



## MORNING December 3, 2020 Livestock Report

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### CATTLE

#### USDA FEDERAL CATTLE SLAUGHTER

DECEMBER 02, 2020	120,000
WEEK AGO	118,000
YEAR AGO	117,000
WEEK TO DATE (EST)	361,000
SAME PERIOD LAST WEEK (EST)	360,000
SAME PERIOD LAST YEAR (ACT)	358,000

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	CHOICE	SELECT
BOXED BEEF FINAL	240.89	222.95
CHANGE FROM PRIOR DAY	(2.51)	(0.13)
CHOICE/SELECT SPREAD:		17.94
TOTAL LOAD COUNT		123
5 DAY SIMPLE AVERAGE:	243.86	221.36

NOVEMBER 27, 2020	CHOICE	SELECT
BOXED BEEF FINAL	242.85	220.68

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Based on negotiated prices and volume of boxed beef cuts delivered within 0-21 days and on average industry cutting yields. Values reflect U.S. dollars per 100 pounds

#### FINAL DECEMBER 02, 2020

Primal Rib	511.80	405.27
Primal Chuck	196.49	200.62
Primal Round	189.85	189.34
Primal Loin	288.32	256.43
Primal Brisket	155.93	156.84
Primal Short Plate	131.93	131.93
Primal Flank	107.09	102.05



**FINAL DECEMBER 01, 2020**

Primal Rib	512.07	401.73
Primal Chuck	198.70	196.37
Primal Round	192.64	194.46
Primal Loin	292.55	256.95
Primal Brisket	156.69	157.02
Primal Short Plate	135.66	135.66
Primal Flank	107.02	110.04

**LOAD COUNT AND CUTOFF VALUE SUMMARY FOR PRIOR 5 DAYS**

Date	Choice	Select	Trim	Grinds	Total	CHOICE	SELECT
						600-900	600-900
12/01	78	13	11	27	130	243.40	223.08
11/30	53	12	12	7	84	243.68	222.43
11/27	30	7	8	7	51	242.85	220.68
11/25	76	19	8	14	116	245.06	220.90
11/24	97	21	12	32	161	244.30	219.71

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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	73.53 loads	2,941,339 pounds
Select Cuts	12.47 loads	498,943 pounds
Trimming	17.87 loads	714,613 pounds
Ground Beef	19.35 loads	774,173 pounds

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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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**USDA Beef and Pork Export Highlights for November 26<sup>th</sup> on last page**

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## DECEMBER 2020 USDA LIVESTOCK REPORTS

USDA CATTLE ON FEED – FRIDAY DECEMBER 18, 2020 2:00PM CENTRAL TIME  
 USDA COLD STORAGE – TUESDAY DECEMBER 22, 2020 2:00PM CENTRAL TIME  
 USDA QUARTERLY HOGS AND PIGS– WEDNESDAY DECEMBER 23, 2020 2:00PM CENTRAL TIME

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### USDA POSTED CATTLE PRICES ON 12/01/2020

IA/MN – CASH - 110.00 - 112.00 1,411 HEAD AVERAGE 1,440 - 1,565 Dressed.- 174.00 – 154 HEAD DRESSED 1,062.6 POUNDS  
 NE - CASH – 110.00 - 111.00 AVERAGE WEIGHT 1,300 - 1,550 Dressed.- 172.00 - 174.00  
 KS – CASH 110.00 - 112.00 WEIGHT 1,440 - 1,565 POUNDS Dressed - 174.00  
 TX/OK/NM – 110.00 - 112.00 AVERAGE WEIGHT 1,373.7 POUNDS  
 CO – Information not available due to confidentiality

### \*\*\*National Daily Direct Cattle 12/01/2020 (5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1494	\$110.05	39,688
Live Heifer:	1330	\$110.36	24,122
Dressed Steer:	965	\$173.35	11,878
Dressed Heifer:	877	\$173.56	6,354

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There are indicators to monitor for a possible change in the direction of boxed beef prices.

- Change in the 5 day average compared to current price. For example, the current Choice price, today at noon December 2<sup>nd</sup> is at \$2.41 and the 5 day average is \$243.86, it is an indicator of change.
- When the Choice to Select spread narrows, it is an indicator of change – December 2<sup>nd</sup> the spread is \$17.94 and on December 1<sup>st</sup> it was \$20.32. and Friday November 30<sup>th</sup> it was \$22.17.
- Also watching total loads moved. Recently, more loads are moved when market turns down. The reason, sellers need to move more on daily market versus filling contract beef orders.

