



ADM Investor
Services, Inc.



Daily Futures Market Commentary Livestock Outlook

TUESDAY MORNING AUGUST 24, 2021 LIVESTOCK REPORT

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[USDA COLD STORAGE REPORT AT BOTTOM OF THE PAGE](#)

CATTLE

AUGUST 23, 2021	120,000
WEEK AGO	119,000
YEAR AGO	116,000

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	CHOICE	SELECT
BOXED BEEF FINAL	348.03	319.40
CHANGE FROM PRIOR DAY:	2.97	0.87
CHOICE/SELECT SPREAD:	28.63	
TOTAL LOAD COUNT (CUTS, TRIMMINGS, GRINDS):	83	
5 DAY SIMPLE AVERAGE:	338.92	311.01

CME BOXED BEEF INDEX FOR 08/19/2021 WAS AT \$326.88 UP \$3.53 FROM PREVIOUS DAY

FINAL AUGUST 23, 2021

PRIMAL RIB	599.39	458.24
PRIMAL CHUCK	278.04	275.23
PRIMAL ROUND	282.97	287.76
PRIMAL LOIN	444.20	391.32
PRIMAL BRISKET	326.15	294.07
PRIMAL SHORT PLATE	254.90	254.90
PRIMAL FLANK	164.52	165.90

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FINAL AUGUST 20, 2021

PRIMAL RIB	595.52	452.72
PRIMAL CHUCK	274.78	278.36
PRIMAL ROUND	281.58	284.63
PRIMAL LOIN	438.75	387.36
PRIMAL BRISKET	323.90	301.00
PRIMAL SHORT PLATE	255.73	255.73
PRIMAL FLANK	163.08	164.95

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LOAD COUNT AND CUTOUT VALUE SUMMARY

Date	Choice	Select	Trim	Grinds	Total	CHOICE 600-900	SELECT 600-900
08/20	45	11	15	14	85	345.06	318.53
08/19	36	16	14	9	75	341.63	316.41
08/18	47	19	18	28	112	340.08	309.80
08/17	56	21	12	32	122	338.06	306.77
08/16	44	16	9	10	78	329.80	303.55
08/13	48	18	12	12	91	324.83	298.02 FRIDAY

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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. **CURRET VOLUME** - (one load equals 40,000 pounds)

Choice Cuts	39.99 loads	1,599,609 pounds
Select Cuts	15.54 loads	621,688 pounds
Trimmings	10.64 loads	425,559 pounds
Ground Beef	16.59 loads	663,416 pounds

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DELIVERY NOTICE SERVED – AUGUST 2021 - LIVE CATTLE

SETTLEMENT: AUGUST 23, 2021 - \$124.27

OLDEST LONG: 08/16/21 SETTLEMENT AT \$122.75

0 - DELIVERIES

FIRM # FIRM NAME DELIVERED RECEIVED

YARDS

ftp://ftp.cmegroup.com/delivery_reports/live_cattle_delivery/081121_livecattle.txt

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August Live Cattle futures moving to cash prices. Last week cash prices in Midwest up to \$129.00 to \$129.50. Average steer price was \$125.57.

October 2021 Live Cattle to April 2022 narrowing spreads which is positive. High price grain means high priced cattle beginning to happen. Live cattle finally breaking above pre-Covid prices.

The last time a futures contract was as high as current futures was the April 2020 contract on December 16, 2019 and it topped at \$128.45.

\$129.00 to \$129.50 cattle are not high priced cattle. Beef prices are high but not cattle and for showlist feedlots in the Southwest \$122.00 cattle definitely aren't high priced especially when there is a spread of \$7.00 to \$7.50 between north and south regions.

There is not a good comparison for cattle placed in July 2021 to placements in 2020 when feedlots were bringing back cattle to feedlots after "disappearing" during March and April 2020. However, the COF report shows in 2021/2022 there will be fewer cattle going forward and with high feed costs, cattle will be lighter than a year ago. As you may recall, from late fall 2020 through April 2021, a problem that held prices down were overfed and overweight cattle. Cattle weighing 1650 pounds or more were not uncommon.

As bullish as having fewer cattle ahead, there will be less tonnage of beef because of the weight difference.

On Monday August 23, 2020 October 2021 Live Cattle were \$110.17. Monday, August 23, 2021 October 2021 Live Cattle settled at \$131.95. October Cattle 2020 on August 24, 2020 were \$107.92 and they settled on October 30, 2020 at \$105.97. December 2020 Corn was \$3.45/bushel.

