



ADM Investor
Services, Inc.

Daily Futures Market Commentary Livestock Outlook

TUESDAY MORNING NOVEMBER 16, 2021 LIVESTOCK REPORT

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CATTLE

USDA FEDERAL CATTLE SLAUGHTER

NOVEMBER 15, 2021	121,000
WEEK AGO	121,000
YEAR AGO	120,000

BOXED BEEF FINAL	CHOICE	SELECT
CURRENT CUTOUT VALUES:	283.20	267.28
CHANGE FROM PRIOR DAY:	(1.10)	(2.25)
CHOICE/SELECT SPREAD:		15.92
TOTAL LOAD COUNT (CUTS, TRIMMINGS, GRINDS)		112
5 DAY SIMPLE AVERAGE:	286.28	268.53

CME BOXED BEEF INDEX FOR 11/12/2021 WAS AT 282.28 DOWN .39 FROM PREVIOUS DAY

FINAL NOVEMBER 15, 2021

PRIMAL RIB	477.90	412.12
PRIMAL CHUCK	234.29	229.73
PRIMAL ROUND	247.54	247.83
PRIMAL LOIN	338.40	306.15
PRIMAL BRISKET	276.37	275.38
PRIMAL SHORT PLATE	184.77	184.77

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PRIMAL FLANK	159.20	152.10
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FINAL NOVEMBER 12, 2021

PRIMAL RIB	483.96	424.06
PRIMAL CHUCK	234.93	232.91
PRIMAL ROUND	251.51	250.47
PRIMAL LOIN	336.96	304.58
PRIMAL BRISKET	267.39	265.51
PRIMAL SHORT PLATE	185.83	185.83
PRIMAL FLANK	159.54	155.21

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LOAD COUNT AND CUTOFF VALUE SUMMARY

Date	Choice	Select	Trim	Grinds	Total	CHOICE 600-900	SELECT 600-900
11/12	71	23	13	11	117	284.30	269.53
11/11	91	22	8	11	133	285.14	267.29
11/10	119	33	14	28	195	285.52	266.62
11/09	128	28	16	29	200	287.80	270.62
11/08	50	25	15	13	103	288.65	268.60

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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	65.01 loads	2,600,506 pounds
Select Cuts	29.28 loads	1,171,127 pounds
Trimming	10.08 loads	403,185 pounds
Ground Beef	7.17 loads	286,659 pounds

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NOVEMBER 2021 LIVESTOCK REPORTS

NOVEMBER 19, 2021 2:00PM CENTRAL TIME – CATTLE ON FEED REPORT

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

Packers are buying this week for short kill with Thanksgiving break next Thursday. They will kill Friday and Saturday. Union rules normally require workers to be at work following holidays in order to get holiday pay unless scheduled for vacation. But it will be a short week followed by a buy during the first week of December when packers start the month with their own cattle and contracted cattle. If beef continues to drop, packers probably won't be aggressive buyers.

It is a little concerning that Choice rib sections in the last week have dropped almost \$30.00. This is the season rib sections should move higher. It is likely retailers have procured needs and the normal push up on high end cuts for the holidays has already been contracted. No doubt the majority of beef has been previously contracted.

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Steer and heifer carcass lost 2.7 pounds and the grad was down to 79.1%. I believe the biggest reason for the drop in weight and grade has more to do with feedlots wanting cattle out of feedlots as fast as possible because of high priced feed. According to recent feedlot margins compared to a year ago, although cattle are selling from \$25.00/cwt to \$28.00/cwt more now, they are bringing in close to \$50/head less. It is the high feed costs. Also, lighter cattle are going to grade less especially compared to a year ago when there were Yield Grade 4s and 5s being moved.

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NOVEMBER 09, 2021 dressed steer and heifer weights were 884.3 compared to previous week at 887.0 down 2.7 pounds. Grading percent dropped again to 79.1% up .7% compared to previous week at 79.8%.

https://www.ams.usda.gov/mnreports/ams_2700.pdf

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USDA POSTED SUMMARY CATTLE PRICES ON 11/15/2021

IA/MN – CASH – NO REPORTABLE TRADE.

DRESSED - 206.00 - 207.00 ON 64 HEAD

NE – CASH - NO REPORTABLE TRADE.

