



MORNING October 23, 2020 Livestock Report

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**USDA COLD STORAGE REPORT ON THE LAST PAGE OF REPORT
CATTLE ON FEED ESTIMATES IN CATTLE SECTION**

CATTLE

USDA FEDERAL SLAUGHTER

OCTOBER 22, 2020	120,000
WEEK AGO	120,000
YEAR AGO	117,000
WEEK TO DATE (EST)	480,000
SAME PERIOD LAST WEEK (EST)	476,000
SAME PERIOD LAST YEAR (ACT)	472,000

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	CHOICE	SELECT
BOXED BEEF FINAL	208.86	191.08
CHANGE FROM PRIOR DAY	0.39	0.17
CHOICE/SELECT SPREAD:		17.78
TOTAL LOAD COUNT		160
5 DAY SIMPLE AVERAGE:	209.87	192.89

**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 22, 2020

Primal Rib	385.80	317.30
Primal Chuck	170.86	160.12
Primal Round	168.18	167.01
Primal Loin	268.58	237.61
Primal Brisket	146.45	149.59
Primal Short Plate	128.28	128.28
Primal Flank	97.73	94.79



FINAL OCTOBER 21, 2020

Primal Rib	386.00	312.09
Primal Chuck	171.77	160.13
Primal Round	164.78	167.65
Primal Loin	268.60	239.38
Primal Brisket	145.66	145.04
Primal Short Plate	129.36	129.36
Primal Flank	98.79	96.18

LOAD COUNT AND CUTOFF VALUE SUMMARY FOR PRIOR 5 DAYS

Date	Choice	Select	Trim	Grinds	Total	CHOICE	SELECT
						600-900	600-900
10/21	104	34	31	38	207	208.47	190.91
10/20	125	33	22	9	190	210.60	191.67
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

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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	90.97 loads	3,638,841 pounds
Select Cuts	35.58 loads	1,423,388 pounds
Trimming	19.13 loads	765,260 pounds
Ground Beef	14.61 loads	584,239 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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USDA LIVESTOCK REPORTS FOR OCTOBER 2020

OCTOBER 23, 2020 CATTLE ON FEED REPORT 2:00PM CENTRAL TIME

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POLL-U.S. September cattle marketings seen up 5.8% from last year - Reuters News
USDA monthly Cattle on Feed report estimates for Friday, October 24, 2020 2:00PM CDT



	Range	Average	Mln head
On feed October 1	102.7-103.9	103.2	11.649
Placements in September	98.9-106.5	102.5	2.156
Marketings in September	104.9-106.7	105.8	1.839

	Cattle On Feed as of Oct. 1	September Placements	September Marketings
Allegiant Commodity Group	103.2	102.3	106.0
Allendale	102.7	98.9	105.2
HedgersEdge	103.3	101.8	104.9
KIS Futures, Justin Lewis	103.0	103.0	105.0
Linn Group	103.9	106.5	106.4
Livestock Mktg Info Center	103.3	102.2	105.8
MBS Research, Mike Sands	103.0	102.0	106.0
New Frontier Capital Markets	103.1	102.2	106.7
Steiner Consulting	103.2	101.9	105.5
Texas A&M AgriLife Extension	103.4	104.0	105.8
U.S. Commodities	103.3	102.5	106.2

DELIVERY NOTICE SERVED – OCTOBER 2020 - LIVE CATTLE
SETTLEMENT: OCTOBER 22, 2020 - \$103.32
OLDEST LONG: 02/28/20 SETTLEMENT AT \$107.52
0 DELIVERIES

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USDA POSTED CATTLE PRICES ON 10/22/2020

IA/MN – CASH 103.00 - 104.50 - DRESSED 163.00 - 164.00
 NE - CASH – 103.00 - 106.00 DRESSED: No Reportable Trade
 KS – CASH 105.00 DRESSED No Reportable Trade.
 TX/OK/NM – No Reportable Trade.
 CO – Information not available due to confidentiality

*****National Daily Direct Cattle October 22, 2020
 (5 day accumulated weighted avg)**

	Weight	Price	Head
Live Steer:	1480	\$105.79	42,593
Live Heifer:	1403	\$105.66	19,938
Dressed Steer:	978	\$166.00	23,899
Dressed Heifer:	867	\$165.30	5,577

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 Thursday and Friday look for slowing volume ahead of Cattle on Feed Report.

