



Morning October 26, 2020 Livestock Report

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CATTLE ON FEED REPORT IN CATTLE SECTION

CATTLE

USDA FEDERAL SLAUGHTER

OCTOBER 23, 2020	103,000
WEEK AGO	116,000
YEAR AGO	109,000
SATURDAY 10/17/2020	60,000 - A WEEK AGO 62,000, YEAR AGO 59,000
WEEK TO DATE (EST)	643,000
SAME PERIOD LAST WEEK (EST)	654,000
SAME PERIOD LAST YEAR (ACT)	640,000
2020 YEAR TO DATE	26,110,000
*YEAR TO DATE	27,147,000
Percent change year to date	-3.6% Previous week -3.6%

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	CHOICE	SELECT
BOXED BEEF FINAL	207.49	191.40
CHANGE FROM PRIOR DAY	(1.37)	0.32
CHOICE/SELECT SPREAD:	16.09	
TOTAL LOAD COUNT	148	
5 DAY SIMPLE AVERAGE:	209.54	191.80

	CHOICE	SELECT
PREVIOUS WEEK 10/16/2020		
BOXED BEEF FINAL	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 23, 2020

Primal Rib	382.06	333.75
Primal Chuck	169.41	159.75
Primal Round	168.00	165.32
Primal Loin	268.92	236.06

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Primal Brisket	145.93	144.22
Primal Short Plate	121.35	121.35
Primal Flank	97.01	95.24

PREVIOUS WEEK FINAL OCTOBER 16, 2020

Primal Rib	387.34	330.74
Primal Chuck	171.61	165.30
Primal Round	165.72	165.91
Primal Loin	273.17	236.61
Primal Brisket	154.35	146.12
Primal Short Plate	126.97	126.97
Primal Flank	99.34	97.55

LOAD COUNT AND CUTOFF VALUE SUMMARY FOR PRIOR 5 DAYS

Date	Choice	Select	Trim	Grinds	Total	CHOICE 600-900	SELECT 600-900
10/22	91	36	19	15	160	208.86	191.08
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

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	83.72 loads 3,348,761 pounds
Select Cuts	11.49 loads 459,707 pounds
Trimming	34.68 loads 1,387,134 pounds
Ground Beef	17.92 loads 716,810 pounds

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)

OCTOBER 23, 2020 USDA CATTLE ON FEED REPORT

	Range	Average	ACTUAL
On feed October 1	102.7-103.9	103.2	104%
Placements in September	98.9-106.5	102.5	106%



Marketings in September 104.9-106.7 105.8 106%

This is the highest October 1 inventory since the series began in 1996. The inventory included 7.31 million steers and steer calves, up 6 percent from the previous year. This group accounted for 62 percent of the total inventory. Heifers and heifer calves accounted for 4.41 million head, down slightly from 2019.

Placements in feedlots during September totaled 2.23 million head, 6 percent above 2019. Net placements were 2.17 million head. During September, placements of cattle and calves weighing less than 600 pounds were 445,000 head, 600-699 pounds were 360,000 head, 700-799 pounds were 500,000 head, 800-899 pounds were 517,000 head, 900-999 pounds were 300,000 head, and 1,000 pounds and greater were 105,000 head.

Marketings of fed cattle during September totaled 1.85 million head, 6 percent above 2019.

Other disappearance totaled 58,000 head during September, 2 percent below 2019.

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On feed at 104% shows even with packers pushing kills up, it's not up fast enough and weights higher than year ago, there are still plenty of cattle that need to be killed.

Placements at 106% is negative. There will be a lot of cattle to kill into December and into the first quarter of 2021 with 800 to 899 weighted cattle at 517,000 head followed with 700 to 799 pounders with 500,000 head.

Marketings at 106 percent shows packers are moving as many cattle through the kill lines as possible but with big heavy cattle the bulk of the cattle, and with big numbers coming up, kill needs to increase and with the adapting to plant labor because of COVID Packers pulled out of the market Friday and they may be light on cattle to kill this week. However, severe weather was predicted last week for the start of this week, buying fewer cattle was probably intentional. Several states have heavy snows and wind chills below zero. Cattle may be difficult to move this week and at the same time getting meat out of the plant to distribution points will also be difficult.

Zero cold, especially the first severe drop in temperatures will effect feed efficiencies but converting feed to pounds of gain at this time shouldn't be an immediate concern.

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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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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.

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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%.

