



MORNING November 25, 2020 Livestock Report

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CATTLE

USDA FEDERAL CATTLE SLAUGHTER

NOVEMBER 24, 2020	122,000
WEEK AGO	121,000
YEAR AGO	109,000
WEEK TO DATE (EST)	242,000
SAME PERIOD LAST WEEK (EST)	240,000
SAME PERIOD LAST YEAR (ACT)	229,000

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	CHOICE	SELECT
BOXED BEEF FINAL	244.30	219.71
CHANGE FROM PRIOR DAY	2.70	2.23
CHOICE/SELECT SPREAD:		24.59
TOTAL LOAD COUNT		161
5 DAY SIMPLE AVERAGE:	237.44	214.79

PREVIOUS WEEK 11/20/2020	CHOICE	SELECT
BOXED BEEF FINAL PRICE	238.35	214.98

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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 NOVEMBER 24, 2020

Primal Rib	502.93	381.80
Primal Chuck	202.40	194.47
Primal Round	197.84	196.80
Primal Loin	293.39	255.21
Primal Brisket	155.07	154.41
Primal Short Plate	129.28	129.28
Primal Flank	108.44	106.85

FINAL OCTOBER 26, 2020

Primal Rib	377.56	311.85
Primal Chuck	170.68	158.51



Primal Round	167.33	166.45
Primal Loin	271.56	236.14
Primal Brisket	149.56	138.77
Primal Short Plate	119.78	119.78
Primal Flank	96.86	97.25

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LOAD COUNT AND CUTOFF VALUE SUMMARY FOR PRIOR 5 DAYS

Date	Choice	Select	Trim	Grinds	Total	CHOICE	SELECT
						600-900	600-900
11/23	71	25	10	16	122	241.60	217.48
11/20	50	18	12	25	105	238.35	214.98
11/19	91	30	11	21	152	237.70	213.89
11/18	80	24	13	26	142	235.84	213.62
11/17	80	16	14	32	142	233.72	213.96

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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	97.10 loads	3,883,870 pounds
Select Cuts	20.89 loads	835,401 pounds
Trimmings	11.71 loads	468,560 pounds
Ground Beef	31.54 loads	1,261,628 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)

USDA POSTED CATTLE PRICES ON 11/24/2020
IA/MN – 109.00 - 110.00 Dressed.- 171.00 - 172.00
NE - CASH – No Reportable Trade– Dressed No Reportable Trade - 2,466 total movement cash and dresses
KS – CASH No Reportable Trade DRESSED No Reportable Trade.
TX/OK/NM – No Reportable Trade No Reportable Trade
CO – Information not available due to confidentiality

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



	Weight	Price	Head
Live Steer:	1487	\$109.57	46,901
Live Heifer:	1320	\$109.68	18,661
Dressed Steer:	972	\$171.76	13,764
Dressed Heifer:	874	\$171.88	5,364

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STERLING MARKETING BEEF MARGINS WEEK ENDING NOVEMBER 20, 2020
 PACKER MARGINS: \$439.60 LAST WEEK \$372.66 MONTH AGO \$257.39
 FEEDLOT MARGINS: \$95.80 LAST WEEK \$88.49 MONTH AGO \$40.67

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With a kill of 122,000 beef prices are going up on demand. Current demand is a squeeze play of who has beef and who needs beef, primarily Choice rib sections, to fill previously contract sales. Choice primal rib sections in a month are up \$125.37

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Bullish Cattle on Feed Report versus losing export market share

The Cattle on Feed Report was bullish released last Friday. Placements down 11 percent means there will be fewer cattle in 2021. If beef demand is strong, cattle by the spring could be \$130 or more.

However, there is water to throw on the fire. The US is not alone in the world and competition for market share is going to be fierce. There will be competition from other countries and competition from other meats, pork and poultry. Fewer cattle in the US at a time other countries are increasing livestock isn't bullish. Also, instead of being a net beef importer, the US needs to go back to being a net exporter.

Over the past few years, exports have centered on what China buys from the US. The US had a trade war with China and other countries because it felt countries were shipping more to the US than they were taking. But maybe the US should have been looking at what other countries were selling that made it harder to sell US commodities. Brazil is squeezing the US out of the agricultural marketplace. In February 2020 President Trump lifted limits on beef that Brazil could sell to the US and beef exports to the US definitely grew. The US is selling a thimbleful of beef to China, but it is a drop in the bucket compared to what Brazil sells to China as well as other countries. In 2020, as the table below shows, the US is losing some of its best beef buyers.



