



ADM Investor
Services, Inc.

Daily Futures Market Commentary Livestock Outlook

FRIDAY MORNING JULY 30, 2021 LIVESTOCK REPORT

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CATTLE

JULY 29, 2021	119,000
WEEK AGO	118,000
YEAR AGO	119,000
WEEK TO DATE (EST)	477,000
SAME PERIOD LAST WEEK (EST)	467,000
SAME PERIOD LAST YEAR (ACT)	474,000

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	CHOICE	SELECT
BOXED BEEF FINAL	275.22	256.82
CHANGE FROM PRIOR DAY:	2.06	0.70
CHOICE/SELECT SPREAD:	18.40	
TOTAL LOAD COUNT (CUTS, TRIMMINGS, GRINDS):	112	
5 DAY SIMPLE AVERAGE:	268.72	252.14

CME BOXED BEEF INDEX FOR 07/28/2021 WAS AT 264.68 UP 1.93 FROM PREVIOUS DAY

FINAL JULY 29, 2021

PRIMAL RIB	435.01	365.98
PRIMAL CHUCK	227.11	223.07
PRIMAL ROUND	226.94	224.99
PRIMAL LOIN	350.89	315.92
PRIMAL BRISKET	226.53	197.51
PRIMAL SHORT PLATE	243.72	243.72
PRIMAL FLANK	136.88	136.15

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FINAL JULY 28, 2021

PRIMAL RIB	432.40	358.46
PRIMAL CHUCK	223.43	223.46
PRIMAL ROUND	224.07	225.82
PRIMAL LOIN	350.98	314.18
PRIMAL BRISKET	224.32	199.02
PRIMAL SHORT PLATE	244.28	244.28
PRIMAL FLANK	137.54	139.46

LOAD COUNT AND CUTOFF VALUE SUMMARY

Date	Choice	Select	Trim	Grinds	Total	CHOICE 600-900	SELECT 600-900
07/28	77	30	15	15	136	273.16	256.12
07/27	87	39	16	15	157	269.73	253.94
07/26	66	22	10	9	106	267.93	250.92
07/23	86	17	11	16	131	266.63	249.94
07/22	72	23	5	18	118	266.14	249.77
07/21	81	43	17	21	161	265.24	248.77

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	41.70 loads	1,668,106 pounds
Select Cuts	32.17 loads	1,286,789 pounds
Trimnings	18.77 loads	750,745 pounds
Ground Beef	18.96 loads	758,430 pounds

AUGUST 2021 LIVESTOCK REPORTS

FRIDAY AUGUST 20, 2021 CATTLE ON FEED REPORT 2:00PM CENTRAL TIME

MONDAY AUGUST 23, 2021 COLD STORAGE REPORT 2:00PM CENTRAL TIME

Volume on livestock futures is quiet and so are the grains. What's happened to all the agricultural traders? Live Cattle and Lean Hog futures could shut down 4 out of 5 days and do what they need to do in one day. Of course, a lot has to do in livestock that most cattle and hogs are previously contracted, or outright owned by the packer and the need for buy or sell hedging is limited. Hopefully, traders will come back in August.

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Beef is also going up on light movement because cattle are current. You can see it on how cattle are priced.

Boxed beef prices are moving up but on light movement. Tuesday was the busiest day of sales with 157 loads moved, a drop of beef produced. When it boils down, traders want proof. To move cattle higher, traders want to see fewer cattle at kill and proof of fewer cattle in the feedlot. They liked today's net sales exports but are concerned next week that exports may not even be half. They don't want to see some cattle priced at \$126 and other cattle priced at \$116.

Concerns COVID could slow down packers is still fresh on traders' minds. Some traders seeing the Dow Jones make record highs and then are worried a reversal could take place.

Trading is light because there is uncertainty, packers can fill contracts and they also can charge high prices for beef that is available for daily market. When numbers start slipping on cattle for kill, and they will, buying cattle below \$130 will happen.

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With premiums built into the market, there is no reason packers would pay premiums for forward contracts above the board for cattle. For now, traders have to accept unwinding bear spreads is the indicator that prices will improve.

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As of JULY 27, 2021 dressed steer and heifer weights were 865.8 compared to previous week at 859.2 up 6.6 pounds for the week . Grading percent was 80.5% up .3% compared to previous week at 80.2%.