This week for the first time in a long time, cash cattle prices have inverted between Midwest and South/Southwest cattle with southern cattle higher priced than northern cattle. Until northern cattle see a drop in weights, demand could stay inverted. It was noticeable on the Fed Cattle Exchange this week when Nebraska cattle didn't get a bid and it is noticeable on cash market sales.

Packers discounting prices for cash cattle and with deeper docks at the plant on cattle sold in the meat. Most short October Live Cattle are too heavy to deliver on CME contracts. For the month there have only been 9 deliveries.

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 Exports decent. China continues to be a weekly beef buyer

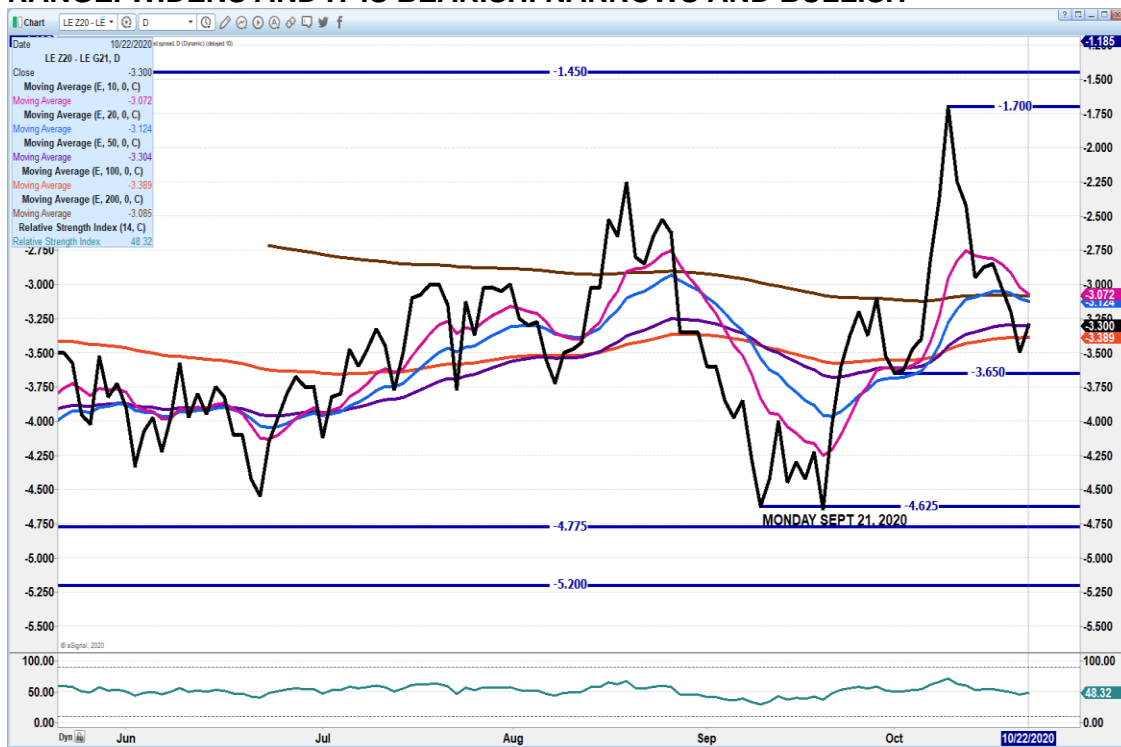
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 The Fed Cattle Exchange sold cattle from 106.25 to 106.50. There were 1,096 for sale and 702 sold with three lots from Texas and one lot from Kansas. Two lots from Nebraska didn't sell.

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 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.