DRESSED – 208.00 ON 40 HEAD

KS – CASH - NO REPORTABLE TRADE.

DRESSED – NO REPORTABLE TRADE.

TX/OK/NM NO REPORTABLE TRADE.

DRESSED– NO REPORTABLE TRADE.

CO – CASH NO REPORTABLE TRADE.

DRESSED - NO REPORTABLE TRADE.

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***National Daily Direct Cattle 11/12/21

5 day accumulated weighted avg

	Weight	Price	Head
Live Steer:	1508	\$131.42	58,256
Live Heifer:	1332	\$131.49	21,841
Dressed Steer:	958	\$206.63	12,993
Dressed Heifer:	1121	\$168.97	1,220

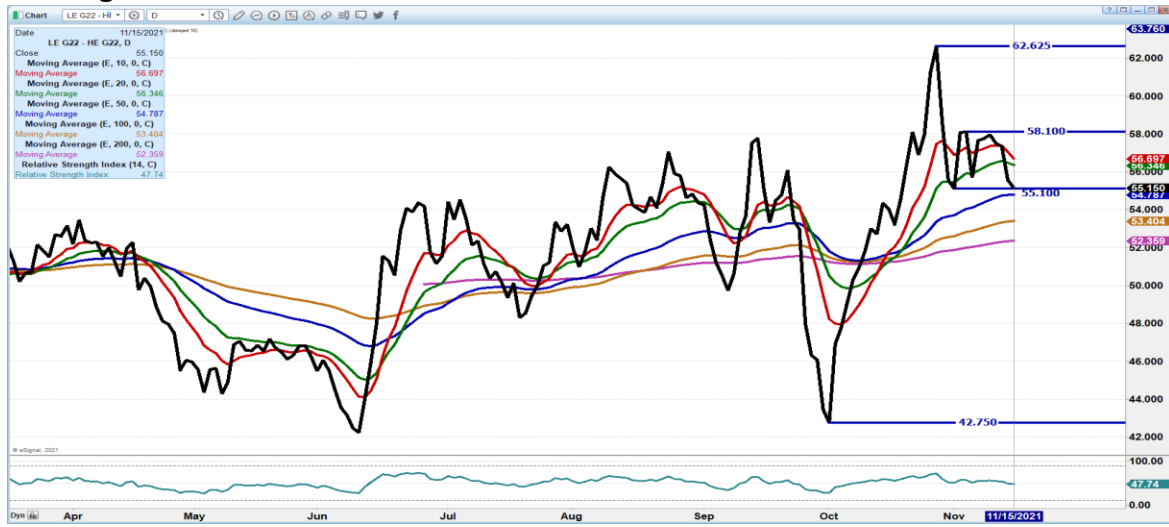
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FEBRUARY 2022 LIVE CATTLE/FEBRUARY 2022 LEAN HOG SPREAD – On light volume cattle and hog trade moved to last low at 55.10



