



ADM Investor  
Services, Inc.

## Daily Futures Market Commentary Livestock Outlook

### THURSDAY MORNING SEPTEMBER 23, 2021 LIVESTOCK REPORT

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#### CATTLE

**USDA COLD STORAGE REPORT AT BOTTOM OF REPORT**

**BEEF AND PORK EXPORT HIGHLIGHTS AT BOTTOM OF REPORT**

SEPTEMBER 22, 2021	122,000
WEEK AGO	121,000
YEAR AGO	121,000
WEEK TO DATE (EST)	363,000
SAME PERIOD LAST WEEK (EST)	355,000
SAME PERIOD LAST YEAR (ACT)	361,000

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BOXED BEEF FINAL	CHOICE	SELECT
Current Cutout Values:	307.83	275.50
CHANGE FROM PRIOR DAY:	(3.54)	(2.51)
CHOICE/SELECT SPREAD:	32.33	
TOTAL LOAD COUNT (CUTS, TRIMMINGS, GRINDS)	186	
5 DAY SIMPLE AVERAGE:	315.87	280.53

**CME BOXED BEEF INDEX FOR 09/21/2021 WAS AT 309.45 DOWN 1.77 FROM PREVIOUS DAY**

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**FINAL SEPTEMBER 22, 2021**

PRIMAL RIB	574.06	46.59
PRIMAL CHUCK	252.08	232.94
PRIMAL ROUND	242.01	239.44
PRIMAL LOIN	368.96	324.17

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PRIMAL BRISKET	276.93	239.30
PRIMAL SHORT PLATE	228.89	228.89
PRIMAL FLANK	158.30	153.48

**FINAL SEPTEMBER 21, 2021**

PRIMAL RIB	579.75	446.64
PRIMAL CHUCK	253.83	234.62
PRIMAL ROUND	242.74	239.88
PRIMAL LOIN	377.53	330.36
PRIMAL BRISKET	284.75	250.14
PRIMAL SHORT PLATE	229.64	229.64
PRIMAL FLANK	156.96	153.36

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**LOAD COUNT AND CUTOUT VALUE SUMMARY**

Date	Choice	Select	Trim	Grinds	Total	CHOICE 600-900	SELECT 600-900
09/21	71	48	21	35	175	311.37	278.01
09/20	40	21	9	13	84	315.66	280.75
09/17	95	30	8	22	155	314.47	279.75
09/16	90	23	9	19	141	318.00	280.27
09/15	111	40	14	26	191	319.82	283.89

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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	102.40 loads	4,096,092 pounds
Select Cuts	52.13 loads	2,085,258 pounds
Trimming	3.14 loads	125,533 pounds
Ground Beef	28.22 loads	1,128,757 pounds

**SEPTEMBER 2021 LIVESTOCK REPORTS**

**FRIDAY SEPTEMBER 24, 2021 - HOGS AND PIGS REPORT 2:00PM CENTRAL TIME**

**FRIDAY SEPTEMBER 24, 2021- CATTLE ON FEED REPORT 2:00PM CENTRAL TIME**

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## CATTLE ON FEED ESTIMATES FOR FEBRUARY 24, 2021

U.S. Aug cattle placements seen 1% lower than year ago - Reuters News

	Range	Average	Mln head
On feed September 1	97-99	97.9	11.155
Placements in August	93.7-103	99	2.036
Marketings in August	99.4-101.4	100	1.892

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**Beef net export sales at 15,800MT too low. To make a difference net sales need to be at least 20,000MT**

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**Brazil may not be as worried about the stall of beef to China. From January through July 2021 the US has increased beef imports from Brazil by 76.65%. From 96,157, 360MT in 2020 to 169,858,108MT in 2021**

[ERS/USDA](#)

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**CATTLE PLACEMENTS NEED TO BE MUCH LOWER TO BE BULLISH**

The daily load movement of boxed beef has been increasing. At the same time beef prices have been falling. Going forward it will be important to watch if daily load movement continues to increase, becomes larger or if it drops. An increasing load movement with falling prices indicates less beef is being contracted and likely less beef is being sold for the export markets.

As more beef is put onto the daily market, packers are losing contracts and they dump beef into the daily sales. The opposite happened throughout the summer. Daily sales were low and beef sellers were telling buyers take the price or leave it. The limited amount of beef offered on the daily boxed beef market forced buyers to pay more. It wasn't uncommon in August that buyers couldn't get the exact cuts they wanted and/or the amount of beef they regularly bought and had to switch to alternative cuts or they simply couldn't get beef with several restaurants closing early or changing menus for much of August. Fortunately by the end of August shortage of beef was ended. Futures topped on August 24<sup>th</sup>.

Currently, if the amount of daily boxed beef movement continues to increase, it shows there is less beef being contracted occurring. Less contracting of beef will begin to affect formula pricing for cattle and outright affect the price of showlist cattle.

Of course, the increasing beef movement over the past couple of weeks may be temporary and short lived. Last week's slaughter of 657,000 was a big kill. But the indications of lower beef prices ahead with the increasing percentage of Select beef and cheaper Select beef sold

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compared to Choice , lower prices for Choice and Select beef, the loss of premium price over the past two weeks for high Choice/Prime cattle, narrowing of the spread between Southwest and Midwest cattle, the severe drop of Choice rib sections if it continues, are all signs of lower markets.

From June 6<sup>th</sup>, live cattle spreads have been bear spread and they remain bear spread. Since June there have been a few attempts to rally cash cattle, but the highest prices paid were for very specific high grading cattle and Southwest cattle prices have been totally at the price of the packer. In August there were three to four weeks where prices in the Southwest to the Midwest varied by \$8.00, but that has stopped and now it is back to the \$3.00 to \$4.00 regional spread.