However, At current prices, the climb higher in beef prices during November, at set back of the wide spread and set back off high Choice beef prices isn't as



alarming if spread was \$10 and slipped to \$5 or lower. It is also the first week of a new month and packers are pulling in contracted cattle plus the Midwest feedlots seem to have a hard time seeing cattle weigh too much. Midwest feedlots have to clean up the heavy weight cattle. Rib sections are high at \$511.80 but other cuts that such as chucks, rounds, briskets, plates and flanks are too big and keeping cutout from going higher. Consumers don't want mammoth roasts. It means processors have to trim down cuts and trimmings are being ground up and added to beef already used for trimmings and ground beef. At this time, the demand for processed and ground beef is strong, but it would be higher priced if the addition trimmings weren't added. When cattle in the Midwest averaged 1,645 pounds and sold for \$107.00 they put a lid on prices, and it could be a change in direction of beef.

Fortunately, for the producers packers are making big money and they want to kill cattle, but if weights don't drop and holiday demand for high priced cuts falls, rest assured, packers are going to discount heavy cattle more than \$4.00 to \$5.00 and they won't have to pay more for other cattle.

The fall has been good for feedlots. Weather is allowing cattle to gain without normal cold rains. It is also helping cattle current in the South and Southwest. Packers are bringing cattle that normally would be ready in January. If Northern and Midwest feedlots could clean up cattle and do it fast, market could rally but at this time the spread is favoring Southern cattle over Northern cattle and could remain this way until cattle are cleaned up. Big heavy cuts and cuts like chucks and rounds that are Choice aren't what processors want when grinding. Why buy choice with fat when they get leaner cuts and can add cheap fat.

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The US is competing or better said trying to compete with Brazil and Argentina and now recently with the new world trade agreements with Australia and New Zealand. Last week's exports were pitiful and US beef exports need to increase to a minimum of 20,000 metric tonnes week in and week out. Last week's reductions simply can't happen. As pointed out on November 24<sup>th</sup> report, Brazil exports more beef just to China than the US exports in total to all countries and on top of it, the US is a net importer of beef. 80% or more cattle in US feedlots grade Choice and the US is losing pants to other countries especially when the US Dollar is so cheap that should make it a bargain to buy. It is what happens when trade wars are lost..