BRAZIL VERSUS US BEEF EXPORTS

BRAZIL EXPORTS 1/2020 THROUGH 10/2020

JANUARY THROUGH END OF OCTOBER 2020 BRAZIL'S BEEF EXPORTS WERE UP 9% FROM SAME TIME IN 2019

2020 EXPORTS AT 1,650,000 METRIC TONNES

2019 BEEF EXPORTS 1,520,000 METRIC TONNES

CHINA/HONG KONG FROM BRAZIL*

CHINESE EXPORTS IN 2020 948,168 METRIC TONNES

CHINESE EXPORTS IN 2019 625,256 METRIC TONNES

*BRAZIL BEEF EXPORTS FROM 1/2020 THROUGH 10/2020 COMPARED TO US FROM 1/2020 TO 9/2020 ARE 91% MORE TO CHINA.

THE BEEF BRAZIL EXPORTS JUST TO CHINA IS MORE THAN THE TOTAL OF ALL US BEEF EXPORTS

JANUARY – OCTOBER EXPORTS IN METRIC TONNES FROM BRAZIL

EGYPT 113.304 MT

CHILE 71,512 MT

RUSSIA 51,201 MT

UNITED STATES 48,772 MT UP 52% FROM 2019

SAUDIA ARABIA 35.402 MT

UNITED ARAB EMIRATES 33,811 MT

PHILIPPINES 33,778 MT

US EXPORTS JANUARY – SEPTEMBER 2020

2020 BEEF EXPORTS 911,936 MT – US EXPORTS ARE DOWN 8% COMPARED TO 2019



2019 BEEF EXPORTS 991,325MT

BRAZIL TO CHINA IN 2020 948,168 METRIC TONNES

US EXPORTS TO CHINA/HONG KONG

2020 BEEF EXPORTS 76,493 MT UP 11%

2019 BEEF EXPORTS 68,637

BRAZIL TO CHINA IN 2020 948,168 METRIC TONNES

JAPAN 233,730 MT DOWN 3%

SOUTH KOREA 189,712 MT DOWN 3%

MEXICO 126,067 DOWN 28%

EGYPT 36,288 DOWN 26%

UNITED ARAB EMIRATES 2,700 MT DOWN 36%

KUWAIT 1,064 MT DOWN 46%

PHILIPPINES 9,882 MT DOWN 33%

EUROPEAN UNION 10,521 MT DOWN 26%

CHILE 6,480MT DOWN 29%

INCREASES

CANADA 83,017 MT UP 12%

TAIWAN 48,285MT UP 1%

AFRICA INCLUDES - SOUTH AFRICA, ANGOLIA, GABON
21,718 MT UP 60%

Cattle Production by Year - United States

2016 35063 (1000 HEAD) 2.86 %

2017 35758 (1000 HEAD) 1.98 %



2018 36313 (1000 HEAD) 1.55 %
 2019 36060 (1000 HEAD) -0.70 %
 2020 35800 (1000 HEAD) -0.72 %
 Source: United States Department of Agriculture

Cattle Production by Year - Brazil

2016 48250 (1000 HEAD) 0.06 %
 2017 48735 (1000 HEAD) 1.01 %
 2018 49500 (1000 HEAD) 1.57 %
 2019 50490 (1000 HEAD) 2.00 %
 2020 51500 (1000 HEAD) 2.00 %
 Source: United States Department of Agriculture

The US is expected to have 11 percent fewer placements and Brazil will have 2 percent more cattle. What country will be able to offer less expensive beef?

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When packers are making about \$450/head, they have one thing on their mind, fill chains with cattle. Tuesday they filled chains with 122,000 head. This was the level packers were killing before COVID 19 hit the packing industry last spring. Packers have adjusted to COVID 19. They have increased the safety of workers, they are using more robotics, employing backup workers and health care measures. Packers are not doing it all for the labor in the plant. Packers for two plus years have had tremendous profits. When a packer makes \$5.00/head margins they aren't complaining. When profits in 2020 have not dropped below \$200/head margins, they can spend some on safety precautions and still have a big smile on when meeting with stock holders.

