



ADM Investor
Services, Inc.

Daily Futures Market Commentary Livestock Outlook

TUESDAY MORNING AUGUST 23, 2022 LIVESTOCK REPORT

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USDA COLD STORAGE REPORT ON LAST PAGE

CATTLE

USDA FEDERAL CATTLE SLAUGHTER

AUGUST 22, 2022	125,000
WEEK AGO	121,000
YEAR AGO	117,000

BOXED BEEF 2:00 PM	CHOICE	SELECT
CURRENT CUTOUT VALUES:	264.52	238.36
CHANGE FROM PRIOR DAY:	0.24	0.42
CHOICE/SELECT SPREAD:		26.16
TOTAL LOAD COUNT (CUTS, TRIMMINGS, GRINDS)		89
5 DAY SIMPLE AVERAGE:	264.58	238.43

CME BOXED BEEF INDEX ON 08/19/2021 WAS 257.27 DOWN 24 CENTS FROM PREVIOUS DAY

2:00 PM AUGUST 22, 2022

PRIMAL RIB	420.97	331.42
PRIMAL CHUCK	209.05	205.69
PRIMAL ROUND	216.77	214.27
PRIMAL LOIN	362.97	299.25
PRIMAL BRISKET	227.20	214.42
PRIMAL SHORT PLATE	173.92	173.92
PRIMAL FLANK	163.08	156.59

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2:00 PM AUGUST 19, 2022

PRIMAL RIB	419.27	341.48
PRIMAL CHUCK	210.49	203.67
PRIMAL ROUND	216.36	212.69
PRIMAL LOIN	362.02	299.23
PRIMAL BRISKET	224.73	204.77
PRIMAL SHORT PLATE	173.52	173.52
PRIMAL FLANK	162.18	153.34

LOAD COUNT AND CUTOFF VALUE SUMMARY

Date	Choice	Select	Trim	Grinds	Total	600-900	600-900
08/19	42	16	5	10	73	264.28	237.94
08/18	74	42	7	9	132	264.39	237.47
08/17	72	28	19	27	145	264.34	237.89
08/16	86	26	27	22	161	265.44	239.12
08/15	55	16	11	13	95	264.46	239.72

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. CURRET VOLUME - (one load equals 40,000 pounds)

Choice Cuts	44.20 loads	1,768,048 pounds
Select Cuts	21.26 loads	850,569 pounds
Trimming	9.96 loads	398,235 pounds
Ground Beef	13.14 loads	525,655 pounds

CATTLE DELIVERIES

DELIVERY NOTICE SERVED - AUGUST 2022 - LIVE CATTLE

DATE 08/22/22 SETTLEMENT: \$141.22

OLDEST LONG - 07/22/2022 AT \$135.72

0 DELEVERIES ON 8/22/2022

FIRM # FIRM NAME DEL REC

YARD LOCATION

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The Cattle on Feed report didn't do much for Live Cattle trading Monday. There wasn't even a \$1.00 range from highs to lows.

Boxed beef was higher Monday morning breaking out of the \$264 price range for Choice beef but when movement is only 37 loads a lot can change. By the afternoon sales, boxed beef lost most of the earlier gains and closed up 24 cents on Choice and back into the \$264 area. This is the last week any buyers needing last minute supplies of beef will be getting it for Labor Day. Most buyers have supplies already met.

This week cash cattle markets steady to possible a bit higher. Cattle bought this week will be for a short pre-Labor Day kill next week and beef to fill needs for post- holiday buying. But exporters could increase buying. Exports are definitely the extra power behind the higher beef market and orders could begin increase in September for beginning the global holiday contracting deliveries.

Steer and heifer carcass last week dropped 3.3 pounds. For 3 weeks weights were up and this was the first week weights drop. Grading percent improved to 80.3% but still remains low showing feedlots are moving cattle as soon as packers will take them or because packers need the cattle. Slaughter has been dropping and because of high temperatures cattle haven't been gaining what they should be.

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BEEF NET SALES OF 18,900 MT FOR 2022. China was the largest buyer taking 7,400 MT with Japan at 5,300 MT and South Korea at just 1,900 MT. It is disappointing to see South Korea taking the small amount. But 18,900 MT isn't a bad amount, it could be better but not bad at all.

