

## Daily Futures Market Commentary Livestock Outlook

### WEDNESDAY MORNING MARCH 10, 2021 LIVESTOCK REPORT

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#### CATTLE

##### USDA FEDERAL CATTLE SLAUGHTER

MARCH 9, 2021	121,000
WEEK AGO	123,000
YEAR AGO	124,000
WEEK TO DATE (EST)	242,000
SAME PERIOD LAST WEEK (EST)	243,000
SAME PERIOD LAST YEAR (ACT)	247,000

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	CHOICE	SELECT
BOXED BEEF FINAL	229.03	223.80
PRIOR DAY	(2.05)	0.67
CHOICE/SELECT SPREAD:	5.23	
TOTAL LOAD COUNT (CUTS, TRIMMINGS, GRINDS):	158	
5 DAY SIMPLE AVERAGE:	232.80	223.21

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**CME BOXED BEEF INDEX FOR 03/08/2021 WAS AT \$230.90 DOWN .95 FROM PREVIOUS DAY**

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##### FINAL MARCH 9, 2021

PRIMAL RIB	366.15	349.76
PRIMAL CHUCK	197.92	198.17
PRIMAL ROUND	185.98	188.37
PRIMAL LOIN	307.26	289.19
PRIMAL BRISKET	168.52	166.53
PRIMAL SHORT PLATE	139.15	139.15
PRIMAL FLANK	107.59	106.84

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**FINAL MARCH 8, 2021**

<b>Primal Rib</b>	<b>379.02</b>	<b>347.60</b>
<b>Primal Chuck</b>	<b>193.39</b>	<b>196.52</b>
<b>Primal Round</b>	<b>187.17</b>	<b>189.51</b>
<b>Primal Loin</b>	<b>315.24</b>	<b>288.59</b>
<b>Primal Brisket</b>	<b>169.26</b>	<b>166.66</b>
<b>Primal Short Plate</b>	<b>138.18</b>	<b>138.18</b>
<b>Primal Flank</b>	<b>107.51</b>	<b>107.05</b>

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**LOAD COUNT AND CUTOFF VALUE SUMMARY**

<b>Date</b>	<b>Choice</b>	<b>Select</b>	<b>Trim</b>	<b>Grinds</b>	<b>Total</b>	<b>CHOICE 600-900</b>	<b>SELECT 600-900</b>
<b>03/08</b>	<b>37</b>	<b>12</b>	<b>13</b>	<b>8</b>	<b>70</b>	<b>231.08</b>	<b>223.13</b>
<b>03/05</b>	<b>67</b>	<b>18</b>	<b>16</b>	<b>11</b>	<b>112</b>	<b>231.33</b>	<b>220.85</b>
<b>03/04</b>	<b>74</b>	<b>20</b>	<b>14</b>	<b>18</b>	<b>127</b>	<b>233.88</b>	<b>221.68</b>
<b>03/03</b>	<b>68</b>	<b>18</b>	<b>20</b>	<b>14</b>	<b>120</b>	<b>233.03</b>	<b>224.24</b>
<b>03/02</b>	<b>75</b>	<b>19</b>	<b>6</b>	<b>12</b>	<b>112</b>	<b>234.68</b>	<b>226.17</b>
<b>03/01</b>	<b>47</b>	<b>20</b>	<b>7</b>	<b>12</b>	<b>85</b>	<b>239.03</b>	<b>227.64</b>

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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)**

<b>Choice Cuts</b>	<b>106.54 loads</b>	<b>4,261,650 pounds</b>
<b>Select Cuts</b>	<b>15.93 loads</b>	<b>637,198 pounds</b>
<b>Trimming</b>	<b>14.28 loads</b>	<b>571,109 pounds</b>
<b>Ground Beef</b>	<b>21.67 loads</b>	<b>866,716 pounds</b>

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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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## **MARCH 2021 USDA LIVESTOCK REPORTS**