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As of AUGUST 17, 2021 dressed steer and heifer weights were 865.1 compared to previous week at 862.8 up 2.3 pounds for the week. Grading percent was 80.9% up .3% compared to previous week at 80.6%.

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USDA POSTED SUMMARY CATTLE PRICES ON 08/23/2021

IA/MN – CASH – No Reportable Trade

DRESSED - \$200.00 ON 470 HEAD STEERS WEIGH 989.8 POUNDS HEIFERS WEIGH 860.0 POUNDS

NE – CASH - 129.75 on 1545 head steers and heifers Group over 3 weeks arrives on Monday and top market

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DRESSED – No Reportable Trade.

KS – CASH - No Reportable Trade

DRESSED – No Reportable Trade.

TX/OK/NM – No Reportable Trade

DRESSED No Reportable Trade.

CO – **Not reported due to confidentiality**

DRESSED **Not reported due to confidentiality**

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***National Daily Direct Cattle 08/23/21

5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1463	\$125.62	36,697
Live Heifer:	1312	\$124.64	15,412
Dressed Steer:	941	\$201.07	18,938
Dressed Heifer:	844	\$200.51	3,945

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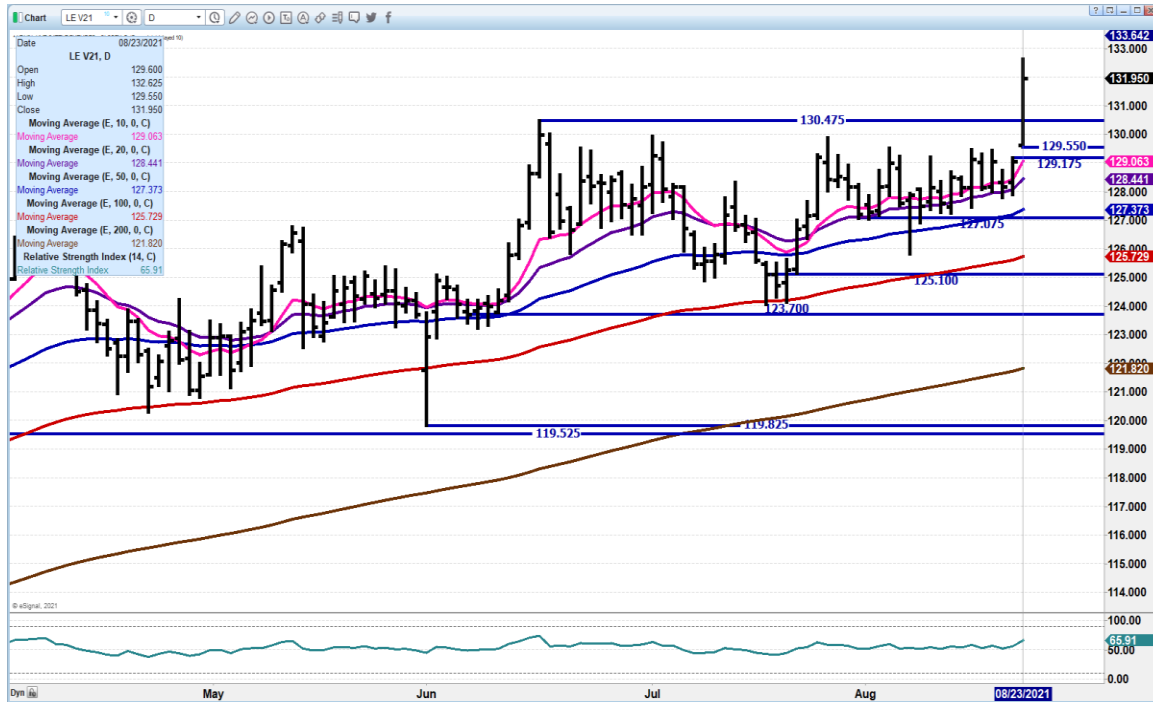
OCTOBER/DECEMBER 2021 LIVE CATTLE SPREAD - SPREAD FINALLY NARROWING MOVING AWAY FROM BEAR SPREADS