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As of **AUGUST 16, 2022** dressed steer and heifer carcasses last week averaged 866.0 pounds down 3.3 pounds compared to previous week at 869.3 pounds . The grading percent was 80.3% compared to previous week at 79.6%.

https://www.ams.usda.gov/mnreports/ams_2700.pdf

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*****NATIONAL DAILY DIRECT CATTLE 08/22/22**

5 DAY ACCUMULATED WEIGHTED AVG

	WEIGHT	PRICE	HEAD
*LIVE STEER:	1468	\$146.98	43,893
LIVE HEIFER:	1305	\$144.87	18,606
DRESSED STEER:	942	\$234.17	12,087
DRESSED HEIFER:	845	\$233.59	3,261

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USDA POSTED SUMMARY CATTLE PRICES ON 08/22/2022

****STEER PRICES**

IA/MN – CASH – 149.00 ON 144 HEAD OF STEERS WEIGHING 1320 DRESSED - NO REPORTABLE TRADE.

**NE – CASH - NO REPORTABLE TRADE.
DRESSED – NO REPORTABLE TRADE.**

**KS – CASH - NO REPORTABLE TRADE.
DRESSED – NO REPORTABLE TRADE.**

**TX/OK/NM CASH - NO REPORTABLE TRADE.
DRESSED – NO REPORTABLE TRADE.**

CO – **NOT REPORTED DUE TO CONFIDENTIALITY**

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OCTOBER LIVE CATTLE/OCTOBER LEAN HOG SPREAD – SLIGHT RETRACEMENT SHOULD SEE CATTLE GAINING ON HOGS



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OCTOBER 2022 LIVE CATTLE - SUPPORT AT 143.85 TO 142.00 RESISTANCE AT 146.00 TO 147.50



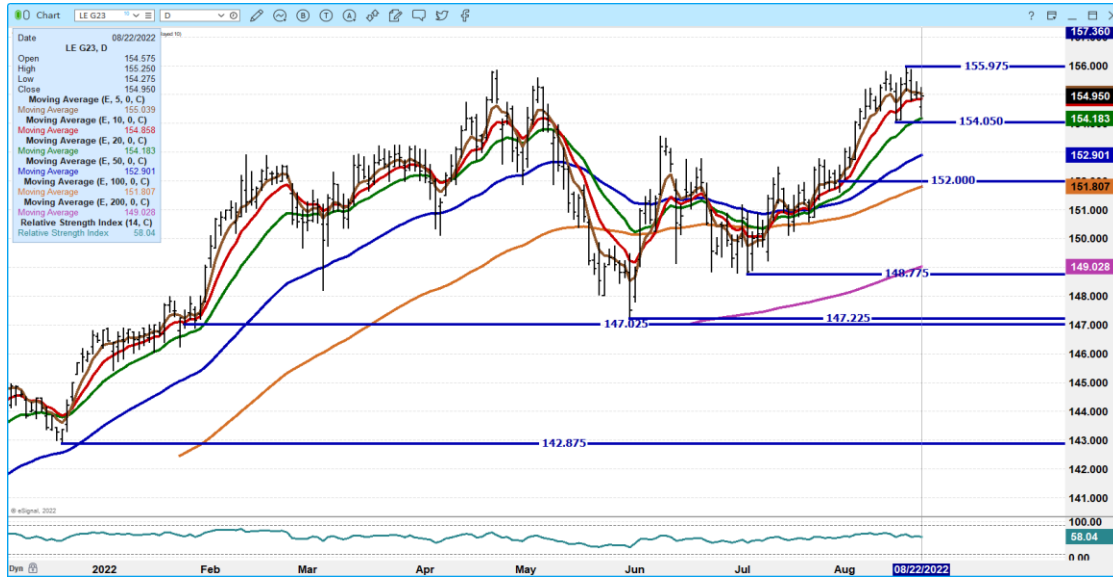
DECEMBER 2022 LIVE CATTLE – SUPPORT AT 149.75 TO 147.60 RESISTANCE AT 151.77



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FEBRUARY 2023 LIVE CATTLE - VOLUME AT 4577 SUPPORT AT 154.20 TO 152.00 RESISTANCE AT 155.00 TO 155.97



Feeder Cattle

CME FEEDER INDEX ON 08/19/2022 WAS 180.66 UP 1.45 FROM PREVIOUS DAY -

AUGUST 2022 FEEDER CATTLE SETTLED ON 8/22/2022 AT \$181.40

NATIONAL FEEDER & STOCKER CATTLE SUMMARY - WEEK ENDING 08/19/2022

RECEIPTS:	AUCTIONS	DIRECT	VIDEO/INTERNET	TOTAL
THIS WEEK:	139,900	42,300	83,600	265,800
LAST WEEK:	141,600	59,500	84,700	285,800
YEAR AGO:	144,600	27,700	267,600	439,900