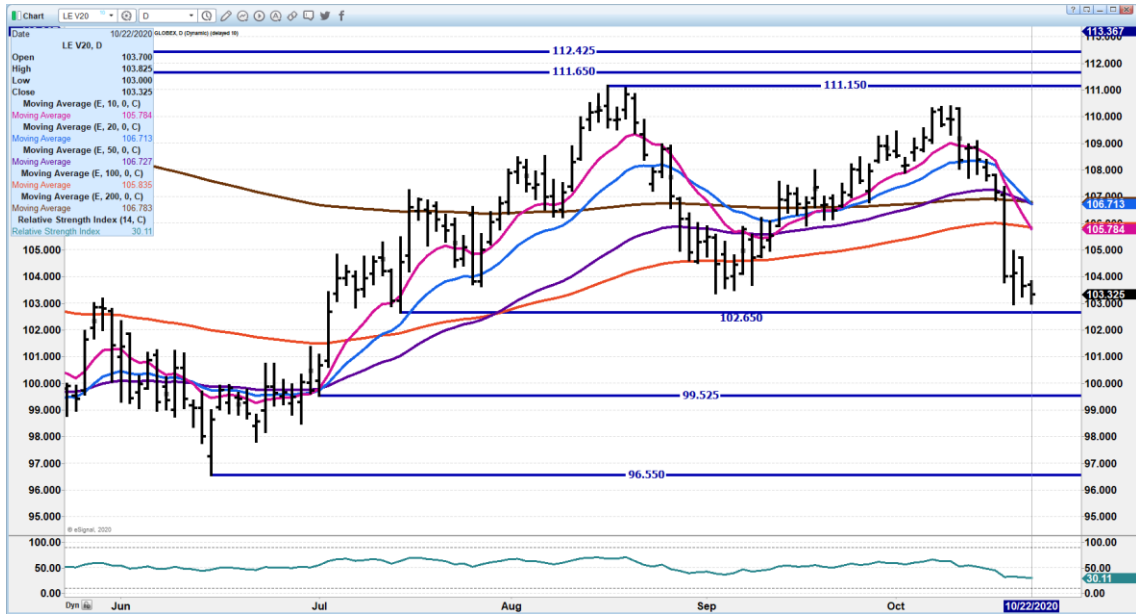


As of October 20th, dressed steer and heifer weights were 901.0 compared to previous week at 893.4 up 7.6 pounds from week ago and 28 pounds over a year ago. Grading percent was 81.7% compared to previous week at 81.7%.

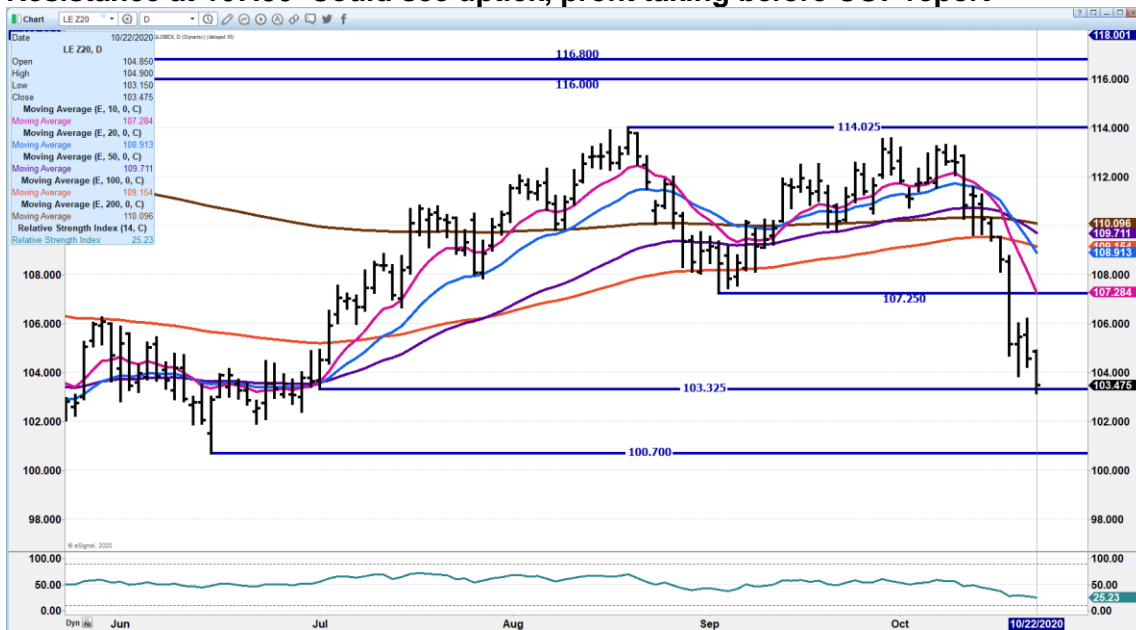
DECEMBER 2020/FEBRUARY 2021 LIVE CATTLE SPREAD - CURRENTLY IN A NORMAL RANGE. WIDENS AND IT IS BEARISH. NARROWS AND BULLISH



OCTOBER 2020 LIVE CATTLE – Support at 102.65 Resistance at 105.75 Open Interest at 2172 contracts