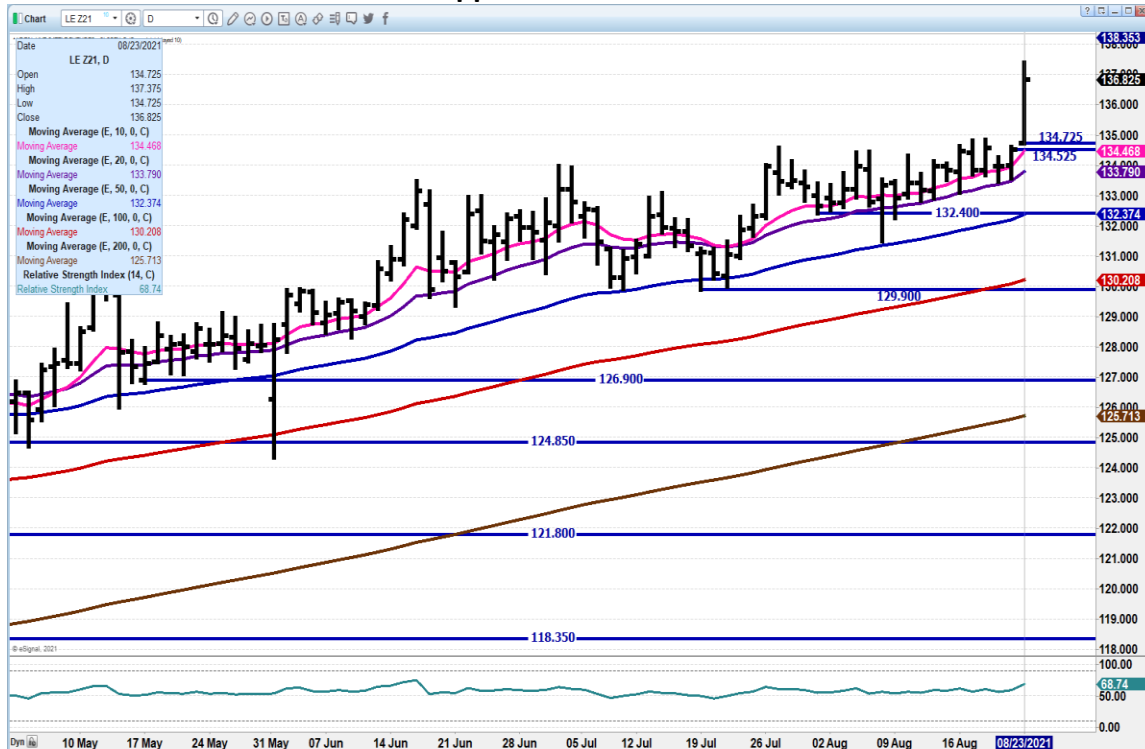
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OCTOBER 2021 LIVE CATTLE – RESISTANCE A NEW HIGH OVER 133.00 Support at 129.10 to 128.50 buy at 129.25 with sco below 127.00



DECEMBER 2021 LIVE CATTLE – support at 134.50 to 133.75 Resistance a new contract high



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Feeder Cattle

CME FEEDER INDEX ON 08/19/2021 WAS 155.73 DOWN 6 CENTS FROM PREVIOUS DAY -

AUGUST 2021 FEEDER CATTLE FUTURES SETTLED ON AUGUST 23, 2021 \$158.20

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Feeders were strong on Monday. But beware, there are very large premiums on futures to current cash markets based on CME Feeder Index.

From October 2021 into 2022 prices on futures moving together as large feedlots contract several months at a time. Cow kill has been and still is large. From Canada into the northern Plains, down the states along the western slope of the Rocky Mountains and into the Southwestern states the extreme dryness has forced cow/calf producers to liquidate.

The Cattle on Feed report showed a large group of feeders placed from 600 pounds on down. July usually isn't a time when light feeders are placed on feed especially with current high feed costs. However, hay prices are like gold this year, and feeders went on feed because grass was gone and too expensive to buy hay. A 500 pound feeder won't finish for until late winter 2022. I've told there are some areas in Dakotas chopping corn now.