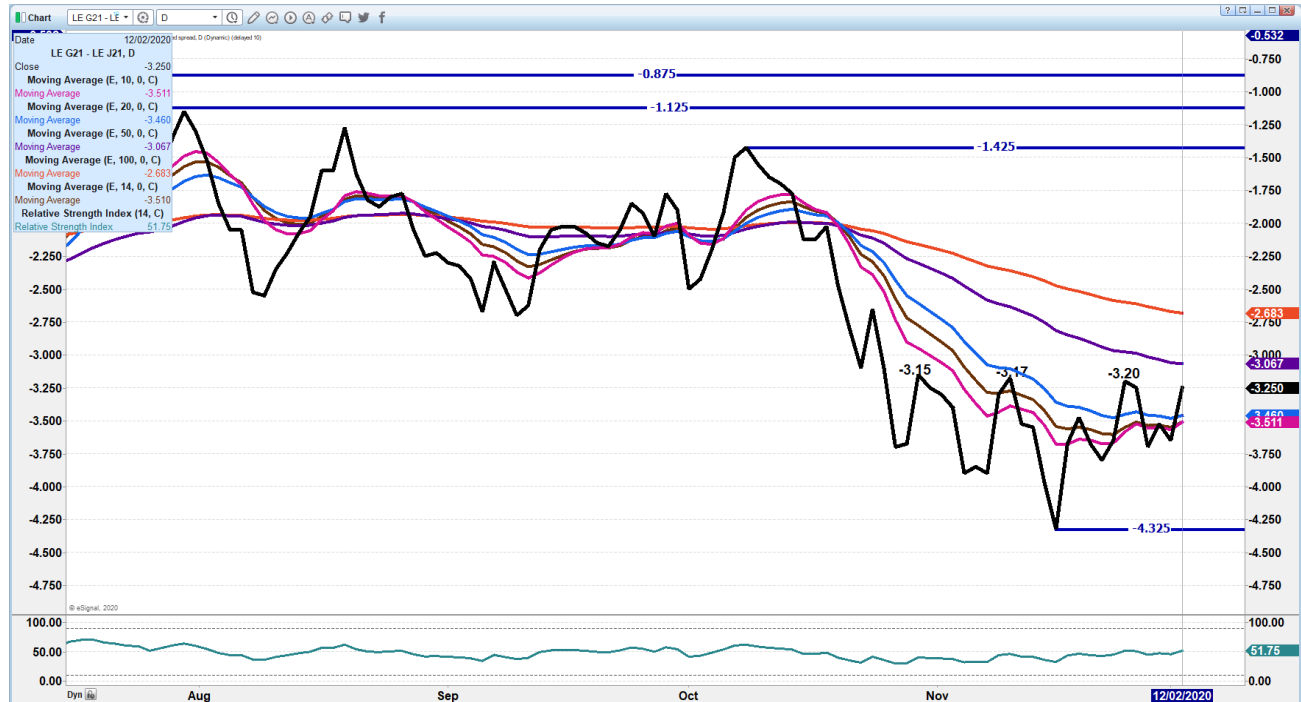


This week, traders are waiting for Thursday's export report to see how exports fared last week. With last week's net sales reductions in 2020 of 15,500 metric tonnes and reductions in 2021 of 1,500 metric tonnes, it doesn't bide well

If cattle slaughter this week is 650,000 head ( likely it will be more ) 21 extra pounds is 13,650,000 pounds or 341.25 truck loads.

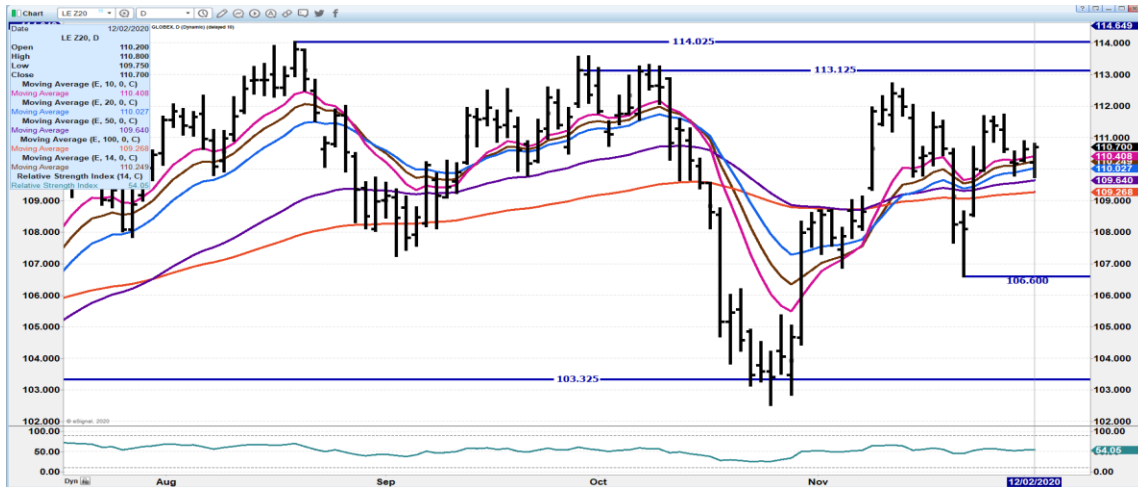
As of December 1, 2020, dressed steer and heifer weights were 896.5 compared to previous week at 898.5 down 2 pounds from week ago and 21 pounds over a year ago compared to a week ago up 24 pounds. Grading percent was 81.9%, down compared to previous week at 82.6 %.

**FEBRUARY 2021 LIVE CATTLE/APRIL 2021 LIVE CATTLE SPREAD - SPREAD TO NARROW NEEDS TO CLOSE ABOVE - 3.00 NOW FAIRLY NORMAL SPREAD**





**DECEMBER 2020 LIVE CATTLE - Opened lower to support and closed higher. Hard to push down with current cash prices \$110 to \$112 Resistance is 111.37 to 112.12 Support at 109.65 to 108.87**