**CATTLE ON FEED REPORT - MARCH 19, 2021 2:00PM CENTRAL TIME**

**COLD STORAGE REPORT – MARCH 22, 2021 2:00PM CENTRAL TIME**

**HOGS AND PIGS REPORT – MARCH 25, 2021 2:00PM CENTRAL TIME**

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**Cattle sold across the US Tuesday, heavy in the Midwest and low grading in the Southwest. Feedlots still holding out for \$116 but lower beef may spook some into selling sooner at steady**

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**CHOICE Boxed beef to a big hit to the downside on afternoon sales and load movement was fairly large in comparison to movement over the past month. It has become noticeable of late that when there are bigger sales, prices retreat. Why? Sellers have more beef to move in the daily market and more than they need to fill contracted and pre-sold orders. The Choice to Select primal rib sections is narrow at \$16.39. Select rounds and Chucks cost more than Choice. Fabricators are taking cheaper Select primals and further processing versus selling roasts.**

**March isn't a time when consumers spend on higher end cuts. This year exorbitant energy bills and consumers are still paying off credit cards with interests rates over 20% or higher. Ground beef or beef that can be added into products to stretch it are what consumers are buying.**

**Will it be negative to futures? Beef has been dropping over the last month. Packers are making big profits. April and deliveries are weeks away. Speculators are bull spreading. Spreads can continue to work when markets move up or down.**

**Drop in beef could keep cash cattle in the range it has had over past 5 weeks.**

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***U.S. Barbecue Enthusiasm to Lift Earnings for Beef Giant Marfrig This Year***  
<https://www.bloomberg.com/news/articles/2021-03-08/u-s-barbecue-enthusiasm-to-lift-marfrig-earnings-this-year>

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Chris Lehner Outlook

***Talk High Priced Cattle When They Rally Above \$150 Because \$120 Cattle Are Not High Priced***

As report shows beef demand has been more than solid. Will big demand increase because restaurants are re-opening? Going into a restaurant simply means shifting from the home table to a table in a restaurant. Fast food restaurants, delivery and takeout restaurants versus sit down restaurants have seen a dramatic shift. Roasts at home have and have been shifting to meals that are faster to prepare and that shift was happening before COVID and speeded up because of it. People eating meat wasn't changed because of COVID 19 and people are actually eating more since COVID 19.

The restaurant industry was going through major changes before COVID 19 was ever known. The home delivery and take out services before COVID were shifting consumers from the sit down restaurants. The restaurant industry also was moving from the "steak" house to restaurants offering foods based on countries across the globe. Restaurants and grocery stores were focusing in takeout prepared meals before COVID 19. The restaurant industry is hoping as people return to offices, more people will return to restaurants for lunches but delivery services are quickly growing in that sector.

People didn't stop eating meat because of coronavirus pandemic. As the report points out, 2020 was a very good year for meat. *"American producers of pork, beef and poultry are set for a record year of output, and U.S. consumers will eat more meat in 2021 than in any other year except last year at 224.8 pounds a person. That's good news for processors like National Beef, which sold record-high volumes for two consecutive quarters due to solid U.S. demand for beef, Credit Suisse analysts led by Victor Saragiotto wrote in a note."*

During COVID 19 consumers became gourmet home chefs. Kitchen remodeling of older houses is largest segment of home renovations and has most money spent. Outdoor full kitchens are the latest trend.

People are definitely eating more. There is a term when students enter college, College 15." It refers to the weight gain that students often have the first year in college. Now the medical community has another term, Quarantine 15 gain. People during the pandemic are gaining weight for several factors from being sedentary, lack of exercise, stress eating bingeing and simply eating more. Cholesterol and triglyceride levels are increasing.

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As a meat wholesaler salesperson told me today, they are seeing an increase in orders for high end cuts initially when \$1400 checks are sent at a time when cooking out usually begins and longer term effect when the additional \$300 is added to unemployment checks.