COMPARED TO LAST WEEK, STEERS AND HEIFERS SOLD 1.00 TO 5.00 HIGHER. DEMAND WAS GOOD TO VERY GOOD AGAIN THIS WEEK NATIONWIDE. AS THE CASH FED CATTLE MARKET CONTINUES TO STRENGTHEN, SO DOES THE FEEDER CATTLE MARKET. CATTLE FEEDERS WANT TO GET PURCHASE YEARLINGS WHILE THEY ARE AVAILABLE, WHETHER THEY ARE OFF GRASS OR OUT OF GROWING YARDS WHICH IS RESULTING IN A MARKET THAT IS EXTREMELY ACTIVE. THE NEGOTIATED CASH FED CATTLE MARKET IN THE NORTH IS RETAINING THE POSITIVE BASIS OVER THE BOARD, 7.00 THIS WEEK, WHICH IS REALLY HELPING TO FUEL THE FIRE THAT IS LIT UNDER THE FEEDER CATTLE MARKET, AS THIS HAS BEEN A COUNTER SEASONAL RALLY. THIS IS THE TIME OF YEAR

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WHERE FED CATTLE SUPPLIES ARE TRADITIONALLY THE GREATEST AND WHERE THE MARKET USUALLY GETS VERY SLUGGISH. THE FACT THAT THIS HAS NOT HAPPENED THIS YEAR AS CAUSED CATTLE PRODUCERS TO REALLY GET BULLISH ON THE FUTURE.

OCTOBER 2022 FEEDER CATTLE - RESISTANCE AT 190.20 SUPPORT AT 189.95 TO 183.35



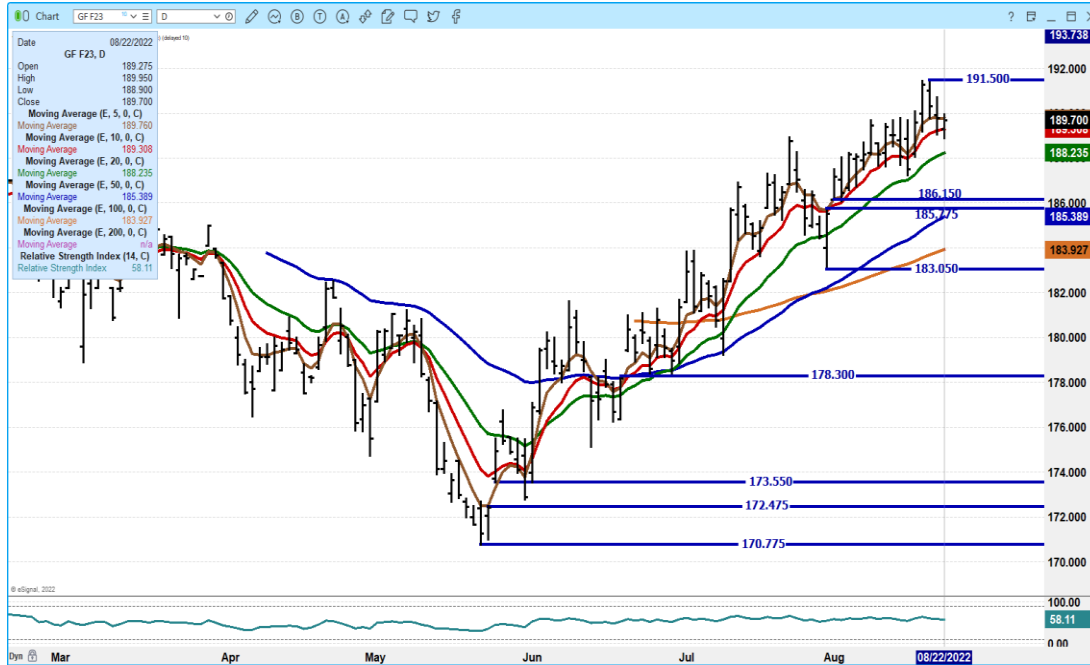
NOVEMBER 2022 FEEDER CATTLE - RESISTANCE AT 191.45 SUPPORT AT 187.65 TO 185.00



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JANUARY 2023 FEEDERS CATTLE – SUPPORT AT 188.25 TO 185.37 RESISTANCE AT 191.50



LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

AUGUST 22, 2022	478,000
WEEK AGO	442,000
YEAR AGO	439,000

YEAR TO DATE SLAUGHTER DOWN 2,848,000 HEAD AS OF AUGUST 20, 2022

CME CASH LEAN HOG INDEX 08/18/2022 AT 120.29 DOWN 31 CENTS FROM PREVIOUS DAY

CME PORK CUTOUT INDEX 08/19/2022 AT 120.47 DOWN 84 CENTS FROM PREVIOUS DAY –

CME CASH FRESH BACON INDEX ON AUGUST 12, 2022 WAS 274.95 COMPARED TO AUGUST 5, 2022 AT 275.10

THE CME LEAN HOG INDEX IS MINUS .18 TO THE CME PORK INDEX -

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PURE TECHNICAL TRADING ON LEAN HOGS MONDAY ON LIGHT VOLUME AND SPREADING. THE TRADE ACTIVITY IS MOSTLY OCTOBER TRADE WITH DECEMBER VOLUME HALF OF OCTOBER AND 2023 MONTHS FOLLOWING ON VERY LIGHT VOLUME. OCTOBER AND DECEMBER DROPPED TO LOWS OF LAST FRIDAY AND BOUNCED BACK TO 5 DAY MOVING AVERAGES.

RIGHT NOW THE TRADERS ARE WATCHING PORK PRICES NARROW TO THE PRICE OF HOGS. IT IS NEGATIVE FOR PACKERS BUYING ON THE CASH HOG MARKET AND SELLING PORK ON THE DAILY MARKET. ENTERING A TIME WHEN PORK DEMAND SLOWS AND UNLESS THERE IS A PICK IP IN EXPORTS, HOG PRICES WILL BE UNDER PRESSURE FROM THE PACKERS.

PORK WAS SLIGHTLY HIGHER MONDAY, UP 46 CENTS ON THE DAIL PORK CARCASS, AND LIKELY THE REASON LEAN HOGS CAME OFF THEIR LOWS. HOWEVER, THE CARCASS UP EVEN 46 CENTS WAS RATHER MISLEADING WHEN LOINS DROP 2.49 AND HAMS DOWN 2.48 WITH THE HIGHER CARCASS UP ON BELLIES UP 8.28, PICNICS UP 3.72 AND RIBS UP 2.54 WITH BUTTS DOWN 1.07. TO TOP IT ALL ON A TOTAL OF 313 LOADS MOVED , 53 OF THE TOTAL WERE TRIMMINGS. PACKERS DON'T CELEBRATE WHEN A FEW LOADS OF BELLIES MOVE A MARKET BECAUSE THEY KNOW A CHANGE IN PRICES IN BELLIES CAN HAPPEN WITH A SNAP OF A FINGER OR SOME DESPERATE BUYER ON MONDAY MAY NOT BUY THE NEXT DAY.

HOG WEIGHTS ARE BEGINNING TO INCREASE AND KILL IS SLOWLY IMPROVING. NOW, THE PORK MARKET NEEDS TO SEE STRONGER EXPORTS IF PRICES ARE TO MOVE BACK TO WHERE AUGUST WENT OFF THE BOARD AT \$121.72.

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THE EUROPEAN COMMISSION FORECASTS A DECLINE IN PORK PRODUCTION IN THE COMING MONTHS

[HTTPS://NATIONWORLDNEWS.COM/THE-EUROPEAN-COMMISSION-FORECASTS-A-DECLINE-IN-PORK-PRODUCTION-IN-THE-COMING-MONTHS/](https://nationworldnews.com/the-european-commission-forecasts-a-decline-in-pork-production-in-the-coming-months/)

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Pork net export sales last week were just 13,600 MT compared to the previous week at 21,500MT. Mexico was the largest buyer at 7,100 MT, Japan took 2,600 MT and South Korea third at 900MT. China was out of the picture last week.