DECEMBER 2020 LIVE CATTLE – Volume 19,840 Support at 103.32 to 100.70 Resistance at 107.30 Could see uptick, profit taking before COF report

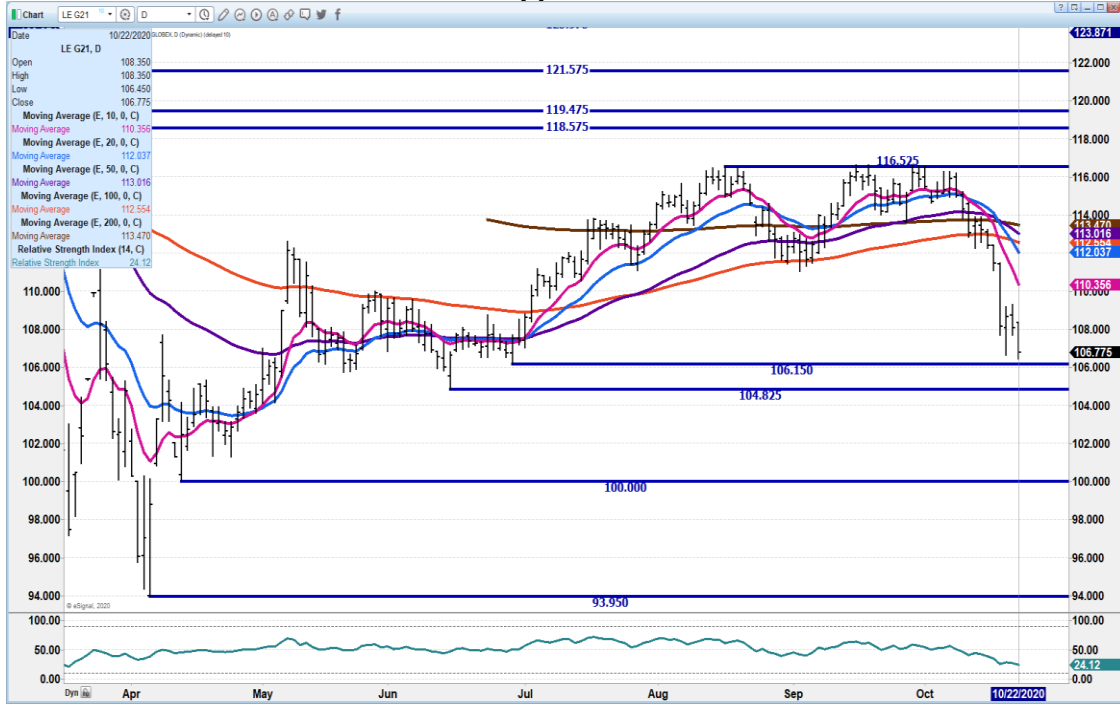


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FEBRUARY 2021 LIVE CATTLE - Support at 106.15 to 104.82 Resistance at 110.37



Feeder Cattle

THE CME FEEDER INDEX ON 10/21/2020 WAS 135.53 DOWN \$2.83 FROM PREVIOUS DAY –

OCTOBER 2020 FEEDER CATTLE SETTLED ON OCTOBER 22, 2020 AT \$133.82

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 - SPREAD EVEN NOW. IF NARROWS SPREAD TELLS MARKET DIRECTION IN 2021