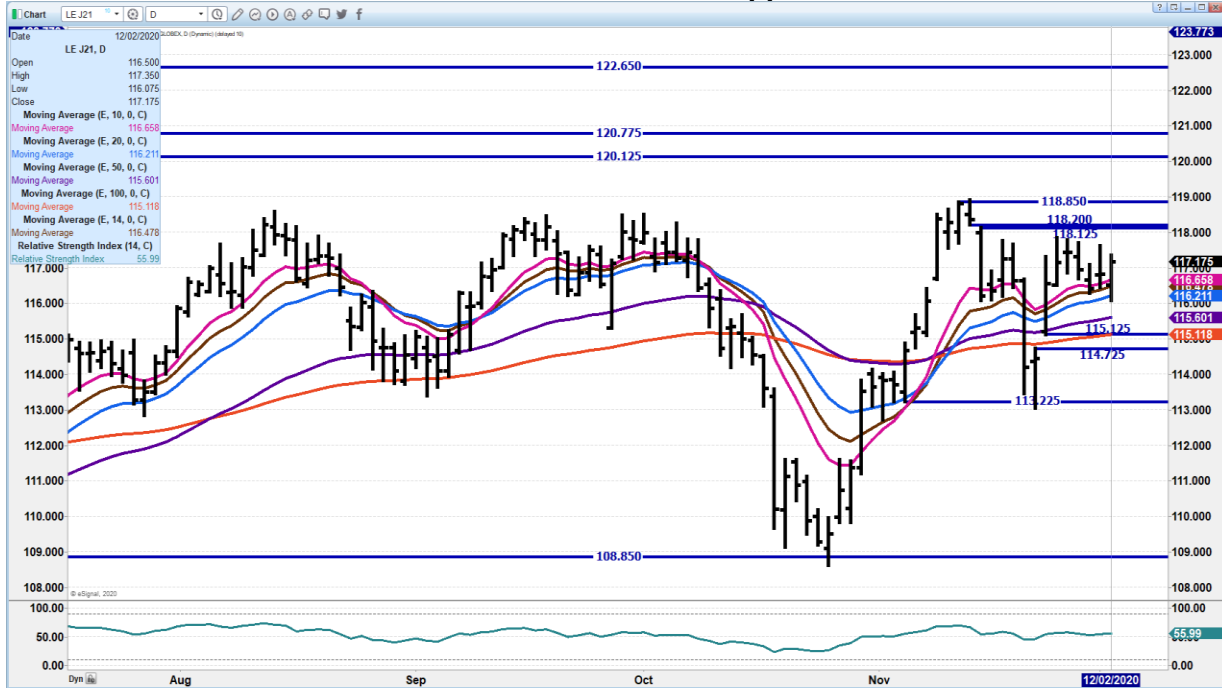


**FEBRUARY 2021 LIVE CATTLE – Volume on Wednesday 26,688 Reversed after opening lower to close higher Next resistance 114.25 to 115.27 Support 113.10 to 112.37**





**APRIL 2021 LIVE CATTLE - Resistance at 118.20 Support at 116.22 to 115.67**



**Feeder Cattle**

**THE CME FEEDER INDEX ON 12/01/2020 WAS 139.87 DOWN 43 CENTS FROM PREVIOUS DAY -**

**JANUARY 2021 FEEDER CATTLE FUTURES SETTLED ON DECEMBER 02, 2020 AT \$141.80**

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**FEEDLOTS PRODUCING GRAIN AND FEEDING CATTLE ARE HESITANT TO REPLACE FEEDER CATTLE BUT FEEDLOTS THAT HAVE YEARLY AND MULTIPLE YEAR CONTRACTS DON'T HAVE A CHOICE. WHEN CATTLE GO TO SLAUGHTER, FEEDLOTS HAVE TO REFILL PENS AND WITH MAJORITY OF CATTLE KILLED IN THE US THAT ARE SOLD WITH FORMULA AND GRID CONTRACTS, THEY NEED FEEDER CATTLE WHEN**