TECHNICAL PROBLEM WITH CHARTS

DECEMBER 2020/FEBRUARY 2021 LIVE CATTLE SPREAD - CURRENTLY "NORMAL" SPREAD

**OCTOBER 2020 LIVE CATTLE – Support 102.65 to 99.52 Resistance at 105.75 to 107.10
Open Interest 1,764**

DECEMBER 2020 LIVE CATTLE – Volume Friday was moderate at 19,166 Support 103.52 to 100.70 Resistance at 106.62

FEBRUARY 2021 LIVE CATTLE - Support at 106.15 to 104.82

Feeder Cattle

THE CME FEEDER INDEX ON 10/22/2020 WAS 134.01 DOWN \$1.52 FROM PREVIOUS DAY –

OCTOBER 2020 FEEDER CATTLE SETTLED ON OCTOBER 23, 2020 AT \$133.52

Big placements is bearish especially. Look for bear spreading Monday.

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TECHNICAL PROBLEM WITH CHARTS

JANUARY 2021/MARCH 2021 FEEDER CATTLE SPREAD - NARROW NOW. COULD WIDEN WITH REPORT



**NOVEMBER 2020 FEEDER CATTLE - SUPPORT 127.90 TO GAP AT 123.50 TO 122.05
REISTANCE AT 132.75 TO 135.27**

**JANUARY 2021 FEEDER CATTLE – support at 124.25 to gap at 122.70 to 121.50
Resistance at 129.00**

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LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

OCTOBER 23, 2020	486,000	
WEEK AGO	487,000	
YEAR AGO	480,000	
SATURDAY 10/17/2020	244,000-	A WEEK AGO 264,000 - YEAR AGO 253,000
WEEK TO DATE (EST)	2,679,000	
SAME PERIOD LAST WEEK (EST)	2,688,000	
SAME PERIOD LAST YEAR (ACT)	2,690,000	
2020 YEAR TO DATE	105,650,000	
2019 *YEAR TO DATE	104,642,000	

PERCENT CHANGE YEAR TO DATE 1.0% COMPARED TO PREVIOUS WEEK AT 1.0%

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**CME CASH HOG INDEX 10/21/2020 AT 78.60 DOWN 9 CENTS FROM PREVIOUS DAY
CME CASH HOG INDEX 10/14/2020 AT 78.49**

CME CASH PORK CUTOUT INDEX 10/22/2020 AT 98.20 DOWN 52 FROM PREVIOUS DAY.

CME CASH PORK CUTOUT INDEX 10/15/2020 AT 95.38

CME CASH FRESH BACON INDEX ON 10/16/2020 WAS 214.50 COMPARED TO 10/09/2020 WAS 200.47

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The pork carcass cutout for the week was down 5.94 compared to close a week ago. Loins fell 7.26, bellies down 16.33, Butts fell 10.04, Ribs down 5.11 and Picnics down off 1.81. Hams off 4 cents. Hard to tell if hams and bellies have topped with big drop on Friday but these primals need to be monitored because they have been reason cutout has been up.



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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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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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 23, 2020
LOADS OF PORK CUTS: 307.08
LOADS TRIM/PROCESSED PORK: 38.25

FINAL

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
10/23/2020	345.34	93.25	83.81	81.37	61.27	143.36	84.43	157.32
CHANGE :		-5.59	0.74	1.96	0.75	-2.63	-12.71	-17.02
Five Day Average --		97.05	84.24	83.92	61.67	146.90	88.28	171.24

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 22, 2020
Average live weight - 285.77
Average carcass weight - 213.77



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**DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM October 22, 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

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

TECHNICAL PROBLEM WITH CHARTS

**DECEMBER 2020/FEBRUARY 2021 LEAN HOG SPREAD - A CLOSE OF \$1.00 COULD
CONTINUE TO NARROW POSITIVE. A CLOSE UNDER MINUS 1.10 WILL WIDEN**

**DECEMBER 2020 LEAN HOGS – RESISTANCE 67.75 TO 72.90 SUPPORT 64.80 TO 62.75
VOLUME LIGHT 14,254**

**FEBRUARY 2021 LEAN HOGS – SUPPORT AT 65.02 TO 64.37 REISTANCE AT 66.95 TO
68.85**

APRIL 2021 LEAN HOGS – 68.67 SUPPORT RESISTANCE AT 71.75

CHARTS FROM ESIGNAL INTERACTIVE, INC.

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