Cattle weight up 6.6 pounds showing packers being selective on what they are wanting to kill. Cash trade has shown packers pay a premium price for heavier finished cattle. However, grading percent barely changed and shows there are still a lot of cattle that barely finish Choice.

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USDA POSTED SUMMARY CATTLE PRICES ON 07/29/2021

IA/MN – CASH – 123.00 - 124.00

DRESSED - 196.00 - 201.00

NE – CASH 122.00 - 123.00

DRESSED – 195.00 - 200.00

KS – CASH - 120.00 - 123.50

DRESSED – 196.00

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TX/OK/NM – 120.00 regardless of grade from 35% Choice to 80% Choice steers or heifers 1220 to 1500 pounds
 DRESSED No Reportable Trade.

CO – **Not reported due to confidentiality**
 DRESSED **Not reported due to confidentiality**
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***National Daily Direct Cattle 07/29/21
 5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1440	\$121.90	16,005
Live Heifer:	1292	\$121.12	5,591
Dressed Steer:	929	\$197.01	14,325
Dressed Heifer:	833	\$196.98	1,727

OCTOBER/DECEMBER 21 SPREAD - SPREAD IS WIDE SHOULD NARROW



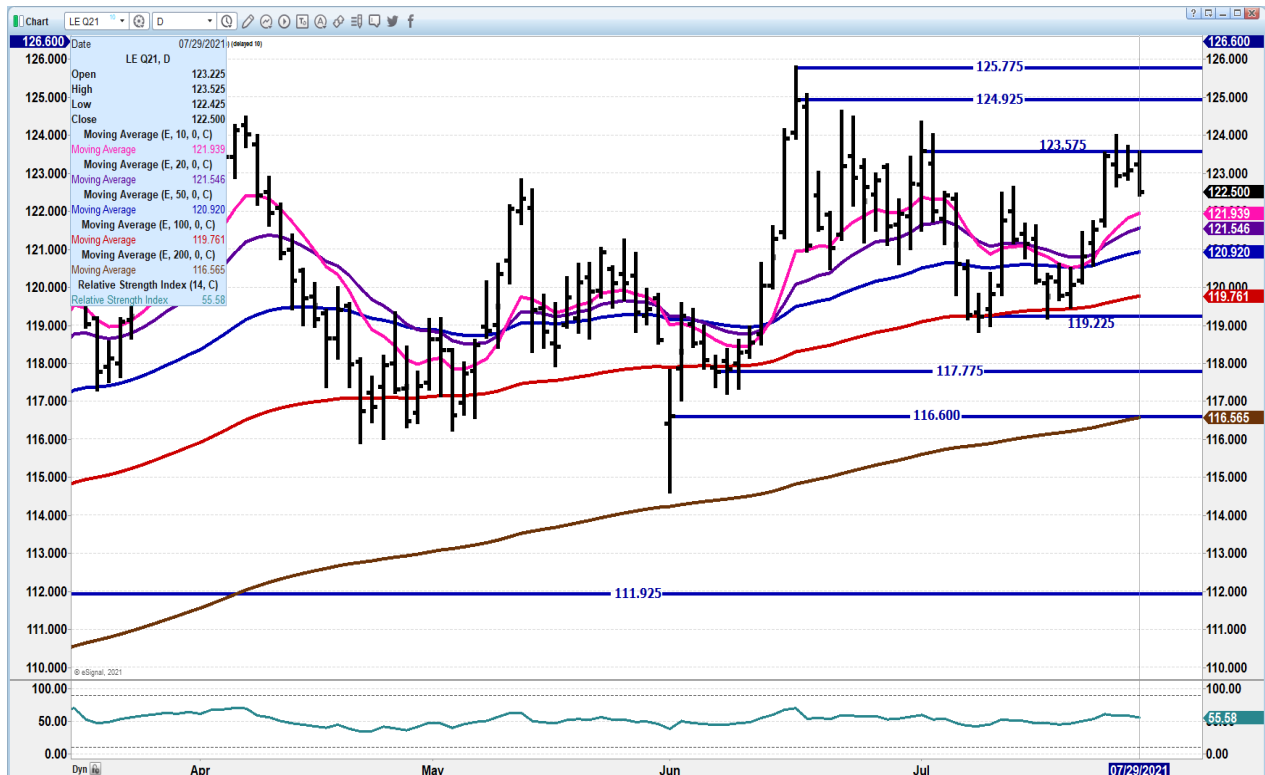
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DECEMBER/FEBRUARY LIVE CATTLE - CORRECTING BEAR SPREAD BUT SO FAR TRADERS HAVENT REVERSED AND ACTIVELY BUYING THE SPREAD