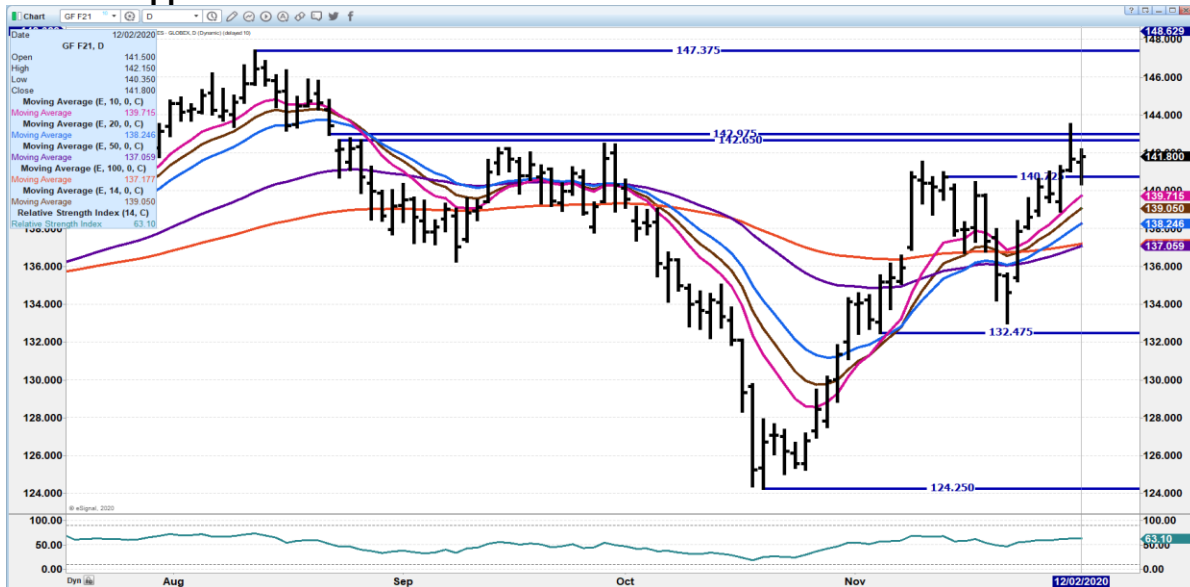
**FED CATTLE ARE MOVED TO KILL. IT IS ALSO MORE THAN LIKELY THESE FEEDLOTS HAVE GRAIN HEDGED.**

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**JANUARY 2021/MARCH 2021 FEEDER CATTLE SPREAD – NARROW SPREAD A CLOSE OVER 1.19 SHOULD PUSH TO 1.45 SPREAD IS BULLISH**



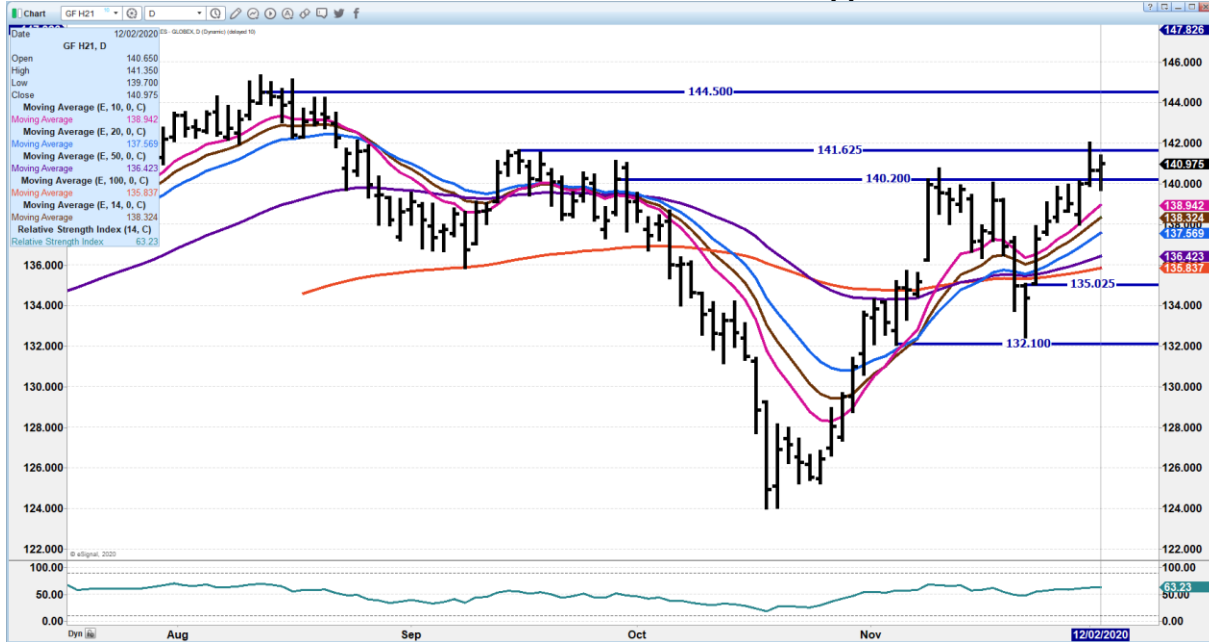
**JANUARY 2021 FEEDER CATTLE – Closed at September 30 level Next resistance at 142.97 Support at 139.47**







**MARCH 2021 FEEDER CATTLE – Resistance at 142.07 Support at 138.87**



**LEAN HOGS**

**USDA ESTIMATED FEDERAL HOG SLAUGHTER**

<b>DECEMBER 02, 2020</b>	<b>497,000</b>
<b>WEEK AGO</b>	<b>494,000</b>
<b>YEAR AGO</b>	<b>497,000</b>
<b>WEEK TO DATE (EST)</b>	<b>1,482,000</b>
<b>SAME PERIOD LAST WEEK (EST)</b>	<b>1,488,000</b>
<b>SAME PERIOD LAST YEAR (ACT)</b>	<b>1,489,000</b>