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The meat industry is an oligopoly, and they control the industry but at times they are in competition with each other. A packer or seller doesn't want to lose customers to another packer because with so few packers when market share is lost, it is hard to regain it. If a packer or meat wholesaler can't fill a contract, they would rather buy it and if necessary lose money so customer doesn't go to another seller. It was part of the reason beef prices shot up after the August 12th Tyson fire. Tyson had beef contracts to fill and couldn't supply their customers, so they went onto the market and filled orders. The buyers that buy on daily beef market also had to pay up at the time. Tyson and daily beef buyers were squeezed.



Heifers and steers are grading out 82%. Feedlots are selling enough Choice cattle. But too many are too big. When a beef buyer orders primal rib sections weighing 16 to 20 pounds, they don't want rib sections that are 20 to 26 pounds or heavier. A consumer wants to buy a 10 pound small end rib eye roast or a ribeye steak weighing 16 ounces. The consumer doesn't want a roast that is 10 pounds with two ribs and looks more like it was from an elephant than a Choice steer or heifer. They don't want a 16 ounce steak that is so big it takes up a platter and is a ¼ inch thick.

Another way to think about it. A person goes to a car dealer and wants a certain make and model that is the color they want and has the features they want. When they get to the dealer, the salesperson tells them that there was a sale over the weekend and the car they wanted was sold and so were others just like it. But the dealer has something special on the lot with all the features, it is the same make but it is a pickup truck and not a SUV. In fact the pickup has a manufactures discount, it cost less plus the dealership will give them a dealer discount. The customer walks and goes to another dealership.

Lighter cuts are especially important at this time. A restaurant chef may take a heavier cut, trim it out, cut it to size and have other uses for the trimmings. The home chef ordering a 5 pound rib roast doesn't want the roast to look like a big thick steak and doesn't want a roast that will have to be trimmed at home. The customer wants a roast or steak to look like the roast they normally buy. They don't want a pickup truck; they want a SUV. It is the same for the grocery stores that contracted beef. Buyers want the beef they ordered.

Stores now are having problems selling big turkeys. Shoppers want small birds for their small family gatherings. Stores are selling out of small turkeys, turkey breasts and large chickens to roast. Last year the turkey that weighed 20 pounds for the gather of 10 was good. This year the family of 4, don't want a 22 pound turkey. They are buying small turkeys or breasts or chickens to roast and more turkeys are being sold.

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Consumers are hoarding everything from toilet paper, cleaning supplies. Potatoes, rice, pasta to beef. But unlike last spring, retailers are limiting how much a consumer can buy at one time. I talked to a retail store manager on Wednesday. He told me some people are getting creative. They buy what is allowed, load up the car and come back with a different debit card or credit card. However, if customer uses the store coupon and tracking card, it notifies the cashier.
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As of November 24, 2020, dressed steer and heifer weights were 898.5 compared to previous week at 896.7 up 1.8 pounds from week ago and 22 pounds over a year ago compared to a



week ago up 24 pounds. Grading percent was 82.2%, down compared to previous week at 81.6%. CATTLE WEIGHTS AREN'T GOING DOWN. AT LEAST MARKET IS ABSORBING ALL CUTS FROM RIB SECTIONS TO TRIMMINGS AND GROUND BEEF.

FEBRUARY 2021 LIVE CATTLE/APRIL 2021 LIVE CATTLE SPREAD - SPREAD IN NORMAL RANGE BUT WATCH TO SEE IF WIDENS OR NARROWS INDICATING DIRECTION ON 2021 CATTLE