Primal Choice rib sections have been deceptive to the cutout and to many traders. They were propping up a falling composite beef market. They have had extraordinary strength compared to other Choice primal cuts and the spread between Choice rib sections and Select rib sections has been exceptionally wide. There is a lot of cheap beef sold compared to Choice rib sections. Choice rib sections have been like a wooden cane and when the cane breaks, nothing is being supported.

Boxed beef Choice primal rib sections have been the main reason the beef cutout has been holding the high levels of the beef composite. But as of Tuesday, the wind looks to be taken out of the sail and Choice primals ribs were down from Monday \$33.75 from Monday to Tuesday. If Choice rib sections continue to fall, Choice beef will drop and the spread between Choice and Select beef will quickly narrow.

With all that is and has been negative to cattle and beef prices, there is the possibility cattle placements will drop, From the June, July and August Cattle on Feed Reports, the reports have shown large placement through September to mid-October followed by fewer placements into 2022. The slaughter through the summer showed estimates have been fairly accurate. As of last week, September 18<sup>th</sup>, federal slaughter is up 3.7% year to date.

Cattle kill has been strong in 2021. But if previous COF reports are an indication of the last quarter of 2021 and into 2022, plus the large cow kills throughout 2021 that still remain large, US cattle inventory will drop and it will need to drop to push prices higher.

US inventory needs to drop because global exports from Brazil, several EU countries, Mexico, the United Kingdom and especially Russia are growing. (Brazilian beef exports dropped to China in August 2022, but by end of the year their exports surpassed the previous year.) Russian growth in the cattle industry has been astronomical along with new trade agreements with China and several Middle Eastern Countries. Countries like Italy and Spain

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are quickly increasing production. Italy may not export beef but is decreasing needs for imports. Spain for 2022 plans on increasing exports by over 750%.

The world is also going to flush with pork in 2022. Russia has been increasing production since 2009 with large increases over the past 5 years. After two bouts of Chicken Flu, China has rebuilt the the egg and chicken population. Like hogs and cattle, Brazil poultry numbers are growing.

A lower US cattle inventory is needed but it may be a little too late to see price improvement over what futures are now offering with spreads.

As the Chinese pork inventory was decimated for 2019 and 2020, countries across the globe increased hog, cattle, poultry and aqua-culture with many countries seeing fast growing exports to China. For a little over a year and half, pork, poultry, beef and fish stocks in China were low but exports increased. China was also in a building phase before ASF and has quickly made up hog numbers at the same time worldwide sellers increased hog, cattle, poultry, egg and fish farming. Lower production on hogs and cattle will not affect China or many countries as it did 5 to 10 years ago. Lower production of pork or beef will mean less market share.

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Don't expect much trading volume this week. Traders will be waiting for the September 24<sup>th</sup> Cattle on Feed Report and Thursday's exports.

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As of *SEPTEMBER 21, 2021* dressed steer and heifer weights were 880.7 compared to previous week at 878.9 up 1.8 pounds on top of previous increase the week before of 8.2 pounds. Grading percent was 80.1% down 1.4% compared to previous week at 81.5%.

[https://www.ams.usda.gov/mnreports/ams\\_2700.pdf](https://www.ams.usda.gov/mnreports/ams_2700.pdf)

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**USDA POSTED SUMMARY CATTLE PRICES ON 09/22/2021**

**IA/MN – CASH – 120.00 - 123.00 AVERAGE WEIGHT 1,557.5 POUNDS  
DRESSED - 194.00 - 198.00 AVERAGE WEIGHT 987 POUNDS**

**NE – CASH - 123.00 - 125.00 AVERAGE WEIGHT 1,510.9 POUNDS  
124.00 - HEIFERS AVERAGE WEIGHT 1,345.5  
DRESSED – 194.00 - 198.00**

**KS – CASH - 123.00 - 124.00 AVERAGE WEIGHT 1,400 - 1,555  
DRESSED – NO REPORTABLE TRADE.**

**TX/OK/NM – 124.00 SELECT AND CHOICE CATTLE  
DRESSED NO REPORTABLE TRADE.**

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CO – **\*\*NOT REPORTED DUE TO CONFIDENTIALITY\*\***  
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**\*\*\*National Daily Direct Cattle 09/22/21**  
**5 day accumulated weighted avg)**

	Weight	Price	Head
Live Steer:	1472	\$123.98	22,022
Live Heifer:	1332	\$124.09	9,936
Dressed Steer:	959	\$198.21	17,794
Dressed Heifer:	844	\$198.99	5,638

[https://www.ams.usda.gov/mnreports/nw\\_ls410.txt](https://www.ams.usda.gov/mnreports/nw_ls410.txt)