**\*\*REVISED TUESDAY HOG SLAUGHTER..488,000 PREVIOUS ESTIMATE 493,000**

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**CME CASH HOG INDEX 11/30/2020 AT 66.67 DOWN .14 FROM PREVIOUS DAY**



**CME CASH PORK CUTOUT INDEX 12/01/2020 AT 78.33 DOWN 18 CENTS FROM PREVIOUS DAY**

**CME CASH FRESH BACON INDEX ON 11/27/2020 WAS 123.40 COMPARED TO 11/20/2020 WAS 126.49**

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**STERLING PORK PROFIT TRACKER WEEK ENDING - NOVEMBER 27, 2020  
PACKER MARGINS: \$35.11 LAST WEEK: \$33.61 MONTH AGO: \$42.16  
FARROW TO FINISH MARGINS \$6.18 LAST WEEK, \$9.05 MONTH AGO \$16.82**

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**On moderately movement Wednesday the pork cutout was up 2.78. The pendulum trading in the cash daily hams and bellies were reason cutout was higher. Hams were up 18.96 and bellies gained \$3.62. But loins are unbalancing cutout Loins were 69.86 down \$2.29 with, butts, picnics and ribs down hard. The demand from hams and bellies is showing Mexico remains a strong buyer and daily processors are being squeezed and having to pay whatever they are asked. On the other hand it is also showing buyers that buy the carcass such as China are big in the market and daily buyers have their way with these cuts. Loins are being shown at US grocery stores for \$1.00. Pork is moving because it is cheap.**

**2020 year to date hog slaughter is close to 1% above 2019. Packers seem to have worked out problems when employees are sick with extra employees trained to work several stations in the plant. Packers have increased the nursing staff in plants and processing facilities. Clinics are on site to work with employees when ill. More robotics are used. Some packers are testing for COVID 19 and some are temperature testing when employees come to work and spot testing throughout the day. Break time and when employees take time to eat have scheduled to allow more social distancing.**

**Packers and unions are pushing for employees to be near the top of the list when vaccinations become readily available because employees were not only considered “essential” workers but are working under the Defense Protection Act.**

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**Packers are shoving hogs through the line and before long could be back to 500,000 head per day. The CME Hog and Pork Index have been losing day after day. Into 2021 as global hog numbers increase, US hogs are vulnerable if exports drop. If China increases hog herd levels predicted in 2021, the price of feed is also going to be a cost hog producers will need to absorb along with lower prices. 2021 will see more producers**



move from selling on cash markets to selling formula packer contracts, or leasing facilities to outright selling fewer hogs.

**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**

**DECEMBER 02, 2020**

LOADS OF PORK CUTS: 320.31

LOADS TRIM/PROCESSED PORK: 44.80

**FINAL**

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
12/01/2020	365.11	79.86	69.86	68.57	59.21	126.91	92.79	100.90
CHANGE :		2.78	-2.29	-5.32	-6.95	-5.84	18.96	3.62
Five Day Average --		79.07	72.86	74.95	66.61	132.63	81.49	96.31

**FINAL PREVIOUS WEEK'S CLOSE**

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
11/27/2020	214.07	79.96	73.48	79.26	74.21	135.21	82.43	90.69

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**NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE  
SLAUGHTER DATA FOR DECEMBER 1, 2020**

Average live weight - 287.70

Average carcass - 215.32

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**DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM DECEMBER 2, 2020  
NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES**