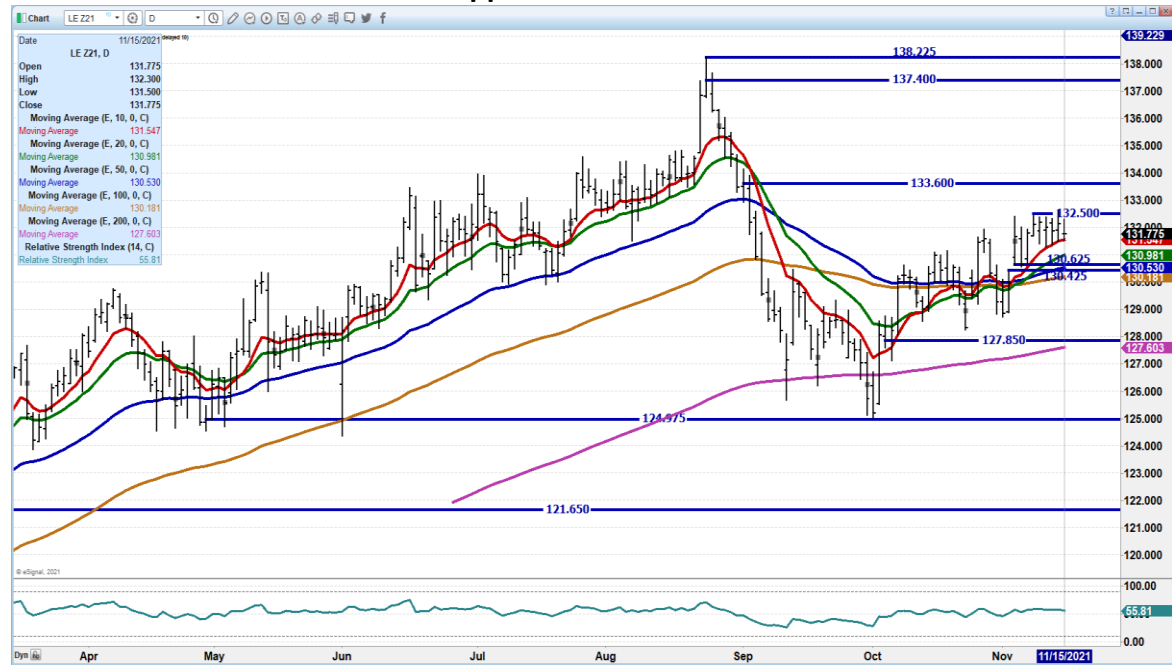
FEBRUARY 2022 / APRIL 2022 LIVE CATTLE SPREAD – Spread is bear spread. Opportunity to add protection for hedgers



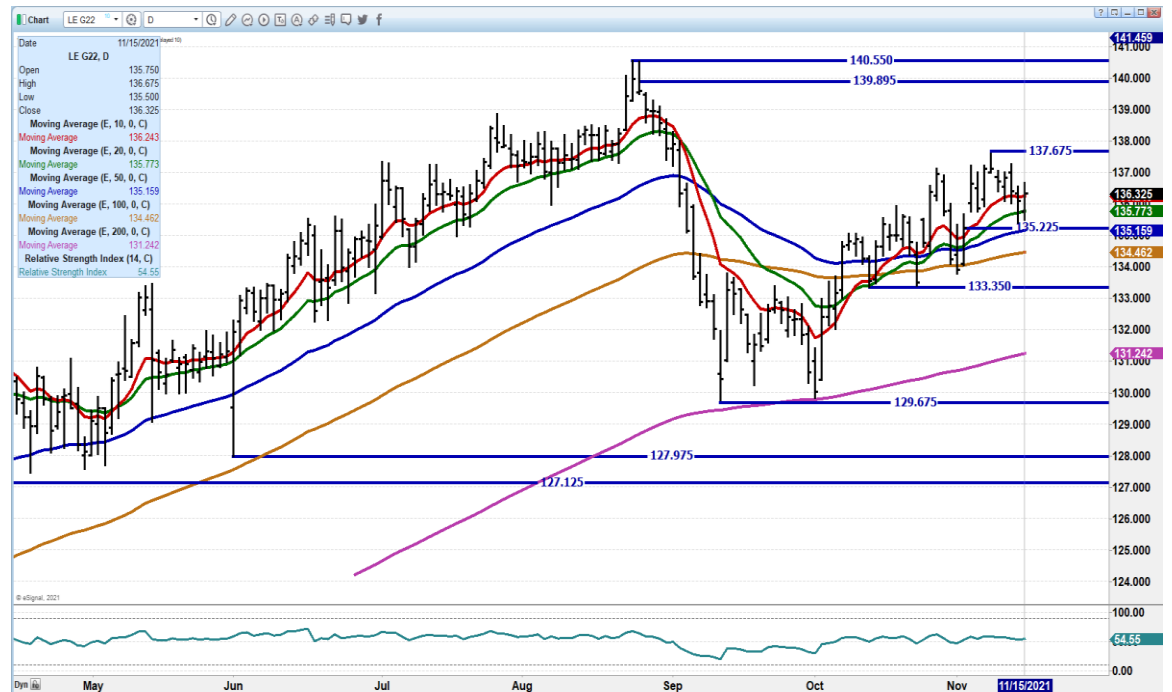
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**DECEMBER 2021 LIVE CATTLE – Continuing in sideways movement. Volume at 14062
Resistance at 132.50 to 133.60 Support at 131.50 to 130.15**