OCTOBER 2020 FEEDER CATTLE – SUPPORT AT 130.87 RESISTANCE AT 135.25 NOW WHERE CME INDEX IS TRADING AROUND

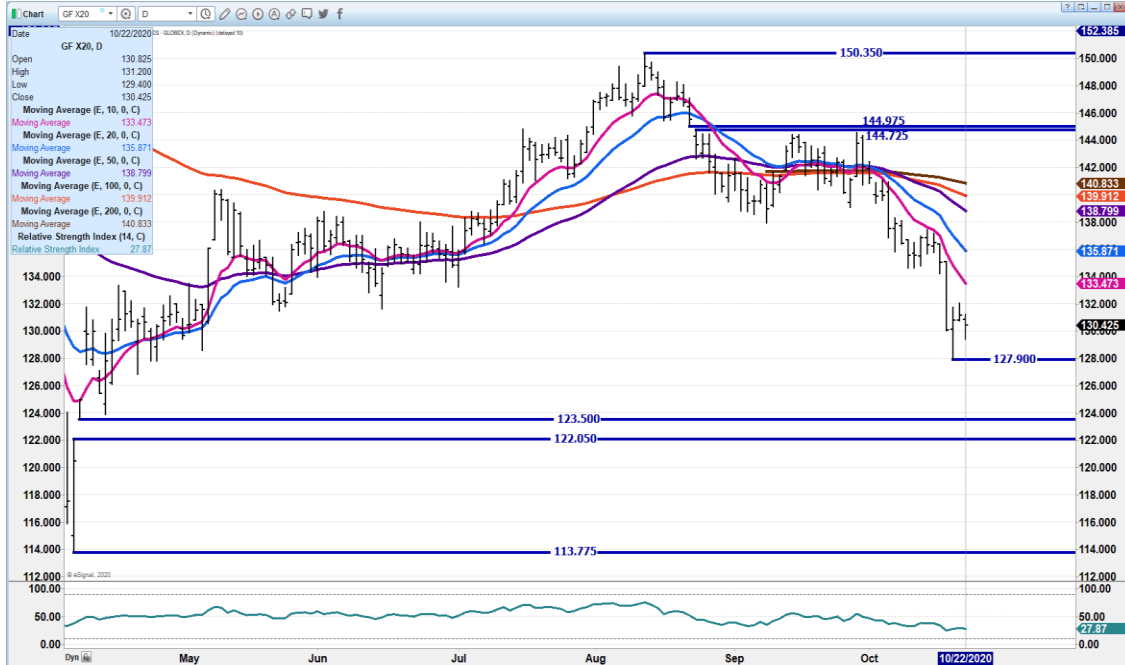


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NOVEMBER 2020 FEEDER CATTLE - 127.87 SUPPORT.. RESISTANCE AT 133.47



JANUARY 2021 FEEDER CATTLE – Support at 124.25 to gap at 122.70 to 121.50 Resistance at 129.75



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Friday, October 23, 2020, price limit on Lean Hogs is \$4.50

LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

OCTOBER 22, 2020	492,000	
WEEK AGO	482,000	
YEAR AGO	488,000	
WEEK TO DATE (EST)		1,949,000
SAME PERIOD LAST WEEK (EST)		1,937,000
SAME PERIOD LAST YEAR (ACT)		1,958,000

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CME CASH HOG INDEX 10/20/2020 AT 78.69 UP .07 CENTS FROM PREVIOUS DAY

CME CASH PORK CUTOUT INDEX 10/21/2020 AT 98.72 UP .31 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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Spreading has been the majority of trading in the livestock commodities and it remains going forward. Wednesday the December/February Lean Hog spread settled with December 75 cents over February. Thursday traders reversed and the spread settled with December 65 cents under February. Look for spread to continue to widen moving into December.

Packers are moving more hogs through plants. Packers want to kill hogs with profit margins near \$60/head and they have the hogs to kill. Hogs are available with weights this week averaging 212 to 214 pounds. .

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Pork Cutout Futures and Options Fact Card

<https://www.cmegroup.com/education/articles-and-reports/pork-cutout-futures-and-options-fact-card.html>

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Pork carcass was up early Thursday with a \$25.33 surge in bellies. Hams were also up 3.69 at \$99.00. Loins were down 1.79 and are \$17.69 below hams.

Mexico was biggest buyer on the Thursday export report. Past sales have shown Mexico is the best buyer of fresh hams and bellies and likely remain the biggest buyer. The Peso is strong against the US Dollar so at this time Mexico will likely remain a buyer of hams and bellies. Contracted ham and belly buyers “own” hams and bellies months in the past and now the hand to mouth buyers are being squeezed when they need hams and bellies.

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GERMANY TAKES EXTRA SLICE OF EU PORK SALES AFTER ASIAN BAN
<https://www.porkbusiness.com/article/germany-takes-extra-slice-eu-pork-sales-after-asian-ban#:~:text=Germany's%20meat%20processors%20are%20sending,Swine%20Fever%20in%20wild%20boars.>

After China’s ban of German pork, hog prices dropped 14%. But since, prices have stabilized as German pork was sold to their countries.

