



WEDNESDAY MORNING DECEMBER 23, 2020 LIVESTOCK REPORT

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**USDA December 22, 2020 Cold Storage report at bottom of report
BEEF AND PORK EXPORT SALES FOR WEEK ENDING DECEMBER 17, 2020
BOTTOM OF REPORT**

CATTLE

USDA FEDERAL CATTLE SLAUGHTER

DECEMBER 22, 2020	119,000
WEEK AGO	117,000
YEAR AGO	38,000
WEEK TO DATE (EST)	238,000
SAME PERIOD LAST WEEK (EST)	237,000
SAME PERIOD LAST YEAR (ACT)	155,000

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	CHOICE	SELECT
BOXED BEEF FINAL	210.67	199.59
CHANGE FROM PRIOR DAY	(0.25)	2.33
CHOICE/SELECT SPREAD:		11.08
TOTAL LOAD COUNT		145
5 DAY SIMPLE AVERAGE:	209.02	193.90

PREVIOUS WEEK 12/18/2020	CHOICE	SELECT
BOXED BEEF FINAL PRICE	208.63	194.27

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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 22, 2020

Primal Rib	363.38	320.44
Primal Chuck	178.21	176.74
Primal Round	183.70	180.93
Primal Loin	265.47	242.33
Primal Brisket	158.32	157.26
Primal Short Plate	112.37	112.37
Primal Flank	95.69	90.86



**PREVIOUS WEEK'S CLOSE
FINAL DECEMBER 18, 2020**

Primal Rib	390.68	310.47
Primal Chuck	171.26	169.23
Primal Round	178.31	176.28
Primal Loin	258.11	238.61
Primal Brisket	153.36	153.85
Primal Short Plate	113.45	113.45
Primal Flank	90.94	89.68

LOAD COUNT AND CUTOFF VALUE SUMMARY FOR PRIOR 6 DAYS

Date	Choice	Select	Trim	Grinds	Total	CHOICE	SELECT
						600-900	600-900
12/21	71	16	14	9	110	210.92	197.26
12/18	76	18	13	7	115	208.63	194.27
12/17	64	18	7	14	103	209.51	193.70
12/16	84	26	3	31	143	207.22	192.09
12/15	97	37	10	30	174	208.82	192.20

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	78.82 loads	3,152,605 pounds
Select Cuts	23.49 loads	939,459 pounds
Trimming	10.01 loads	400,457 pounds
Ground Beef	33.07 loads	1,322,637 pounds

**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)**

DECEMBER 2020 USDA LIVESTOCK REPORTS

USDA QUARTERLY HOGS AND PIGS- WEDNESDAY DECEMBER 23, 2020 2:00PM CENTRAL TIME

**DELIVERY NOTICE SERVED – DECEMBER 2020 - LIVE CATTLE
SETTLEMENT: DECEMBER 21, 2020 - \$110.32**



**OLDEST LONG: 11/18/20 SETTLEMENT AT \$110.65
0 DELIVERIES**

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USDA POSTED CATTLE PRICES ON 12/22/2020
IA/MN – CASH 103.00 - 106.25 average weight 1619 Dressed.- No Reportable Trade.
NE - CASH – No Reportable Trade. Dressed.- No Reportable Trade.
KS – CASH No Reportable Trade. Dressed - No Reportable Trade.
TX/OK/NM – No Reportable Trade.
CO – Information not available due to confidentiality

*****National Daily Direct Cattle 12/22/2020
(5 day accumulated weighted avg)**

	Weight	Price	Head
Live Steer:	1472	\$106.22	24,692
Live Heifer:	1357	\$106.36	9,695
Dressed Steer:	994	\$165.39	9,581
Dressed Heifer:	872	\$165.36	3,452

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Mammoth cattle are still moving in the Midwest and are priced accordingly to weight. But there are feedlots if cattle are weights packers want and because cattle have been pulled forward from January contracts in the Southwest asking \$112.00 this week. By the time cattle weights move down to normal range in the Midwest, it is highly likely spreads on heavy weight cattle could be \$15.00 off top priced cattle. Showlists are light as feedlots are weighting out the end of the year and move cattle in 2021 which could keep the price spread wide into 2021.

Boxed beef higher Tuesday with all cuts up except primal rib sections. Choice/Select spread is narrowing. Ground beef is selling and when processing and grinding rounds and chucks, higher boxed beef prices may be deceiving with narrowing of Choice/Select spread. Narrowing spread usually isn't bullish.

Trade volume is light. There has been some hedging on April, October and December. Showlist feedlot managers are hesitant to sell looking at possible higher prices but Midwest feedlots also keeping cattle instead of moving them to kill and replacing with feeder cattle. For the feedlot in the Midwest that also raises grain, they will sell grain and not replace with cattle. Feeder cattle have gone from bull spread a month ago to moving into bear spreads. Contract feedlots buying just enough feeders to meet commitments.



With increasing COVID around the world, and expectations of it surging after the holidays, look for slow exports.

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One of the most obvious concerns US cattle and hog producers can see is how grain and oil seeds are being sold. Global demand for feed means increasing global cattle and hog numbers. Cattle and Feed report showed placements down in the US but it comes at a time when world livestock numbers are increasing and demand for US beef exports are down.