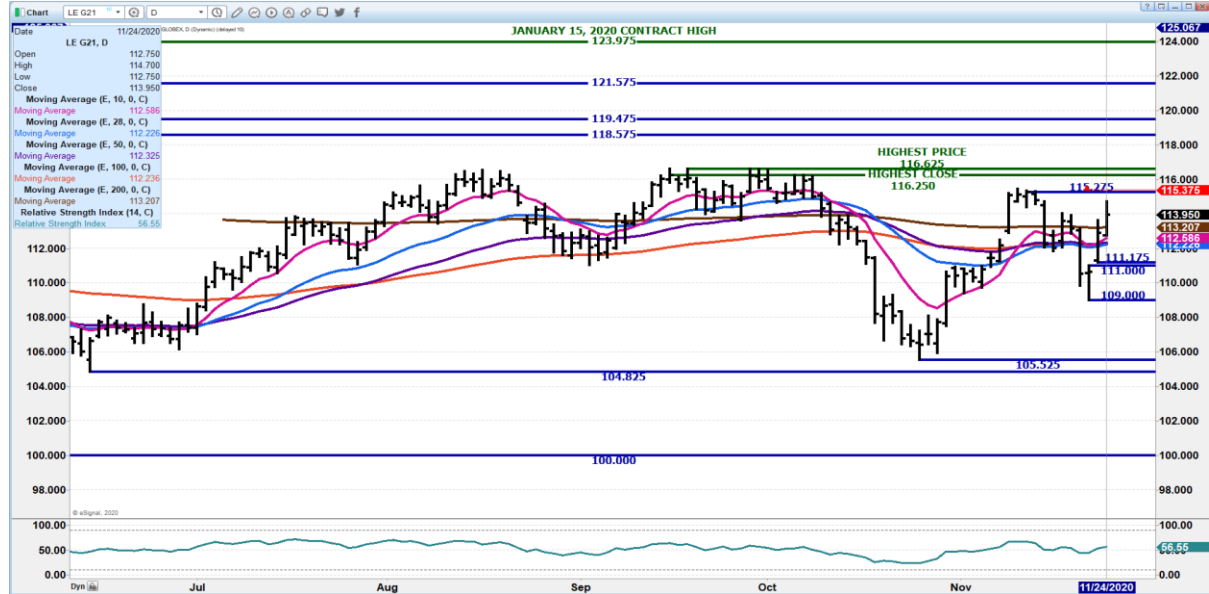


DECEMBER 2020 LIVE CATTLE - Home chefs are reason beef prices are going higher. Beef demand is strong but question is what happens after December holiday season/ Resistance 113.25. Support at 109.97 to 109.10

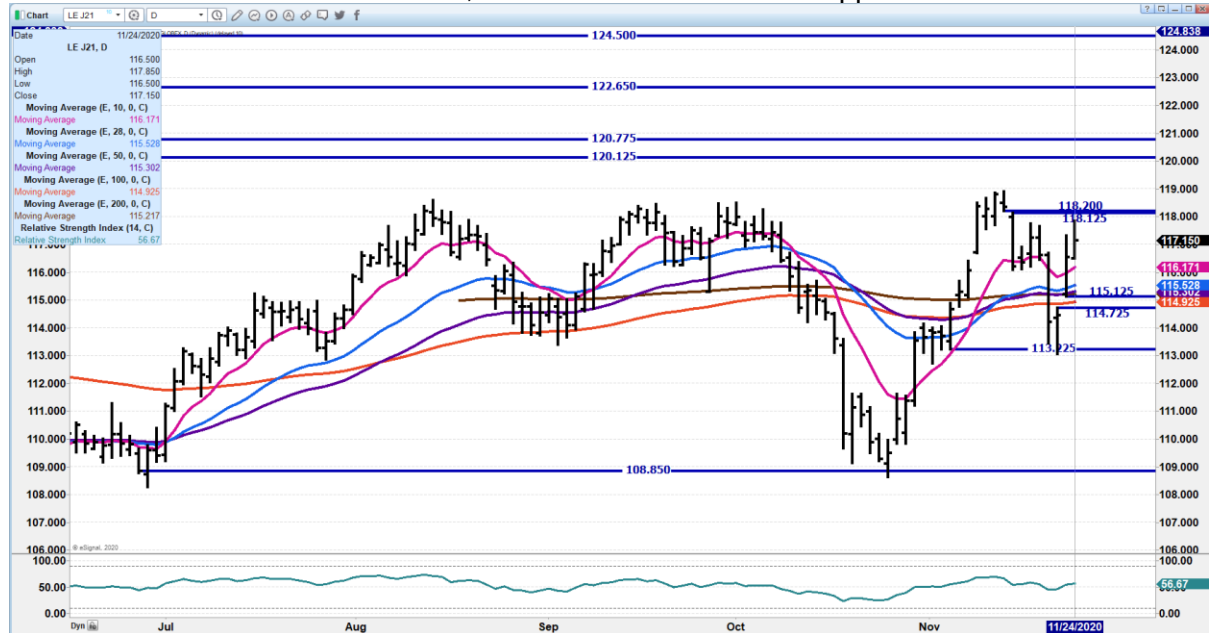




FEBRUARY 2021 LIVE CATTLE – Volume 23,543 Resistance 115.37 resistance Support at 112.55 to 112.25



