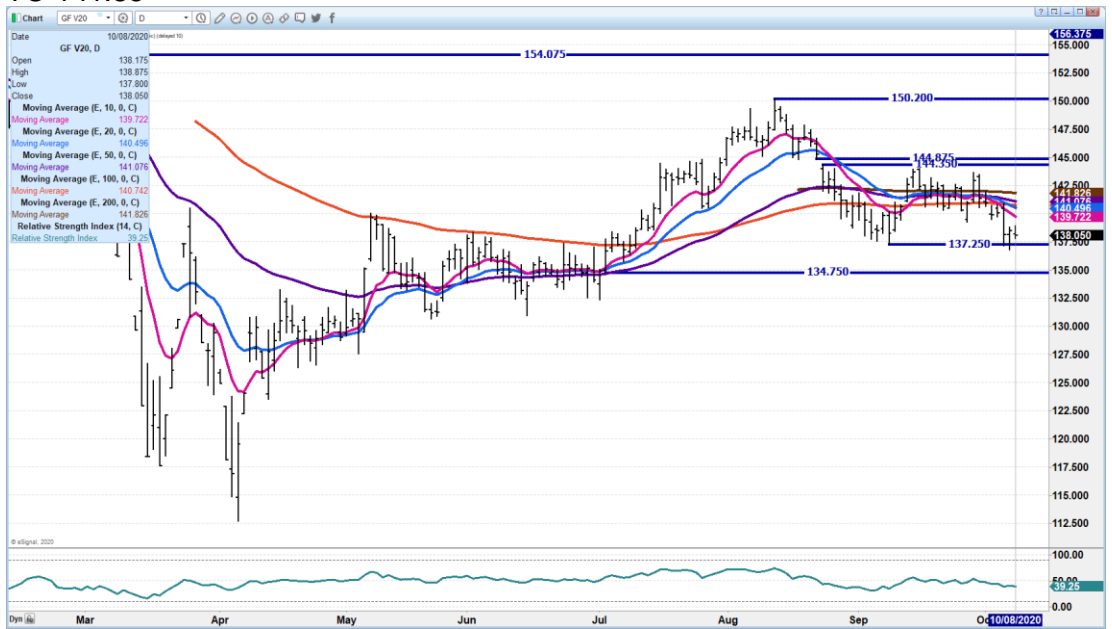
NOVEMBER 2020/JANUARY 2021 FEEDER CATTLE SPREAD - MARKET IS BULL SPREAD AND WITH MOSTLY SPECS IN FEEDERS, USE SPREADS AS MARKET INDICATORS



Daily Futures Market Commentary



OCTOBER 2020 FEEDER CATTLE – SUPPORT 137.50 TO 134.75 RESISANCE AT 139.75 TO 141.85

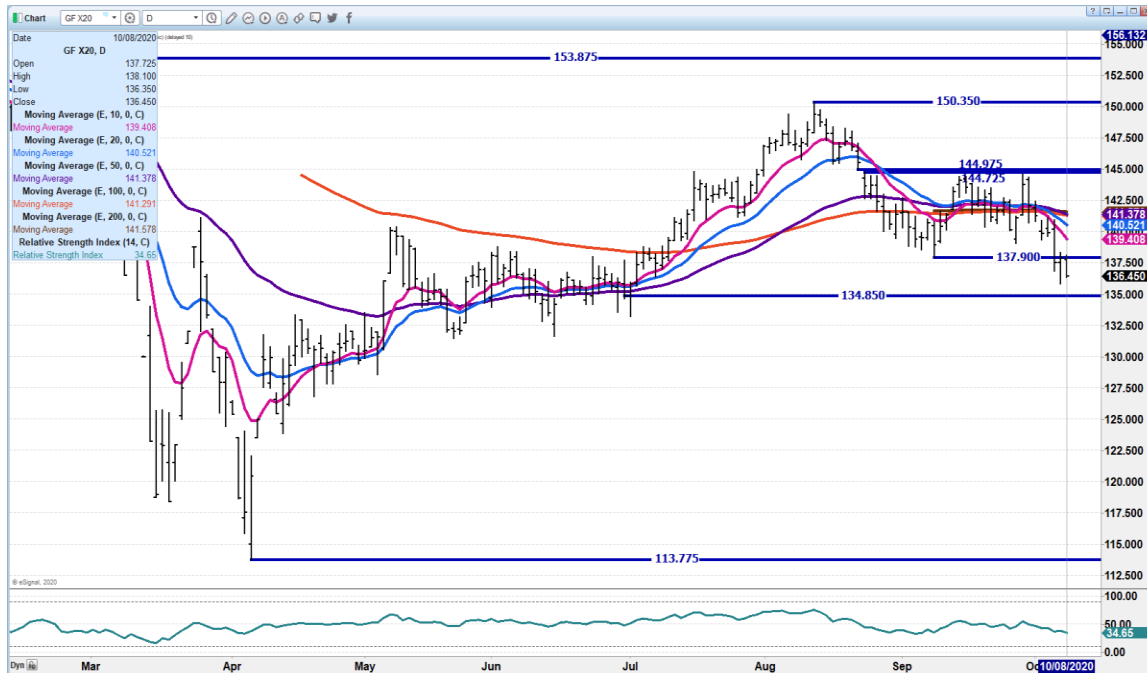


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NOVEMBER 2020 FEEDER CATTLE - CHEAP COMPARED TO CASH. RESISTANCE 138.00 TO 139.50/141.37 SUPPORT 134.84



LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

OCTOBER 8, 2020	489,000
WEEK AGO	485,000
YEAR AGO	489,000
WEEK TO DATE (EST)	1,954,000
SAME PERIOD LAST WEEK (EST)	1,926,000
SAME PERIOD LAST YEAR (ACT)	1,465,000

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CME CASH HOG INDEX 10/06/2020 AT 77.50 UP 9 CENTS FROM PREVIOUS DAY -

CME CASH PORK CUTOUT INDEX 10/07/2020 AT 94.08 UP .75 FROM PREVIOUS DAY.

CME CASH FRESH BACON INDEX ON 10/02/2020 WAS 194.37 COMPARED TO 09/25/2020 WAS 189.34



Hams that have been the reason pork cutout has gained as of Thursday are about \$5.00 lower than they closed a week ago. Pork movement on the daily cutout has been moderate. How packers are selling and have forward contracted it is the big secret. Record exports to China from the US in 2020 and record exports from Brazil need to continue to keep momentum.

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BRAZILIAN PORK EXPORTS

Brazilian pork exports are up 42.9% from January - September 2020 compared to same period in 2019. Pork exports during the time were 764,900 metric tons.

For the first nine months of 2020 pork exports are more than Brazil shipped for all twelve months of 2019 at 750,000 metric tonnes. From January – September, exports were up 133% compared to same time in 2019 at 376,700 metric tonnes, Hong exports were at 131,600 MT up 14%, Singapore took 41,900 MT up 61% and Viet Nam with 32,900 MT was up 205%.

www.datagro.com

Hog weights are not going down. So what could be the reasons?

It is possible packers are killing just the amount of hogs they need and leaving hogs. Pork packer margins are good and if they push more hogs through the line, they will add more pork that needs to be sold that could lower packer profits.

There are more hogs than the packers can kill with processing lines slowed because of COVID. But hog slaughter is running what it was a year ago and with Saturday slaughters, year to date slaughter is above a year ago.

Out of the two reasons, it looks like they are controlling the kill. But what happens if pork prices drop? The producer that sells on the open market has heavier hogs and more than the packer wants. Trading volume has been light with the majority of futures trading with speculators spreading. The October/December spread is extremely wide at \$10.50. Spreading December 2020 into spring 2021 was big part of Thursday's trade.

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OCTOBER HOGS SETTLED \$10.50 OVER DECEMBER DOWN \$1.80 ON THURSDAY. IN 2018 THE SPREAD WENT OFF THE BOARD WITH OCTOBER \$13.75 OVER DECEMBER.

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OCTOBER 8, 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

OCTOBER 8, 2020

LOADS OF PORK CUTS: 250.51

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LOADS TRIM/PROCESSED PORK: 39.36

FINAL

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
10/08/2020	289.86	95.36	89.03	98.07	68.81	150.11	73.74	160.98
CHANGE :		0.18	3.11	0.86	1.93	3.73	-5.35	2.29
Five Day Average --		94.05	86.23	96.78	67.08	146.00	76.48	156.22

FINAL

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
10/07/2020	310.32	95.18	85.92	97.21	66.88	146.38	79.09	158.69
CHANGE :		-2.63	-0.45	-0.49	0.87	-1.47	11.75	-1.29
Five Day Average --		94.11	84.86	95.35	66.46	143.72	80.40	154.77

PREVIOUS WEEKS CLOSE FINAL 10/02/2020

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
10/02/2020	295.38	92.15	84.37	95.29	65.93	141.16	78.34	148.79

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NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE
SLAUGHTER DATA FOR OCTOBER 7, 2020

Average carcass weight - 282.92
Average live weight - 211.62

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DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM October 7, 2020
NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES
Carcass Base Price: \$60.00 - \$69.00
Weighted Average: \$65.11
Change from Prior Day: 1.37 higher
HOGS SOLD: 6,050

SWINE OR PORK MARKET FORMULA PURCHASE (Including Packer Sold)
PRICE RANGE: \$59.95 - \$90.75
Weighted Average: \$76.43
Previous Day: \$75.70
HOGS SOLD: 155,215

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



OCTOBER 2020/DECEMBER 2020 LEAN HOG SPREAD – HARD TO SAY IF PROFIT TAKING OR SPREAD REVERSING.. A CLOSE UNDER 9.50 SUGGESTS SPREAD REVERSING



OCT 2020 LEAN HOGS – New high, RSI at 85, Support at 74.17 to 72.00 Resistance 77.37



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DECEMBER 2020 LEAN HOGS – Volume at 24,436. For hogs, it is a big movement as of late. Support at 63.95 to 62.82 Resistance Thursday's high at 67.45



FEBRUARY 2021 LEAN HOGS – Resistance at 72.57 Support at 68.70 to 67.35



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