Many restaurants that have closed or that have limited sales because of COVID are establishments that sell alcohol with food and profit margins are based on alcohol . These restaurants should return as the more patrons can return

It is time to view what happened in 2020 as a total irregularity. I was caused by a worldwide pandemic and the low cattle prices that occurred were due to it. But it was the pandemic that caused packers to shut down and livestock prices dumped because of it. But it showed as beef prices soared, consumers were willing to pay for beef. It was the cattle prices that were too low. Before the COVID was destroying lives and businesses, cattle prices were higher than current levels and beef demand was strong. We are leaving COVID slowly but surely and as we do, the horrible COVID prices of 2020 and what it did to the meat industry will leave with it. \$115 to \$120 cattle prices are not high. \$150 is when we can talk about high prices. The last time cattle were high was when April 2014 were at \$171.00 in November 2014 and just a year ago, before they broke in January 2020, April 2020 cattle were \$128.30. With fewer cattle into 2021, taking out 2020 high isn't out of the question especially with traders bull spreading

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The CME has started a Boxed Beef Index . It will track the price of Choice and Select beef using the daily cutout values. It is a five business day, volume-weighted measurement of the daily Choice and Select Cutout prices. The "cutout" is an approximate value of a carcass calculated using the prices paid for wholesale cuts of beef, including the rib, chuck, round, loin, brisket, short plate, and flank.

[https://www.cmegroup.com/trading/agricultural/livestock/cme-boxed-beef-index.html?utm\\_source=pardot&utm\\_medium=email&utm\\_campaign=boxed\\_beef\\_index&utm\\_kxconfid=vpwvdpbbo](https://www.cmegroup.com/trading/agricultural/livestock/cme-boxed-beef-index.html?utm_source=pardot&utm_medium=email&utm_campaign=boxed_beef_index&utm_kxconfid=vpwvdpbbo)

It will be posted it under the Boxed Beef cutout

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Southwest feedlots are current and sometime soon the Midwest should see the overweight cattle essentially cleaned up. One problem with have overweight cattle in the Midwest are feedlots now keeping cattle longer because the grain/feedlot producers aren't replacing cattle and keeping cattle hoping to get higher prices. This year packers bypass heavy cattle and chose when to finally get them. Beef demand is good and going into April and beyond

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numbers ready for kill will begin to back off. Packers in the Midwest may not be able to be so selective.

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By the end of this week, June will be the most actively traded month. It was also evident traders were bull spreading June on out.

With warmer weather over the weekend grills were filled with hamburgers and hot dogs. Select beef has moved was up as fabricators buying select cuts for further processing. Beef demand is very good.

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After dropping to support levels, \$119 area for April, \$117.50 June, \$116.50 August Cattle have turned higher . The September, December and cattle into 2022 all made new contract highs Tuesday.

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As of MARCH 2, 2021 dressed steer and heifer weights were 873.6 compared to previous week at 883.5, down 9.9 pounds from week ago. Compared to a year ago weights are up 9 pounds in 2021. Grading percent was 85.5% down .3% compared to previous week at 85.8%. Grading percent remains seasonally high.

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#### USDA POSTED NEGOTIATED CATTLE PRICES ON 03/09/2021

IA/MN – CASH – No Reportable Trade<sup>1</sup>

DRESSED 40 delivered at 1.77 weighing 945.5 pounds

NE – CASH 114.00 – on good movement of 7,690 head

DRESSED - 151 mixed steers and heifers sold at 180.00.

Weighing 837 – 937 pounds

KS – CASH No Reportable Trade

DRESSED No Reportable Trade.

TX/OK/NM –113.00 grading just 35% to 65% Choice to Select

DRESSED No Reportable Trade

CO – 114.00 - 935 sold

averaging 1,400 - 1,600 pounds (1,568.2 pounds weighted average)

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**\*\*\*National Daily Direct Cattle 03/09/2021**

5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1468	\$113.48	32,168
Live Heifer:	1355	\$113.54	13,426
Dressed Steer:	956	\$179.87	14,747
Dressed Heifer:	841	\$179.97	4,801

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**APRIL LIVE CATTLE/APRIL LEAN HOGS - NARROW WITH HOGS OVER CATTLE**



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**APRIL/JUNE LIVE CATTLE SPREAD - Settled even Some has to do with traders rolling out of April but even at same price it is narrow.**