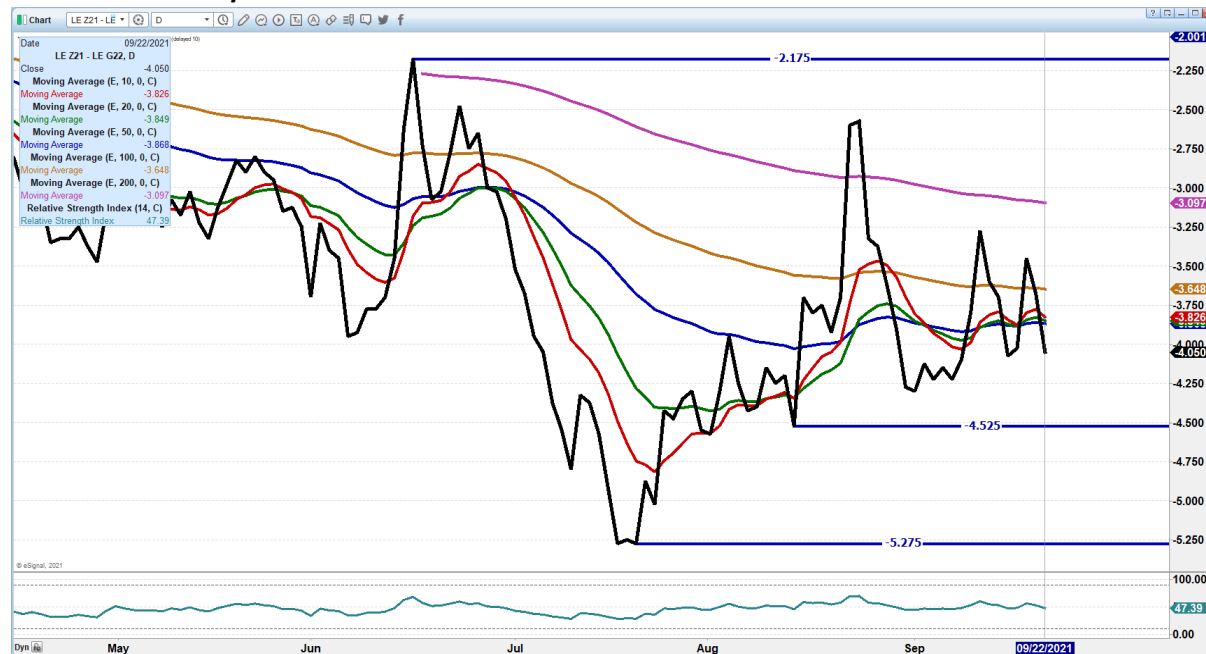
**OCTOBER 2021/DECEMBER 2021 LIVE CATTLE SPREAD – REMAINS BEAR SPREAD**



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## DECEMBER 2021/FEBRUARY 2022 LIVE CATTLE SPREAD



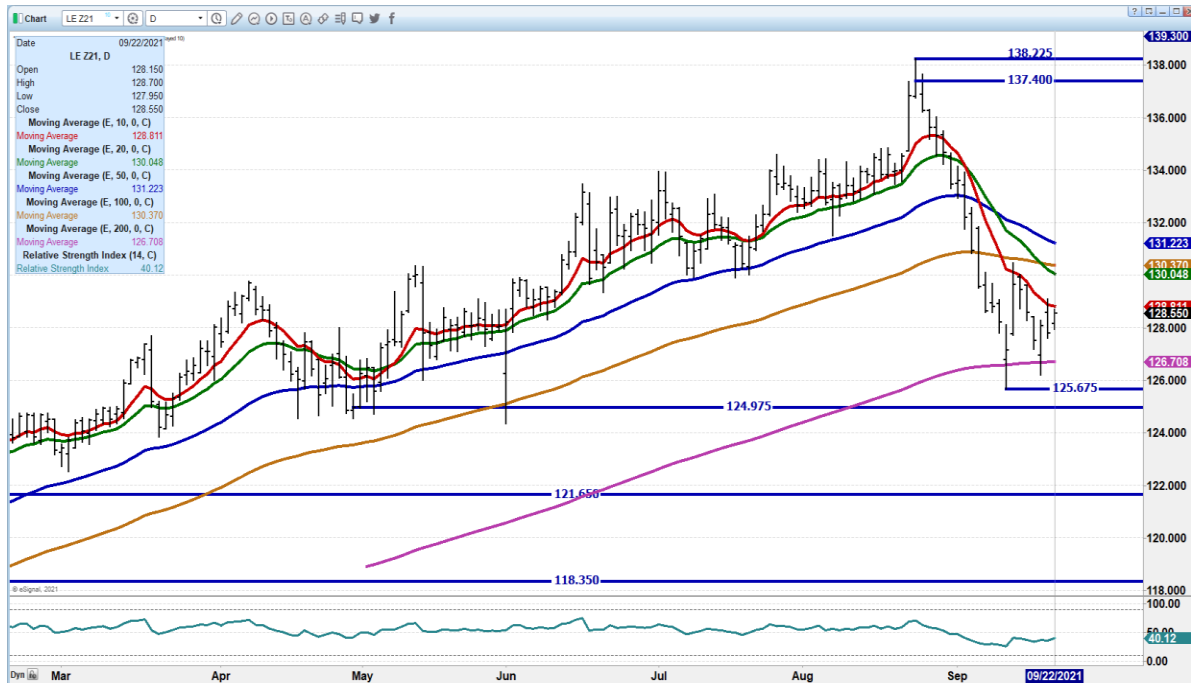
**OCTOBER 2021 LIVE CATTLE – 10 day moving average is resistance at 123.55 to next resistance at 124.70 Support at 122.45 to 120.85 Volume at 7462**