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Steer and heifer weights are dropping but due to packers pulling forward cattle in the South and Southwest. Cattle in the North and Midwest still have many cattle being sold above 1500 pounds live and over 1000 pounds dressed while cattle in Texas, Oklahoma, and New Mexico have cattle pulled early from January contracts below 1300 pounds.

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Monitor the 5 day moving average. It is a good indicator for reversals. When the current Choice beef moves over or under the 5 day average, it often is when beef market will change direction. Don't react the first day it happens, give it at least two days.

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As of December 22, 2020, dressed steer and heifer weights were 895.5 compared to previous week at 891.4 up 4.1 pounds from week ago and 5 pounds over a year ago. Dressing percent remains high at 81.9% compared to a week ago at 81.8%

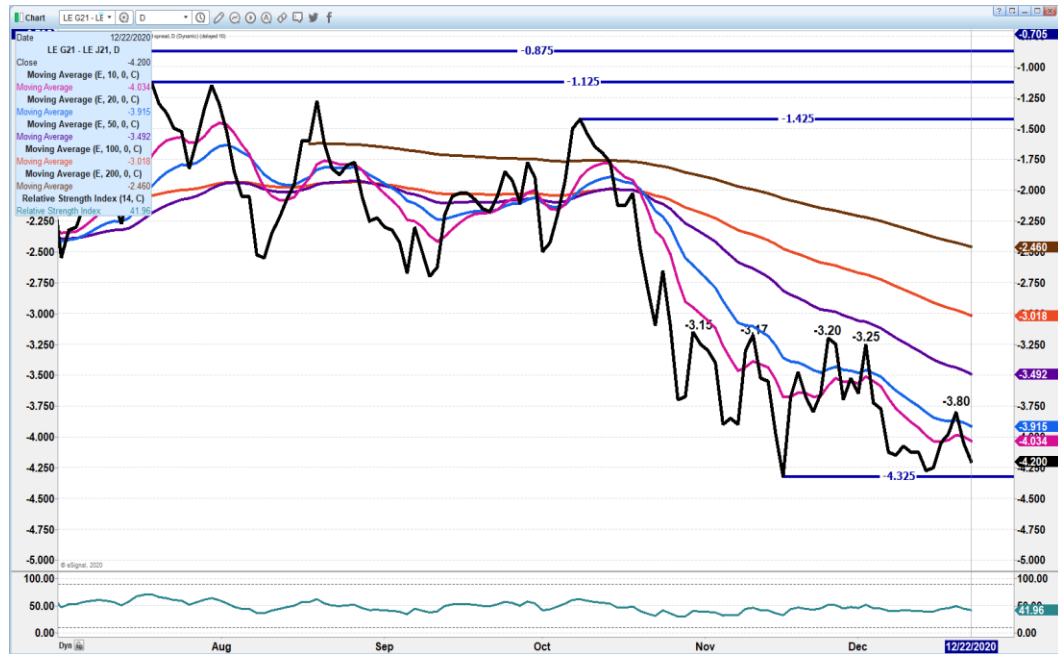
Weights are dropping because packers pulling contracted cattle and their own cattle forward in South and Southwest. Thursday cattle sold in Iowa/Minnesota averaging over 1500 pounds. Cattle in Texas were moving at 1244 pounds.

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Daily Futures Market Commentary

