



MONDAY MORNING DECEMBER 28, 2020 LIVESTOCK REPORT

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REPORT IS ABBREVIATED MONDAY MORNING WITHOUT USDA DATA, BUT WILL BE A COMPLETE AFTERNOON REPORT DECEMBER 28, 2020

THERE ARE NO USDA LIVESTOCK, BEEF OR PORK REPORTS MONDAY MORNING, 12/28/20 DUE TO LAST WEEKS'S HOLIDAY

CATTLE

Although it was a short week with limited slaughter, cattle buyers had to pay up to buy cash cattle for next week's needs. Boxed beef prices have dropped over the past week, and packer profit margins were down close to \$75.00/head. However, packer profits remain high and big profit margins mean packers are using their available time they have to push cattle through the plants.

There is still a problem with overweight cattle in the Northern and Midwestern states. There are feedlots that have decided to take the discounts on heavy cattle, but the problem of overfed cattle won't clean up until late January. On the other hand, showlist cattle in the South and Southwest are current and in some areas more than current. Cash cattle prices in the South and Southwest will receive higher prices. The spread in prices between Northern and Southern cattle should be monitored. If cattle prices drop in January and spread reverses, it is bearish.

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DELIVERY NOTICE SERVED – DECEMBER 2020 - LIVE CATTLE

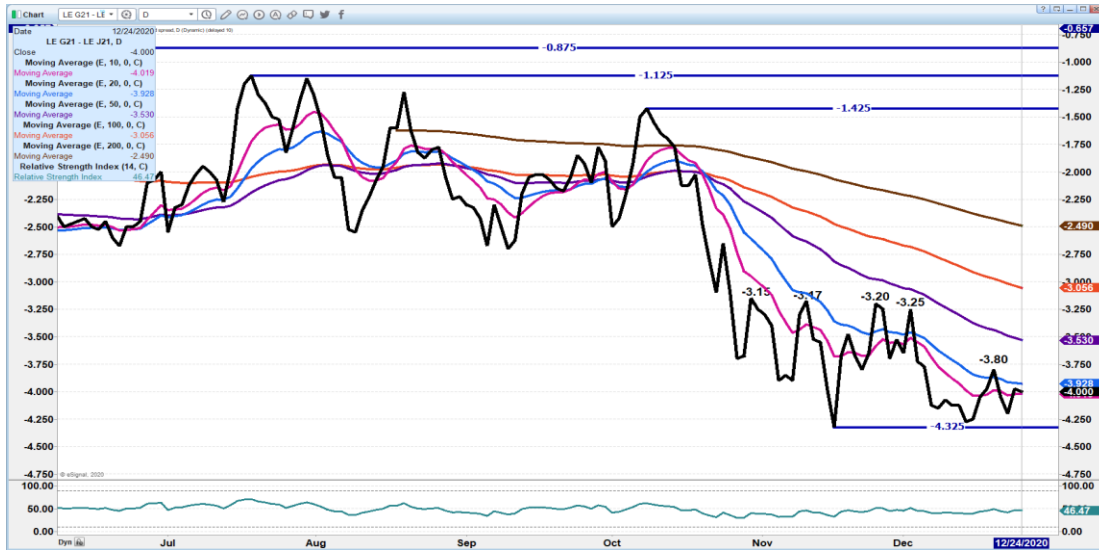
SETTLEMENT: DECEMBER 24, 2020 - \$112.15

OLDEST LONG: 11/23/20 SETTLEMENT AT \$110.00

0 DELIVERIES



FEBRUARY 2021 LIVE CATTLE/APRIL 2021 LIVE CATTLE SPREAD - Look for continued widening which is bearish.