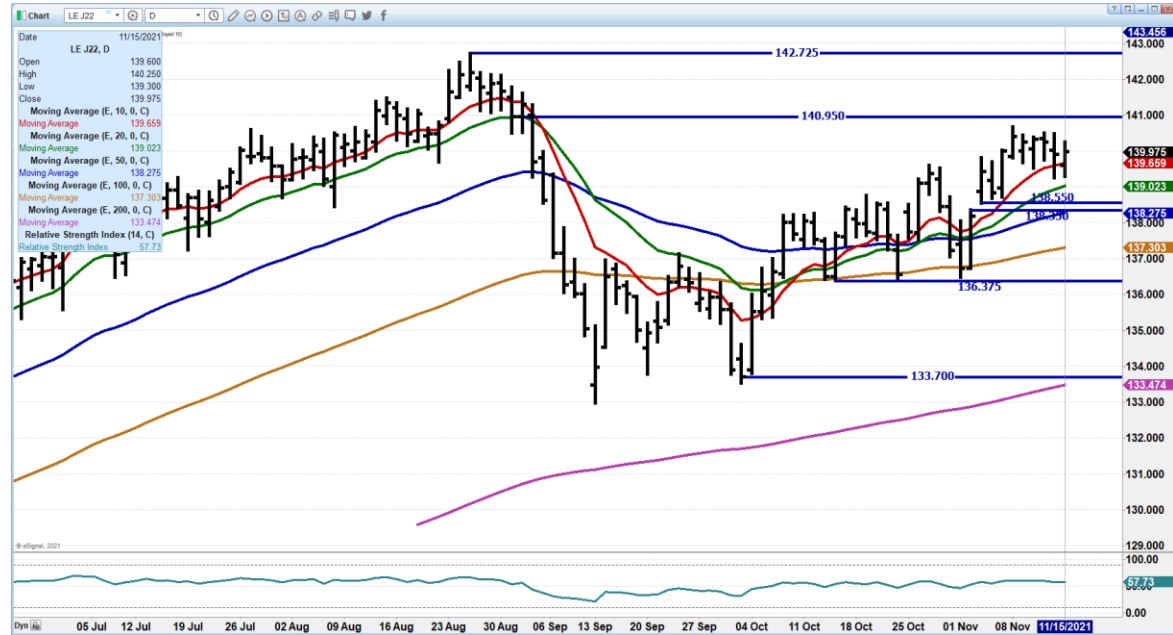
**FEBRUARY 2021 LIVE CATTLE - volume at light at 16765 Support at 135.22 to 134.45
Resistance at 137.67**



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APRIL 2022 LIVE CATTLE – April cattle in a tight trading range. Need to close above 140.95 to move higher. Support at 139.60 to 138.27 Volume at light at 7322 contracts



Feeder Cattle

CME FEEDER INDEX ON 11/12/2021 WAS 155.43 UP 37 FROM PREVIOUS DAY -

NOVEMBER 2021 FEEDER CATTLE FUTURES SETTLED ON NOVEMBER 15, 2021 \$155.92

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NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 11/13/2021

RECEIPTS:	AUCTIONS	DIRECT	VIDEO/INTERNET	TOTAL
THIS WEEK:	312,800	16,700	9,600	339,100
LAST WEEK:	297,900	16,900	35,100	349,900
YEAR AGO:	305,300	75,100	10,400	390,800