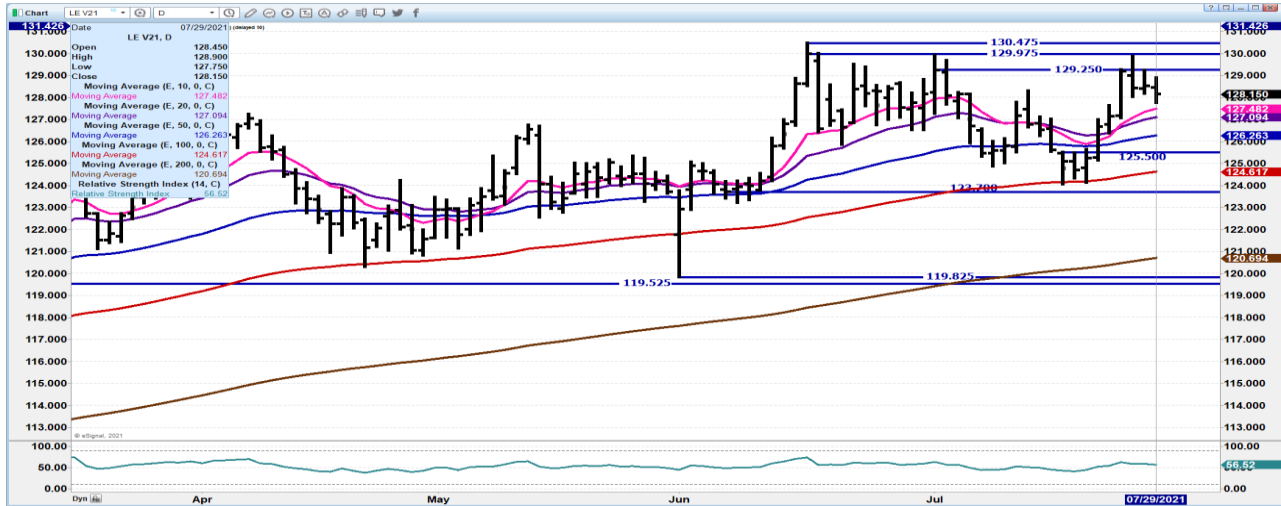
AUGUST LIVE CATTLE - Obvious resistance 123.57 Support at 121.37 to 120.90 . Volume at 8304 contracts



