



MORNING November 12, 2020 Livestock Report

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CATTLE

USDA FEDERAL CATTLE SLAUGHTER

NOVEMBER 11, 2020	115,000
WEEK AGO	119,000
YEAR AGO	119,000
WEEK TO DATE (EST)	352,000
SAME PERIOD LAST WEEK (EST)	359,000
SAME PERIOD LAST YEAR (ACT)	351,000

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	CHOICE	SELECT
BOXED BEEF FINAL	222.84	208.46
CHANGE FROM PRIOR DAY	0.59	(0.09)
CHOICE/SELECT SPREAD:		14.38
TOTAL LOAD COUNT		147
5 DAY SIMPLE AVERAGE:	215.34	201.08

PREVIOUS WEEK 11/06/2020	CHOICE	SELECT
BOXED BEEF FINAL PRICE	214.32	198.49

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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 11, 2020

Primal Rib	412.96	346.60
Primal Chuck	184.79	183.89
Primal Round	184.26	184.58
Primal Loin	280.30	250.75
Primal Brisket	155.41	148.68
Primal Short Plate	128.72	128.72
Primal Flank	103.79	103.62



FINAL NOVEMBER 10, 2020

Primal Rib	412.29	338.86
Primal Chuck	185.63	184.90
Primal Round	184.30	183.95
Primal Loin	276.54	252.78
Primal Brisket	153.15	153.46
Primal Short Plate	130.76	130.76
Primal Flank	103.63	103.67

MONTH AGO	CHOICE	SELECT
BOXED BEEF FINAL	214.62	200.34
FINAL OCTOBER 12, 2020		
Primal Rib	383.81	342.03
Primal Chuck	177.40	170.54
Primal Round	168.27	166.65
Primal Loin	287.46	258.26
Primal Brisket	153.11	150.16
Primal Short Plate	130.14	130.14
Primal Flank	102.16	96.79

YEAR AGO	CHOICE	SELECT	
BOXED BEEF FINAL	238.59	213.69	
FINAL NOVEMBER 11, 2019 BOXED BEEF			
Primal Rib	417.49	323.55	
Primal Chuck	195.69	186.58	
Primal Round	191.38	191.98	
Primal Loin		305.18	252.62
Primal Brisket	209.73	201.06	
Primal Short Plate	157.87	157.87	
Primal Flank	114.79	114.19	

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LOAD COUNT AND CUTOFF VALUE SUMMARY FOR PRIOR 5 DAYS

Date	Choice	Select	Trim	Grinds	Total	CHOICE 600-900	SELECT 600-900
11/10	96	20	13	8	136	222.25	208.55
11/09	64	20	18	21	122	217.39	202.37
11/06	60	21	23	11	115	214.32	198.49
11/05	96	32	6	15	149	212.55	198.97
11/04	111	17	18	20	166	210.19	197.05

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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	90.44 loads	3,617,743 pounds
Select Cuts	28.58 loads	1,143,213 pounds
Trimmings	4.59 loads	183,400 pounds
Ground Beef	23.15 loads	926,000 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)

Export Sales for Week Ending November 5, 2020 Friday Morning

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NOVEMBER USDA LIVESTOCK REPORTS

CATTLE ON FEED REPORT NOVEMBER 20, 2020 AT 2:00PM CENTRAL TIME
COLD STORAGE REPORT NOVEMBER 23, 2020 2:00PM CENTRAL TIME

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USDA POSTED CATTLE PRICES ON 11/11/2020

IA/MN – CASH 108.00 AVERAGE WEIGHT 1575. - DRESSED No Reportable Trade.
NE - CASH – No Reportable Trade.- No Reportable Trade.
KS – CASH No Reportable Trade. DRESSED No Reportable Trade.
TX/OK/NM – REPORTED LATE \$110
CO – Information not available due to confidentiality

*****National Daily Direct Cattle November 11, 2020**
(5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1503	\$106.27	49,368
Live Heifer:	1351	\$106.46	27,673
Dressed Steer:	977	\$165.49	14,825
Dressed Heifer:	865	\$166.36	5,207

With boxed beef improving, and packers gaining at least \$50 on profit margin, feedlots are asking up to \$112. It is more likely \$110 will move cattle unless packers pay up on cattle needed to fill previously contracted beef. Average steer weight across the US at 1502 pounds still shows there are still a good many heavy overfed cattle. Deeper discounts likely on heavy cattle and could see premiums paid in cash market for cattle packers need.



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Rib roast for the holidays and ground beef for the freezer are pushing boxed beef higher. Retailers are stocking up on rib roast for the December holidays and consumers are filling freezers with ground beef.

Packers are making money on Choice beef and Select beef. On sales of Choice primal rib sections were up \$10.52 from Monday. Choice chucks and round sections also are gaining but not as fast as Select chucks and rounds. Processors grinding chucks and rounds as well as other Select cuts pay up for the Select, gain lean over fat and then blend in cheap fat trimmed off other cuts. Why pay up for a cut like Choice chucks when you can buy more lean on Select and pay next to nothing for fat to blend. If the consumer is buying 85/15 ground beef or 90/10 ground beef, how many ask the butcher if cuts are Choice or Select or for that matter if it isn't labeled a specific cut like ground chuck or ground round, will most consumers ask? No, they look at price differences between lean to fat and the price for the majority of consumers.

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Fed Cattle Exchange had 1119 cattle listed at the sale Wednesday. Nothing was sold. Prices bid were \$110.00 to \$110.25 but were passed over by sellers.