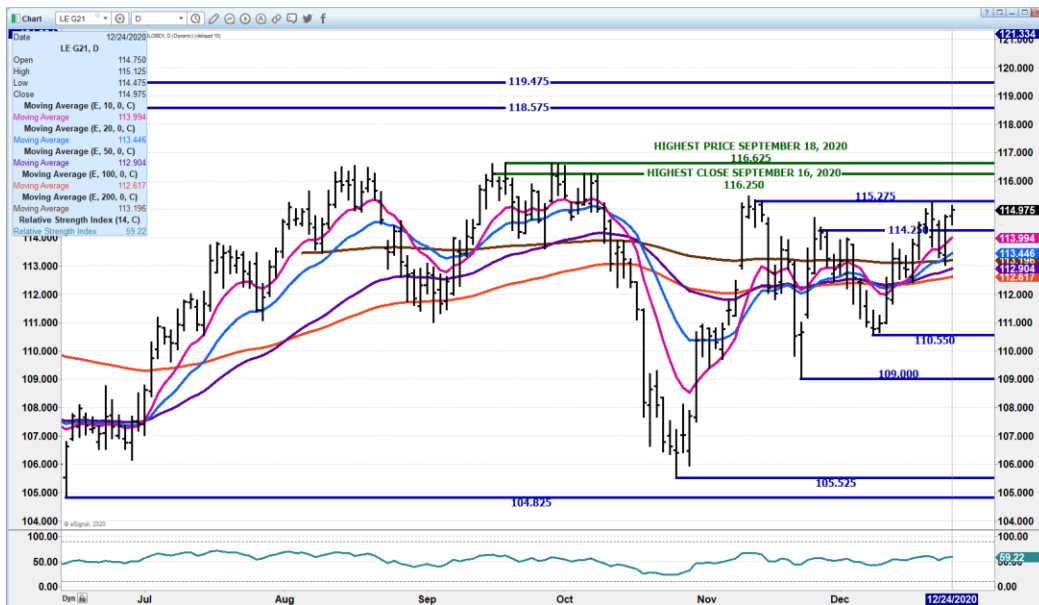


DEC LIVE CATTLE – SETTLEMENT ON DECEMBER 18, 2020 110.47, SETTLEMENT ON DECEMBER 24, 2020, 112.15 Open interest 1494. 112.40 to 113.12 resistance.. Support at 110.37 to 109.35

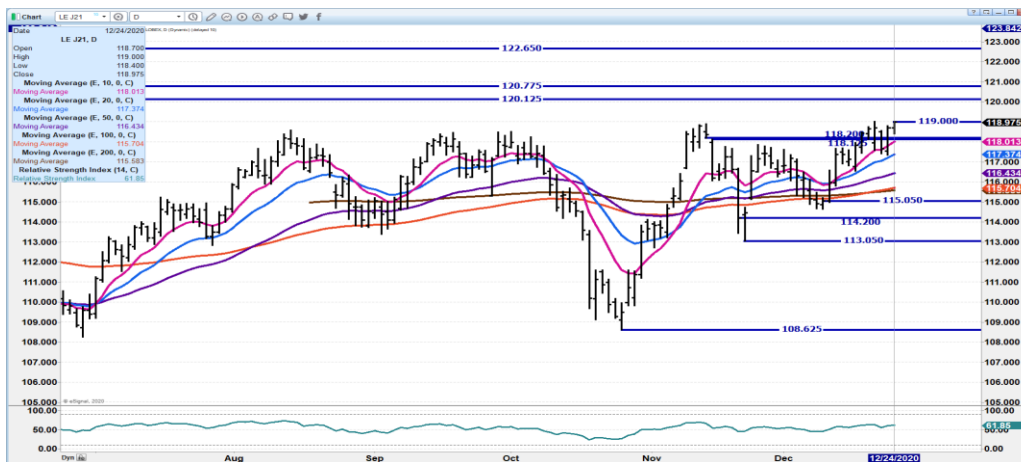




FEB LIVE CATTLE - SETTLEMENT ON DEC 18, 2020 114.85, SETTLEMENT ON DEC 24, 2020, 114.97. VOLUME 8397 REISTANCE AT 115.27 TO 116.25 TO 116.62 SUPPORT AT 113.95 TO 112.60



APRIL LIVE CATTLE - SETTLEMENT ON DEC 18, 2020 118.65, SETTLEMENT ON DEC 24, 2020, 118.97. VOLUME AT 5613 RESISTANCE AT 120.12 TO 120.72 SUPPORT AT 118.20 TO 115.50





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JUNE LIVE CATTLE - SETTLEMENT DECEMBER 18, 2020 114.07, SETTLEMENT ON DECEMBER 24, 2020, 114.87 VOLUME AT 2839 REISTANCE IS THE GAP AT 114.50 TO 114.70 UP TO 115.75 SUPPORT AT 113.50 TO 110.20