APRIL 2021 LIVE CATTLE – 118,25 to 130.00 resistance Support at 116.17 to 114.95





Feeder Cattle

THE CME FEEDER INDEX ON 11/20/2020 WAS 137.12 UP 18 CENTS FROM PREVIOUS DAY –

JANUARY 2021 FEEDER CATTLE FUTURES SETTLED ON NOVEMBER 24, 2020 AT \$138.60

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FEEDLOTS THAT ALSO GROW GRAIN ARE HESITANT TO BUY FEEDERS. CORN PRICES ARE AT PROFITABLE LEVELS AND FEEDLOTS ARE SEMI-FRIENDLY TO CATTLE MARKETS INTO 2021 BUT HAVE MEMORIES OF PLINGING PRICES IN 2020.

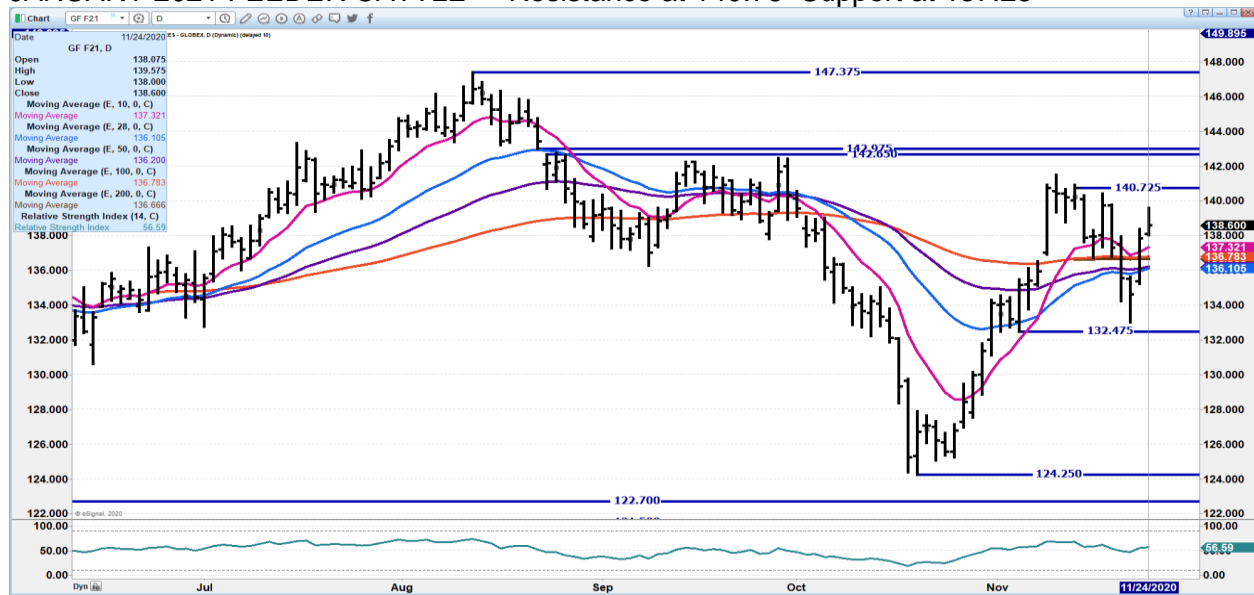
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JANUARY 2021/MARCH 2021 FEEDER CATTLE SPREAD – REMAINS BULL SPREAD. PRETTY MUCH SAYS IT ALL





JANUARY 2021 FEEDER CATTLE – Resistance at 140.75 Support at 137.25



MARCH 2021 FEEDER CATTLE – Resistance at 140.25 Support at 137.00





LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

NOVEMBER 24, 2020	497,000
WEEK AGO	493,000
YEAR AGO	490,000
WEEK TO DATE (EST)	994,000
SAME PERIOD LAST WEEK (EST)	970,000
SAME PERIOD LAST YEAR (ACT)	983,000

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CME CASH HOG INDEX 11/20/2020 AT 67.83 DOWN .31 FROM PREVIOUS DAY

CME CASH PORK CUTOUT INDEX 11/23/2020 AT 78.90 DOWN .64 FROM PREVIOUS DAY

CME CASH FRESH BACON INDEX ON 11/20/2020 WAS 126.49 COMPARED TO 11/13/2020 WAS 141.67.