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Packers are discounting heavier cattle this week and to clean up overfed cattle, it has to happen. Feedlots need to see prices going up on cattle packers need and a discount on overweight cattle or they will keep feeding hoping as prices increase so will heavy cattle. Discounting the heavy cattle will clean them up. With steer weights for all US steers averaging 1502 pounds, there are still too many moving over 1650 or more.

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There may not be the big venue and office parties in 2020 as there have been over the past decade, but retailers will have specials on cuts like standing rib roasts expecting consumers to have small gatherings. 80 percent to 85 percent of consumers didn't stop working or if laid off last spring, it wasn't for long. The M1 and M2 money supplies have increased in the US as well as many countries. In other words, consumers have money to spend.

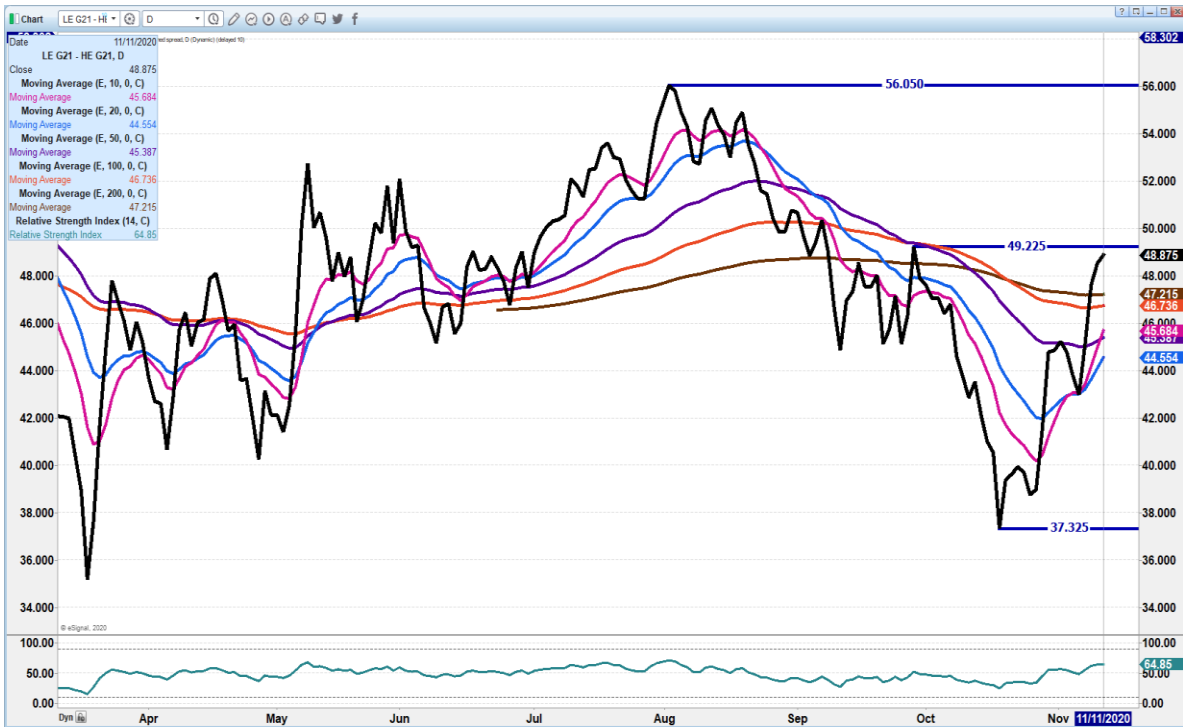
As friendly as beef and cattle are at this time, don't forget what happened when cattle topped on January 15, 2020. Countries around the world are locking down cities. The Midwest has many states where COVID 19 is increasing. Packers are better prepared than they were a year ago, but a surge in a town, city or a state could shut a plant down. Countries such as China are inspecting shipments for the virus and don't be surprised if it might be found in load of meats or grain shipped from the US. Be prepared for any possible situation that COVID 19 may or may not do.