FEBRUARY 2021 LIVE CATTLE/APRIL 2021 LIVE CATTLE SPREAD - SPREAD WIDENING

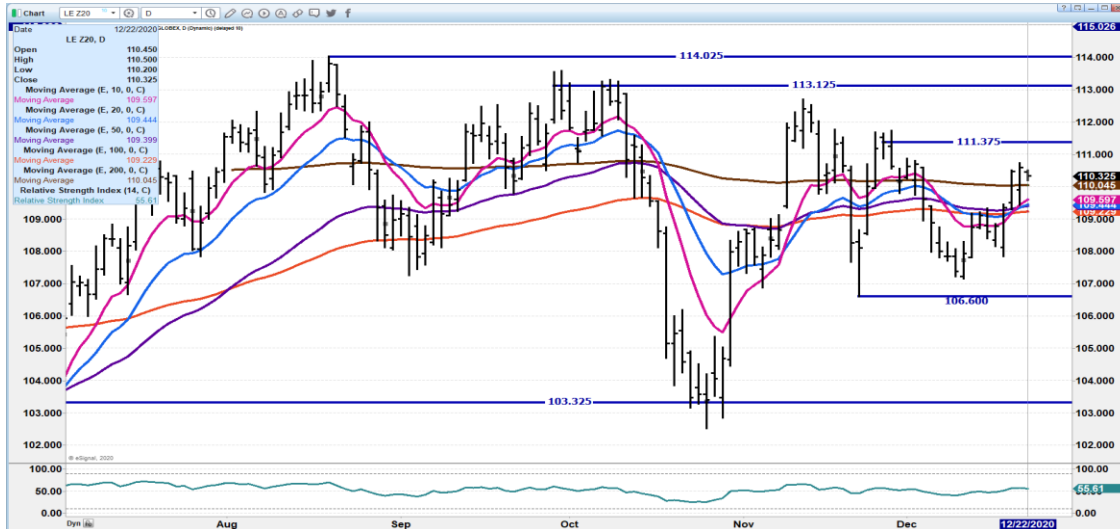


APRIL 2021/JUNE 2021 LIVE CATTLE SPREAD - WIDENING SPREAD IS NOT POSITIVE

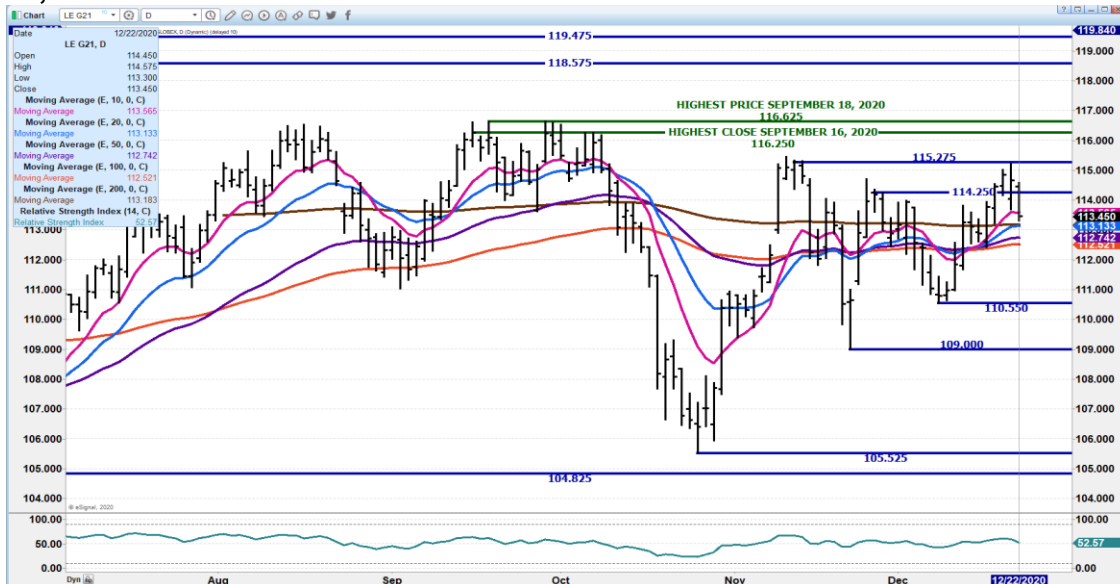




DECEMBER 2020 LIVE CATTLE - IN DELIVERY RANGE. OPEN INTEREST 2396



FEBRUARY 2021 LIVE CATTLE – DROPPED TO SUPPORT AT 113.30 NEXT SUPPORT AT 112.50 Resistance at 115.27 TO HIGHS IN SEPTEMBER AT 116.25 TO 116.62 VOLUME 15,443

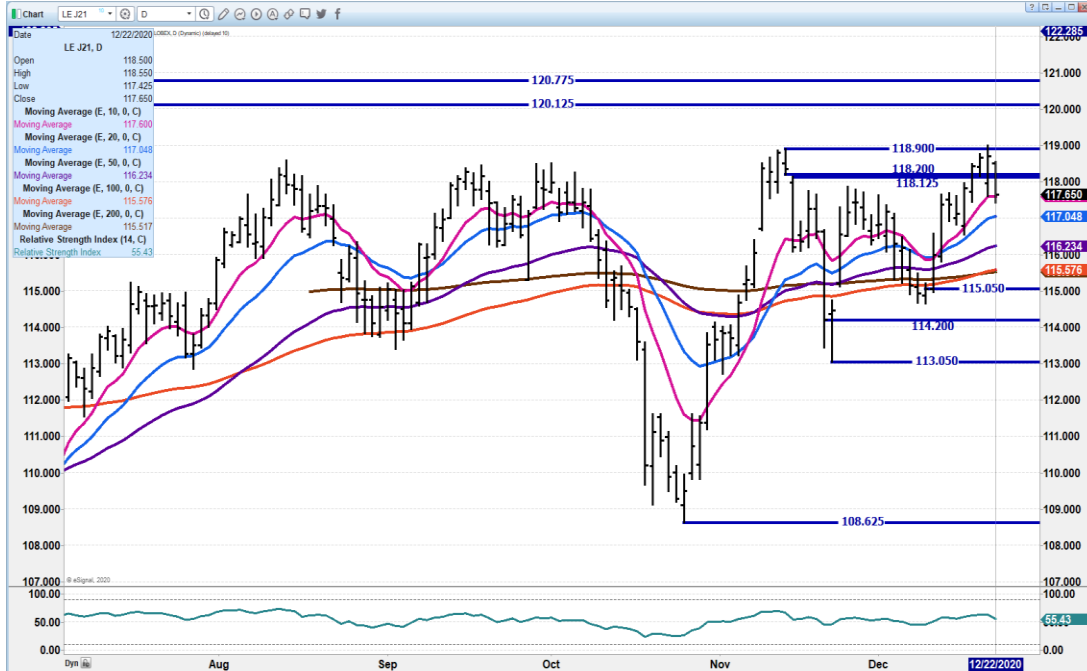


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APRIL 2021 LIVE CATTLE - SUPPORT AT 117.50 TO 115.57 RESISTANCE AT 118.87 TO 120.12 TO 120.75