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NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 08/21/2021

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week:	144,600	27,700	267,600	439,900
Last Week:	147,800	50,900	74,000	74,000
Year Ago:	160,400	51,500	71,200	283,100

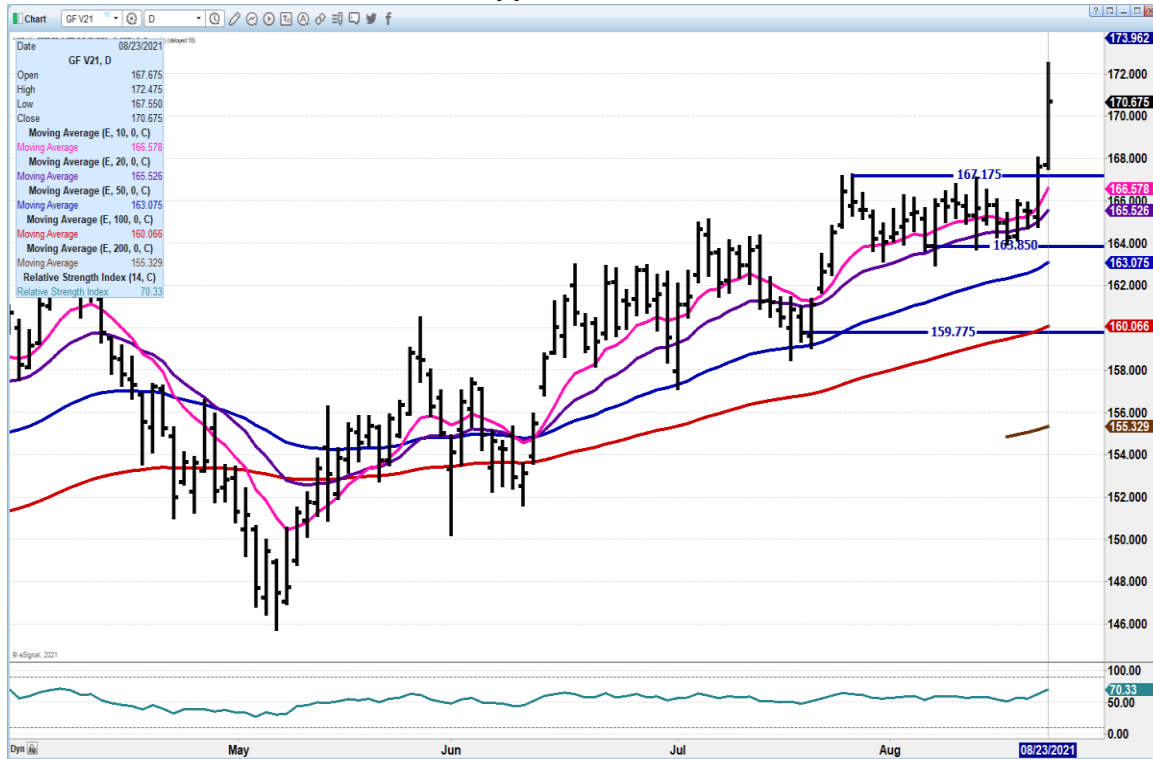
Compared to last week, steers and heifers sold uneven; 1.00 lower to 2.00 higher. Spring born calves in the North Plains are coming to market already, as the drought is forcing these calves off the range a full 2-3 months earlier than usual. Despite it being a bit "too early" for cattle feeders, demand is very good for these light calves. Demand Good to very good demand for yearling steers and heifers this week as higher negotiated cash slaughter cattle, higher nearby cattle futures and sharply lower grain futures are driving higher prices in the feeder cattle auction arena. Many producers are taking the time now to market.....

https://www.ams.usda.gov/mnreports/sj_ls850.txt

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OCTOBER 2021 FEEDER CATTLE – Support at 166.57 too 165.50 Resistance at 172.50



LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

AUGUST 23 2021	467,000
WEEK AGO	463,000
YEAR AGO	477,000

****REVISED FRIDAY HOG SLAUGHTER..460,000** PREVIOUS ESTIMATE 467,000**

****NEW SATURDAY HOG SLAUGHTER WEEK TO DATE..2,445,000** PREVIOUS ESTIMATE 2,452,000**

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CME CASH LEAN HOG INDEX 08/19/2020 AT \$ 107.56 DOWN 62 CENTS FROM PREVIOUS DAY

CME CASH PORK CUTOUT INDEX 08/20/2021 AT 119.65 DOWN \$1.38 FROM PREVIOUS DAY

CME CASH FRESH BACON INDEX ON 8/20/2021 WAS 289.93 COMPARED TO 8/13/2021 WAS 294.55

CME PORK INDEX TO CME LEAN HOG INDEX plus 12.09

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Cash negotiated hogs, formula and contracted hogs priced on futures are all dropping. See tables below.

