



## FRIDAY MORNING JANUARY 8, 2021 LIVESTOCK REPORT

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### CATTLE

#### USDA FEDERAL CATTLE SLAUGHTER

JANUARY 07 , 2021	119,000
WEEK AGO	96,000
YEAR AGO	124,000
WEEK TO DATE (EST)	466,000
SAME PERIOD LAST WEEK (EST)	448,000
SAME PERIOD LAST YEAR (ACT)	492,000

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	CHOICE	SELECT
BOXED BEEF NOON	205.81	196.59
CHANGE FROM PRIOR DAY	0.54	0.51
CHOICE/SELECT SPREAD:		9.22
TOTAL LOAD COUNT		176
5 DAY SIMPLE AVERAGE:	208.30	196.92

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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

#### NOON JANUARY 07, 2021

Primal Rib	332.18	290.32
Primal Chuck	182.23	179.38
Primal Round	178.96	179.18
Primal Loin	259.01	243.23
Primal Brisket	151.63	146.66
Primal Short Plate	116.38	116.38
Primal Flank	95.28	93.65

#### FINAL JANUARY 6, 2021

Primal Rib	332.39	286.98
Primal Chuck	183.37	181.36
Primal Round	177.83	180.02
Primal Loin	256.29	238.44
Primal Brisket	148.71	146.75
Primal Short Plate	117.31	117.31



**Primal Flank 95.46 94.79**

**LOAD COUNT AND CUTOFF VALUE SUMMARY**

Date	Choice	Select	Trim	Grinds	Total	CHOICE 600-900	SELECT 600-900
01/06	125	47	13	19	204	205.27	196.08
01/05	135	25	13	31	204	205.90	196.49
01/04	60	20	8	14	102	209.87	196.53
12/31	87	34	11	12	144	209.35	194.97
12/30	81	21	16	23	141	210.53	199.86
12/29	92	18	11	22	144	210.30	195.48
12/28	86	36	23	16	160	207.82	196.65
12/23	68	23	10	18	119	207.54	197.93
12/22	79	23	10	33	145	210.67	199.59

**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)**

<b>Choice Cuts</b>	<b>112.19 loads</b>	<b>4,487,792 pounds</b>
<b>Select Cuts</b>	<b>21.48 loads</b>	<b>859,281 pounds</b>
<b>Trimming</b>	<b>14.20 loads</b>	<b>568,016 pounds</b>
<b>Ground Beef</b>	<b>28.00 loads</b>	<b>1,120,075 pounds</b>

**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)**

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

**BOTH BEEF AND PORK NET EXPORT SALES WERE POOR.**

**USDA POSTED CATTLE PRICES ON 01/07/2021**

**IA/MN – CASH – 110.00 - 112.00 80 head of heifers Dressed.- 175.00 - 177.00**

**NE - CASH – 112.00 on 207 head weighing 1525 Dressed. 176.00 - 177.00**

**KS – CASH 112.00**

**TX/OK/NM – No Reportable Trade.**

**CO – No Reportable Trade.**



**\*\*\*National Daily Direct Cattle 01/07/2021  
5 day accumulated weighted avg)**

	Weight	Price	Head
Live Steer:	1480	\$111.45	31,165
Live Heifer:	1329	\$111.29	17,380
Dressed Steer:	964	\$175.60	11,665
Dressed Heifer:	837	\$176.09	2,828