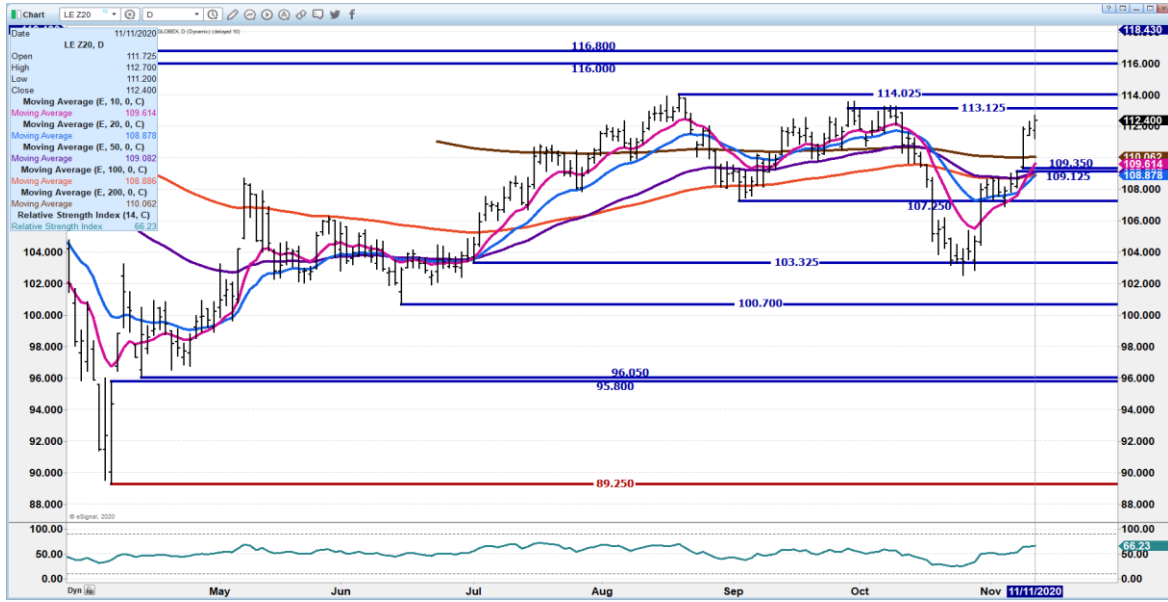
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Packers continue to forward contract at plus \$1.00 for cattle December through April and plus \$4.00 over the board May through the summer. Packers paying over means they have orders they need they know they will have to fill. It can also be a sign, they know there will be fewer cattle available.
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As of November 3, 2020, dressed steer and heifer weights were 900.9 compared to previous week at 900.3 up .6 pound from week ago and 24 pounds over a year ago. Grading percent was 81.5%, down compared to previous week at 81.0%.

CHARTS ARE ON MORNING REPORTS
FEBRUARY 2021 LIVE CATTLE/FEBRUARY 2021 LEAN HOG SPREAD - DEMAND FOR ALL BEEF PRIMALS IS GREATER THAN DEMAND FOR ALL PORK PRIMAL CUTS. LOOK FOR SPREAD TO CONTINUE TO FAVOR CATTLE



DECEMBER 2020 LIVE CATTLE - Open lower Wednesday and closed higher on Wednesday Volume 30,993 Resistance 113.12 to 114.02 Support at 111.25 to 109.60



FEBRUARY 2021 LIVE CATTLE – February is the most active trading month. Resistance at 116.25 to 116.62 Support at 113.10 to 112.50

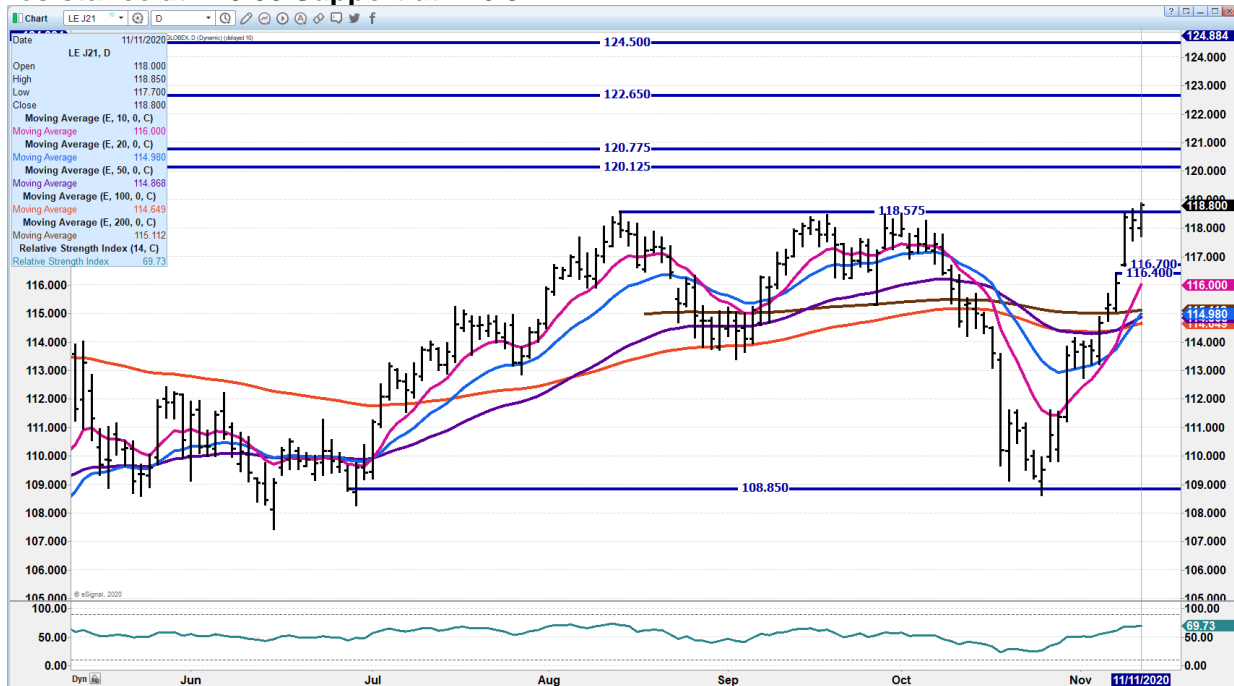


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PRIL 2021 LIVE CATTLE – Wednesday closed above strong resistance at 118.57 Next resistance at 120.00 Support at 116.37



Feeder Cattle

THE CME FEEDER INDEX ON 11/10/2020 WAS 135.97 UP .12 FROM PREVIOUS DAY –

NOVEMBER 2020 FEEDER CATTLE FUTURES SETTLED ON NOVEMBER 12, 2020 AT \$140.60

OKLAHOMA NATIONAL STOCKYARDS FEEDER CATTLE - OKLAHOMA CITY, OK MONDAY NOV 9, 2020

	THIS WEEK	LAST REPORTED 11/2/2020	LAST YEAR
TOTAL RECEIPTS:	11,300	2,661	8,206

COMPARED TO LAST WEEK'S LIGHT TEST: FEEDER STEERS 5.00-8.00 HIGHER, FEEDER HEIFERS STEADY TO 5.00 HIGHER THAN LAST WEEK'S LIMITED OFFERINGS.