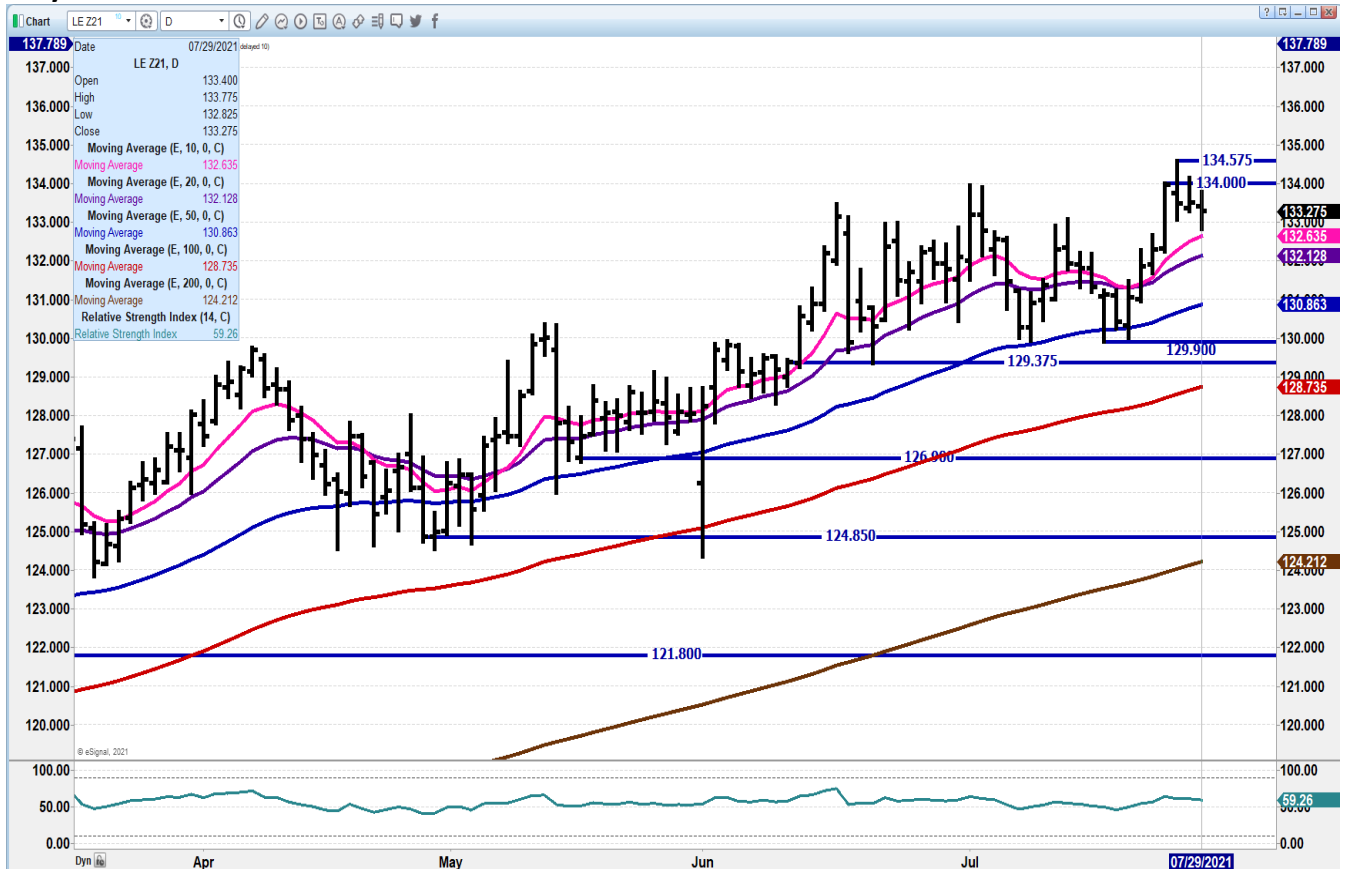
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OCTOBER 2021 LIVE CATTLE – Volume 16,114 RSI at 56, neutral to friendly 129.25 resistance Support at 127.40 to 126.25



DECEMBER 2021 LIVE CATTLE – Resistance at 134.00 Support at 132.60 to 130.85 Volume only 5763 contracts



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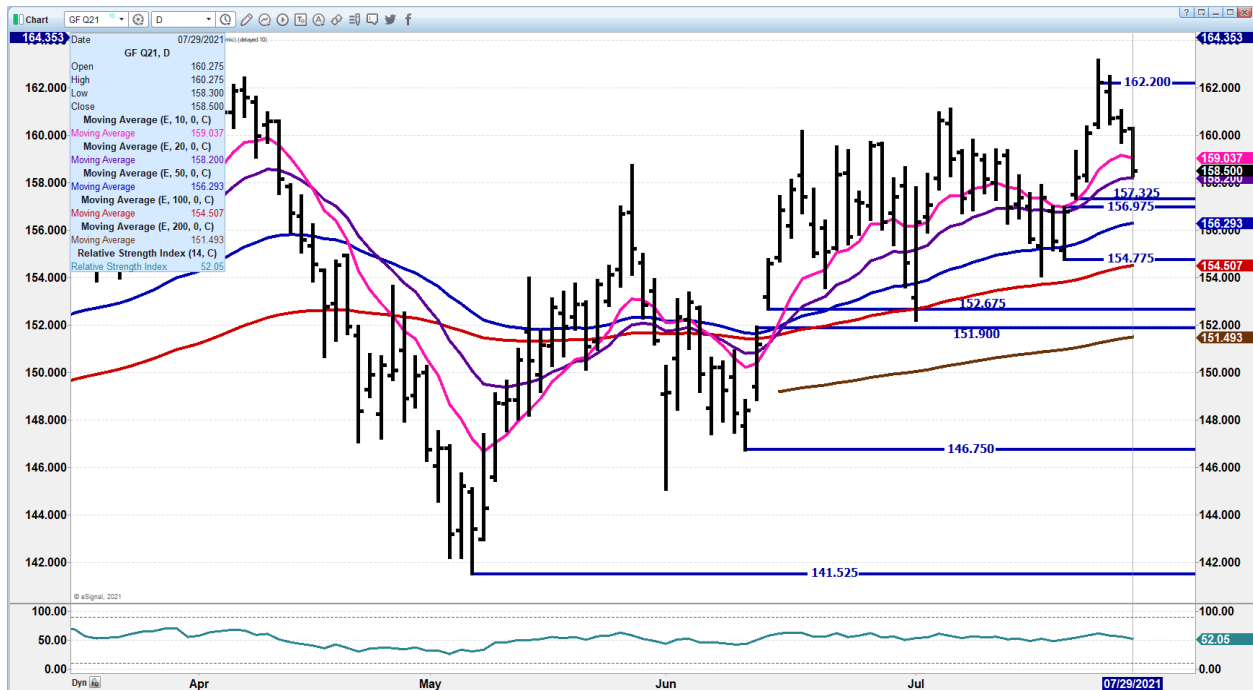
Feeder Cattle