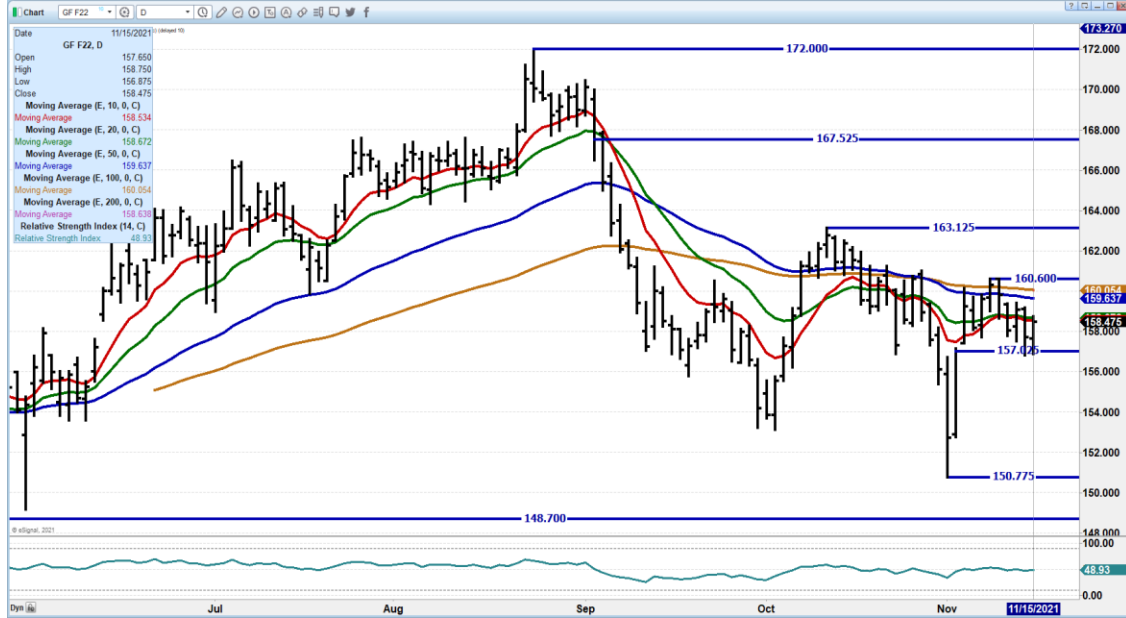
COMPARED TO LAST WEEK, STEER AND HEIFER CALVES TRADED MOSTLY STEADY TO 5.00 HIGHER WITH INSTANCES 7.00-10.00 HIGHER ON CALVES. THERE WERE PLACES IN SOUTH DAKOTA WHERE VERY HEAVY SUPPLIES OF CALVES ARE DOMINATING THE MARKET TRADED LOWER AS TRUCKING HAS ALSO BEEN AN ISSUE. YEARLINGS SOLD WITH VERY GOOD DEMAND AS THEY ARE IN SHORT SUPPLY SELLING MOSTLY FIRM TO 5.00 HIGHER.

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JANUARY 2022 FEEDER CATTLE – MOVED DOWN TO SUPPORT AT 157.02 NEXT SUPPORT AT 152.70 RESISTANCE AT 160.60



MARCH 2022 FEEDER CATTLE - DROPPED TO SUPPORT AT 158.00 AND MOVED BACK TO RESISTANCE WHERE 10 AND 20 DAY AVERAGES CONVERGE. NEXT RESISTANCE AT 160.55



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LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

NOVEMBER 15, 2021	486,000
WEEK AGO	467,000
YEAR AGO	480,000

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CME CASH LEAN HOG INDEX 11/11/2021 AT \$76.68 DOWN 1.27 FROM PREVIOUS DAY

CME PORK CUTOUT INDEX 11/12/2021 AT \$93.68 DOWN .28 FROM PREVIOUS DAY

CME CASH FRESH BACON INDEX ON 11/12/2021 WAS 202.25 COMPARED TO 11/05/2021 WAS 203.21

CME PORK INDEX TO CME LEAN HOG INDEX plus 17.00

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Chain Lines to increase

If you read the new rules about packers pushing up the speed, there is more to it than working people in the plant at faster chain speeds. Union plants have rules about the number of people needed to work all the various positions from the cut floor to the processing rooms. When packers push up the speed, automation will be a big part of it.

For years the packing industry biggest problem was the lack of labor. Long before COVID hit the packing industry, several plants couldn't run at full capacity. When a packer needed to increase pork or beef supplies, often they couldn't do it or they would try by increasing overtime hours during the week and pushing more hogs or cattle on the Saturday kill. Packers outgrew themselves.

Not long ago small plants killing 500 or less hogs a day were scattered throughout the US. But as plant size increased some facilities working two shifts a day and killing several thousand livestock per day, workers especially trained labor became to find. Packers outgrew the towns.