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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>

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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



OCTOBER 22, 2020

LOADS OF PORK CUTS: 276.16

LOADS TRIM/PROCESSED PORK: 52.44

FINAL

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
10/22/2020	328.60	98.84	83.07	79.41	60.52	145.99	97.14	174.34
CHANGE :		0.68	-0.03	-3.28	-0.70	1.41	1.83	4.11
Five Day Average --		98.24	85.69	85.93	62.04	147.92	88.29	174.51

NOON

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
10/22/2020	207.23	102.15	81.31	77.55	60.37	147.58	99.00	195.56
CHANGE :		3.99	-1.79	-5.14	-0.85	3.00	3.69	25.33
Five Day Average --		98.90	85.34	85.56	62.01	148.24	88.66	178.75

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 21, 2020**

Average live weight - 283.67

Average carcass weight - 212.01

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DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM October 21, 2020

NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES

Carcass Base Price: \$56.00 - \$68.00

Weighted Average: \$63.22

Change from Prior Day: 1.38 higher

HOGS SOLD: 10,347

SWINE OR PORK MARKET FORMULA PURCHASE (Including Packer Sold)

PRICE RANGE: \$60.57 - \$92.48

Weighted Average: \$77.14

Previous Day: \$77.67

HOGS SOLD: 158,129

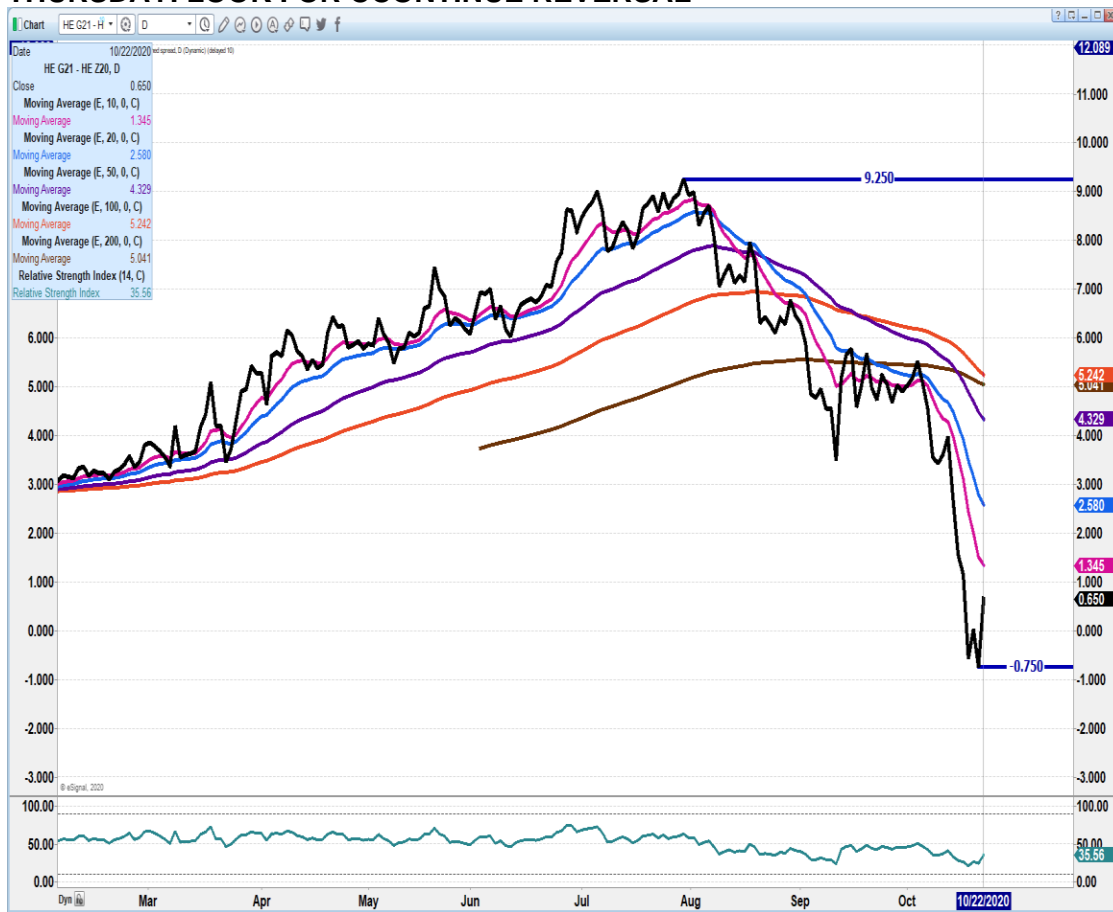


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https://www.ams.usda.gov/mnreports/lm_hq203.txt