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DAILY PORK REPORT FOB PLANT - NEGOTIATED SALES

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

AUGUST 22, 2022

LOADS OF PORK CUTS: 260.07

TRIM/PROCESSED PORK: 53.32

2:00 PM	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
08/22/2022	313.39	117.61	105.27	117.26	90.98	136.97	106.68	198.88
CHANGE:		0.46	-2.49	-1.07	3.72	2.53	-2.48	8.28

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FIVE DAY AVERAGE --		118.86	107.02	118.31	88.74	135.55	110.94	197.84
11:00 AM	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
08/22/2022	181.61	121.01	105.28	119.81	95.78	137.34	108.51	212.14
CHANGE:		3.86	-2.48	1.48	8.52	2.90	-0.65	21.54
FIVE DAY AVERAGE --		119.54	107.02	118.82	89.70	135.62	111.31	200.49
2:00 PM	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
08/19/2022	250.81	117.15	107.76	118.33	87.26	134.44	109.16	190.60
CHANGE:		-2.76	0.90	1.92	-0.13	1.91	-5.48	-9.77
FIVE DAY AVERAGE --		120.32	107.73	120.07	89.35	136.14	112.44	201.60

**** NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE**

[HTTPS://WWW.AMS.USDA.GOV/MNREPORTS/AMS_2511.PDF](https://www.ams.usda.gov/mnreports/AMS_2511.pdf)

SLAUGHTER DATA FOR FRIDAY, AUGUST 19, 2022 AND SATURDAY, AUGUST 20, 2022

****PRODUCER SOLD:**

AVERAGE LIVE WEIGHT 278.73
 AVERAGE CARCASS WEIGHT 208.86
 HEAD COUNT 241,103

PACKER SOLD:

AVERAGE LIVE WEIGHT 283.43
 AVERAGE CARCASS WEIGHT 213.42
 HEAD COUNT 37,252

PACKER OWNED:

AVERAGE LIVE WEIGHT 285.90
 AVERAGE CARCASS WEIGHT 216.27
 HEAD COUNT 197,723

**** DAILY DIRECT AFTERNOON HOG REPORT - PLANT DELIVERED PURCHASE**

AUGUST 19, 2022 (NO UPDATE AS OF 8/23/2022. PRICE BELOW FROM 8/19/2022)

<https://www.ams.usda.gov/sites/default/files/media/LMRswineReportingHandout.pdf>

National Negotiated Carcass Price

Lowest price: 113.50
 Highest price: 129.00
 Weighted Average 117.80
 Change from Previous Day -6.29 lower
 Head Count: 4,039

Other Market Formula (Carcass)

Lowest Base Price 82.62
 Highest base price: 127.24
 Weighted Average Price: 96.31

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Head Count: 17,489

Pork Market Formula (Carcass)

Lowest base price: 96.92

Highest Base Price: 135.84

59Weighted Average Price 116.86

Head Count 148,283

Other Purchase Arrangement (Carcass)

Lowest base price: 87.66

Highest base price: 129.00

Weighted Average Price: 108.44

HEAD COUNT: 61,597

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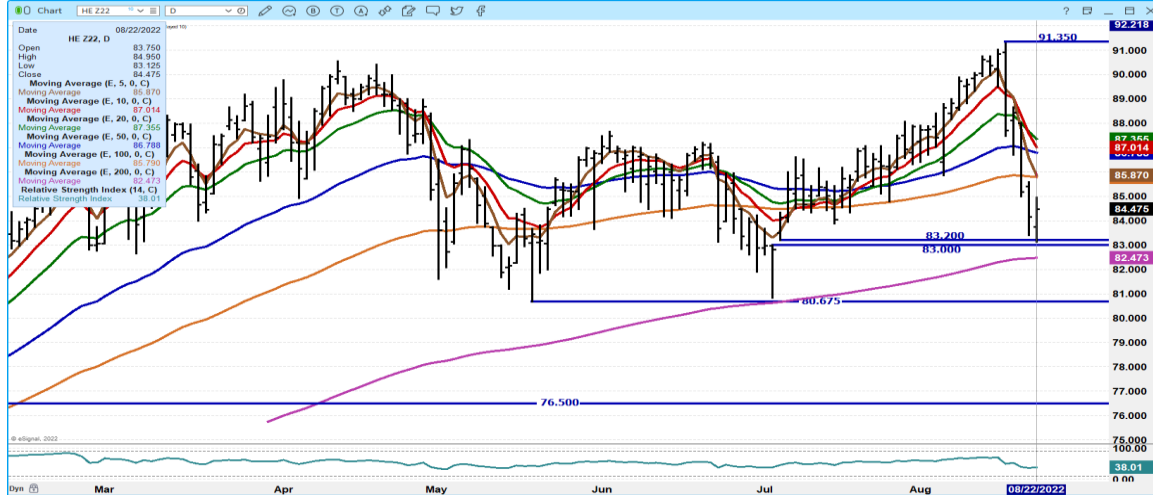
OCTOBER 2022 LEAN HOGS – VOLUME AT 17,313 SUPPORT AT 92.10 TO 90.00 RESISTANCE AT 95.00 TO 96.35