Last summer a new packer wanted to build a large hog plant in Sioux Falls, South Dakota. His proposal was turned down. The city planners told him there weren't enough people, houses, city services such as medical or schools to bring in new workers. Before COVID slowed packers, a facility in northern Iowa could only run at 80% capacity. The company was offering new workers large bonuses to sign on.

New plants across the globe are becoming highly automated and robotic. The new USDA ruling will allow packers to expand speed with more automation so the lack of labor is not the problem the packing industry has had over the last several year.

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New USDA rules such as fewer USDA inspectors that allow packers to rely on their own inspectors and allowing increasing speeds especially through automation should help the hog and cattle industry.

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Pork cutout starting out on light volume trade. Primal cuts fluctuating because of light volume but heading lower. Cash hogs down.

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Without a spot month in November, spreading is the biggest trade. Large specs are bear spread.

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At this time there has been no resolution on the California proposal to restrict pork sales in California. Ban will begin in January. It is one reason pork may be steadily losing because there are fewer contract pork orders. California takes 15% of the US pork production. If ban actually takes place, it will be a huge hit to the pork industry. However, with all the inflation talk, I cannot help feeling that some type of an arrangement to keep pork sales on going in California will happen.

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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 15, 2021

LOADS OF PORK CUTS: 274.81

TRIM/PROCESSED PORK: 37.38

FINAL

DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
11/15/2021	312.20	93.93	87.28	100.42	70.49	135.87	82.20	142.93
CHANGE:		-0.78	-4.45	0.36	-4.64	3.20	7.23	-8.64
FIVE DAY AVERAGE --		93.51	85.79	97.05	72.21	134.34	77.90	150.89

NOON

DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
11/15/2021	164.16	102.20	90.84	101.14	76.43	135.79	109.31	142.67
CHANGE:		7.49	-0.89	1.08	1.30	3.12	34.34	-8.90
FIVE DAY AVERAGE --		95.17	86.51	97.19	73.39	134.32	83.32	150.83

FINAL

DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
11/12/2021	320.77	94.71	91.73	100.06	75.13	132.67	74.97	151.57
CHANGE:		-1.09	6.86	6.32	7.38	-1.80	-20.20	7.75
FIVE DAY AVERAGE --		93.70	86.81	96.67	72.92	133.54	74.83	155.31

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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)

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Slaughter Data for Friday, November 12, 2021 and Saturday, November 13, 2021

Average live weight: 290.42

Average carcass 217.15

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

DAILY DIRECT AFTERNOON HOG REPORT NOVEMBER 12, 2021

National Negotiated Carcass Price

Lowest price: 55.00

Highest price: 58.00

Weighted Average Price **57.46**

Head Count: 5,939

From Previous day **0.54 lower**

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Other Market Formula (Carcass)

Lowest Base Price 59.12

Highest base price: 91.00

Weighted Average Price: 74.00

Head Count: 43,240

Pork Market Formula (Carcass)

Lowest base price: 57.50

Highest Base Price: 88.53

Weighted Average Price: 76.44

Head Count: 230,605

Other Purchase Arrangement (Carcass)