Slaughter is down from a year ago, but packers seem satisfied they have enough pork to fill contracts and have pork to fill daily market. Carcass weights have been between 207.50 to 209.00 . For over a month weights have averaged around 208.

It looks like a start of another week of trading when Len Hogs are down one day and then up another day. But what's happening traders are narrowing spreads. October is losing to December. Trade volume moderate on October but light on December going forward.

The CME Lean Hog Index is dropping, pork is dropping and cash hogs are dropping. Pork exports are down. China is buying U.S. offal and that's pretty much all they are taking. Mexico has been a light buyer of late and longer Mexico waits, it's negative.

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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

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NATIONAL DAILY PORK REPORT FOB PLANT - NEGOTIATED SALES

AUGUST 23, 2021

LOADS OF PORK CUTS: 336.17

TRIM/PROCESSED PORK: 28.87

FINAL

DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
08/23/2021	365.04	113.26	115.74	130.00	91.22	148.32	71.01	195.29
CHANGE		-6.00	-4.31	2.83	0.38	9.31	-12.17	-15.76
FIVE DAY AVERAGE --		118.53	117.00	127.78	90.86	142.12	79.13	216.43

NOON

DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
08/23/2021	172.07	114.73	112.30	125.90	93.24	146.02	73.63	207.52
CHANGE		-4.53	-7.75	-1.27	2.40	7.01	-9.55	-3.53
FIVE DAY AVERAGE --		118.82	116.32	126.96	91.26	141.66	79.65	218.88

FINAL

DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
08/20/2021	296.96	119.26	120.05	127.17	90.84	139.01	83.18	211.05
CHANGE		-2.14	-2.21	-3.69	-0.14	4.26	5.38	-16.82
FIVE DAY AVERAGE --		119.75	116.94	126.76	91.76	141.15	79.94	222.88

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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 Friday, August 20, 2021 and Saturday, August 21, 2021

Average live weight: 277.31

Average carcass : 208.52

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

DAILY DIRECT AFTERNOON HOG REPORT AUGUST 23, 2021

National Negotiated Carcass Price

Lowest price: 91.00

Highest price: 101.00

Weighted Average Price: **92.68**

Head Count: 6,568

From Previous day **3.72 lower**

Other Market Formula (Carcass)

Lowest Base Price 58.84

Highest base price: 109.85

Weighted Average Price: **87.30**

Head Count: 45,819

Pork Market Formula (Carcass)

Lowest base price: 86.81

Highest Base Price: 123.22

Weighted Average Price: **106.19**

Head Count: 183,220

Other Purchase Arrangement (Carcass)

Lowest base price: 72.26

Highest base price: 111.39

Weighted Average Price: **100.96**

HEAD COUNT: 135,672

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OCTOBER 2021/DECEMBER 2021 LEAN HOG SPREAD – OCTOBER BEGINNING TO LOSE TO DECEMBER. LOOK FOR MORE NARROWING