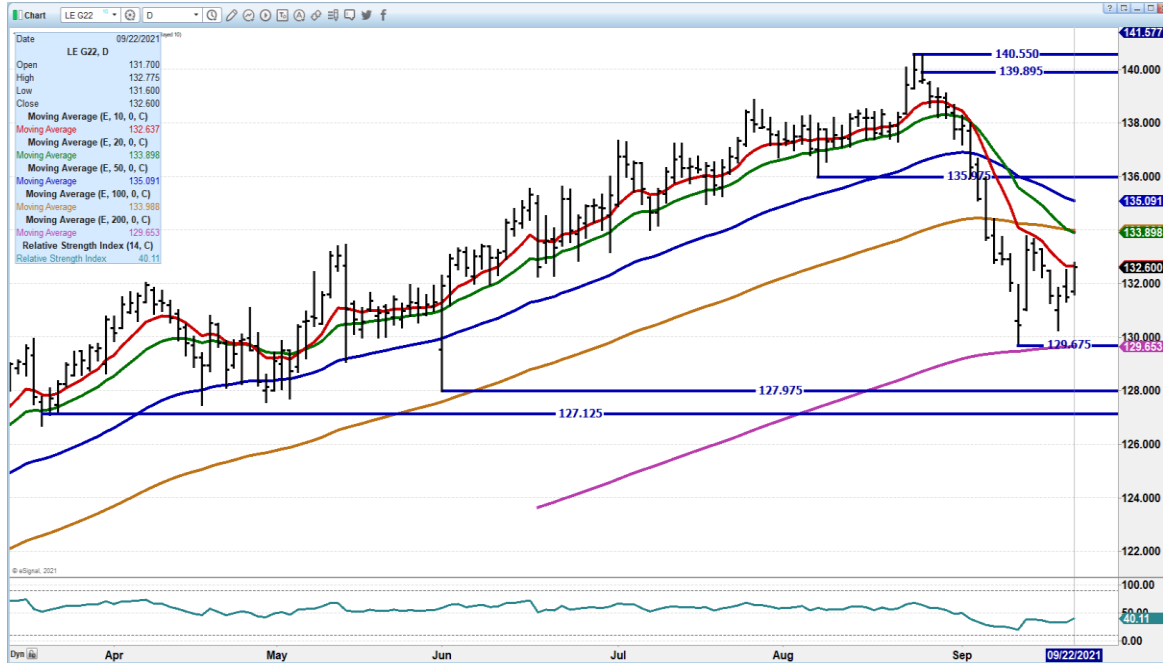
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**DECEMBER 2021 LIVE CATTLE – volume 14631 Resistance at 128.85 to 130.05 Support at 126.70 to 125.67**



**FEBRUARY 2021 LIVE CATTLE - Support at 129.57 to 127.97 Resistance at 132.60 to 133.90**



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## **Feeder Cattle**

**CME FEEDER INDEX ON 09/21/2021 WAS 153.57 DOWN 20 CENTS FROM PREVIOUS DAY -**

**SEPTEMBER 2021 FEEDER CATTLE FUTURES CLOSED ON SEPTEMBER 22, 2021 \$ 154.80**

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### **NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 09/18/2021**

<b>RECEIPTS:</b>	<b>AUCTIONS</b>	<b>DIRECT</b>	<b>VIDEO/INTERNET</b>	<b>TOTAL</b>
<b>THIS WEEK:</b>	<b>182,400</b>	<b>44,900</b>	<b>36,000</b>	<b>263,300</b>
<b>LAST WEEK:</b>	<b>138,600</b>	<b>35,900</b>	<b>75,300</b>	<b>249,800</b>
<b>YEAR AGO:</b>	<b>201,200</b>	<b>46,700</b>	<b>39,800</b>	<b>287,700</b>

Compared to last week, several of the large volume auctions on Monday were compared to two weeks ago coming back from Labor Day with steer and heifer calves selling in a range of mostly 5.00-10.00 lower catching up to the previous week's auctions that were lower; with other sales for the week on calves trading unevenly steady to 5.00 lower. Yearling feeders were also uneven but mostly steady to 4.00 lower. The calf market pressure is typical of autumn's arrival with increase headcounts of new crop calves and the onset of the wide spread between daytime high temperatures and overnight lows. Demand remains best on the true yearlings coming off grass but availability is running out before long.

[https://www.ams.usda.gov/mnreports/sj\\_ls850.txt](https://www.ams.usda.gov/mnreports/sj_ls850.txt)

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**IF SHORT FUTURES, PROTECT POSSIBLE UPSIDE. COW KILLS STILL LARGE. BUT FEED COSTS ARE HIGH. STAY SHORT BUT PROTECT THE HEDGE.**

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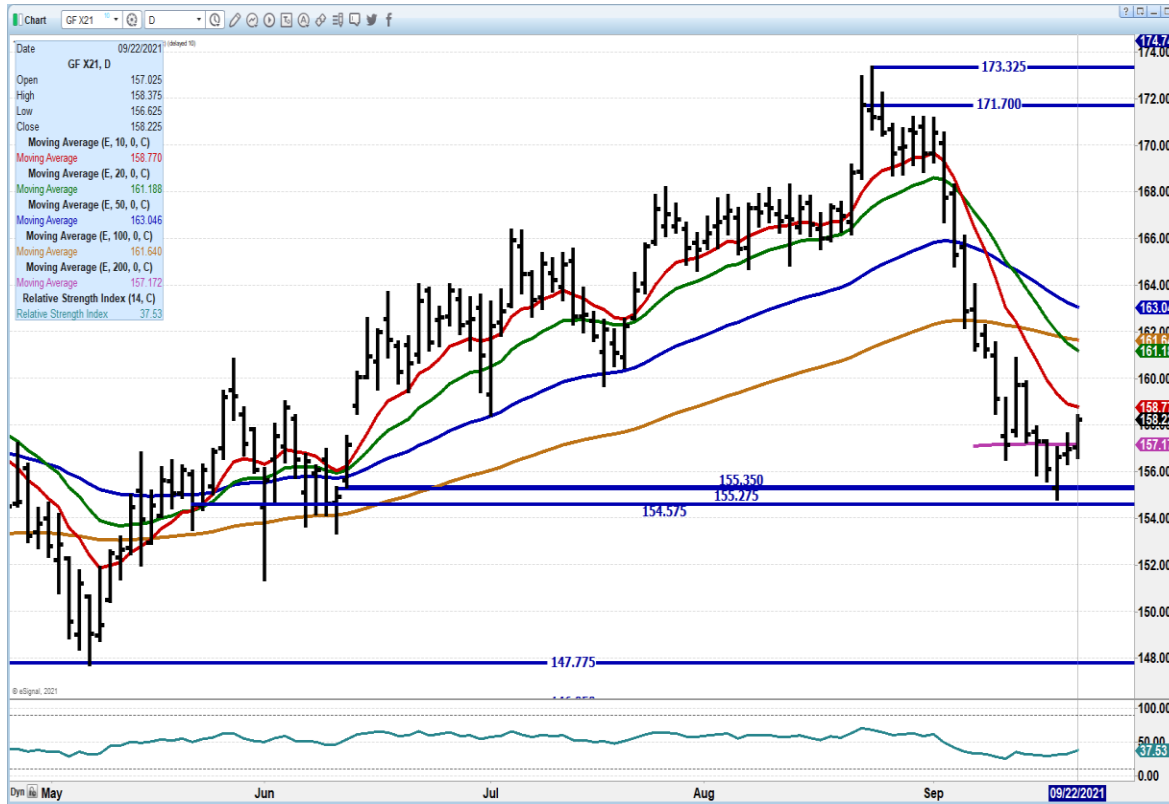
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**OCTOBER 2021 FEEDER CATTLE – LOOKS VERY MUCH LIKE CATTLE CHARTS. RESISTANCE AT 158.00 TO 160.00 SUPPORT AT 154.77 TO 153.55**