DECEMBER 2020/FEBRUARY 2021 LEAN HOG SPREAD - SPREAD REVERSE THURSDAY. LOOK FOR CCONTINUE REVERSAL



DECEMBER 2020 LEAN HOGS – DOWN TO 20 DAY AVERAGE AND CLOSED BELOW RESISTANCE AT 67.95 SUPPORT AT 64.80 TO 62.55 VOLUME 21,216

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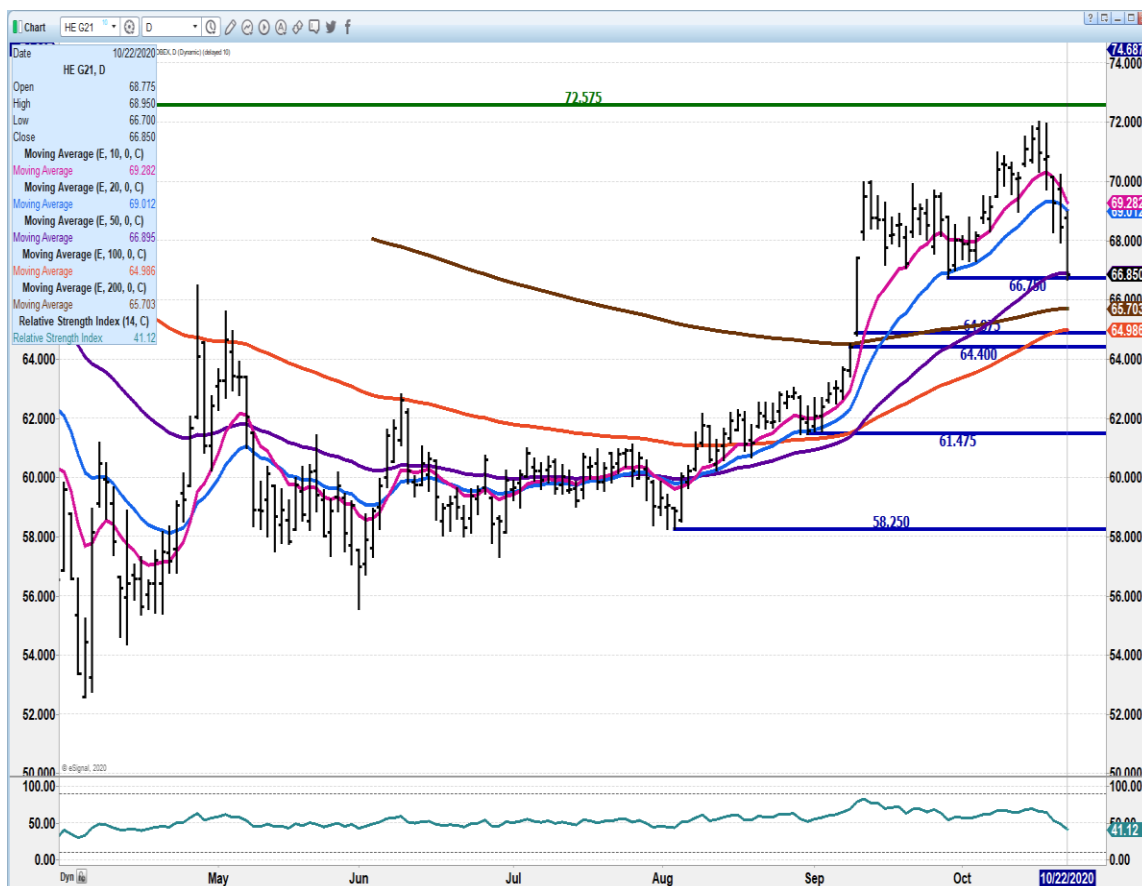
FEBRUARY 2021 LEAN HOGS – SUPPORT THE 50 DAY MOVING AVERAGE AT 66.75 TO 65.70 RESISTANCE AT 69.27