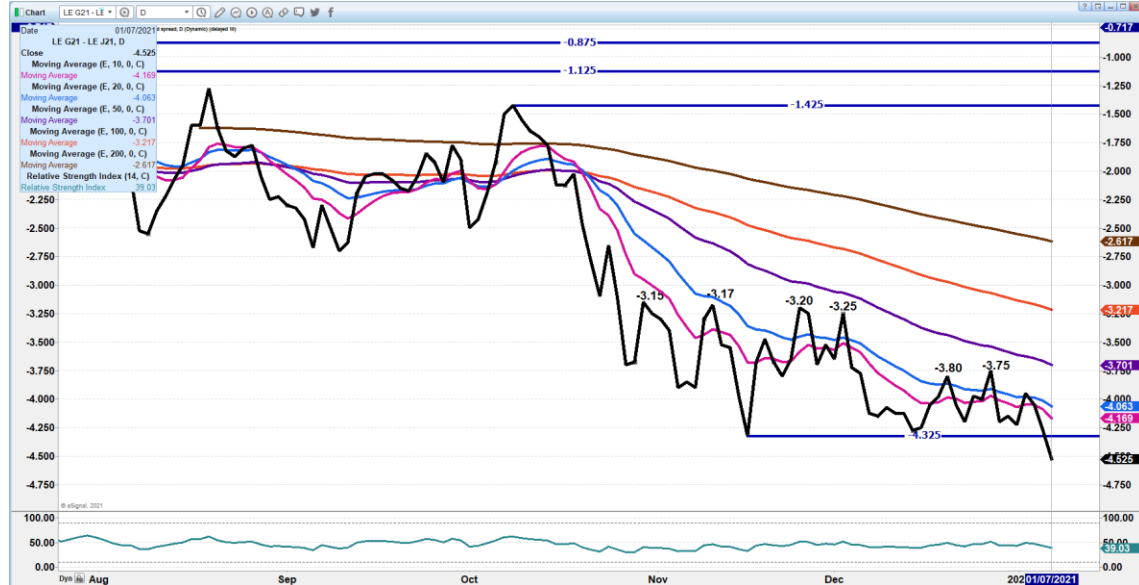
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Packers are willing to pay \$112 but feedlots holding for \$114. Maybe cash trade is going back to cat and mouse game of seeing who can hold off the longest. Packers need cattle for next week but if they don't have the contract orders to fill, they may not. Consumers are buying cheaper cuts and demand for higher priced cuts which that drops this time of the year and what appears to be packers dumping Choice cuts could keep packers sticking with \$112 or paying up on just a few head.  
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August through December futures are making contract highs. When markets are moving on such light volume, not taking advantage for hedgers may not be the wisest decision. Traders are expecting consumers to run out to restaurants and buy pounds of steaks for the summer time grills because of vaccinations but with increasing cattle numbers in the Southern Hemisphere and exponential increasing of global hog supplies, it will be hard for summer through winter 2021 cattle to maintain highs.

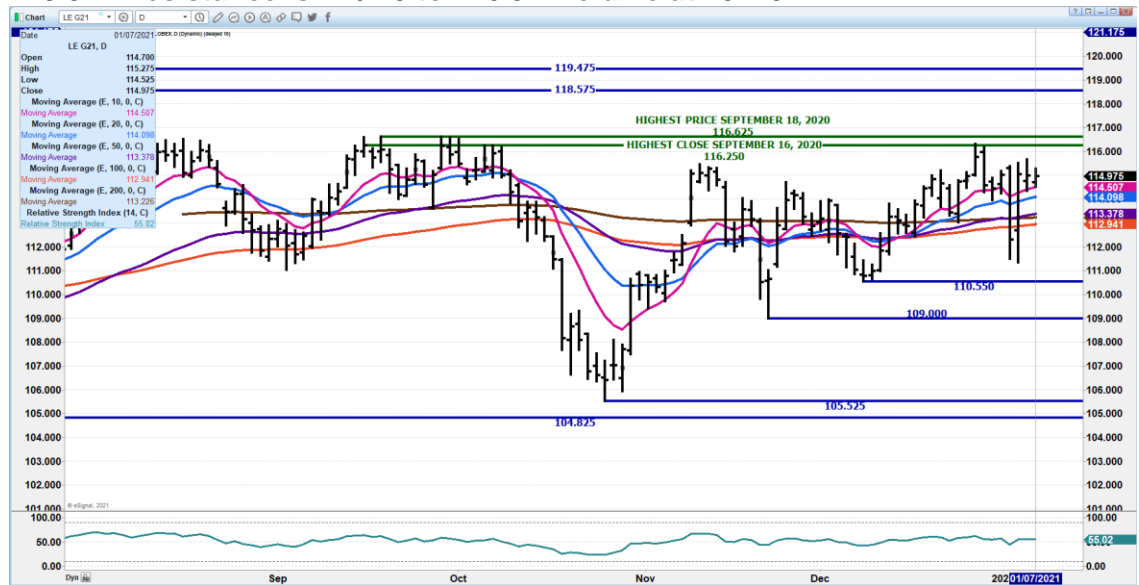
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International export competition is going to hurt US meat exports in 2021. Brazil is not going to give up the agreements it has made across the globe over the past few years.  
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**FEBRUARY 2021 LIVE CATTLE/APRIL 2021 LIVE CATTLE SPREAD –**