**NOVEMBER 2021 FEEDER CATTLE – RESISTANCE AT 158.80 TO 161.20 SUPPORT AT 155.27 TO 154.57**



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## LEAN HOGS

### USDA ESTIMATED FEDERAL HOG SLAUGHTER

SEPTEMBER 22, 2021	471,000
WEEK AGO	467,000
YEAR AGO	486,000
WEEK TO DATE (EST)	1,394,000
SAME PERIOD LAST WEEK (EST)	1,419,000
SAME PERIOD LAST YEAR (ACT)	1,451,000

**\*\*REVISED TUESDAY HOG SLAUGHTER..460,000\* PREVIOUS ESTIMATE 467,000**

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CME CASH LEAN HOG INDEX 09/20/2021 AT \$ 93.56 DOWN .48 CENTS FROM PREVIOUS DAY

CME CASH PORK CUTOUT INDEX 09/21/2021 AT \$ 104.43 DOWN 63 CENTS FROM PREVIOUS DAY

CME CASH FRESH BACON INDEX ON 9/17/2021 WAS 210.24 COMPARED TO 9/10/2021 WAS 209.76

CME PORK INDEX TO CME LEAN HOG INDEX plus 10.87

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**Hogs and Pigs report to show smaller herd than last year -survey - Reuters News**

	Ranges	AVERAGES	
All hogs September 1	97.3-99.8	98.3	
Kept for breeding	98.3-99.7	98.9	
Kept for market	97.2-99.9	98.3	
Pig crop			
June-Aug	96.1-97.6	96.6	
Weight Groups			
Under 50 lbs	96.5-100.2	98.3	
50-119 lbs	97.1-100.7	98.3	
120-179 lbs	97.5-99.3	98.1	

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Over 180 lbs	97.6-98.6	98	
Farrowings			
June-Aug	95.6-97.4	96.3	
Farrowing intentions			
September-November	98.2-99.8	98.6	
December-February	99.3-100.4	99.9	
Pigs per litter			
June-Aug	100.1-101.1	100.4	

**The World Organization for Animal Health confirmed an outbreak of African swine fever (ASF) on the island of Haiti on Sept. 20. It shouldn't be a surprise with Haiti at the west end of the same island of the Dominican Republic. And it should be a surprise with 1000s of people from Haiti coming to the US, Central America and South America with the closeness to Cuba, that it will be hard to keep from ASF first getting to the wild hogs in the US in Florida and Texas and then eventually to commercial herds similar to how it spread last year in Germany.**

**There are some vaccinations but so far nothing that is feasible for total vaccination as of yet, but you can bet there are studies on vaccinations being done 24 hours a day. Wonder if all hog producers will vaccinate?**

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**Weather is conducive for optimum growth so should start to see higher rates of gain. But feed is high priced and any producer that can control the time when hogs are moved to slaughter is going to move as soon as they are ready.**

**The Hogs and Pigs report is on September 24<sup>th</sup>. Look for slow volume trade before it.**

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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**

**SEPTEMBER 22, 2021**

**LOADS OF PORK CUTS: 287.50**

**TRIM/PROCESSED PORK: 66.30**

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FINAL	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY	
DATE	09/22/2021	353.80	106.92	108.56	109.19	74.05	131.66	87.31	171.09
CHANGE:		4.16	-2.31	3.58	-1.56	1.19	15.63	1.53	
FIVE DAY AVERAGE --		104.79	111.96	109.60	78.32	127.83	75.86	170.27	

FINAL	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY	
DATE	09/21/2021	466.14	102.76	110.87	105.61	75.61	130.47	71.68	169.56
CHANGE		-0.13	-0.01	-3.47	-4.45	1.02	2.81	-2.59	
FIVE DAY AVERAGE --		104.55	111.85	110.33	79.92	126.02	75.66	168.57	

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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 September 21, 2021

Average live weight: 280.03

Average carcass : 210.16

Weights are increasing.