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STERLING PORK PROFIT TRACKER WEEK ENDING - NOVEMBER 20, 2020
 PACKER MARGINS: \$33.37 LAST WEEK: \$39.28 MONTH AGO: \$59.39
 FARROW TO FINISH MARGINS \$9.05 LAST WEEK, \$9.29 MONTH AGO \$19.84

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Packers are shoving hogs through the line and before long could be back to 500,000 head per day. The CME Hog and Pork Index have been losing day after day. Into 2021 as global hog numbers increase, US hogs are vulnerable if exports drop. If China increases hog herd levels predicted in 2021, the price of feed is also going to be a cost hog producers will need to absorb along with lower prices. 2021 will see more producers move from selling on cash markets to selling formula packer contracts, or leasing facilities to outright selling fewer hogs.

Spreads are an easy tool to use when hedging into 2021. The April/June spread moved with June \$11.15 over April. It isn't uncommon to have spread at \$10 or more but recently June is strong as China has fewer summer hogs. In 2021 with expected increases in China, it likely won't be fewer summer hogs but more.

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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

NOVEMBER 24, 2020

LOADS OF PORK CUTS: 371.38

LOADS TRIM/PROCESSED PORK: 42.44

FINAL

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
11/23/2020	413.82	77.58	70.91	78.81	69.30	134.34	75.43	93.45
CHANGE :		-0.19	-0.41	-1.40	-4.65	0.97	5.19	-4.45
Five Day Average --		78.08	71.56	79.27	72.90	133.35	74.41	94.34

FINAL PREVIOUS WEEK'S CLOSE

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
11/13/2020	354.83	80.14	72.94	79.81	74.18	130.79	79.78	95.19

NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE

SLAUGHTER DATA FOR NOVEMBER 23, 2020

Average live weight - 286.90

Average carcass - 214.40

DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM November 24, 2020

NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES

Carcass Base Price: \$50.00 - \$58.58

Weighted Average: \$57.87

Change from Prior Day: 0.45 lower

HOGS SOLD: 8,290

SWINE OR PORK MARKET FORMULA PURCHASE (Including Packer Sold)

PRICE RANGE: \$57.90 - \$73.88

Weighted Average: \$66.10

Previous Day: \$66.35

HOGS SOLD: 156,866

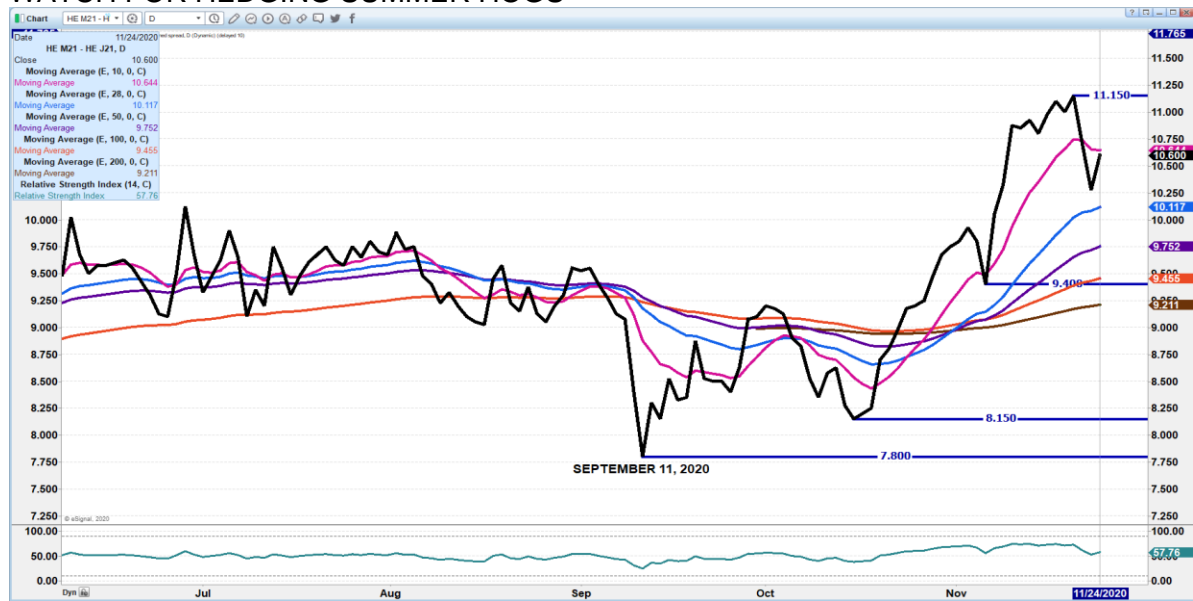
https://www.ams.usda.gov/mnreports/lm_hq203.txt