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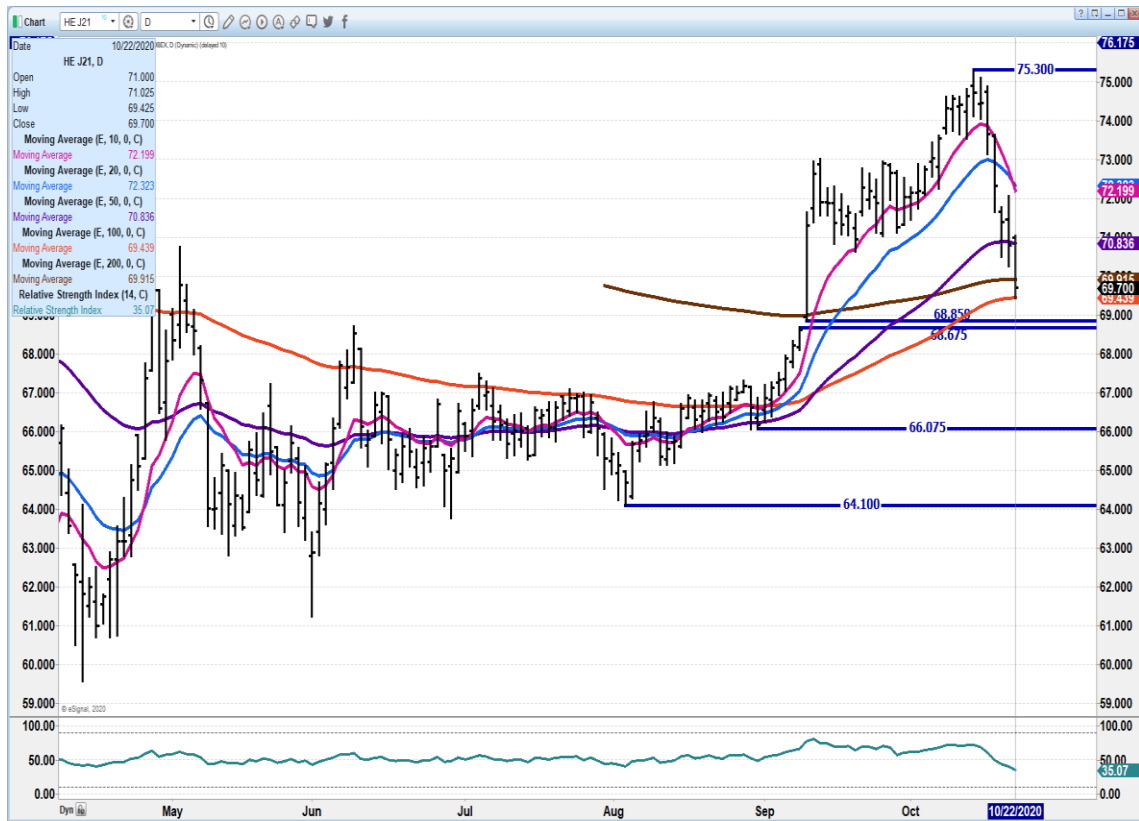
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APRIL 2021 LEAN HOGS – SUPPORT AT 68.67 RESISTANCE AT 70.82 TO 72.20

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USDA COLD STORAGE REPORT

September 2020 Highlights October 22, 2020

Total red meat supplies in freezers were up 1 percent from the previous month but down 13 percent from last year.

Total pounds of beef in freezers were up 3 percent from the previous month but down 1 percent from last year

Frozen pork supplies were up slightly from the previous month but down 22 percent from last year.

Stocks of pork bellies were down 20 percent from last month and down 39 percent from last year.



Chris Lehner – Opinion of Cold Storage Report

Beef in storage up 3 percent shouldn't be a surprise. Although beef has been moving, this year consumers have cut back especially on high priced primal cuts. After Labor Day the Loin primals have been steadily dropping and Chucks and Rounds have been competing with similar Select cuts. Plus cattle are heavier and there is more meat to move. Being down from a year ago 1 percent when year to date slaughter as of last week was off 3.6 percent compared to a year ago isn't all that bad when exports are down from a year ago. It shows beef has been moving.

Very strong exports of pork have been keeping US stocks low. Exports are 22% higher as of the latest report. Bellies are now the highest priced pork primal cut. Nobody should be surprised stocks are down.

With the Cattle on Feed Report on Friday afternoon, with cattle prices down hard this week, and nothing in Cold Storage report a surprise, it is likely the report will not do much to move the market on Friday. It could be looked at as a little friendly up \$50 cents to \$1.00 on the open.

With strong pork exports already in the market and the reason pork stocks are down, don't expect much reaction on Friday. Bellies already are strong and could remain strong, but market needs more than hams and bellies to move higher. Thursday's limit down on December Lean Hogs and reversal of spreads will be what traders are watching on Friday. If news was fresh and not already known, it would be friendly, but nothing was a surprise. Lean Hogs will react to what market did on Thursday.

CHARTS FROM ESIGNAL INTERACTIVE, INC.

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