Carcass Base Price: \$50.00 - \$58.50

Weighted Average: \$56.64

Change from Prior Day: 0.12 lower

HOGS SOLD: 8,787

**SWINE OR PORK MARKET FORMULA PURCHASE (Including Packer Sold)**

PRICE RANGE: \$55.44 - \$74.30

Weighted Average: \$65.13

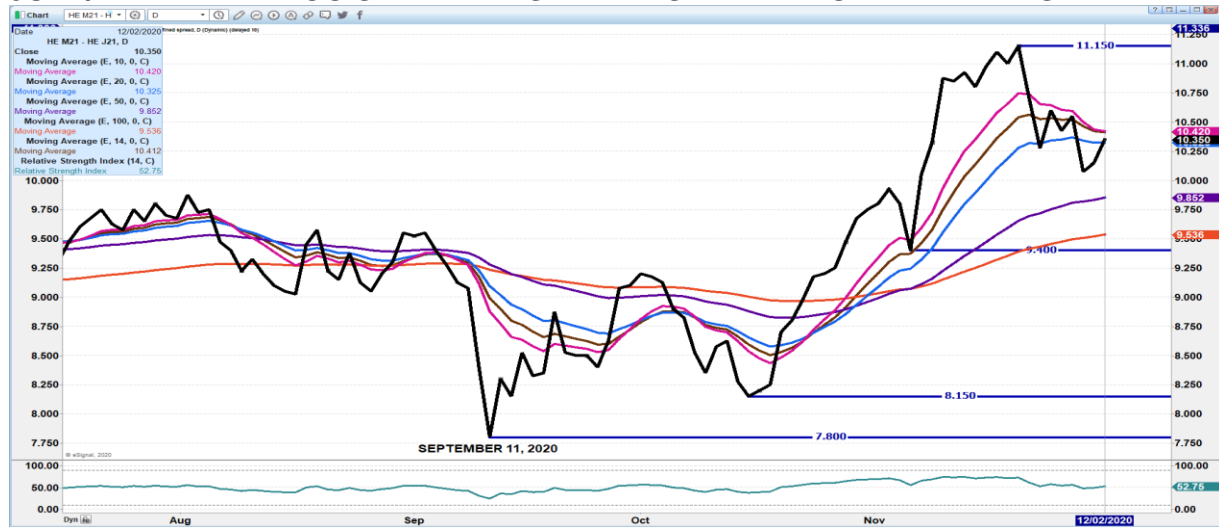
Previous Day: \$65.48



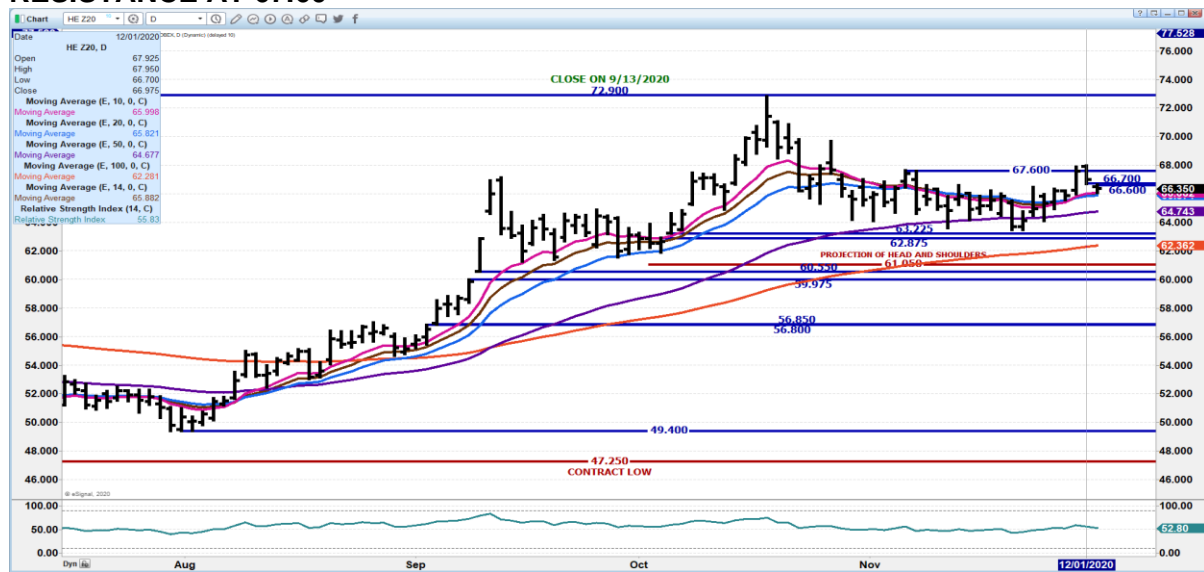
**HOGS SOLD: 152,243**

[https://www.ams.usda.gov/mnreports/lm\\_hq203.txt](https://www.ams.usda.gov/mnreports/lm_hq203.txt)

**JUNE/APRIL LEAN HOG SPREAD – SPREAD IS FAIRLY NORMAL AT THIS TIME**



**DECEMBER 2020 LEAN HOGS – GAPPED LOWER AND SUPPORT AT 65.87 64.75 RESISTANCE AT 67.60**



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### FEBRUARY 2021 LEAN HOGS – 68.82 RESISTANCE SUPPORT AT 67.25 TO 66.70 VOLUME ONLY 10,690