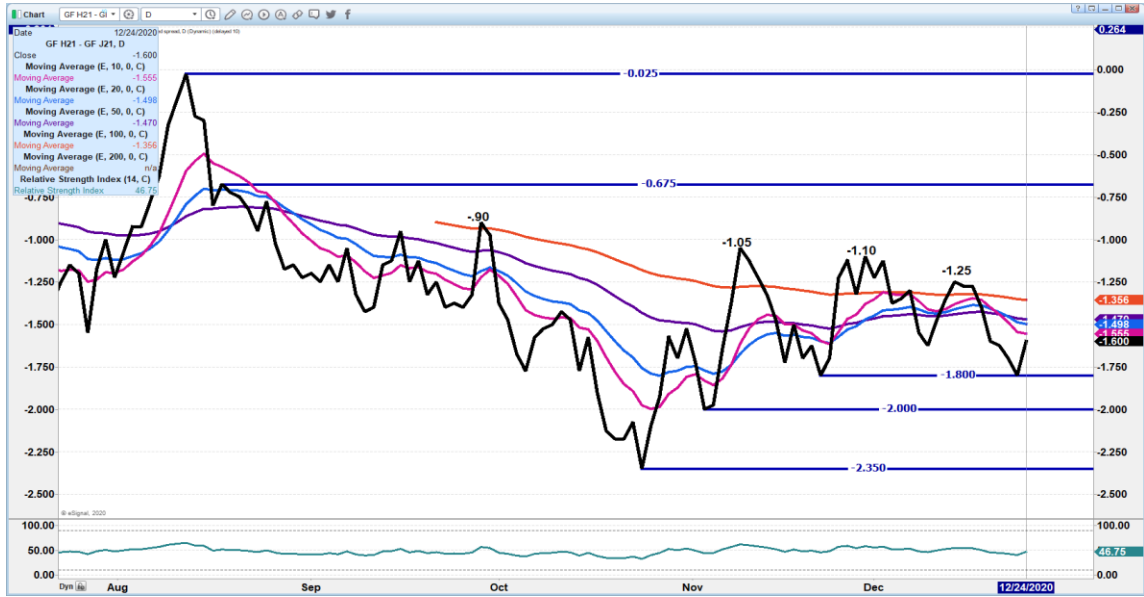


FEEDER CATTLE

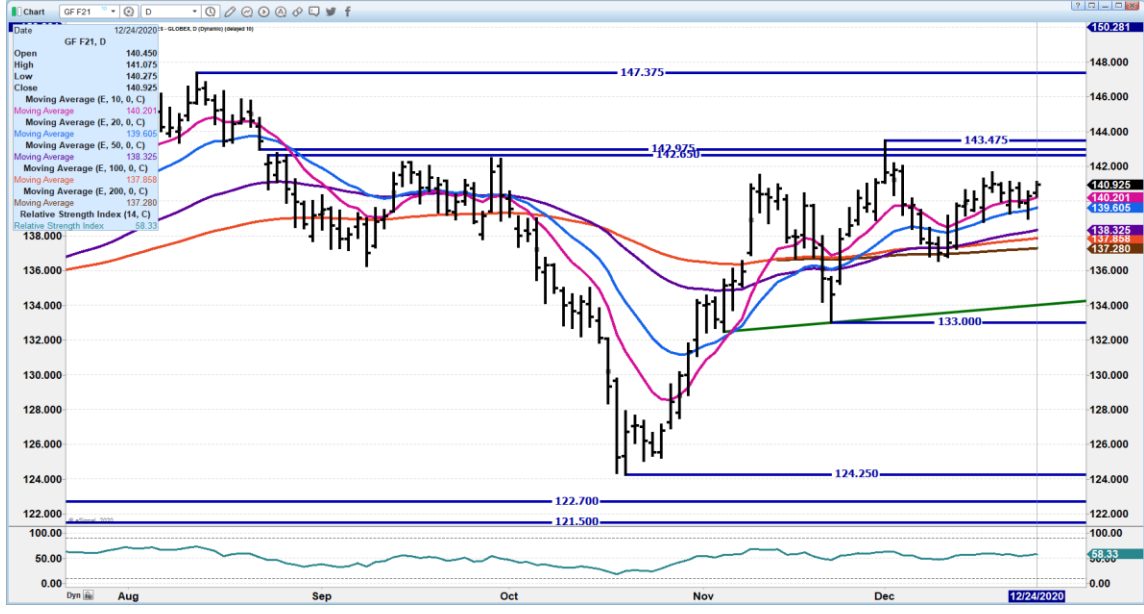
MARCH 2021/APRIL 2021 FEEDER CATTLE SPREAD. – SPREAD IS NARROW BUT HAS BEEN WIDENNG. LOOK FOR CONTINUED WIDENING