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

**DAILY DIRECT AFTERNOON HOG REPORT SEPTEMBER 22, 2021**

**National Negotiated Carcass Price**

Lowest price: 75.00

Highest price: 78.00

Weighted Average Price **77.16**

Head Count: 5,000

From Previous day **0.98 lower**

**Other Market Formula (Carcass)**

Lowest Base Price 58.32

Highest base price: 98.51

Weighted Average Price: **81.57**

Head Count: 30,307

**Pork Market Formula (Carcass)**

Lowest base price: 78.15

Highest Base Price: 104.43

Weighted Average Price: **89.49**

Head Count: 147,921

**Other Purchase Arrangement (Carcass)**

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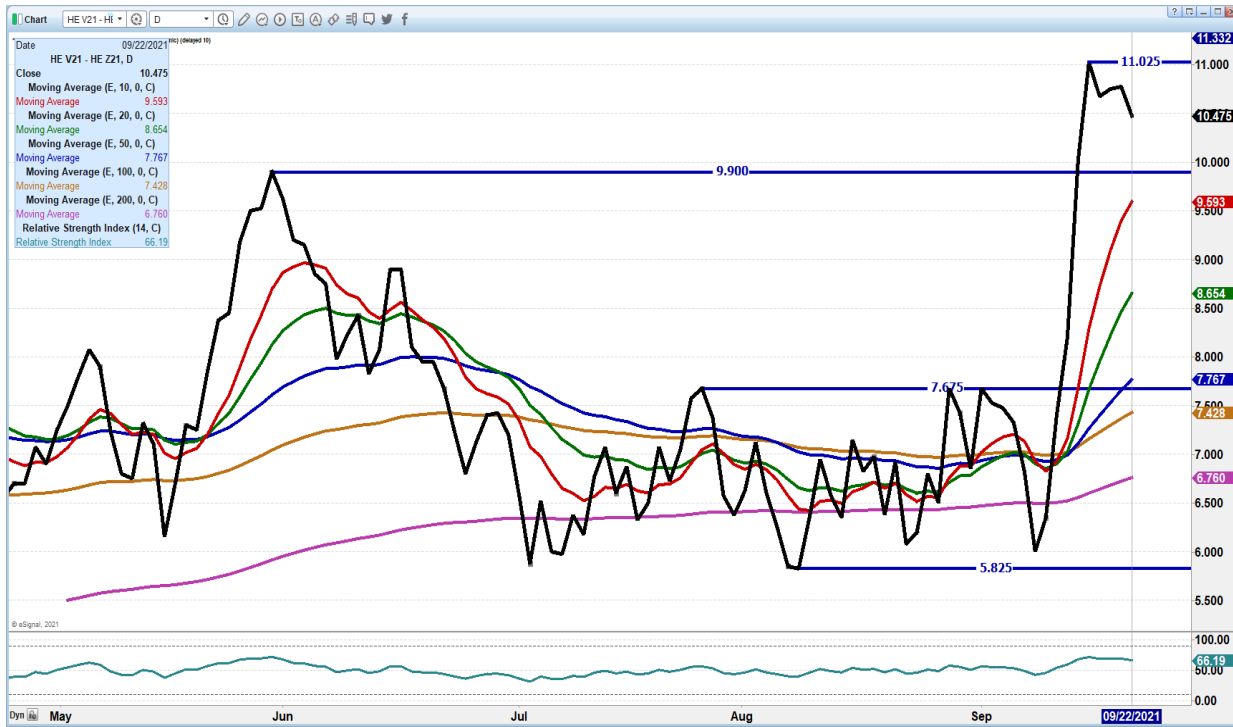
Lowest base price: 67.99  
 Highest base price: 98.42  
 Weighted Average Price: **89.03**  
 HEAD COUNT: 60,732

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**OCTOBER 2021/DECEMBER 2021 LEAN HOG SPREAD – But with little open interest now on October, spread is not being traded by funds.**

**SPREAD SETTLED**

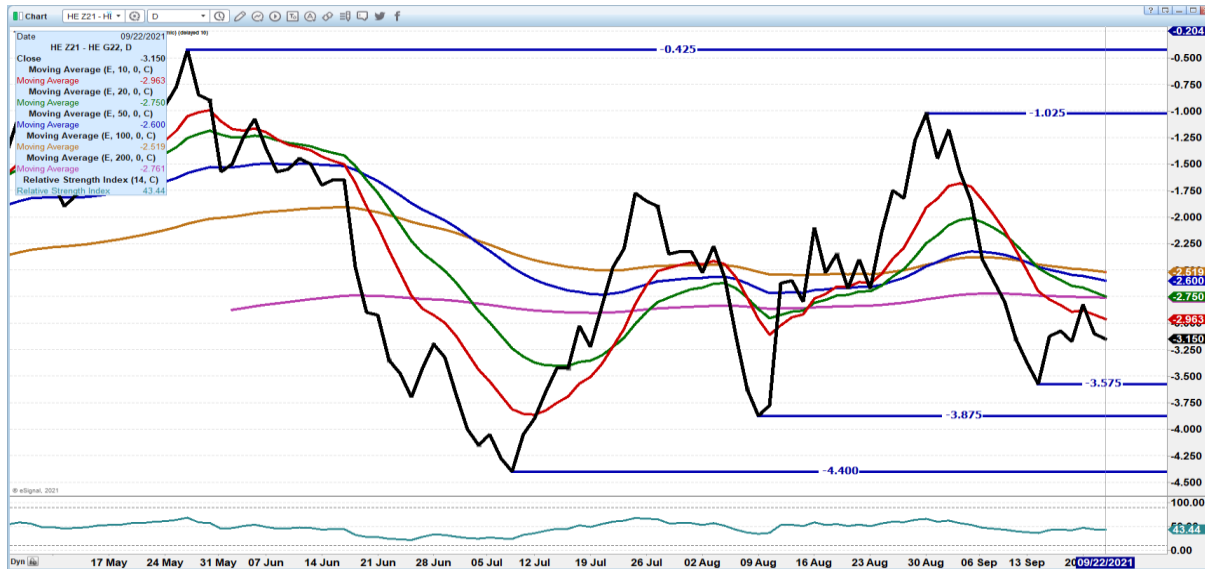
**2017**        **-\$1.80**  
**2018**        **+\$13.25 HIGH ON 10/11/2018 \$14.25**  
**2018**        **-\$6.05**  
**2020**        **+10.00 HIGH ON 10/17/2020 \$12.30**  
**2021**        **CURRENT 10.47**