Feeder Cattle

THE CME FEEDER INDEX ON 12/21/2020 WAS 139.74 UP 18 CENTS FROM PREVIOUS DAY

JANUARY 2021 FEEDER CATTLE FUTURES SETTLED ON DECEMBER 22, 2020 AT \$139.90

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CONTRACT FEEDLOTS AND PACKER OWNED FEEDLOTS ARE BUYING MINIMUM NUMBERS AS REPLACEMENTS. IT COULD BE AN INDICATION BEEF CONTRACTED INTO 2021 IS GOING TO BE LESS THAN 2020.

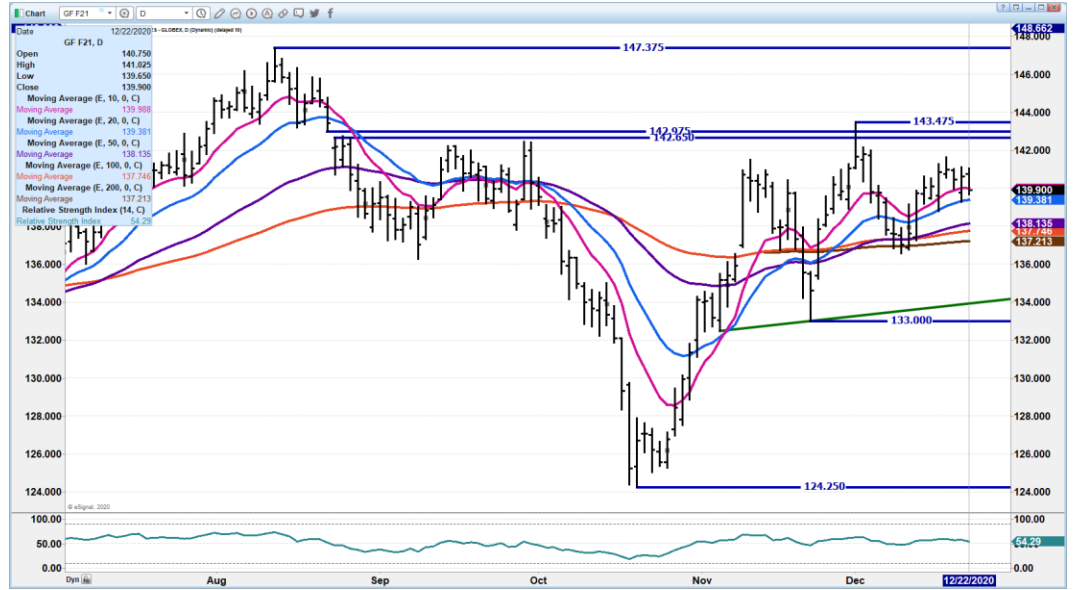
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MARCH 2021/APRIL 2021 FEEDER CATTLE SPREAD. WIDENING BUT STILL RELATIVELY NARROW. USE AS INDICATOR FOR SELLING FEEDERS INTO SPRING



JANUARY 2021 FEEDER CATTLE – dropped to support at 139.65 to 139.37 next level Resistance at 142.65

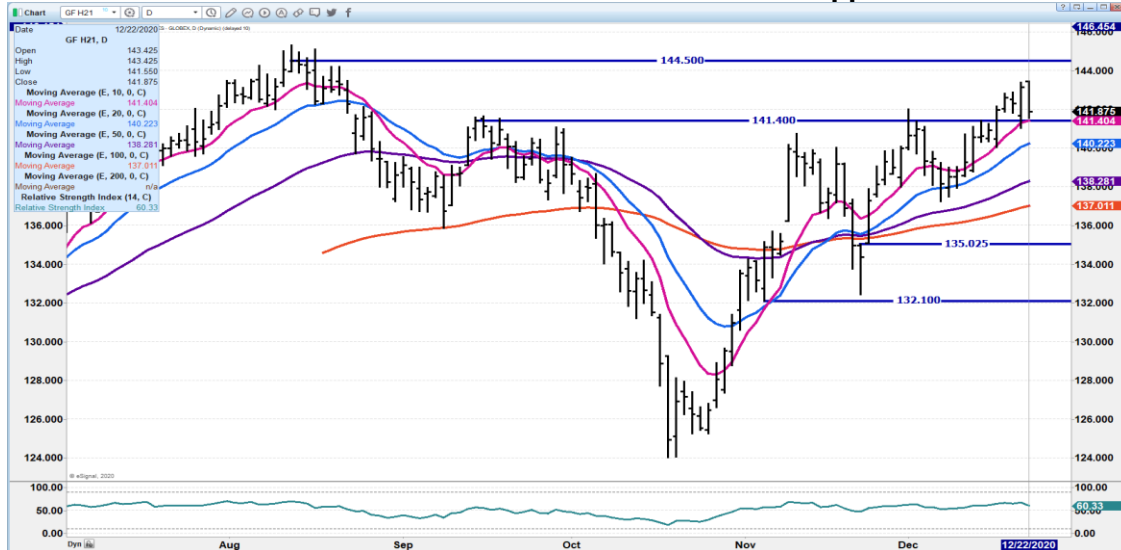


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MARCH 2021 FEEDER CATTLE – Resistance at 144.50 Support at 141.37 to 140.17



LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

DECEMBER 22, 2020	480,000
WEEK AGO	492,000
YEAR AGO	163,000
WEEK TO DATE (EST)	967,000
SAME PERIOD LAST WEEK (EST)	981,000
SAME PERIOD LAST YEAR (ACT)	659,000

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CME CASH HOG INDEX 12/18/2020 AT 62.55 DOWN 1.17 FROM PREVIOUS DAY

CME CASH PORK CUTOUT INDEX 12/21/2020 AT 73.18 DOWN 88 CENTS FROM PREVIOUS DAY

CME CASH FRESH BACON INDEX ON 12/18/2020 WAS 117.35 COMPARED TO 12/11/2020 WAS 121.99



USDA hogs/pigs report estimates

	Ranges	Average
All hogs Dec. 1	97.2-100.3	99
Kept for breeding	97.2-98.5	98.1
Kept for market	97.1-100.5	99
Pig crop		
September-November	95.2-98.4	96.5
Weight Groups		
Under 50 lbs	95.8-98.9	98
50-119 lbs	96.9-100.2	98.2
120-179 lbs	97.6-101.8	99.2
Over 180 lbs	96.6-104.7	100.5
Farrowings		
September-November	95.3-97.4	96.3
Farrowing intentions		
December-February	96.6-99.3	98.3
March-May	95.5-99.5	98.2
Pigs per litter		
September-November	99.6-101	100.2

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CHINA'S STUNNING EXPORT COMEBACK HAS FACTORIES SCRAMBLING FOR WORKERS

<https://www.reuters.com/article/us-china-economy-manufacturing/chinas-stunning-export-comeback-has-factories-scrambling-for-workers-idUSKBN28V0AL>

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Hams are down over past two days \$11.85 from where they closed Friday and fell \$10.87 below loins in one day. Large global supply outlook for 2021 will limit US exports. However, it is normal at this time for hams to break as retail grocery stores have needs met and ham smokers are curtailing buying. The big question; will Mexico pick up demand into 2021 as they are the consistent largest buyers of hams and bellies.



As Cold storage report showed pork is not backing up, but consumers are buying at their price and it takes cheap pork to move it.

There are plenty of hogs in the US and globally. Going forward it is important to watch hog slaughter numbers and weights to see if hogs are being backed up due to COVID 19.

After China finishes their New Year's buying of pork, look for stricter inspections on US ships and plane deliveries

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Watching individual pork primal cuts day to day will give false/ positive indicators. Trade the 5 day average and compare to previous week's change. If you give too much credence to individual cuts from one day to the next, it is like being on a teeter totter.

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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

DECEMBER 22, 2020

LOADS OF PORK CUTS: 300.94

LOADS TRIM/PROCESSED PORK: 52.55

****This report will not be published Thursday, 12/24/20 due to Federal Holiday****

FINAL

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
12/22/2020	353.49	68.16	69.70	70.19	54.05	139.97	53.83	85.41
Change		-4.18	-1.32	1.69	-3.47	1.61	-7.85	-10.95
Five Day Average --		72.01	70.37	71.10	57.74	136.14	65.59	88.43

FINAL PREVIOUS WEEK'S CLOSE

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
12/18/2020	343.89	71.47	69.44	72.21	57.95	135.06	65.80	85.86
Five Day Average --		74.14	70.08	71.30	59.76	133.66	75.02	87.17

NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE SLAUGHTER DATA FOR DECEMBER 21, 2020

Average live weight - 285.84

Average carcass - 214.05

****This report will not be published Thursday, 12/24/20 due to Federal Holiday****



**DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM DECEMBER 21, 2020
NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES**

Carcass Base Price: \$45.00 - \$53.00

Weighted Average: \$50.58,

Change from Prior Day: 0.26 lower

HOGS SOLD 6,750

SWINE OR PORK MARKET FORMULA PURCHASE (Including Packer Sold)