SPREAD SETTLED

2017 -\$1.80

2018 +\$13.25 HIGH ON 10/11/2018 \$14.25

2018 -\$6.05

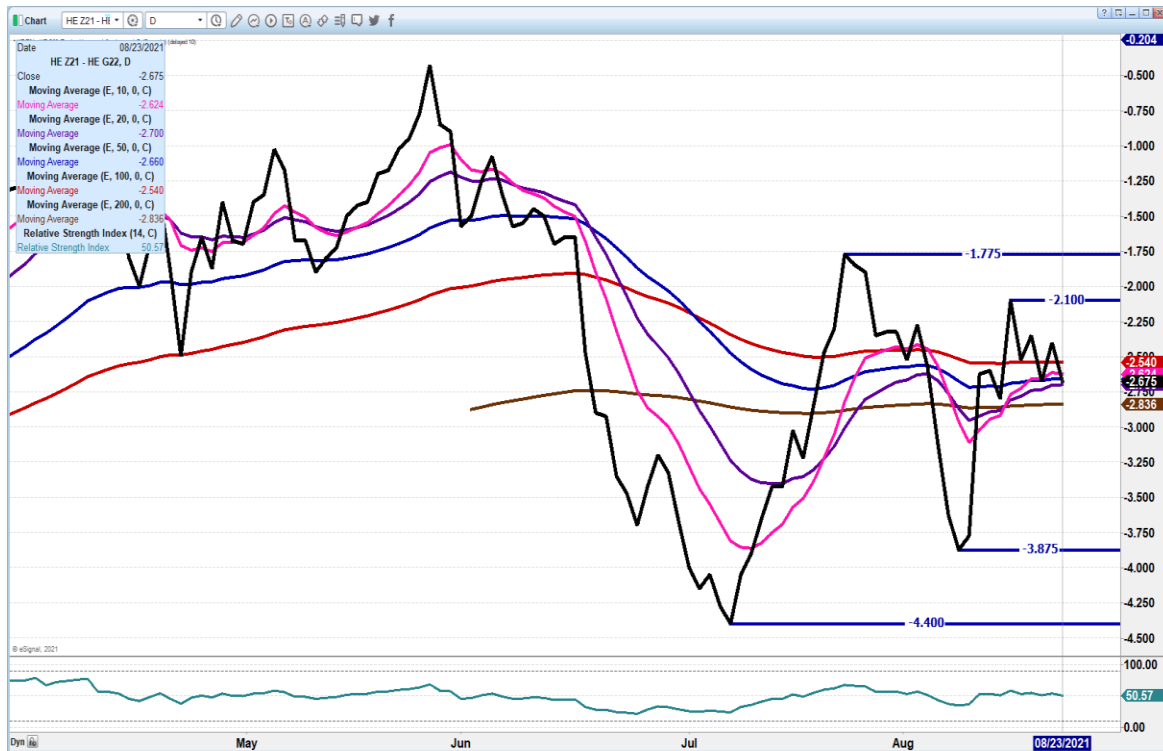
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2020 +10.00 HIGH ON 10/17/2020 \$12.30
 2021 CURRENT + 6.07



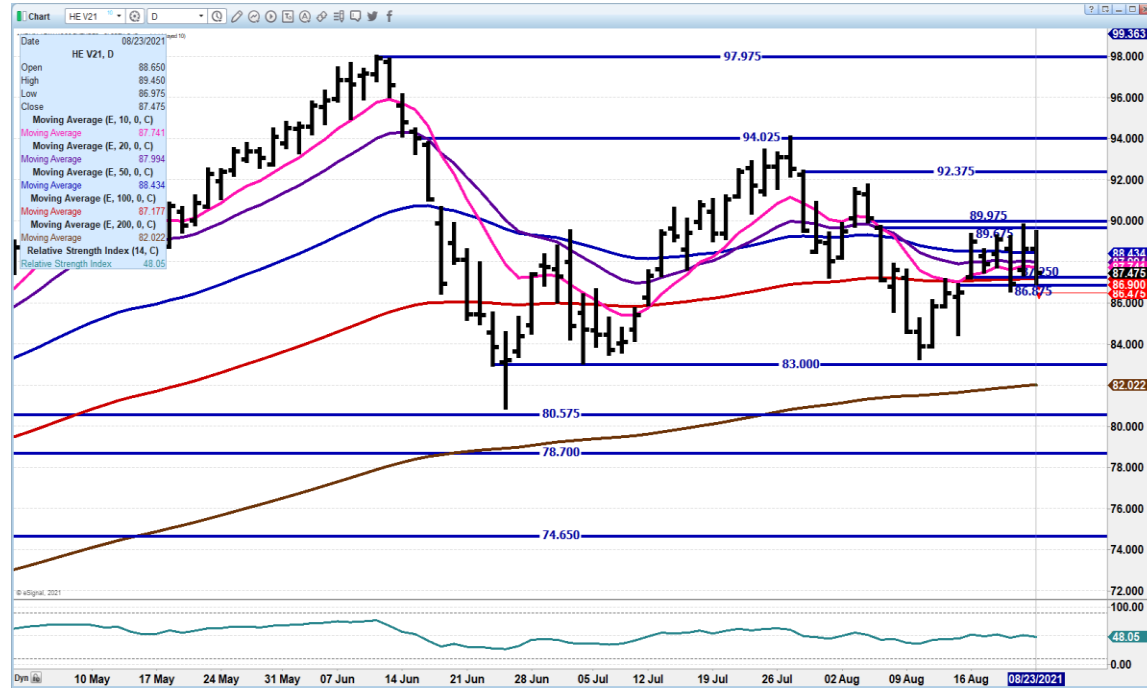
DECEMBER 2021/FEBRUARY 2022 LEAN HOG SPREAD - SPREAD NORMAL NOW AROUND MINUS 3.00