FEB 2021/DEC 2020 LEAN HOG SPREAD – MOVE OVER 2.25 WILL MOVE FEB UP



JUNE/APRIL LEAN HOG SPREAD. LOOK FOR CONTINUED WIDENING BUT NEED TO WATCH FOR HEDGING SUMMER HOGS



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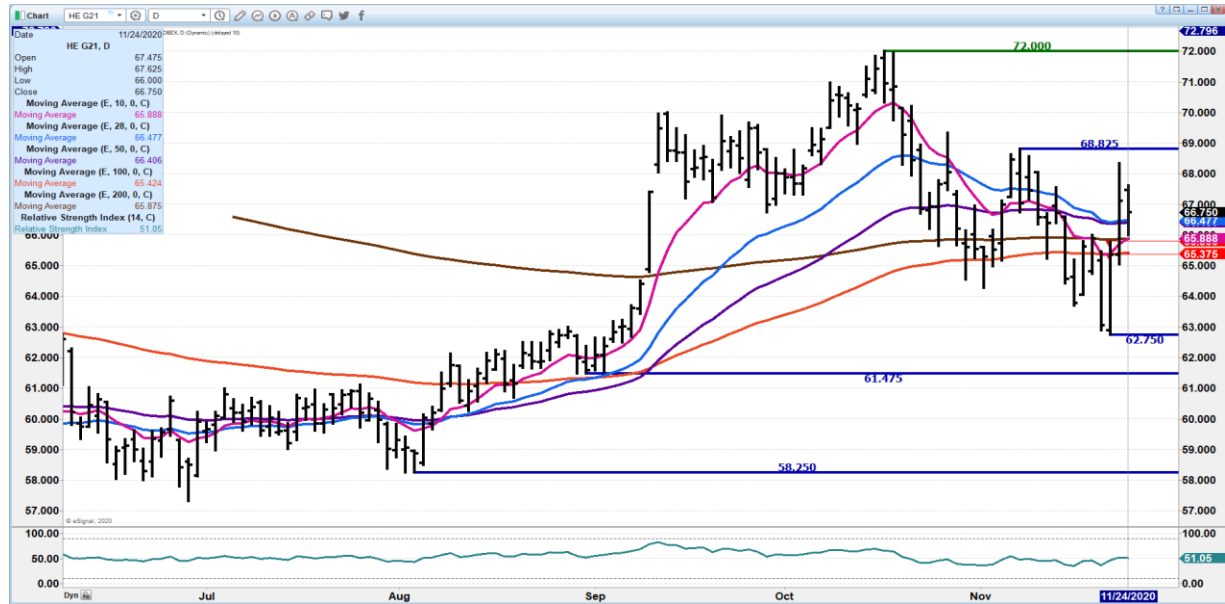
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DECEMBER 2020 LEAN HOGS – 67.42 RESISTANCE SUPPORT AT 61.87