THE CME FEEDER INDEX ON 07/28/2021 WAS 154.00 DOWN 36 FROM PREVIOUS DAY -

AUGUST 2021 FEEDER CATTLE FUTURES SETTLED ON JULY 29, 2021 \$158.50

FOR FEEDER CATTLE THE COF REPORT WAS FRIENDLIER AS YEAR PROGRESSES INTO FALL 2021 TO 2022. FROM OCTOBER 2021 INTO 2022 LOOK FOR MONTHS TO CONVERGE RATHER THAN BULL SPREAD AS BUYERS BOOK LONG TERM CONTRACTS.

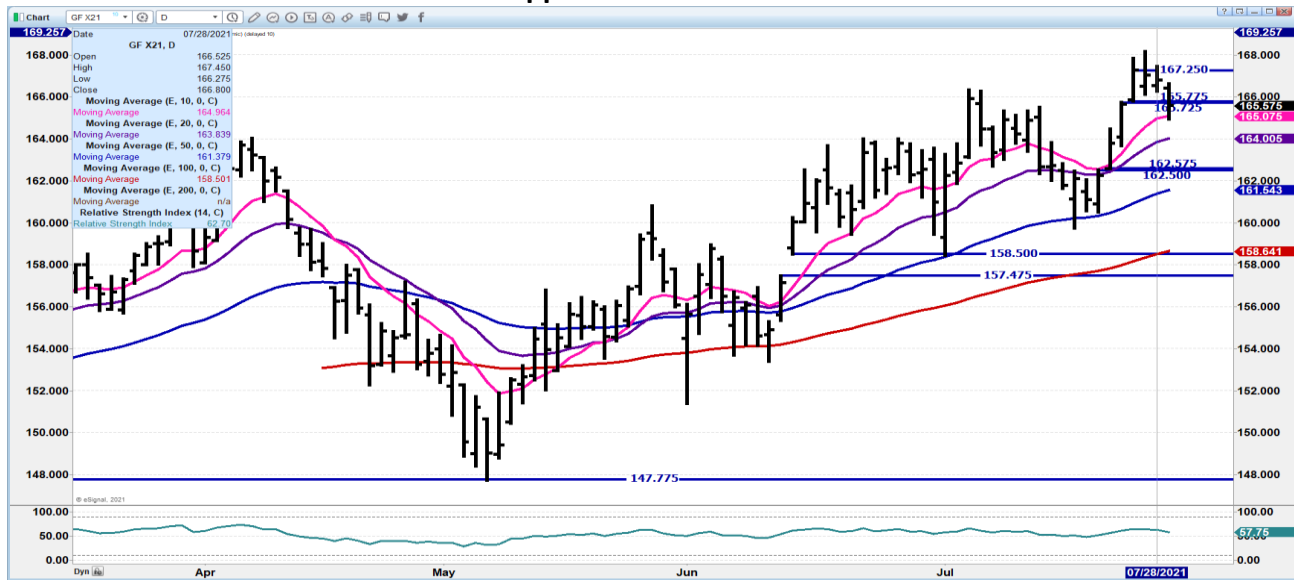
AUGUST 2021 FEEDER CATTLE – Support at 158.20 to 154.50 Resistance at 160.75 to 162.00
Current CME Feeder Index at 154.00



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NOVEMBER 2021 FEEDER CATTLE - Support at 165.00 to 161.50 Resistance at 167.25



LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

JULY 29, 2021	474,000
WEEK AGO	469,000
YEAR AGO	482,000
WEEK TO DATE (EST)	1,876,000
SAME PERIOD LAST WEEK (EST)	1,869,000
SAME PERIOD LAST YEAR (ACT)	1,888,000

****REVISED WEDNESDAY HOG SLAUGHTER..465,000 PREVIOUS ESTIMATE 471,000**

CME CASH LEAN HOG INDEX 07/27/2020 AT 111.94 DOWN 11 CENT FROM PREVIOUS DAY –

CME CASH PORK CUTOUT INDEX 07/28/2021 AT 123.24 UP 74 CENTS FROM PREVIOUS DAY

CME CASH FRESH BACON INDEX ON 7/23/2021 WAS 272.67 COMPARED TO 7/16/2021 WAS 246.99

CME PORK INDEX TO CME LEAN HOG INDEX plus 11.30 Pork gaining on hogs is positive for packers

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Good exports. Mexico a large buyer with light sales to other countries like Japan. China was out of the picture. From now China may buy US pork but only on special occasions probably around their 2 major year holidays.

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When there are only 8986 hogs sold on the negotiated cash market, spec traders have the control of the futures right up to expiration of the current spot month.

Packers don't have to share profits and producers don't have to share profits, but it is better for producers when packers are working in the black especially when kill isn't too big, and pork is moving.

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Be Aware

Lean Hog trade volume has been light and when trade volume is light, it doesn't take much to get a market moving. Be aware of recent news of African Swine Fever outbreaks.

Germany has found hogs in commercial herds and hogs in the Dominican Republic are first to show up in the western hemisphere. Dominican Republic hogs could possibly go down to Brazil and other South American countries and/or find its way to the US. Of course, it might stay in one place but could rattle the market even with a few good rumors.

Dominican Republic Confirms Positive Case of African Swine Fever

<https://www.porkbusiness.com/news/industry/dominican-republic-confirms-positive-case-african-swine-fever>

Last year, a couple wild boars in Germany were found to have African Swine Fever. US hog traders became excited anticipating that the US might start moving more pork to China to replace the German pork. As it happened, it didn't increase US pork exports because within a week German pork that China halted found other countries to buy it, and China increased buying more pork from Spain and Portugal. It didn't help US exports but actually increases sales from the EU. .

Less than a month ago, a few hogs in a commercial herd in Germany were found with ASF. Traders shook off the news. Throughout July it has been reported a few more commercial hogs in the German region have ASF. For some reason, the news has had no effect to the US futures.

Now, ASF is showing up in the Western hemisphere in the Dominican Republic. So far, the news hasn't cause even a hiccup.

ASF reports better be monitored. Currently, trade volume is light, but when news is slow, it doesn't take much to shake up a market.

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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

July 29, 2021

LOADS OF PORK CUTS: 250.60

TRIM/PROCESSED PORK: 24.77

FINAL

DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
07/29/2021	275.37	123.87	114.84	112.33	95.27	133.73	104.54	223.81
CHANGE		-1.10	1.02	1.05	0.96	-2.17	-5.79	-0.33
FIVE DAY AVERAGE --		123.53	112.43	106.97	93.23	133.59	108.24	224.50

NOON

DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
07/29/2021	115.66	127.37	108.92	109.41	96.50	132.93	115.68	239.06
CHANGE		2.40	-4.90	-1.87	2.19	-2.97	5.35	14.92
FIVE DAY AVERAGE --		124.23	111.24	106.39	93.48	133.43	110.47	227.55

FINAL

DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
07/28/2021	284.96	124.97	113.82	111.28	94.31	135.90	110.33	224.14
CHANGE		1.48	0.51	-0.15	-0.60	0.25	6.10	1.64
FIVE DAY AVERAGE --		123.22	111.33	104.06	91.99	133.35	109.19	224.57

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 July 28, 2021

Average live weight: 276.88

Average carcass : 208.27

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

DAILY DIRECT AFTERNOON HOG REPORT JULY 29, 2021

National Negotiated Carcass Price

Lowest price: 100.00

Highest price: 108.00

Weighted Average Price: **102.58**

Head Count: 4,550

On a National basis, compared to the previous day, **1.22 lower**

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Other Market Formula (Carcass)

Lowest Base Price 68.20

Highest base price: 120.09

Weighted Average Price: **89.55**

Head Count: 57,569

Pork Market Formula (Carcass)

Lowest base price: 85.49

Highest Base Price: 125.34

Weighted Average Price: **110.48**

Head Count: 135,536

Other Purchase Arrangement (Carcass)

Lowest base price: 74.89

Highest base price: 114.86

Weighted Average Price: **105.83**

HEAD COUNT: 58,644

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AUGUST 2021/DECEMBER 2021 LEAN HOG SPREAD – Lack of specs on spread out of August and August under CME Index moving spread wide. Will drop spread today.