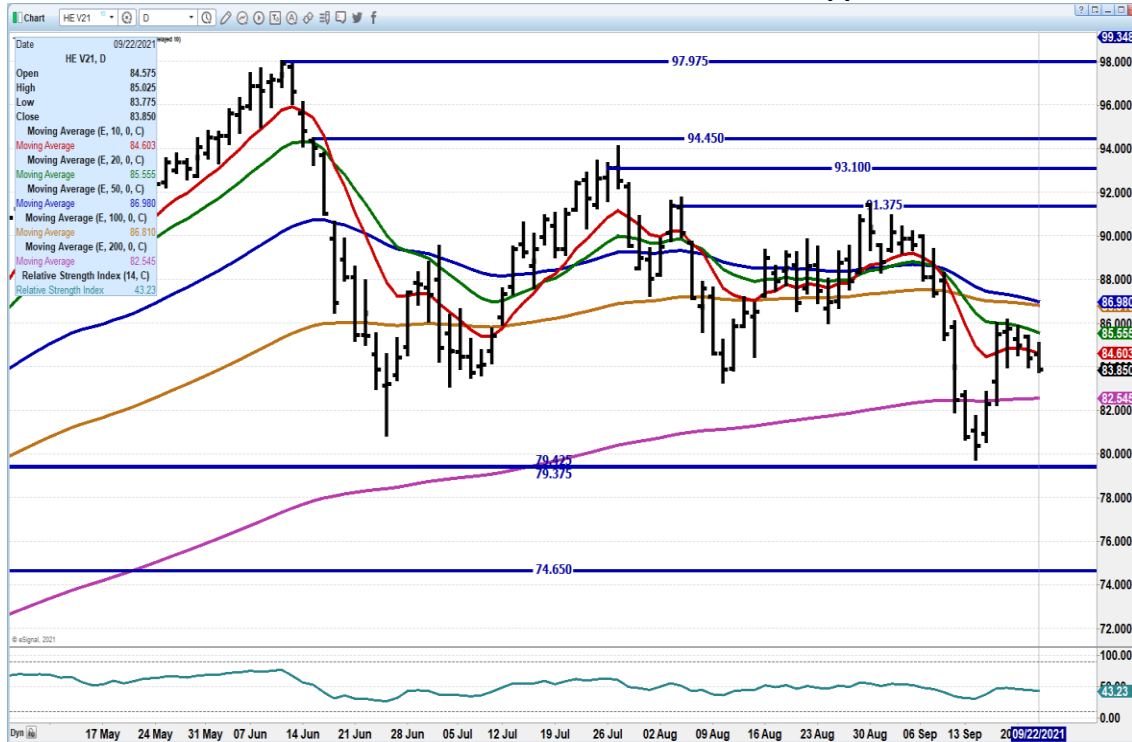
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## DECEMBER/FEBRUARY LEAN HOG SPREAD –



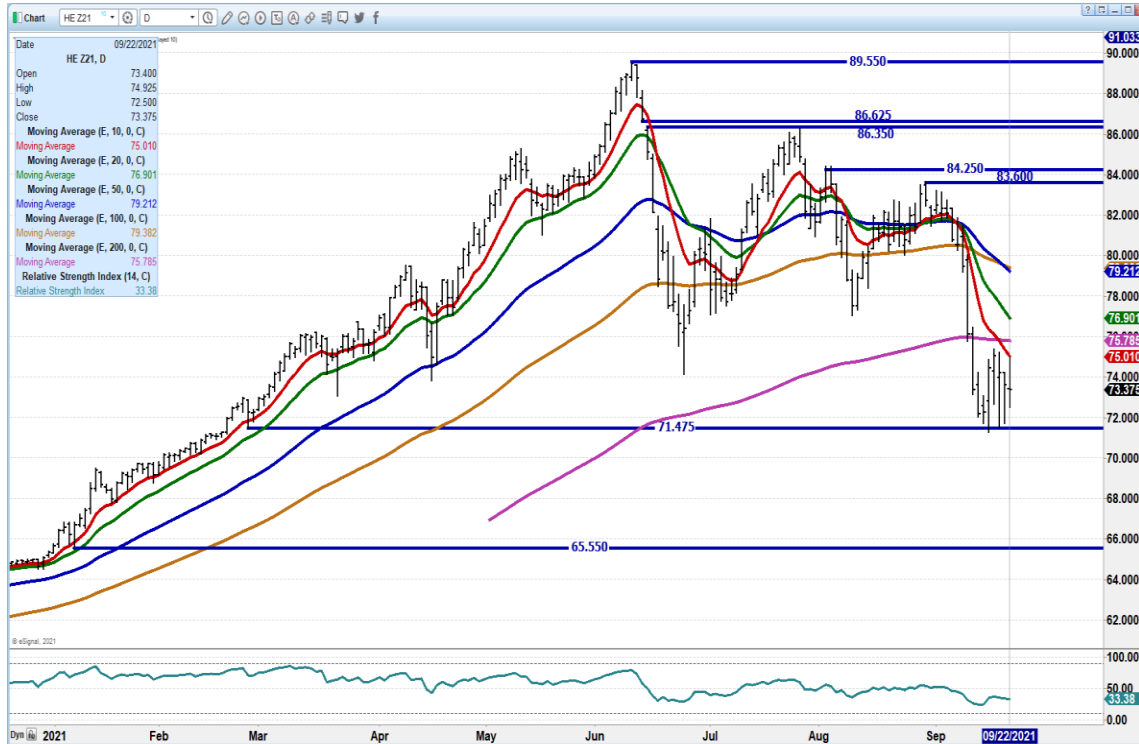
## OCTOBER 2021 LEAN HOGS - resistance at 84.50 to 85.60 Support at 82.55