**FEBRUARY 2021 LIVE CATTLE – support is the 10 day average 114.60 next support is 113.87 Resistance is 116.25 to 116.52 volume at 18175**



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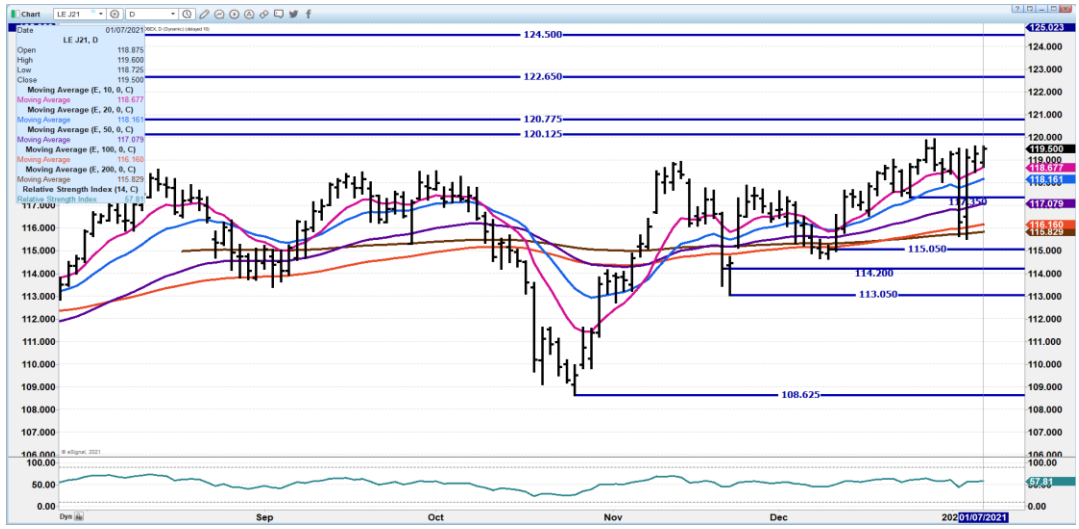