STEER AND HEIFER CALVES 4.00-10.00 HIGHER. DEMAND GOOD FOR FEEDER CATTLE, ESPECIALLY HEAVIER WEIGHTS.

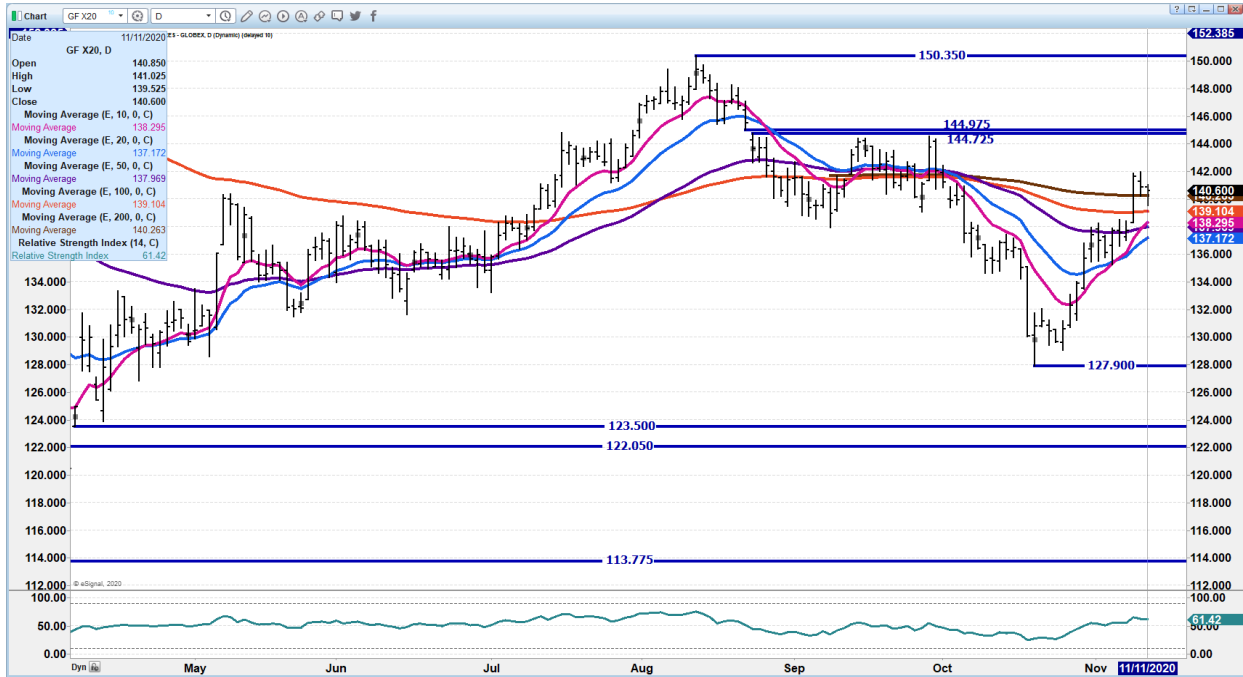
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CHARTS ARE ON MORNING REPORTS

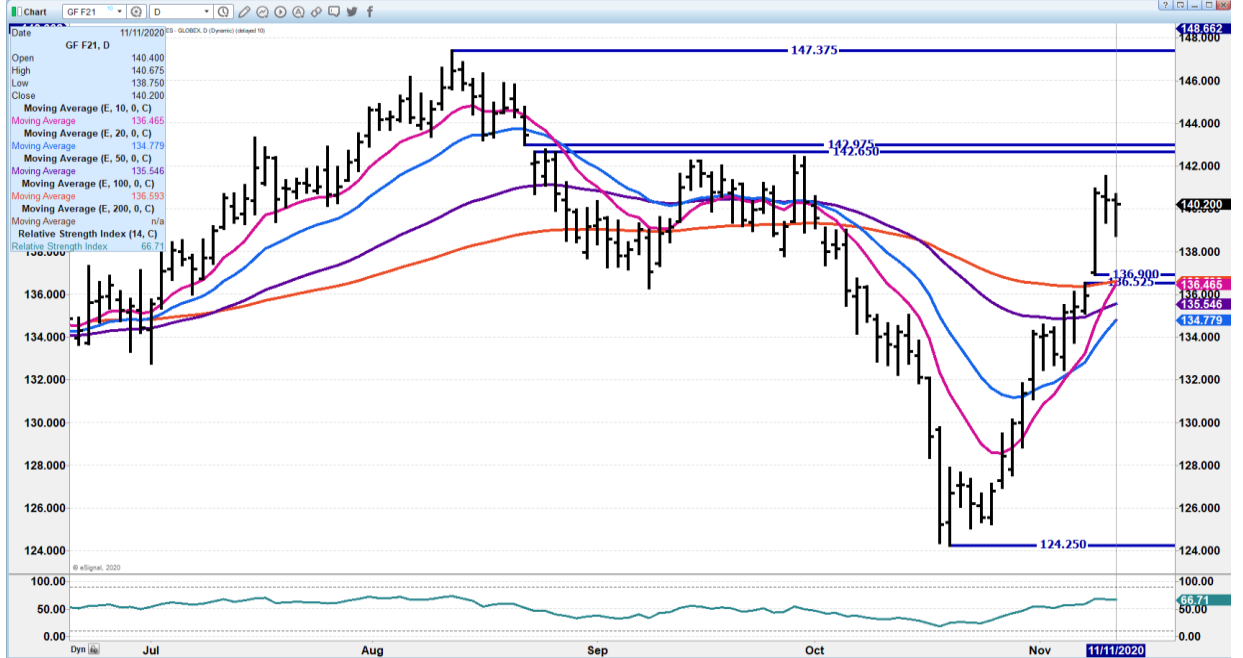
JANUARY 2021/MARCH 2021 FEEDER CATTLE SPREAD – SPREAD NARROWING FRIENDLY FEEDERS