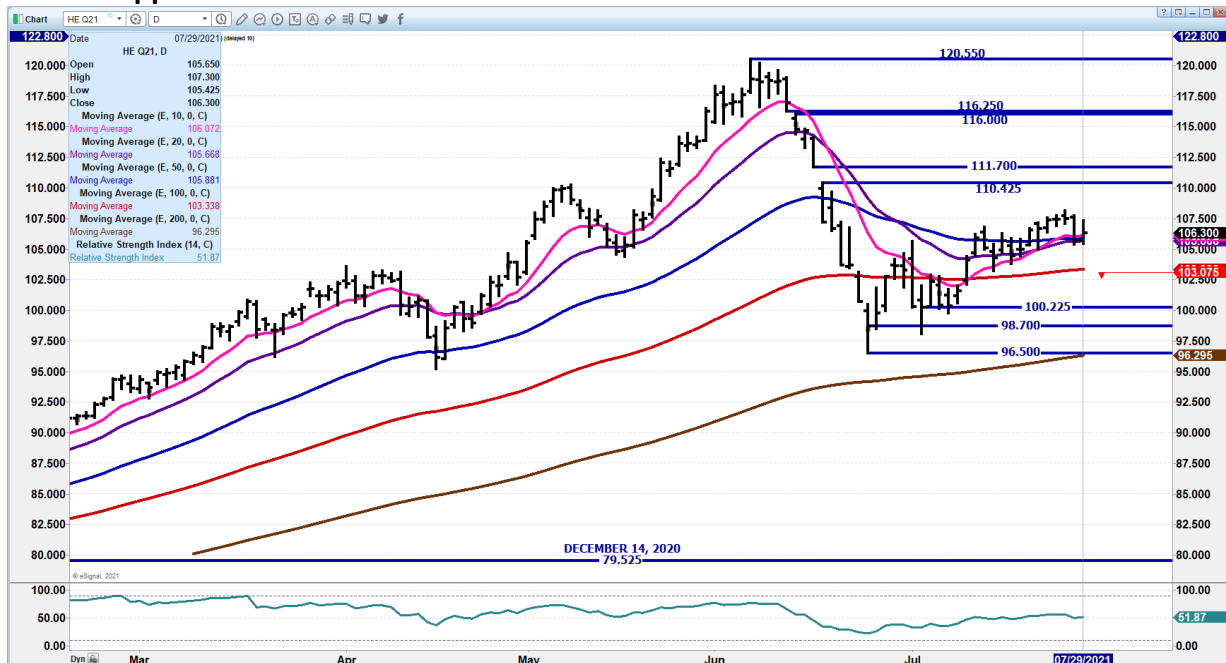
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OCTOBER 2021/DECEMBER 2021 LEAN HOG SPREAD – October losing to December should be happening with no fundamental reason December 6.75 under October other than bull spread is showing strength in market



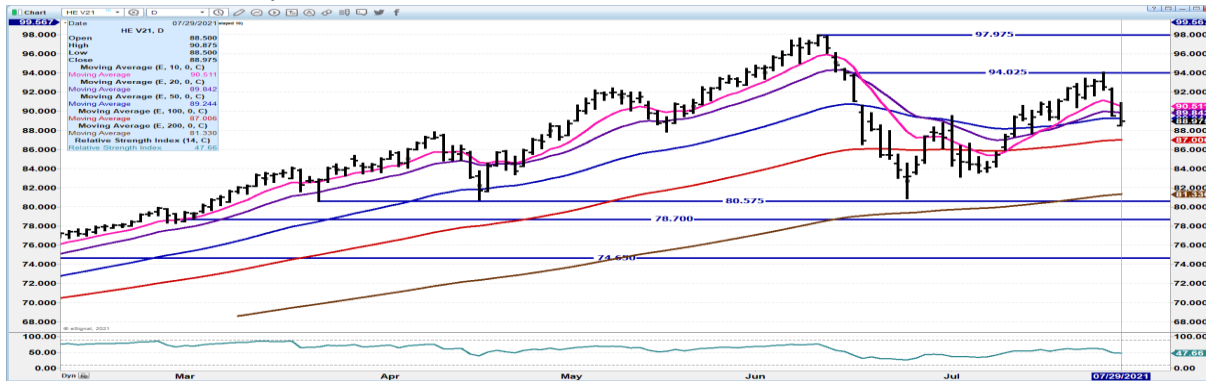
AUGUST 2021 LEAN HOGS - Support convergence at 10,20 and 50 day moving average 106.00 support.to 103.07 Resistance at 110.45 CME Index at 111.95 Volume 6144