Lowest base price: 61.50

Highest base price: 97.25

Weighted Average Price: 79.45

HEAD COUNT: 188,972

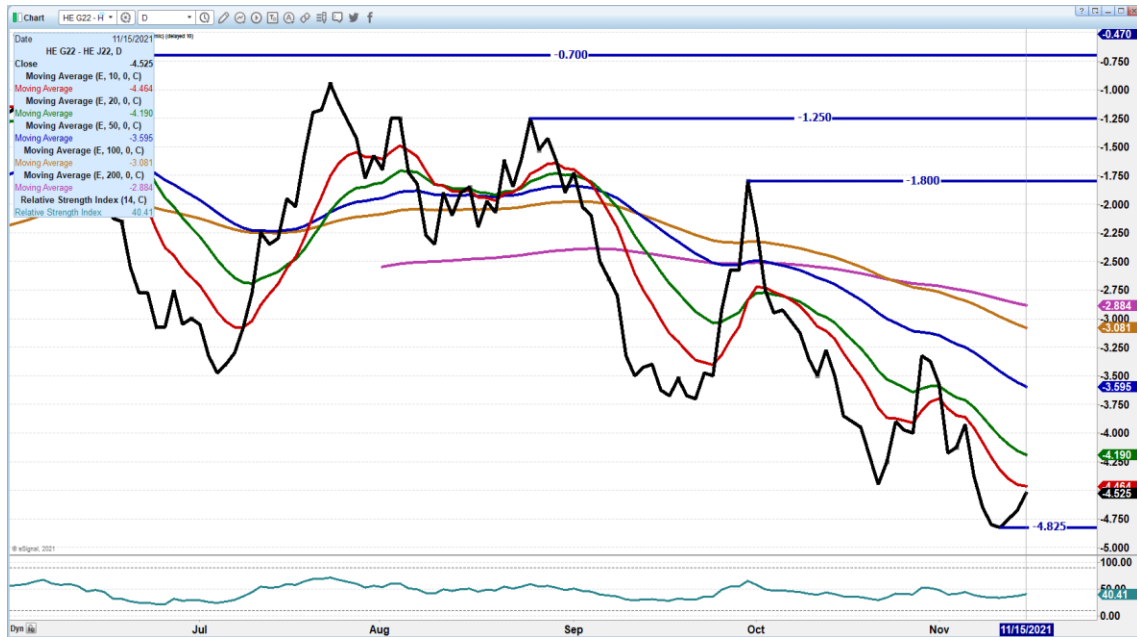
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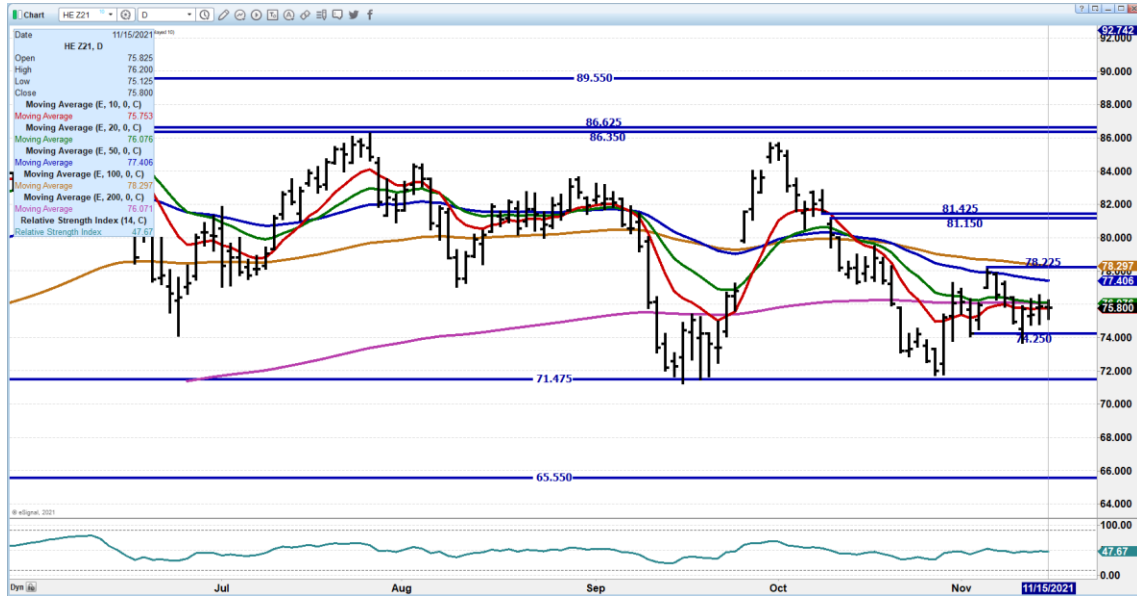
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FEBRUARY 2022 CATTLE/HOG SPREAD IN CATTLE SECTION – CHECK IT OUT

FEBRUARY/APRIL 2022 LEAN HOG SPREAD. – WITH GOLDMAN SACHS ROLLING OVER, TRADING GOES BACK TO LARGE SPREADS. CHART IS BEAR SPREAD.