NOV 2020 FEEDER CATTLE - SUPPORT AT 138.30 RESISTANCE AT 142.00 TO 145.00



JANUARY 2021 FEEDER CATTLE – Support 136.47 Resistance at 142.50



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LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

NOVEMBER 11, 2020	459,000
WEEK AGO	489,000
YEAR AGO	493,000
WEEK TO DATE (EST)	1,445,000
SAME PERIOD LAST WEEK (EST)	1,475,000
SAME PERIOD LAST YEAR (ACT)	1,430,000

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CME CASH HOG INDEX 11/09/2020 AT 71.25 UP .12 FROM PREVIOUS DAY

CME CASH PORK CUTOUT INDEX 11/10/2020 AT 84.13 UNCHANGED FROM PREVIOUS DAY

CME CASH FRESH BACON INDEX ON 11/06/2020 WAS 158.37 COMPARED TO 10/30/2020 WAS 188.44

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Pork cutout Wednesday was up .16 cents with hams up 6.34. Where hams are supporting the cutout, loins are keeping any rally from moving higher and were down 3.55. down to 71.11. Even with retailers planning on specials for loins, they can't generate any steam to move higher. If anything negative happened to hams, the negativity will be quickly seen in lower hog prices.
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Naturally, the pork carcass cutout receives the most attention, but variety meats, heads and feet are products that can add or subtract from \$4.00/cwt to \$5.00/cwt on the price of a hog. For the year, pork variety meat sales are down 6 percent. Mainland China, Hong Kong and Mexico are the biggest buyers of US variety meats. For the first 9 months of 2020, sales to China are up 39%. Hong Kong down 70% and Mexico down 23%. For September 2020 compared to September 2019 China increased by 19.7%, Hong Kong fell by 93.9% and Mexico fell by 23.4%. Japan and South Korea were large buyers in the past but for the year are down ,48% for Japan and 42% for South Korea. With mainland China in 2020 taking over 90% from Germany up to the ban because wild hogs were found with ASF, US variety meats picked up to China but other countries took up where China dropped off and US sales increased to China but fell to other countries.



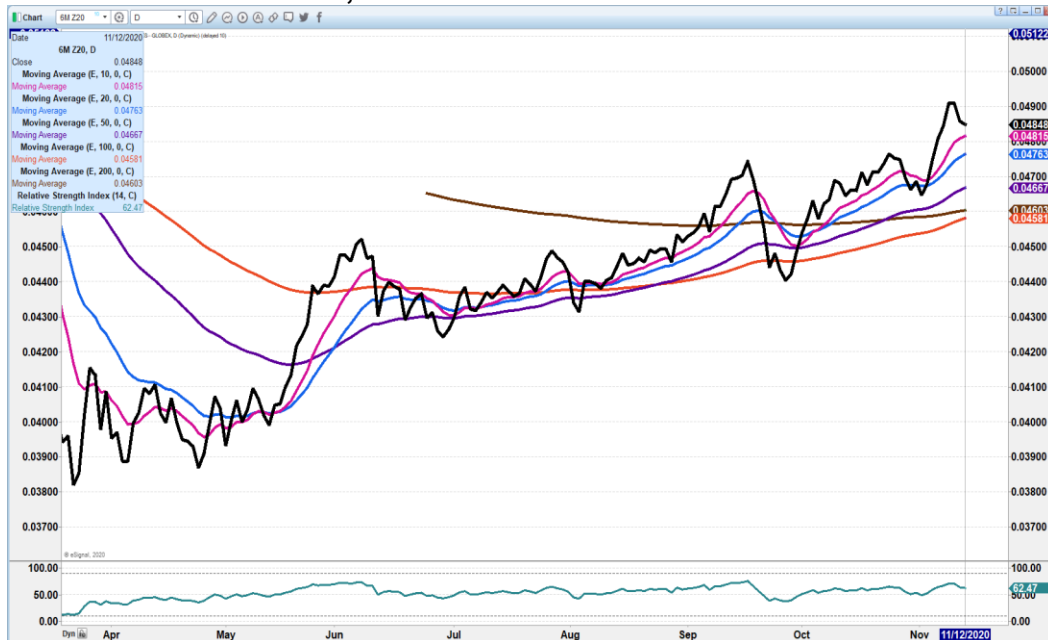
In other words, increasing sales to China on variety meats were cancelled out when the other countries slowed US exports.