### APRIL 2021 LEAN HOGS – RESISTANCE AT 71.55 SUPPORT AT 70.35



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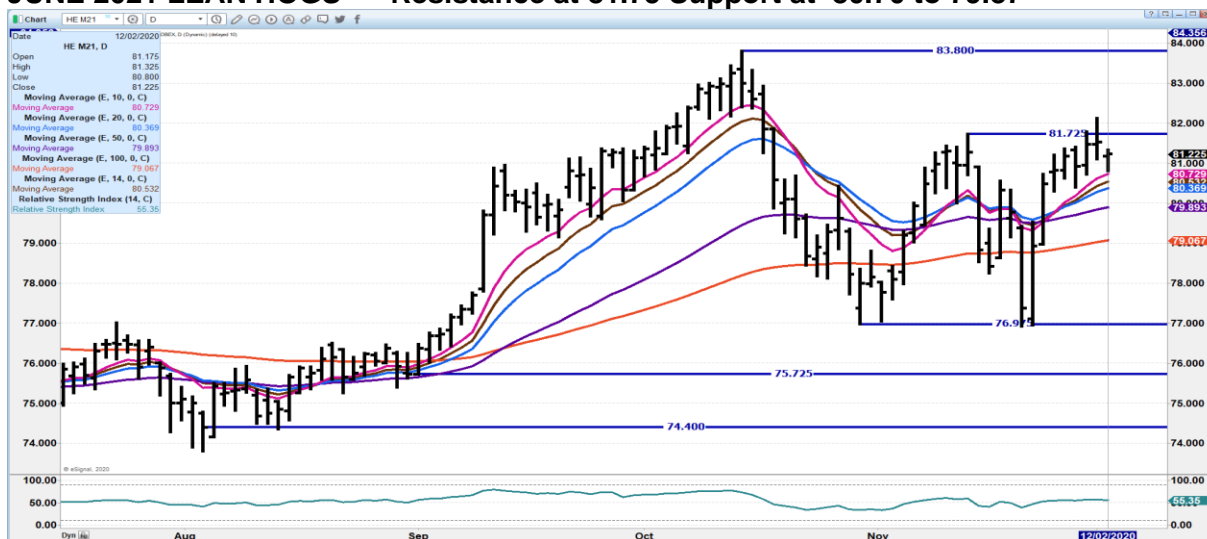
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## JUNE 2021 LEAN HOGS – Resistance at 81.75 Support at 80.70 to 79.87



**Beef:** Net sales of 13,700 MT reported for 2020 were down noticeably from the previous week and down 16 percent from the prior 4-week average. Increases primarily for Japan (7,200 MT, including decreases of 500 MT), South Korea (3,800 MT, including decreases of 400 MT), Mexico (1,000 MT, including decreases of 100 MT), China (800 MT, including decreases of 100 MT), and Canada (400 MT), were offset by reductions primarily for Hong Kong (300 MT) and Colombia (100 MT). For 2021, net sales of 3,200 MT were primarily for South Korea (1,600 MT), Hong Kong (500 MT), Japan (400 MT), and Taiwan (400 MT). Exports of 16,600 MT were down 18 percent from the previous week and 15 percent from the prior 4-week average. The destinations were primarily to South Korea (4,000 MT), Japan (3,900 MT), China (2,100 MT), Mexico (2,000 MT), and Hong Kong (1,200 MT).

**Pork:** Net sales of 31,300 MT reported for 2020 were up 66 percent from the previous week, but down 6 percent from the prior 4-week average. Increases primarily for Mexico (12,900 MT, including decreases of 1,000 MT), China (7,400 MT, including decreases of 1,300 MT), Japan (4,200 MT, including decreases of 300 MT), Canada (1,700 MT, including decreases of 400 MT), and South Korea (1,500 MT, including decreases of 300 MT), were offset by reductions for Vietnam (100 MT) and Costa Rica (100 MT). For 2021, net sales of 4,200 MT were primarily for China (1,400 MT), Colombia (700 MT), Australia (600 MT), Canada (400 MT), and Mexico (300 MT). Exports of 34,100 MT were down 17 percent from the

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previous week and 12 percent from the prior 4-week average. The destinations were primarily to Mexico (11,500 MT), China (9,000 MT), Japan (4,700 MT), South Korea (3,000 MT), and Canada (2,000 MT).

***CHARTS FROM ESIGNAL INTERACTIVE, INC.***

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