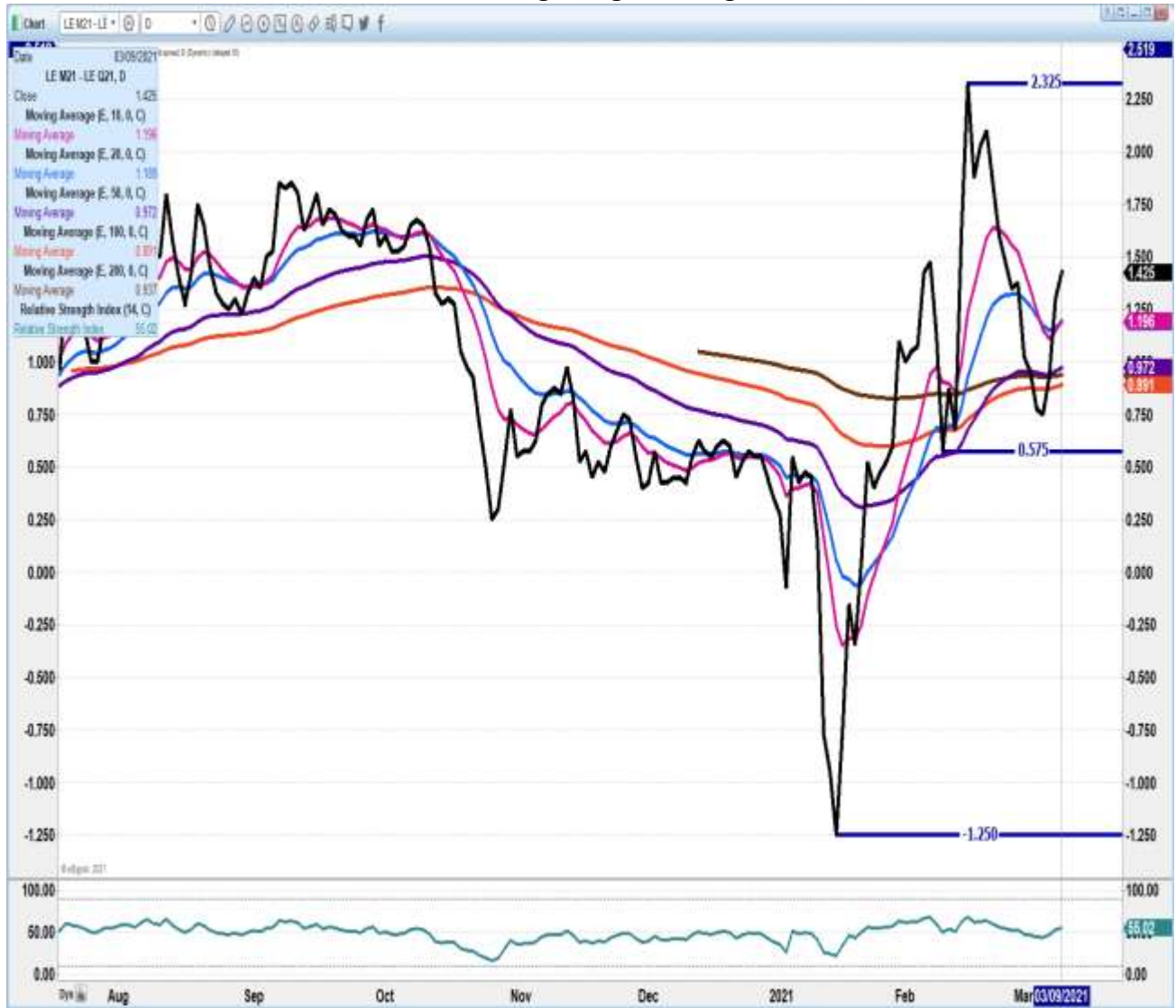


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## JUNE/AUGUST LIVE CATTLE SPREAD – June gaining over August is bullish



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## OCTOBER/DECEMBER CATTLE SPREAD – OCTOBER GAINING ON DECEMBER IS FRIENDLY