With China cancelling pork exports from China, Germany didn't stop selling pork. For the last quarter of 2021 look for countries such as Mexico, Hong Kong, Japan, and South Korea to take a lesser percentage of US pork and more from Germany and Brazil. For the first 3 quarters of 2020 sales to South Korea are down 21%, but up 4% to Japan. Not a surprise sales to South America, Columbia, Chile and Peru are down 30%, unchanged to Central America. Because of increasing hogs in Brazil and these countries part of Mercosur, they are obligated to take more from Brazil.

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Mexican Peso strong. Strength in Peso is positive to hams, and bellies. Mexico has been a big buyer this year. They could be at point where storage is full and need to slow down, but with strength in Peso can't see why they would stop buying pork. However, Mexico also buys pork from Brazil and in 2020 a new trade agreement increased imports from Brazil. From January - September 2020 year to date exports compared to 2019 are down 4 percent. For September 2020 compared to 2019 exports are up 2.4 percent

CHART - NOVEMBER 11, 2020 12:00PM CENTRAL TIME





Moving into December and 2021 look for fewer hogs. Unless packers have a lot of their own hidden and can bring them to kill, the problems of last spring and fewer sows bred will start to be more noticeable. However, global numbers are increasing and that is negative to US hogs.

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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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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 11, 2020

LOADS OF PORK CUTS: 318.83

LOADS TRIM/PROCESSED PORK: 53.13

FINAL

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
11/11/2020	371.96	83.14	71.11	80.12	66.19	133.31	90.55	104.48
CHANGE :		0.16	-3.55	-2.05	-2.52	2.08	6.34	-2.05
Five Day Average --		84.45	74.85	80.28	65.35	130.37	91.31	108.42

FINAL PREVIOUS WEEK'S CLOSE

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
11/06/2020	307.57	84.06	76.11	80.66	63.22	128.89	88.03	110.65

NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE

SLAUGHTER DATA FOR NOVEMBER 10, 2020

Average live weight - 287.07

Average carcass - 215.37

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DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM November 11, 2020

NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES

Carcass Base Price: \$57.00 - \$62.00

Weighted Average: \$61.05

Change from Prior Day: 0.62 higher

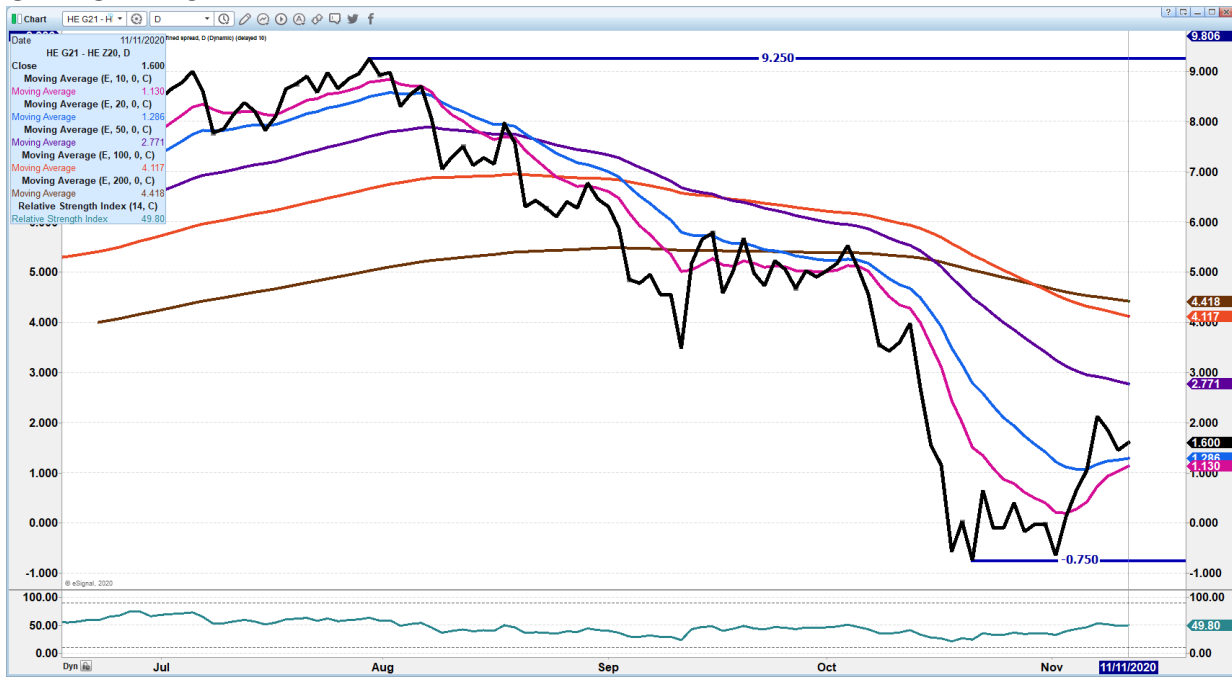
HOGS SOLD: 1,435



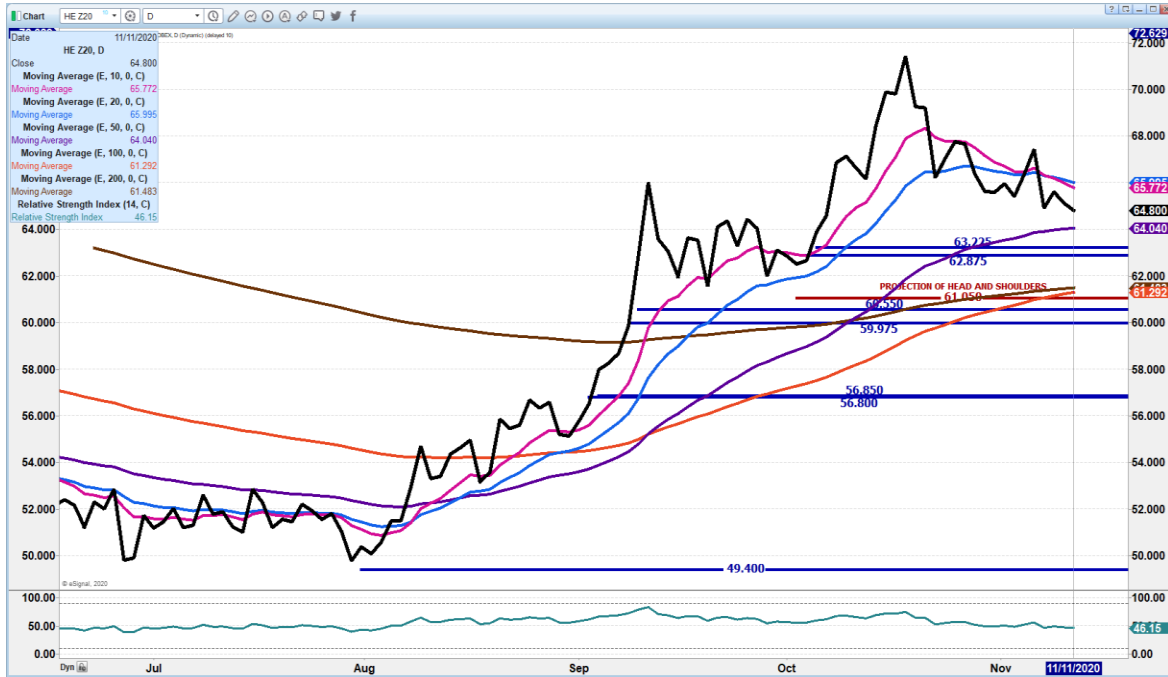
SWINE OR PORK MARKET FORMULA PURCHASE (Including Packer Sold)
PRICE RANGE: \$59.98 - \$78.83
Weighted Average: \$69.76
Previous Day: \$70.42
HOGS SOLD: 141,774

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

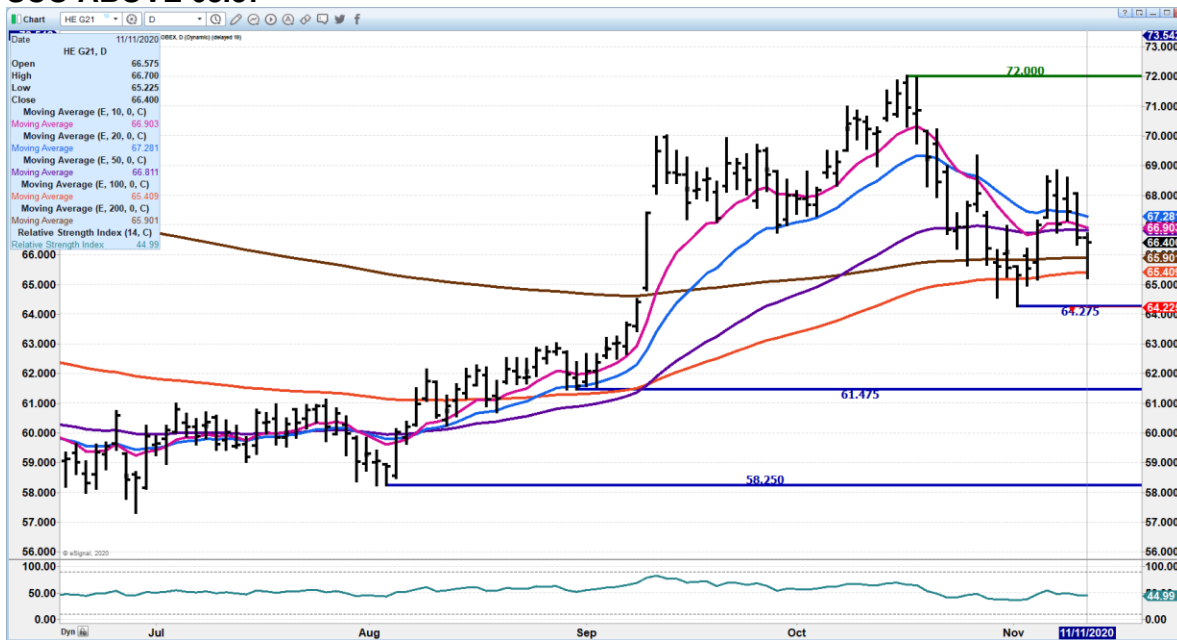
FEBRUARY 2021/DECEMBER 2020 LEAN HOG SPREAD - DROPPED WEDNESDAY DURING THE DAY TO SUPPORT AT 10 AND 20 DAY AND CAME OFF. LOOK FOR FEB TO GAIN ON DEC