PRICE RANGE: \$51.02 - \$70.42

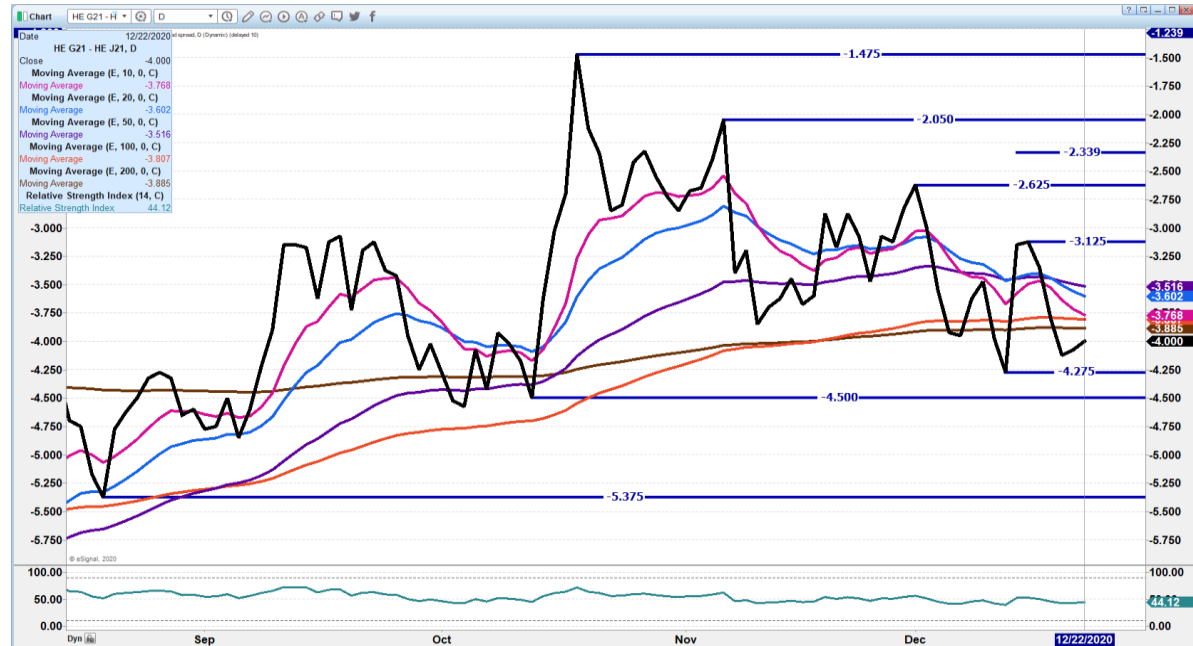
Weighted Average: \$61.10

Previous Day: \$61.33

HOGS SOLD: 241,936

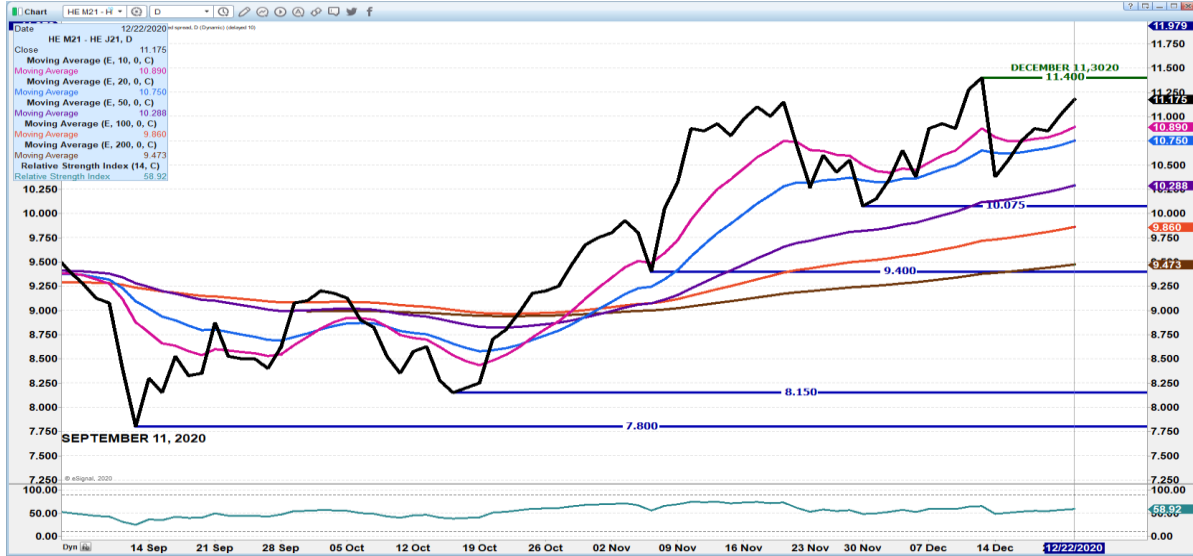
https://www.ams.usda.gov/mnreports/lm_hq203.txt

FEBRUARY/APRIL 2021 LEAN HOG SPREAD – SPREAD WIDENING MONITOR FOR HEDGING OPORTUNITIES WHEN SPREAD HAS POSITIVE UNDERLYING FUTURES