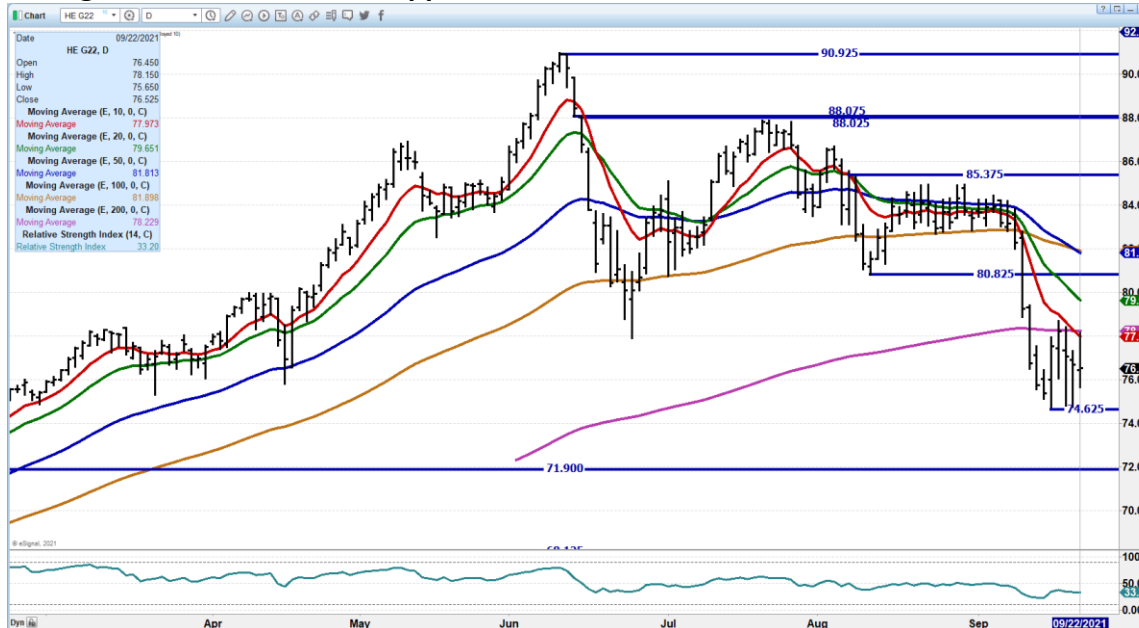
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**DECEMBER 2021 LEAN HOGS – Moving averages are negative Resistance at 75.05 to 76.90 Support at 71.47 to 65.55**



**FEBRUARY 2022 LEAN HOGS - strong resistance at 78.20 to 79.65, a selling opportunity risking a close above 83.00 Support at 74.62**



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## **BEEF AND PORK HIGHLIGHTS WEEK ENDING SEPTEMBER 16, 2021**

**Beef:** Net sales of 15,800 MT for 2021 were up 3 percent from the previous week and 17 percent from the prior 4-week average. Increases were primarily for Japan (5,100 MT, including decreases of 1,000 MT), South Korea (3,200 MT, including decreases 400 MT), China (3,000 MT, including decreases of 100 MT), Taiwan (900 MT, including decreases of 100 MT), and Canada (800 MT, including decreases of 100 MT). Net sales of 1,600 MT for 2022 primarily for Mexico (1,100 MT), were offset by reductions for South Korea (100 MT). Exports of 18,200 MT were up 8 percent from the previous week and 1 percent from the prior 4-week average. The destinations were primarily to Japan (5,000 MT), South Korea (4,700 MT), China (3,500 MT), Taiwan (1,400 MT), and Mexico (1,200 MT).

**Pork:** Net sales of 32,600 MT for 2021 were up 29 percent from the previous week and 12 percent from the prior 4-week average. Increases were primarily for Mexico (16,300 MT, including decreases of 500 MT), Japan (6,800 MT, including decreases of 100 MT), Canada (2,000 MT, including decreases of 500 MT), South Korea (1,900 MT, including decreases of 800 MT), and Colombia (1,600 MT). Exports of 36,100 MT were up 40 percent from the previous week and 28 percent from the prior 4-week average. The destinations were primarily to Mexico (19,000 MT), Japan (4,800 MT), China (4,700 MT), Canada (1,900 MT), and South Korea (1,800 MT).

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### **Cold Storage - September 22, 2021**

#### **August 2021 Highlights**

**Total red meat supplies in freezers were up 4 percent from the previous month but down 6 percent from last year.**

**Total pounds of beef in freezers were up 4 percent from the previous month but down 8 percent from last year.**

**Frozen pork supplies were up 4 percent from the previous month but down 1 percent from last year.**

**Stocks of pork bellies were down 37 percent from last month and down 44 percent from last year.**

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***Beef exports were poor in August and likely reason exports increased over July. By August 2020 cattle slaughter had not got back to pre-COVID shutdown. To see this year when the US is killing more cattle, as of last week, the year to date slaughter is 3.7% more than 2020 and keeping stocks at lower levels, it is positive.***

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***Pork exports were disappointing in August and to increase stocks over July isn't a surprise and it isn't a surprise to see pork stocks down compared to 2020 year to date . Hog slaughter is down from a year ago, the price of pork was high in August and exports for the year are up. Pork is cheap on the world market compared to beef and pork has been selling in 2021.***

***Because this news is over a month old and there were no surprises, I don't see news from it moving the market before the Cattle on Feed Report and the Hogs and Pigs report on Friday. Trade volume for Live Cattle and Lean Hogs Wednesday was light. Look for lighter volume trading Thursday and Friday with possible up move as shorts take profits before reports***

***Pork belly stocks down from a year ago. Like all pork, bellies have been moving in 2021. Majority of fresh Bellies are trimmed and sold as higher priced boxed trimmings because of the high lean content. At the same time, the demand for bacon is high. Pork industry has done a good job promoting bacon.***

***Christopher Lehner***

**CHARTS FROM ESIGNAL INTERACTIVE, INC.**

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