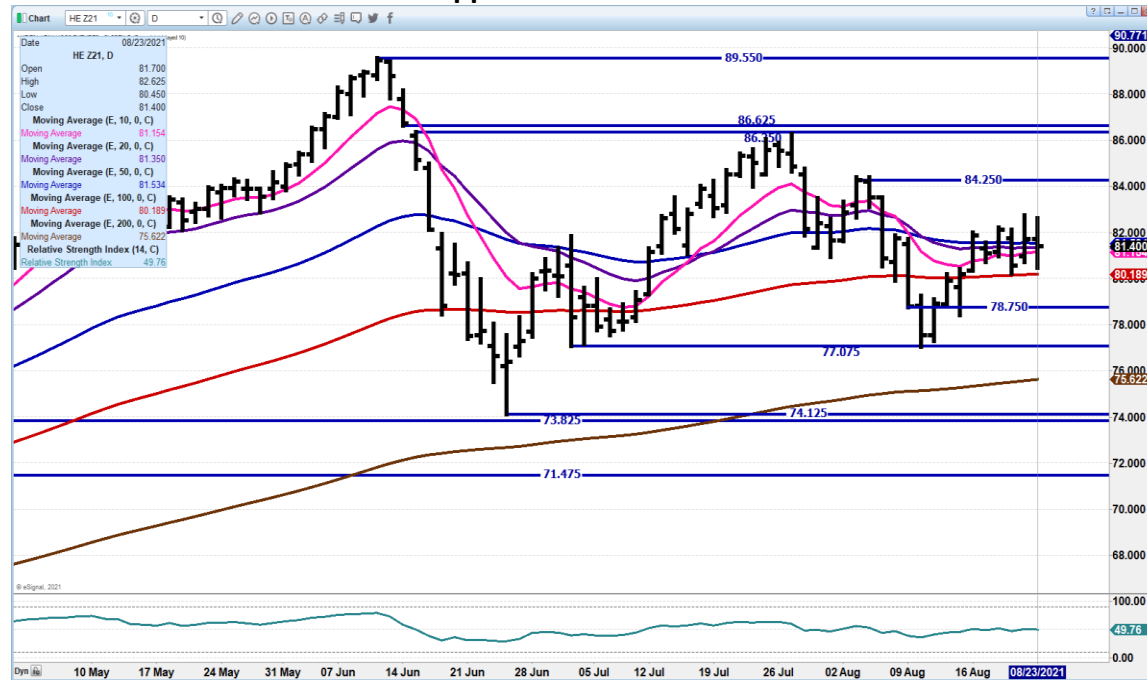
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OCTOBER 2021 LEAN HOGS - STILL IN MIDDLE OF TWO GAPS Top gap yet to be filled Support 86.47 a close above 90 friendly



DECEMBER 2021 LEAN HOGS – support at 80.10 Resistance at 82.37



**USDA COLD STORAGE REPORT
RELEASED AUGUST 23, 2021**

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July 2021 Highlights

Total red meat supplies in freezers were up slightly from the previous month but down 8 percent from last year.

Total pounds of beef in freezers were down slightly from the previous month and down 9 percent from last year.

Frozen pork supplies were up slightly from the previous month but down 4 percent from last year.

Stocks of pork bellies were down 24 percent from last month and down 35 percent from last year.

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It should be no surprise that beef and pork supplies are down from a year ago. With high prices for both beef and pork and demand as strong as it has been, it would be shock if inventories were up. Pork bellies are and have been the highest primal cut of the pork carcass. Of course most bellies are trimmed out and sold as lean trimmings which is the main reason that bellies used for bacon are so high priced. Pork in storage is slightly more than June because of the dip in exports. Pork exports have slowed because China is buying less and Mexico hasn't been a consistently big buyer week after week.

Report shows beef and pork moved in July. It wasn't a secret. Even Chicken and Turkey yearly stocks are down.

Tuesday, cattle and hogs are going to react to expectations ahead and not to this report. Beef is strong but pork has started to drop in price. It is positive when storage is down. But the friendly Cattle On Feed report is more important and for hogs, market is pricing lower market into the fall as world hog inventory especially in China grows

Chris Lehner

CHARTS FROM ESIGNAL INTERACTIVE, INC.

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