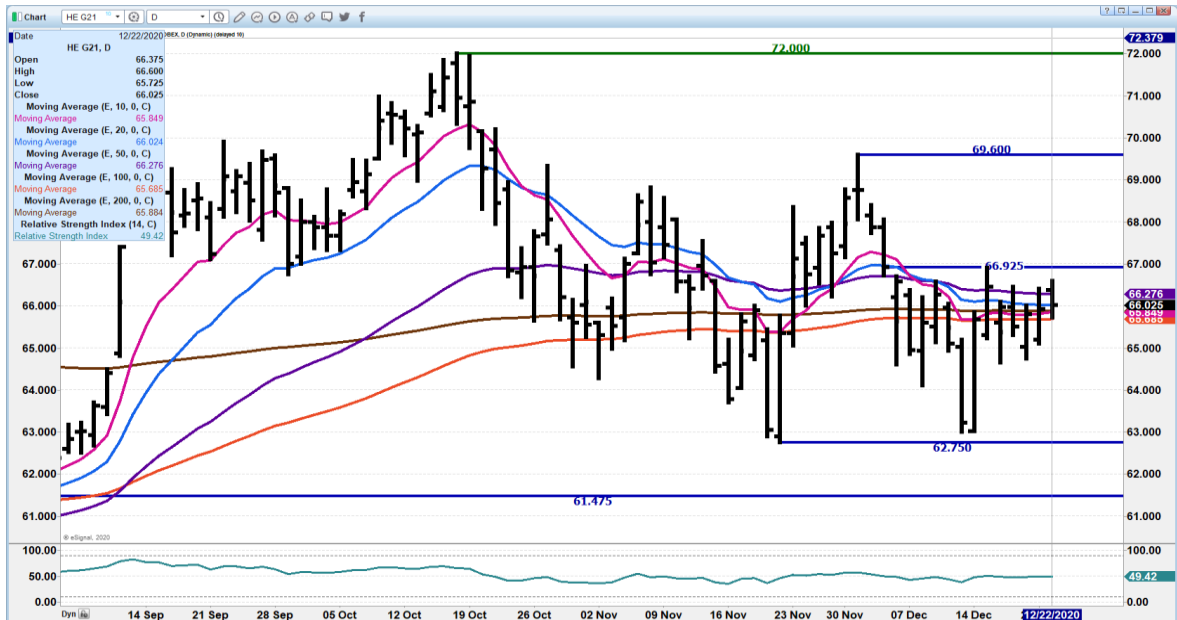




JUNE/APRIL LEAN HOG SPREAD – NORMAL SPREAD AT THIS TIME VOLUME ON FUTURES LIGHT ALLOWING SPECULATORS TO MOVE SPREAD WIDER.