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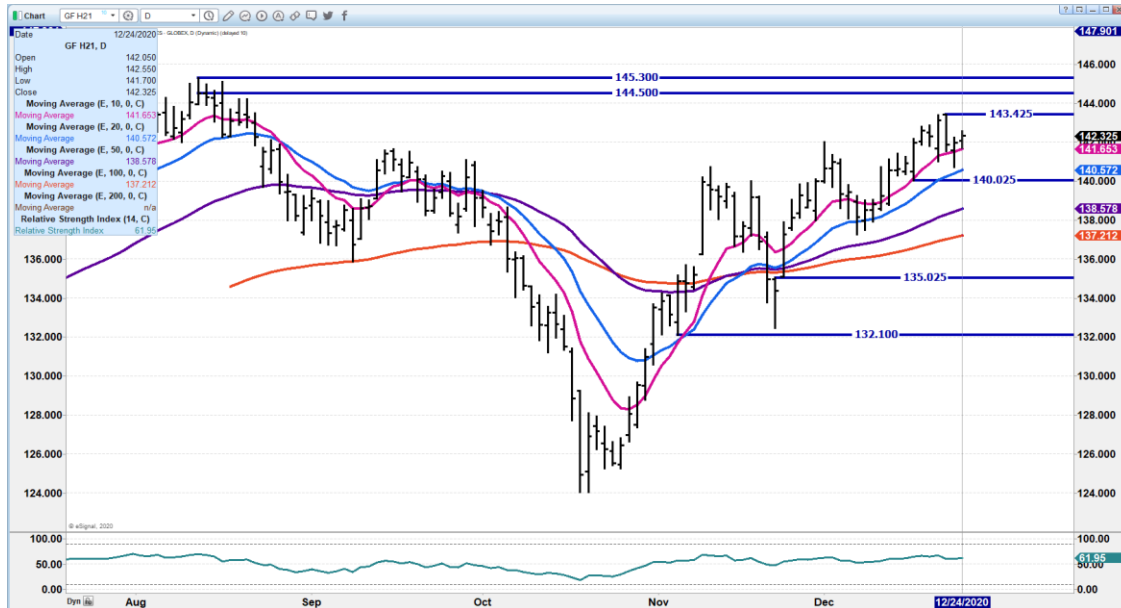
JANUARY 2021 FEEDER CATTLE – RESISTANCE AT 143.00 TO 143.50 SUPPORT AT 139.60 TO 137.25



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**MARCH 2021 FEEDER CATTLE – VOLUME AT 1362 REISTANCE AT 144.50 TO 145.30
SUPPORT AT 140.02 TO 138.57**



LEAN HOGS

Trade volume was ultra-light Friday. The Hogs and Pigs report was neutral so traders now will wait until January 2021 before they become active.

The Quarterly Hogs and Pigs report held no surprises. What it showed was the anticipated reduction in inventory after the March 2020 through May 2020 drop in prices didn't curtail production. When it all boils down, the cost of breeding and growing facilities does not allow what was once called, the in and outers. Also for the producers that sell on long term formulas and grids received the pricing of the contract although they sold hogs at higher weights. Of course, federal assistant support program payments certainly helped.