FEBRUARY 2021 LEAN HOGS – LOW VOLUME 13.351 RESISTANCE AT 68.80 SUPPORT AT 65.87 TO 65.37



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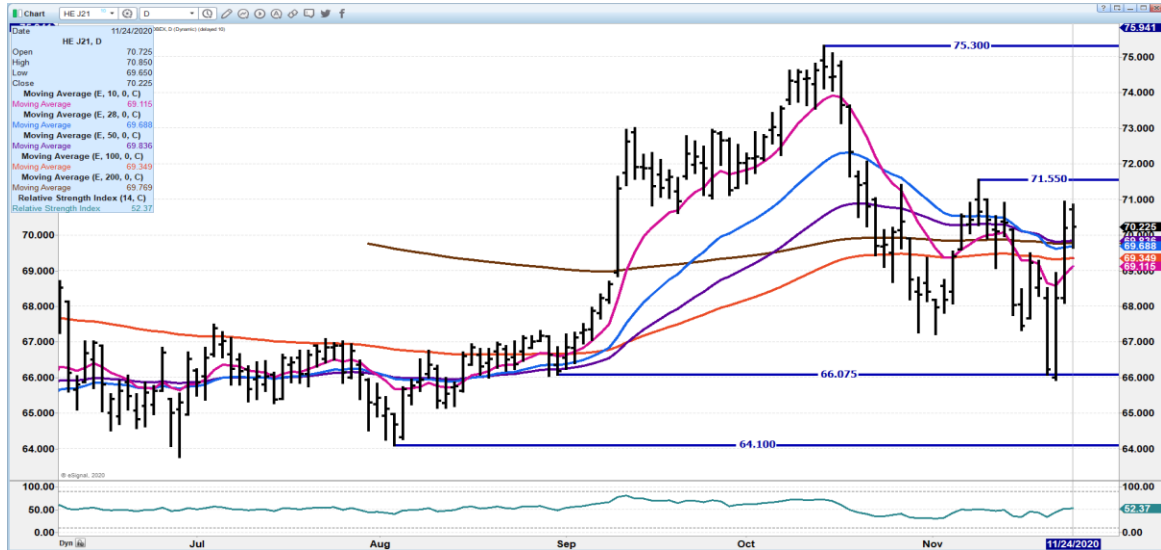
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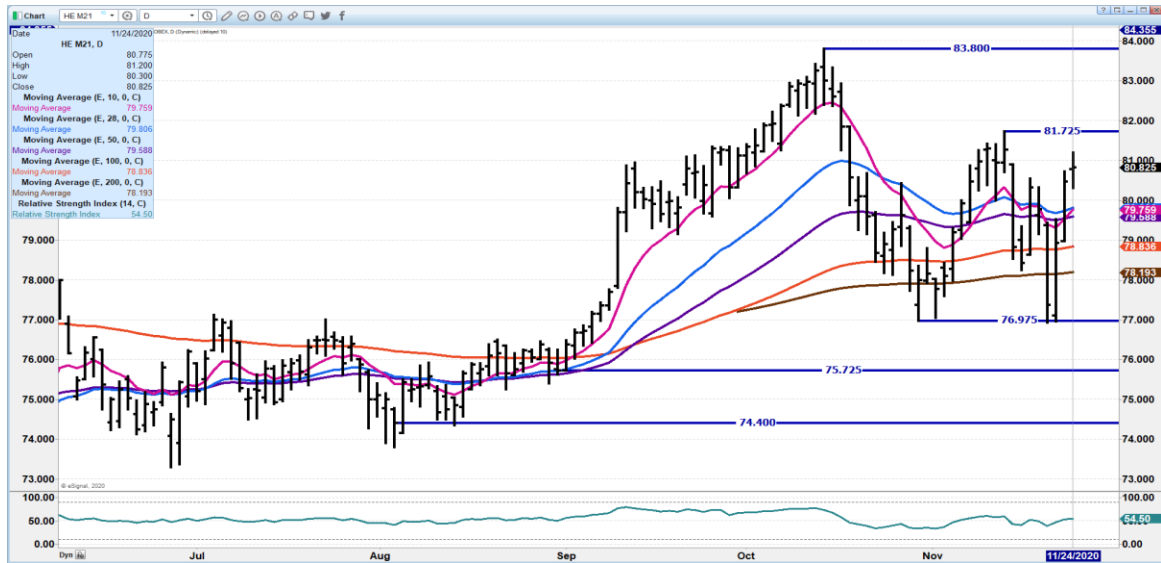
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APR 2021 LEAN HOGS – RESISTANCE AND SELL AT 71.50 SUPPORT AT 70.10 TO 69.10



JUNE 2021 LEAN HOGS – 81/70 resistance. Sell at 81.37 with SCO above 82.87 Support at 79.87 to 78.80



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