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## **Feeder Cattle**

**THE CME FEEDER INDEX ON 03/08/2021 WAS 134.02 UP 10 CENTS FROM PREVIOUS DAY - MARCH 2021 FEEDER CATTLE FUTURES SETTLED ON MARCH 9, 2021 AT \$137.15**

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### **NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 03/06/2021**

<b>RECEIPTS:</b>	<b>AUCTIONS</b>	<b>DIRECT</b>	<b>VIDEO/INTERNET</b>	<b>TOTAL</b>
<b>THIS WEEK:</b>	<b>282,800</b>	<b>56,700</b>	<b>12,900</b>	<b>352,400</b>
<b>LAST WEEK:</b>	<b>216,800</b>	<b>46,100</b>	<b>37,300</b>	<b>300,200</b>
<b>YEAR AGO:</b>	<b>179,900</b>	<b>46,000</b>	<b>28,300</b>	<b>254,200</b>

**COMPARED TO LAST WEEK, STEERS AND HEIFERS SOLD 1.00 TO 4.00 LOWER. RECEIPTS WERE LARGER FOR THE SECOND WEEK IN A ROW AS AUCTION MARKETS ARE GETTING BACK TO NORMAL AFTER THE SEVERE WINTER WEATHER THAT IMPACTED MUCH OF THE NATION A COUPLE WEEKS AGO. DEMAND WAS MODERATE TO GOOD AT AUCTIONS THIS WEEK, JUST AT LOWER PRICE LEVELS AS MORE CATTLE WERE ON OFFER. AS THE FIRST OF MARCH ROLLS AROUND, IT COMES TIME FOR RANCHERS TO REMOVE CATTLE FROM GRAZING THE WHEAT FIELDS THEY HAD BECOME ACCUSTOMED TO THROUGH THE WINTER LED TO LARGE RECEIPTS IN THE WHEAT GROWING AREAS OF OKLAHOMA AND KANSAS. CATTLE GRAZING ON SHORT WHEAT THIS YEAR AS MOISTURE WAS NOT AS PREVALENT THIS YEAR, HOWEVER THE WHEAT WAS NOT NEAR AS "WASHY" THIS YEAR. RANCHERS HAVE BEEN VERY HAPPY TO SEE GAINS OF AROUND 3 LBS PER DAY AND ARE HAPPY TO SELL THE EXTRA POUNDS. THE RECENT WINTER WEATHER HARDENED THESE CALVES UP AND MORE ATTRACTIVE TO FEEDER CATTLE BUYERS.**

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**APRIL/MAY FEEDER CATTLE SPREAD – LOOK FOR APRIL TO GAIN ON May**



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**AUGUST/SEPTEMBER FEEDER CATTLE SPREAD – August gaining on September as well as into December. Look for August into end of year prices come to even as big producers composite buying and formulas using single pricing**



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**LEAN HOGS**

**USDA ESTIMATED FEDERAL HOG SLAUGHTER**

<b>MARCH 9, 2021</b>	<b>492,000</b>
<b>WEEK AGO</b>	<b>497,000</b>
<b>YEAR AGO</b>	<b>496,000</b>
<b>WEEK TO DATE (EST)</b>	<b>981,000</b>
<b>SAME PERIOD LAST WEEK (EST)</b>	<b>990,000</b>
<b>SAME PERIOD LAST YEAR (ACT )</b>	<b>986,000</b>

**\*\*REVISED MONDAY HOG SLAUGHTER..489,000\*\*PREVIOUS ESTIMATE 494,000**

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**CME CASH HOG INDEX 03/05/2020 AT 85.32 UP 75 CENTS FROM PREVIOUS DAY**

**CME CASH PORK CUTOUT INDEX 03/08/2021 AT 94.02 UP 47 CENTS FROM PREVIOUS DAY**

**CME CASH FRESH BACON INDEX ON 03/06/2021 WAS 204.40 COMPARED TO 02/26/2021 WAS 203.58**

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**Pork movement was decent Tuesday with 421 loads moved. The 5 day carcass price was up 40 cents from previous day. The CME pork index was up 47 cents. Demand remains strong. Some formula hogs being priced up \$97 plus with to over \$127.**