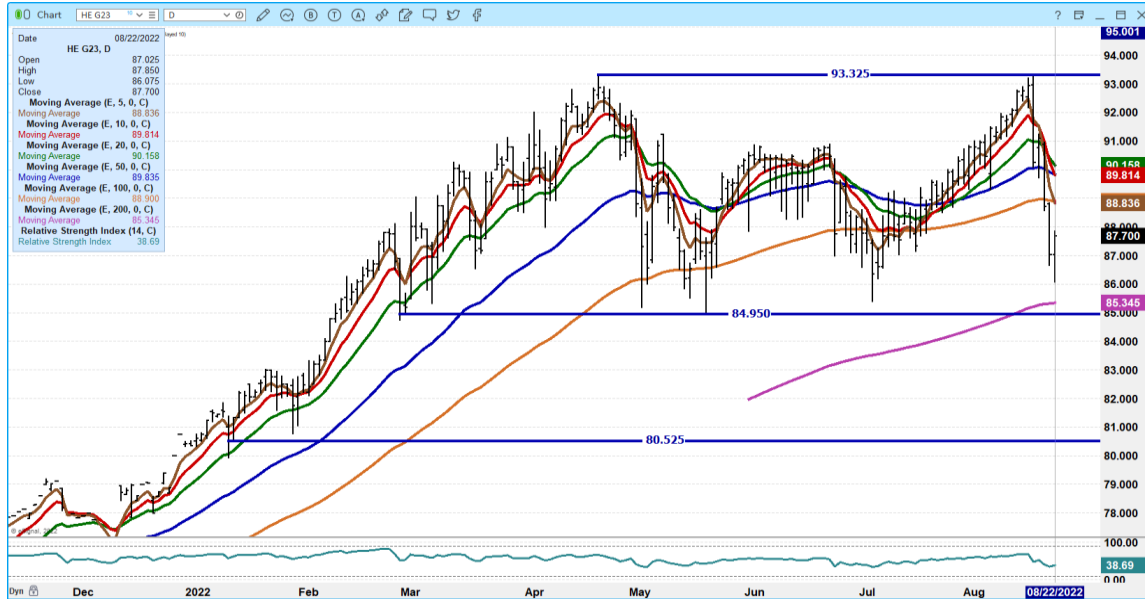
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DECEMBER 2022 LEAN HOGS – VOLUME AT 8912 SUPPORT AT 83.00 TO 82.45 DOWN TO 80.67 RESISTANCE AT 85.87 TO 87.00



FEBRUARY 2023 LEAN HOGS – VOLUME AT 3278 SUPPORT AT 85.35 RESISTANCE AT 88.35



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USDA COLD STORAGE REPORT - AUGUST 22, 2022

July 2022 Highlights

Total red meat supplies in freezers were down 1 percent from the previous month but up 23 percent from last year.

Total pounds of beef in freezers were down 1 percent from the previous month but up 27 percent from last year.

Frozen pork supplies were down 2 percent from the previous month but up 20 percent from last year.

Stocks of pork bellies were down 20 percent from last month but up 53 percent from last year.

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Outlook - Chris Lehner

The increase in beef and pork stocks compared to 2021 can happen for reasons beyond a seller keeping beef or pork because it isn't selling. A packer, a meat purveyor or processor may store it because of a need at a later date. For instance, a seller or a buyer who has already bought the meat needs to fill a shipment on a certain date in the future and couldn't move it at the time of purchase. Since it August 22, 2022 and the report was put together with July data, the beef or pork could be out of the freezer now. Possibly a buyer believes prices will increase or they bought certain cuts for less and they are waiting to sell or process at a later date. It is possible, there were fewer orders for frozen pork or beef. Maybe there are more stocks because consumption dropped. The northern hemisphere during July experienced record breaking heat. It is common knowledge during extreme heat consumers eat less meat. Pork exports are down and it is likely more pork needed to be stored.

Traders will likely view the increases as negative because of the size and the percentage of the increases. Also, year over year stocks compared to 2021 have been increasing monthly since January 2022.

Pork prices began to break for the past couple of weeks. The uptick on Lean Hog prices on Monday may be reversed Tuesday. Live Cattle are bear spread. Look for bear spreads to remain and possibly widen.

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