DECEMBER 2020 LEAN HOGS – KEPT LINE CHART TO SHOW CLOSING TREND IS DOWN. RESISTANCE AT 65.75 SUPPORT AT 64.00 TO 6125



FEBRUARY 2021 LEAN HOGS – SUPPORT 65.37 TO 64.27 RESISTANCE AT 66.90 WITH SCO ABOVE 68.37

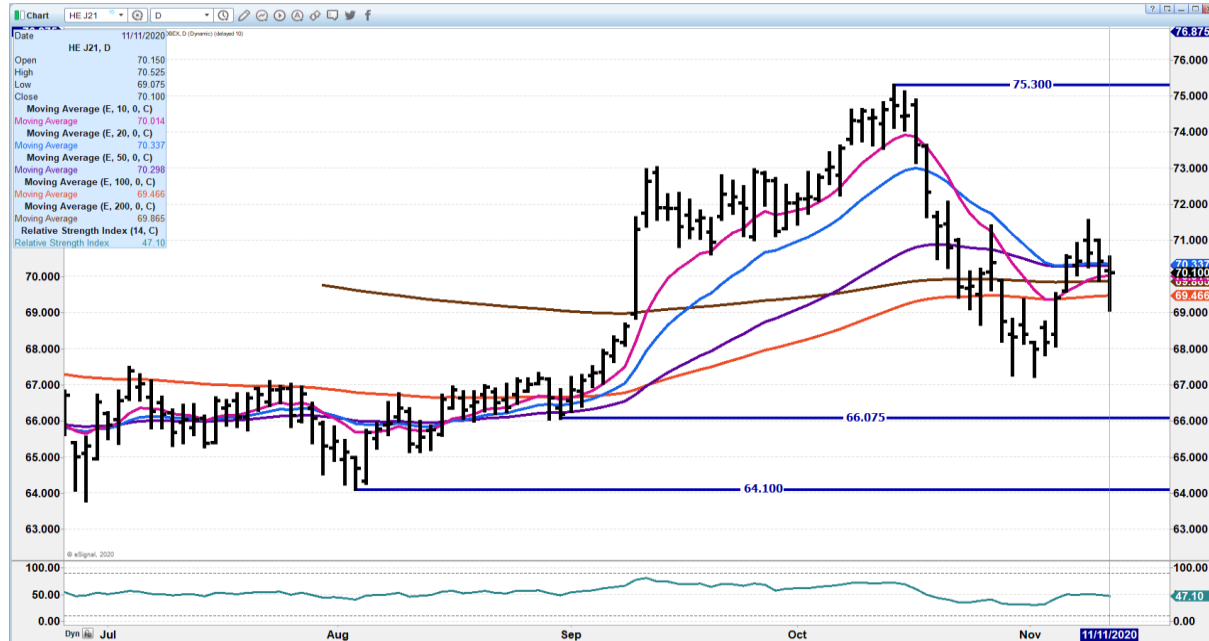


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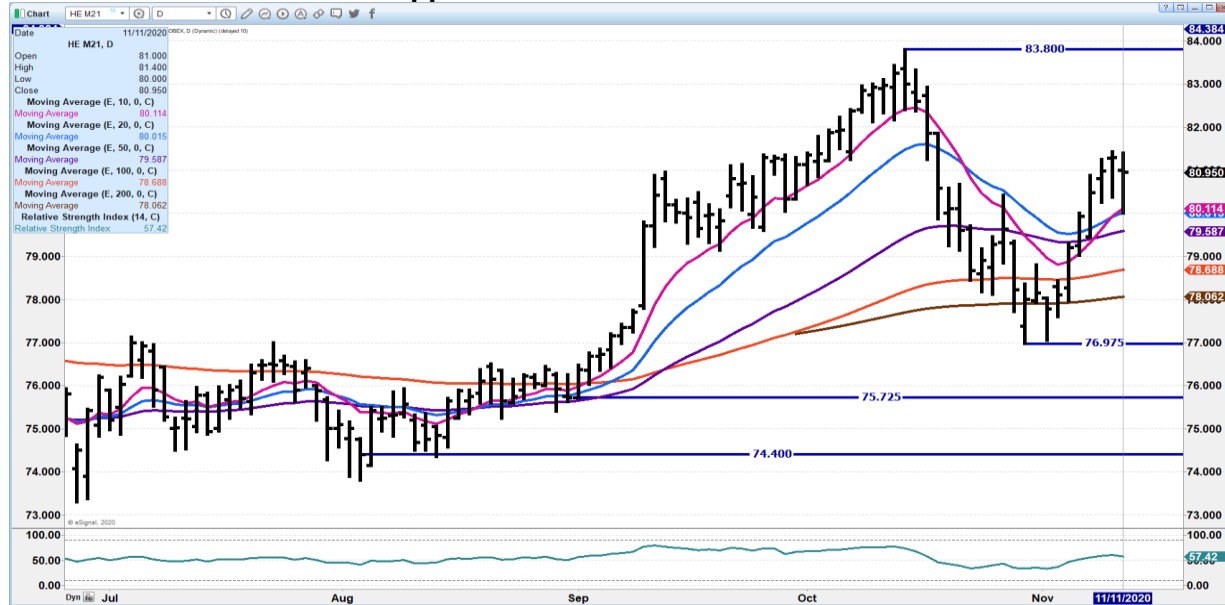
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APRIL 2021 LEAN HOGS – SUPPORT 69.50 TO 68.15 RESISTANCE AT 70.37



JUNE 2021 LEAN HOGS – support at 80.10 Resistance at 81.52



CHARTS FROM ESIGNAL INTERACTIVE, INC.

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