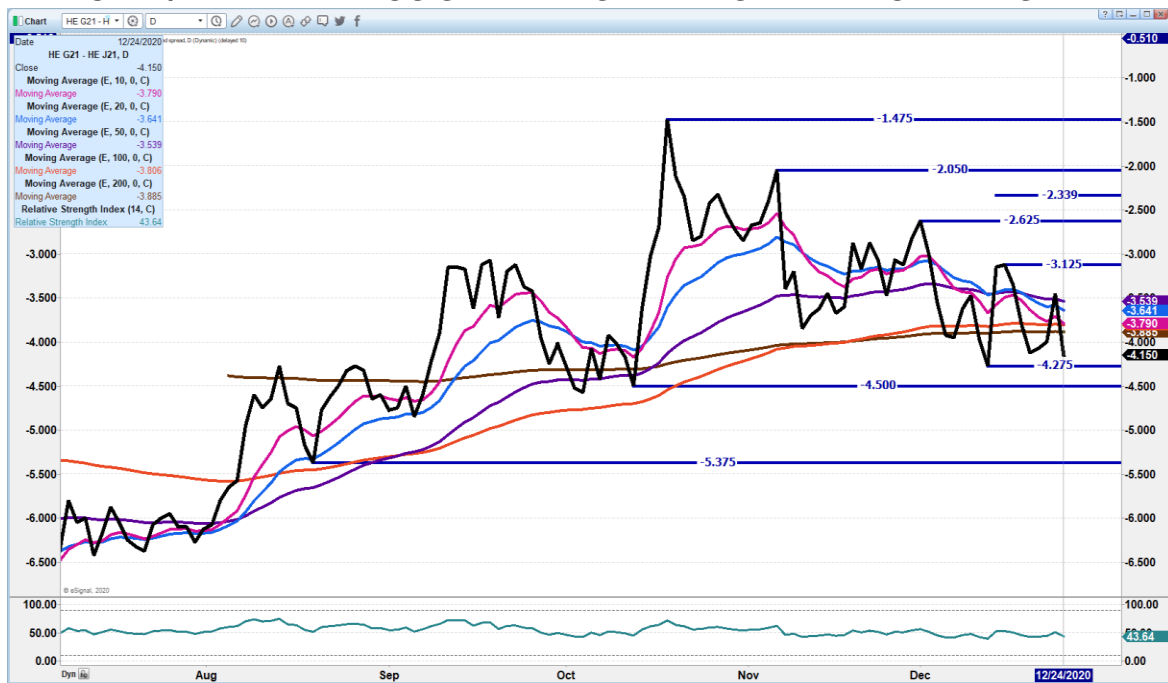
Pork has been dropping and will continue to drop. For 2021 need to see Mexico be a consistent buyer and cheap dollar should be a reason they buy US pork, but Mexico has signed new agreements with Brazil through Mercosur and that could slow Mexico buying US pork. 2021 has one big question: what will the increasing Chinese hog inventory do



to the market? China also has made several new trade agreements over the past 2 years with the EU and Brazil.

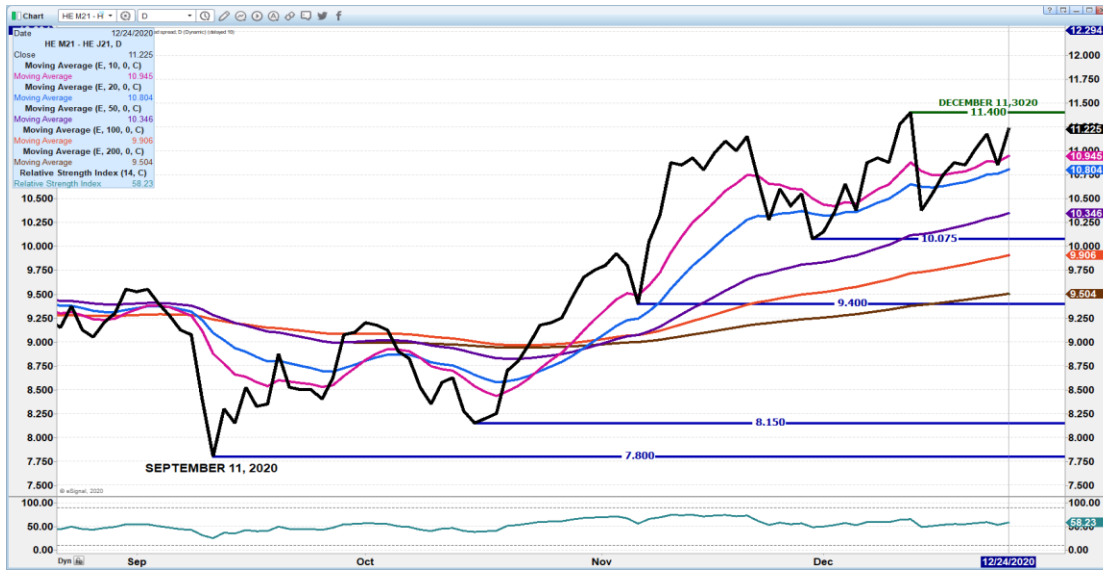
Over the next month until February Lean Hogs are into “delivery” look for speculative spreading. Spreaders are widening spreads as it is usually bearish. April will gain on February and June will gain on April.