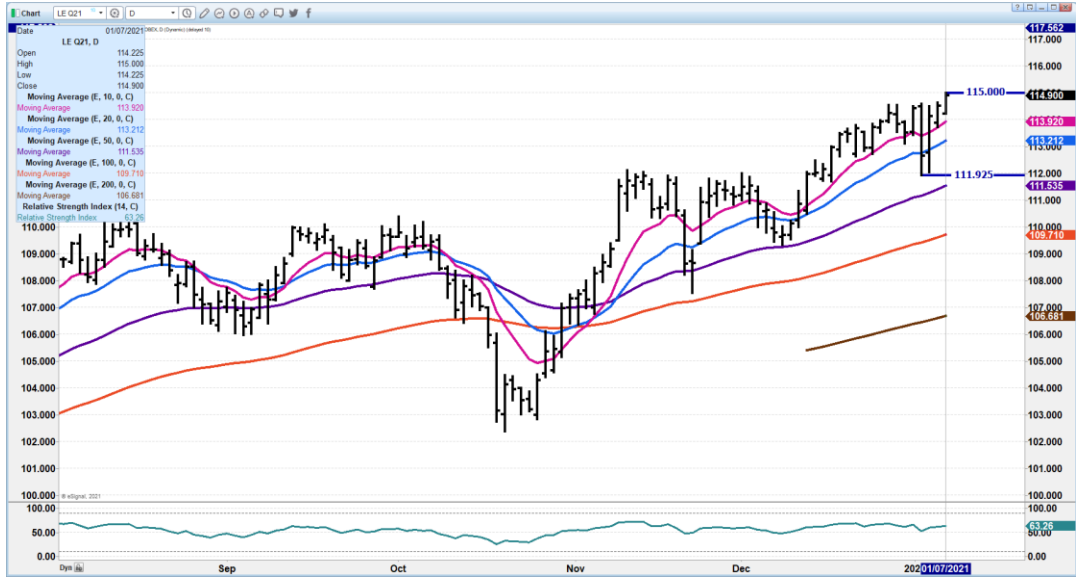
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### APRIL 2021 LIVE CATTLE - VOLUME AT 13885 RESISTANCE AT 120.12 TO 120.77 SUPPORT AT 118.80 TO 117.90



### AUGUST 2021 LIVE CATTLE – NEW CONTRACT HIGHS BUT HIGHS ARE MADE ON VERY LIGHT VOLUME THURSDAY VOLUME WAS 4725 CONTRACTS BEAR SPREADING MOVING MONTHS UP