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**What can you say but BULL SPREADING! Of course Lean Hog trading can change any time, but Lean Hogs have been a Rembrandt of bull spreads.**

**Spreading is a large majority of agricultural trading. Another great example but this time grains where traders are selling old crop beans and corn and buying new crop.**

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**China on March 10<sup>th</sup> will auction 10,000 metric tonnes of pork from storage. They auction pork before the Lunar New Year as they did this year and throughout the year they auction to**

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refresh older pork or to keep pork prices down. I am sure this year most analysts will want to believe it is due to the outbreaks of ASF. If they refill from exported sources, they do buy from 5 countries from the EU and the US. The announcement will or should be friendly to futures as traders in the US expect replacements will be from the US.

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What can you say but BULL SPREADING! Of course it can change any time, but Lean Hogs have been a Rembrandt of bull spreads.

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Fundamentally, if you take out lesser primals such as picnics, butts and ribs and bellies, hams and loins are cheap and reason along with weak US Dollar hogs are moving higher. Hogs are in a non-spot month and speculators have control and use “anticipating” where prices may be in April and months ahead. Big spec money is moving futures tied to current strong pork market

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China Feb exports post record surge from COVID-19-depressed 2020 levels

<https://www.nasdaq.com/articles/china-feb-exports-post-record-surge-from-covid-19-depressed-2020-levels-2021-03-06>

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China to crack down harder on fake African swine fever vaccines

<https://www.reuters.com/article/us-china-swinefever-vaccines/china-to-crack-down-harder-on-fake-african-swine-fever-vaccines-ministry-idUSKBN2B008D>

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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

MARCH 9, 2021

LOADS OF PORK CUTS: 381.75

LOADS TRIM/PROCESSED PORK: 39.29

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**FINAL**

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
03/08/2021	421.04	96.84	84.15	94.28	66.02	155.22	80.51	168.72
Change		1.91	1.10	2.07	6.54	1.75	-1.08	5.24
Five Day Average --		94.37	82.64	90.41	62.25	152.08	79.99	163.03

**NOON**

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
03/09/2021	239.96	99.11	84.42	93.74	68.12	154.18	86.56	172.46
Change		4.18	1.37	1.53	8.64	0.71	4.97	8.98
Five Day Average --		94.82	82.69	90.30	62.67	151.87	81.20	163.78

**FINAL**

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
03/08/2021	265.29	94.93	83.05	92.21	59.48	153.47	81.59	163.48
Change		-0.21	-0.09	2.56	-2.84	2.50	2.03	-4.76
Five Day Average --		93.97	82.37	88.85	61.23	151.32	81.01	161.45

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[https://www.ams.usda.gov/mnreports/ams\\_2511.pdf](https://www.ams.usda.gov/mnreports/ams_2511.pdf)

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

Slaughter Data for March 8, 2021

Average live weight 284.27

Average carcass - 213.20

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**A User's Guide to USDA's LMR Hog Price Reports**

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

**DAILY DIRECT AFTERNOON HOG REPORT MARCH 9, 2021**

National Negotiated Carcass Price

Lowest price: 79.00

Highest price: 89.00

Weighted Average Price: 84.65

Head Count: 11,275

On a National basis, compared to the previous day's weighted average, 0.07 higher

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**Other Market Formula (Carcass)**

Lowest base price: 56.67

Highest base price: 97.67

Weighted Average Price: **78.99**

Head Count: 43,001

**Swine/Pork Market Formula (Carcass)**

Lowest base price: 74.57

Highest base price: 92.15

Weighted Average Price: **85.55**

Head Count: 155,819

**Other Purchase Arrangement (Carcass)**

Lowest base price: 67.36

Highest base price: 127.46

Weighted Average Price: **84.50**

Head Count: 169,427

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**JUNE/APRIL LEAN HOG SPREAD - April lost to June with rolling Spread remains narrower than normal**



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**AUGUST/OCTOBER 2021 LEAN HOG SPREAD – Very wide bull spread**



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**CHARTS FROM ESIGNAL INTERACTIVE, INC.**  
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