FEBRUARY/APRIL LEAN HOG SPREAD – SPREAD IS WIDENING. BEARISH





JUNE/APRIL LEAN HOG SPREAD – LOOK FOR JUNE TO CONTINUE TO GAIN ON APRIL



FEBRUARY LEAN HOGS - SETTLEMENT ON DECEMBER 18, 2020 65.80, SETTLEMENT ON DECEMBER 24, 2020 66.95 - VOLUME AT 8618 RESISTANCE AT 68.37 TO 69.60 SUPPORT AT 66.35 TO 65.72

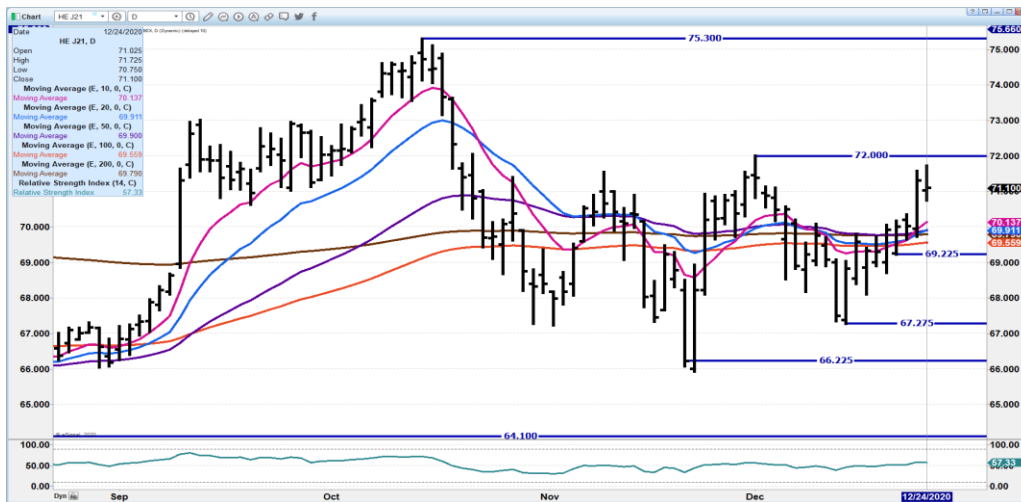


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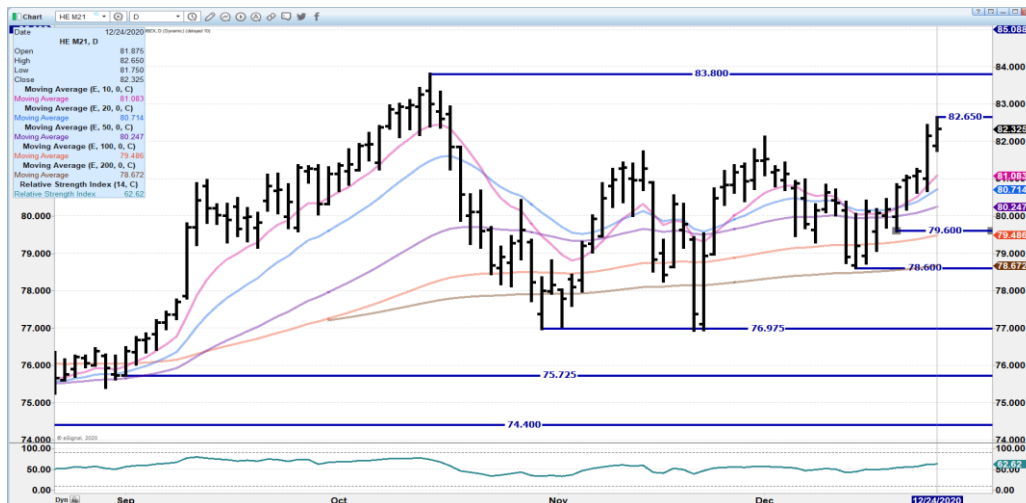
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APRIL LEAN HOGS - SETTLEMENT ON DECEMBER 18, 2020 69.92, SETTLEMENT ON DECEMBER 24, 2020 71.10. VOLUME AT 4070 RESISTANCE AT 72.00 SUPPORT AT 70.10 TO 69.60



JUNE LEAN HOGS = SETTLEMENT ON DECEMBER 18, 2020 80.77, SETTLEMENT ON DECEMBER 24, 2020 82.32 VOLUME AT 2164 RESISTANCE AT 82.75 TO 83.80 SUPPORT AT 81.07 TO 79.60



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