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## Feeder Cattle

**THE CME FEEDER INDEX ON 01/06/2020 WAS 135.35 UP 42 FROM PREVIOUS DAY**

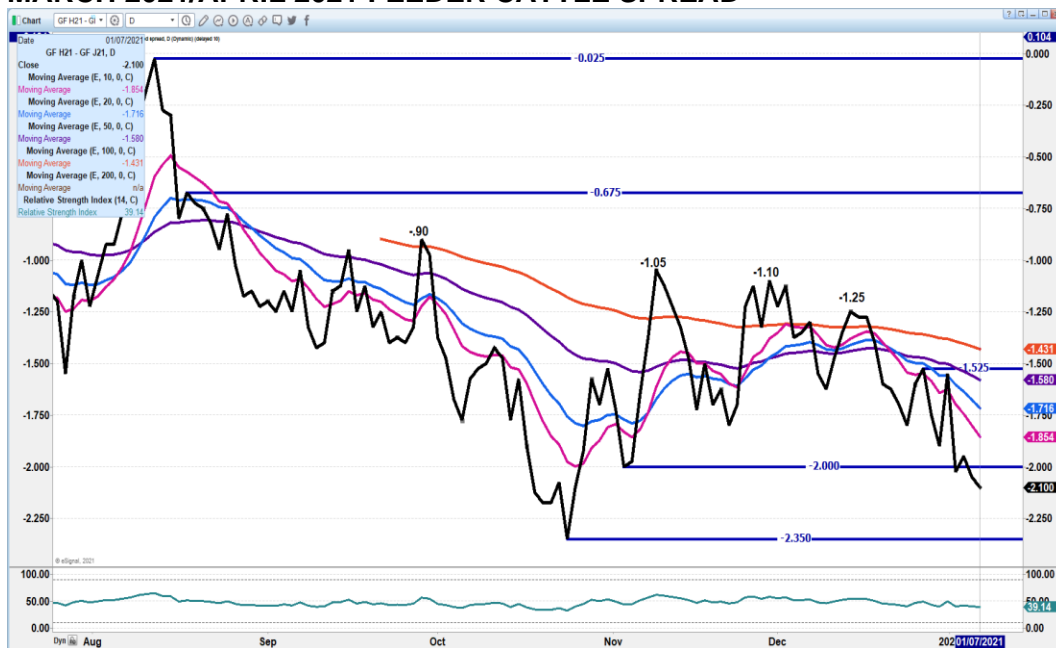
**JANUARY 2021 FEEDER CATTLE FUTURES SETTLED ON JANUARY 7, 2021 AT \$136.70**

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**IT IS BECOMING MORE EVIDENT THAT FEEDLOTS ESPECIALLY LONG TERM CONTRACT AND GRID LOTS AND PACKER OWNED LOTS ARE NOT FILLING LOTS WITH MORE CATTLE THAN THEY NEED FOR ORDERS NOW AND INTO THE FUTURE. MIDWEST FEEDLTS ARE GOING TOSELL GRAIN RATHER THAN PUT CATTLE INTO THE LOTS. SPREADS HAVE BEEN MOVING WIDER, BEAR SPREADING.**

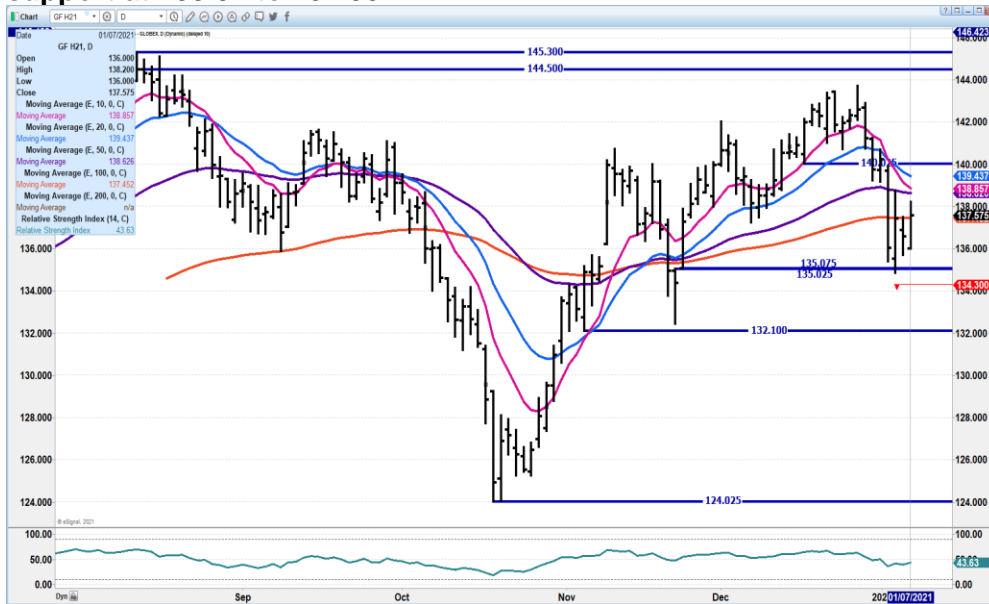
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#### **MARCH 2021/APRIL 2021 FEEDER CATTLE SPREAD -**