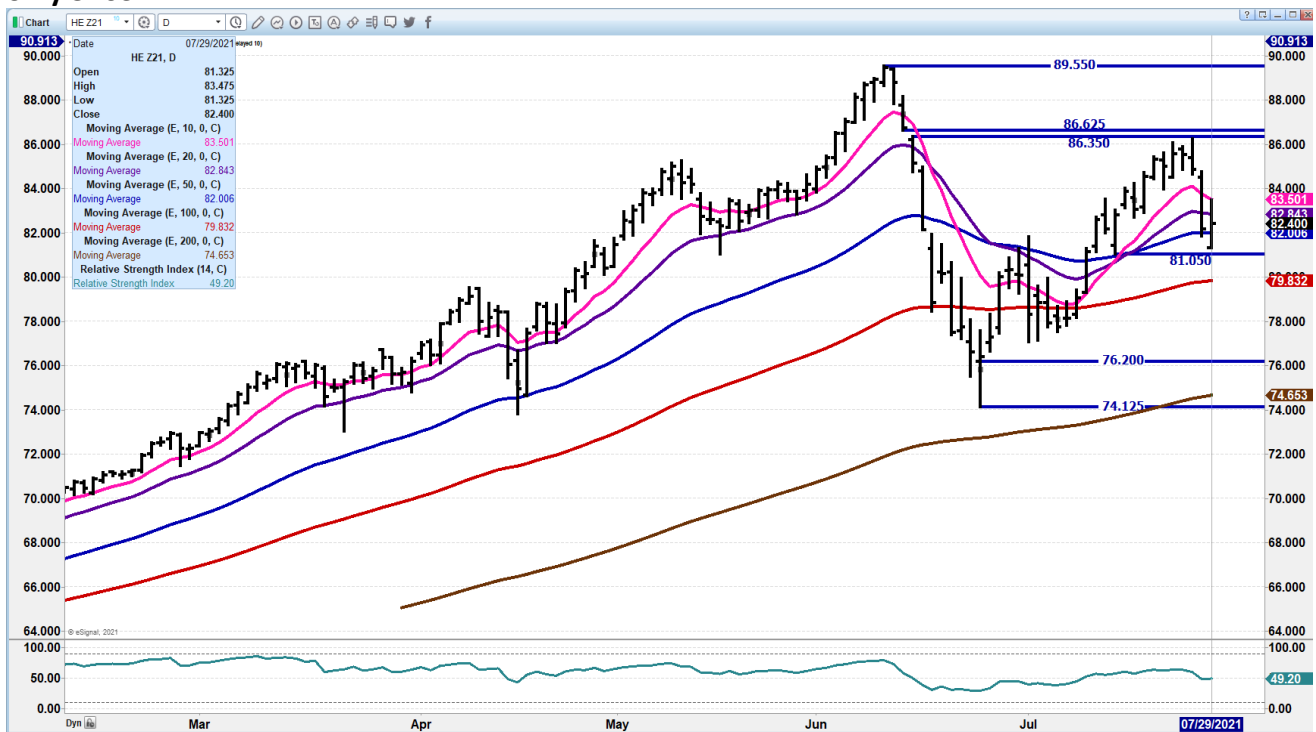
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OCTOBER 2021 LEAN HOGS - Down below 50 day average puts support at 87.00 Resistance at 90.50 Volume 15,629



DECEMBER 2021 LEAN HOGS – Support at 81.05 to 79.85 Resistance at 83.50 Volume at only 5763



CHARTS FROM ESIGNAL INTERACTIVE, INC.

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