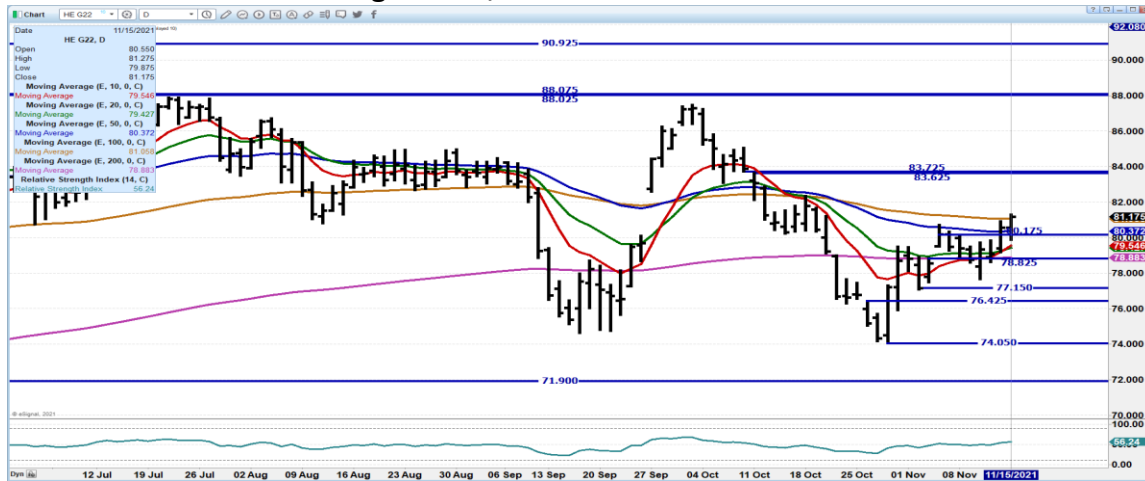
DECEMBER 2021 LEAN HOGS – VOLUME AT LIGHT AT 11665 RESISTANCE AT 77.40 SUPPORT AT 74.25



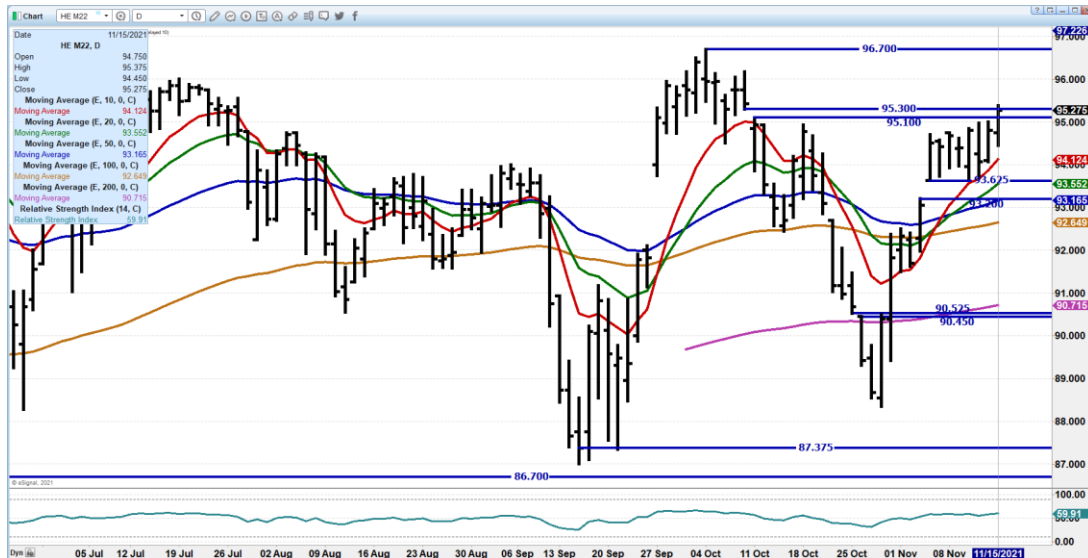
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FEBRUARY 2022 LEAN HOGS - Closed on 100 day average Next resistance at 81.77 Support at 79.50 to 78.85 Volume light at 12,460



JUNE 2022 LEAN HOGS – Light , light volume moved June higher Monday Volume just 1823 contracts. Filled gap up to 95.30 Next resistance at contract high at 96.70 Support at 94.10 to 92.60



CHARTS FROM ESIGNAL INTERACTIVE, INC.

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