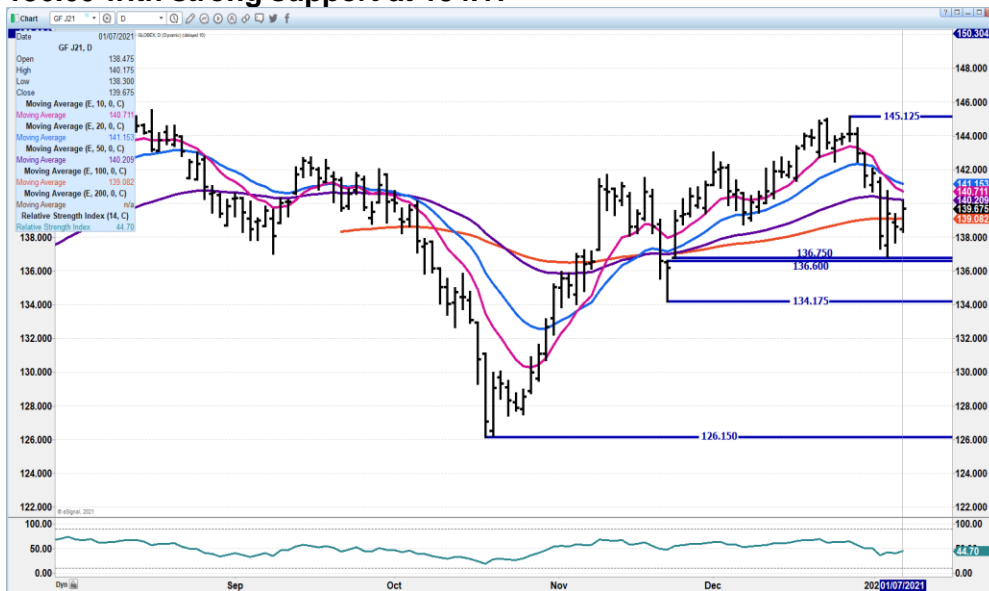




**MARCH 2021 FEEDER CATTLE – resistance at 10 day average at 138.85 to 139.50 support at 135.02 to 134.30**



**APRIL 2021 FEEDER CATTLE – resistance at 140.20 to 140.77 Support at 136.75 to 136.60 with strong support at 134.17**



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## LEAN HOGS

### USDA ESTIMATED FEDERAL HOG SLAUGHTER

JANUARY 07, 2021	497,000	
WEEK AGO	425,000	
YEAR AGO	499,000	
WEEK TO DATE (EST)		1,971,000
SAME PERIOD LAST WEEK (EST)		1,838,000
SAME PERIOD LAST YEAR (ACT)		1,490,000

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CME CASH HOG INDEX 01/05/2020 AT 62.42 UP 95 CENTS FROM PREVIOUS DAY

CME CASH PORK CUTOUT INDEX 01/06/2021 AT 76.92 UP 1.05 CENTS FROM PREVIOUS DAY

CME CASH FRESH BACON INDEX ON 01/01/2021 WAS 123.79 COMPARED TO 12/25/2020 WAS 117.08

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### CHINA'S DALIAN LIVE HOG FUTURES SLUMP 10% ON DEBUT

<https://www.reuters.com/article/china-derivatives-hogs/update-2-chinas-dalian-live-hog-futures-slump-10-on-debut-idUKL1N2JJ03L>

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Summer and hogs into 2022 making new highs. When global inventory is expanding, hedgers should consider hedging

Live Hog and carcass weights have been going up. As of January 6<sup>th</sup>, the weighted average of live hogs weighed 290.34 pounds and the average carcass was 218.30. Negotiated priced hogs averaged 269.97 pounds live and dressed at 205.32. Market formula hogs were the heaviest group and largest number of hogs sold weighed at 292.66 live and dressed at 220.43 pounds. Increasing weights are normally not positive for prices to move higher. Going forward need to keep monitoring what average weights do

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Reports on every livestock website talk about rising grain costs and how high priced grain hurts producers profit margins. Everyone can see how grain has rallied. But what





most reports neglect and what US hog, poultry and cattle producers better realize, the reason grains are moving higher has to do with feed demand.

When China was hit with African Swine Fever, it was easy enough to see they needed pork and a lot of pork. When the US and China were having a trade war, it was easy enough to see China found pork and made agreements especially with the EU nations and with the Brazilian hog industry. Then before the January 15, 2020 Phase One was signed China through COFCO Meats was buying record tonnage of US pork by October/November and December 2019 and several times they purchased Brazil in 2021 is expected to increase hog inventory by 4.5 percent and cattle by 2 percent. Ukraine hog producers have been complaining they are exporting too much corn and feed prices are too high. In 2021 the EU is expected to see an increase of over 2.0 percent more hogs. Soybean and feed grains aren't going higher just on speculative trading, Feed users around the globe have booked in grains when US and South American farmers were selling, and buyers are going to hold purchases until grain is delivered. US cattle and hog producers need to use elementary school arithmetic. Grain and oil seed prices have rallied because of increasing hog, poultry, cattle and aquaculture inventories.