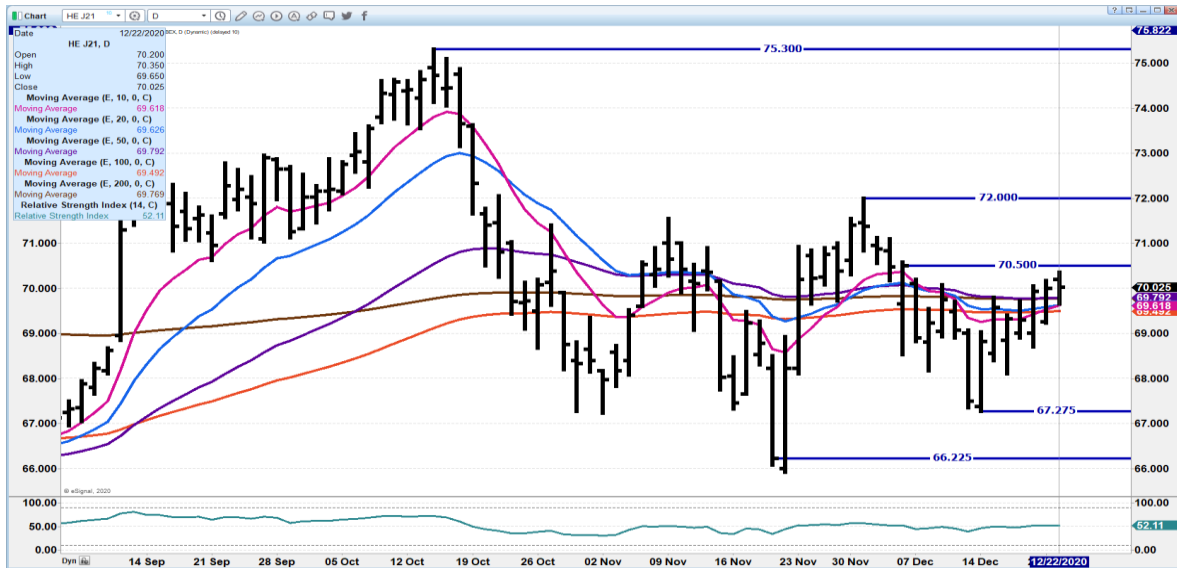


FEBRUARY 2021 LEAN HOGS – NEEDS TO HOLD ABOVE 66.00 ON A CLOSE. NEXT SUPPORT AT 62.75 RESISTANCE AT 66.92

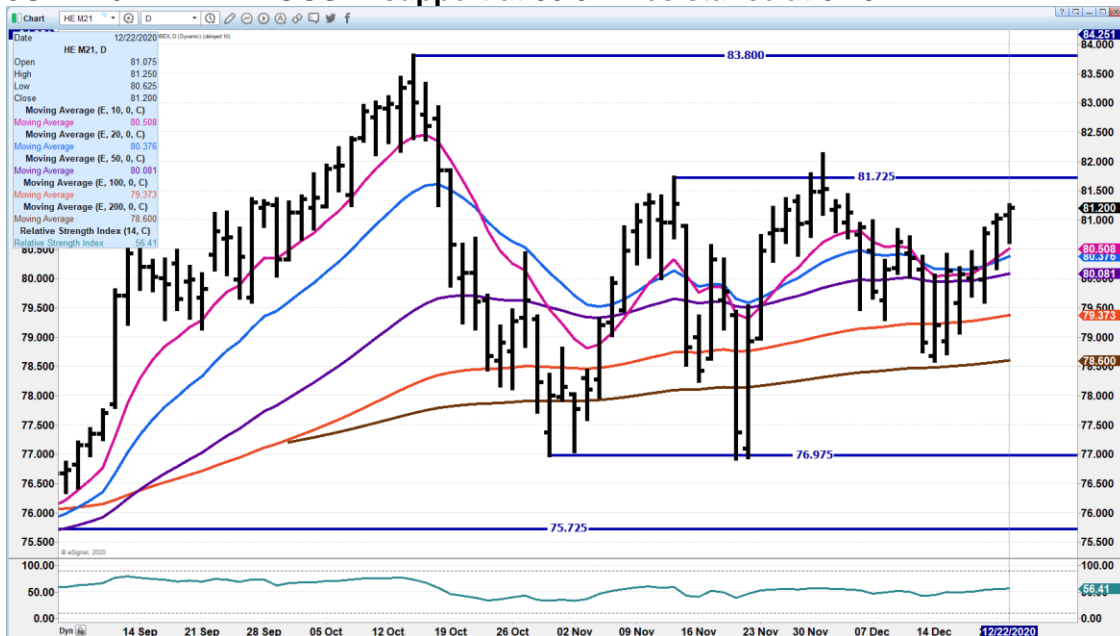




APRIL 2021 LEAN HOGS – RESISTANCE AT 70.50 TO 71.00 SUPPORT 69.25.



JUNE 2021 LEAN HOGS – support at 80.37 Resistance at 81.87



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Beef and Pork Export Sales Highlights for week ending December 17, 2020

Beef: Net sales of 6,000 MT reported for 2020 were down 40 percent from the previous week, but up noticeably from the prior 4-week average. Increases were primarily for Japan (2,000 MT, including decreases of 400 MT), South Korea (1,900 MT, including decreases of 700 MT), Mexico (600 MT, including decreases of 100 MT), Canada (400 MT, including decreases of 100 MT), and Hong Kong (400 MT, including decreases of 400 MT). **For 2021, net sales of 7,200 MT** were primarily for South Korea (3,100 MT), Hong Kong (2,100 MT), Japan (700 MT), Mexico (500 MT), and Taiwan (300 MT). Exports of 13,500 MT were down 30 percent from the previous week and 27 percent from the prior 4-week average. The destinations were primarily to South Korea (3,700 MT), Japan (3,300 MT), Mexico (1,900 MT), Hong Kong (1,500 MT), and Canada (800 MT).

Pork: Net sales of 16,300 MT reported for 2020 were down 59 percent from the previous week and 44 percent from the prior 4-week average. Increases primarily for Mexico (17,000 MT, including decreases of 1,000 MT), Japan (2,300 MT, including decreases of 2,000 MT), Canada (1,500 MT, including decreases of 500 MT), the Philippines (900 MT, including decreases of 200 MT), and Guatemala (900 MT), were **offset by reductions primarily for China (6,100 MT) and South Korea (1,800 MT)**. **For 2021, net sales of 23,400 MT** were primarily for China (7,700 MT), South Korea (3,900 MT), Colombia (3,50 MT), Japan (1,400 MT), and the Philippines (1,400 MT). Exports of 40,500 MT were down 4 percent from the previous week, but up 2 percent from the prior 4-week average. The destinations were primarily to Mexico (14,400 MT), China (13,100 MT), Japan (3,200 MT), South Korea (2,600 MT), and Canada (1,700 MT).

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December 22, 2020, USDA Cold Storage

Total red meat supplies in freezers were down 2 percent from the previous month and down 12 percent from last year.

Total pounds of beef in freezers were up 2 percent from the previous month and up 7 percent from last year.

Frozen pork supplies were down 7 percent from the previous month and down 28 percent from last year.

Stocks of pork bellies were up 21 percent from last month but down 58 percent from last year.



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Beef stocks go along with what the US essentially isn't exporting.

Pork stocks down isn't a surprise. Cheap and plentiful pork supplies are and have been selling in 2020.

Since bellies are traded anymore, and fresh bellies only make up 18 percent of hogs, this report doesn't move markets. Belly and ham exports have been strong with Mexico a primary buyer.

With beef stocks up 2 percent and year to date slaughter down 3.5 percent, reporty is more negative than positive. Good thing slaughter is down. With exports down 7 percent January through October, this report shows US has been producing more beef than it needs to produce. Since 2021 will have fewer cattle, may get to a point can reduce stocks, maybe...

Pork stocks down with strong exports and solid US retail demand, it normally would be friendly pork. However, market on December 22 is focusing on 2021 and with increasing global pork supplies in 2021, November stocks is past news.

This report will have little effect to cattle and hog futures. It simply verifies what is already know.

CHARTS FROM ESIGNAL INTERACTIVE, INC.