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**Packers are making money and want to kill hogs but are going to buy at their price.. Ham prices are dropping which indicates exports may be slipping and that is not what US pork needs.**

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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**

**JANUARY 07, 2021**

**LOADS OF PORK CUTS: 338.05**

**LOADS TRIM/PROCESSED PORK: 42.90**



FINAL								
Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
01/07/2021	380.95	79.82	74.30	69.89	51.05	147.13	66.70	131.81
Change		2.17	2.73	-0.86	5.82	-1.27	0.12	7.20
Five Day Average --		78.29	73.62	72.55	46.95	146.19	67.74	122.65
FINAL								
Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
01/06/2021	421.31	77.65	71.57	70.75	45.23	148.40	66.58	124.61
Change		0.02	-3.17	-3.36	2.67	2.09	2.43	-0.44
Five Day Average --		76.86	73.23	73.13	46.50	145.34	66.42	116.10

**NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE**

Slaughter Data for January 06, 2021  
 Average live weight - 290.34  
 Average carcass - 218.30

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

Carcass Base Price:  
 Weighted Average:  
 Change from Prior Day:  
 HOGS SOLD

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

PRICE RANGE:  
 Weighted Average:  
 Previous Day:  
 HOGS SOLD:

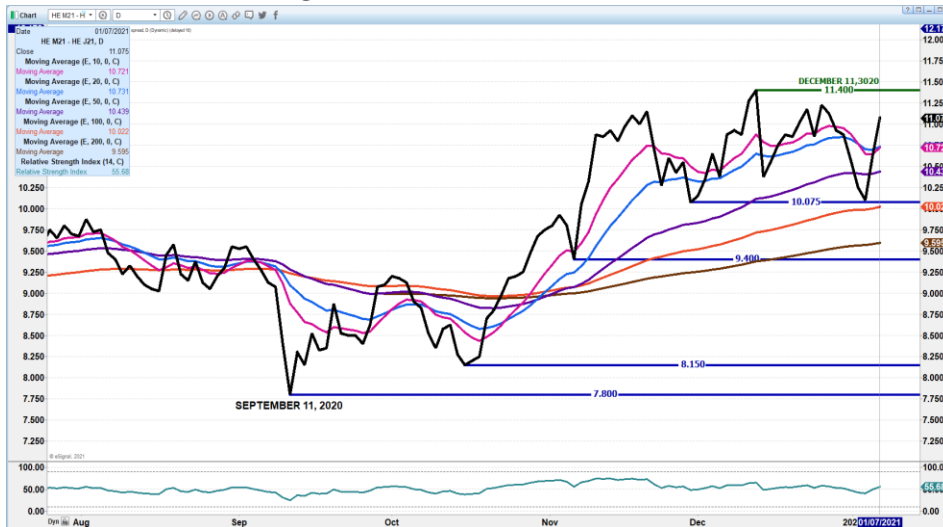
[https://www.ams.usda.gov/mnreports/lm\\_hq203.txt](https://www.ams.usda.gov/mnreports/lm_hq203.txt)



**FEBRUARY/APRIL 2021 LEAN HOG SPREAD – AFTER FUND MONEY MONDAY, SPREAD HAS GONE BACK TO BEAR SPREADING**



**JUNE/APRIL LEAN HOG SPREAD – NORMAL FOR THIS TIME OF THE YEAR TO SEE SUMMER MONTHS GAIN ON SPRING HOGS BUT BEWARE AS CHINESE HERD IS RAPIDLY EXPANDING**



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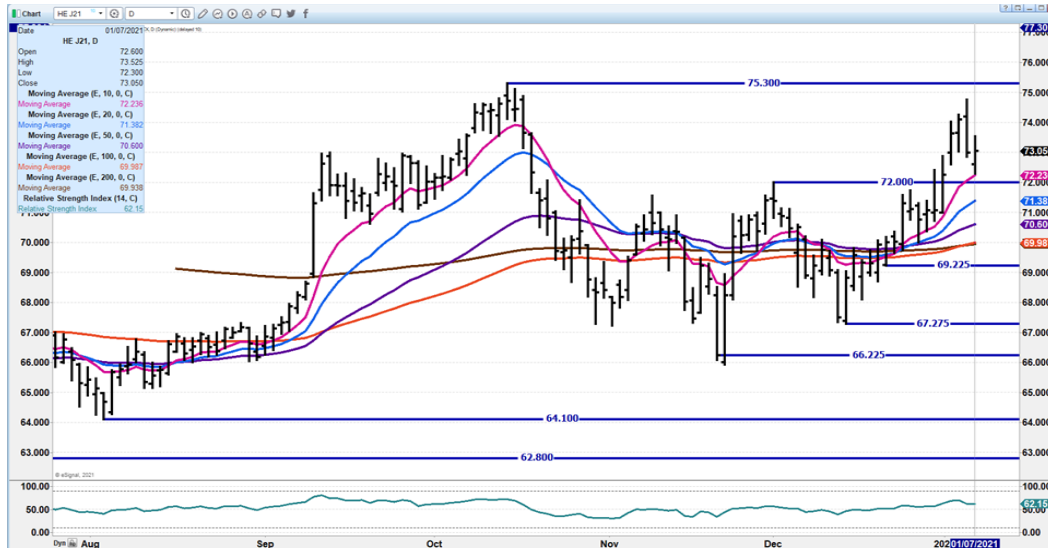
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### FEBRUARY 2021 LEAN HOGS – 10 DAY MOVING AVERAGE AT 68.87 FIRST SUPPORT TO 67.95 AS IT STAIR STEPS DOWN RESISTANCE AT 70.85 TO 72.00



### APRIL 2021 LEAN HOGS – 10 DAY IS SUPPORT AT 72.25 TO 71.37 RESISTANCE IS 73.65 TO 74.15



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**U.S. EXPORT SALES WEEK ENDING DECEMBER 31, 2020**

**BEEF: NET SALES REDUCTIONS OF 1,200 MT FOR 2020 RESULTING IN INCREASES FOR SOUTH KOREA (100 MT), WERE MORE THAN OFFSET BY REDUCTIONS PRIMARILY FOR JAPAN (1,100 MT). OUTSTANDING SALES ON DECEMBER 31ST TOTALED 98,000 MT AND WERE CARRIED OVER TO 2021. EXPORTS OF 12,100 MT WERE PRIMARILY TO JAPAN (3,700 MT), SOUTH KOREA (3,200 MT), MEXICO (1,400 MT), CHINA (1,200 MT), AND TAIWAN (800 MT). ACCUMULATED EXPORTS FOR 2020 TOTALED 851,800 MT, UP 3 PERCENT FROM THE 823,500 MT EXPORTED IN 2019.**

**PORK: NET SALES REDUCTIONS OF 8,600 MT FOR 2020, RESULTING IN INCREASES FOR MEXICO (3,500 MT) AND SOUTH KOREA (500 MT), WERE MORE THAN OFFSET BY REDUCTIONS PRIMARILY FOR CHINA (11,300 MT) AND JAPAN (700 MT). OUTSTANDING SALES ON DECEMBER 31ST TOTALED 158,000 MT AND WERE CARRIED OVER TO 2021. EXPORTS OF 26,700 MT WERE PRIMARILY TO CHINA (9,400 MT), MEXICO (7,000 MT), JAPAN (3,500 MT), SOUTH KOREA (1,700 MT), AND AUSTRALIA (1,100 MT). ACCUMULATED EXPORTS FOR 2020 TOTALED 1,938,000 MT, UP 16 PERCENT FROM THE 1,624,000 MT EXPORTED IN 2019.**

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