

## Daily Futures Market Commentary Livestock Outlook

### WEDNESDAY MORNING MAY 19, 2021 LIVESTOCK REPORT

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#### CATTLE

##### USDA FEDERAL CATTLE SLAUGHTER

MAY 18, 2021	120,000
WEEK AGO	118,000
YEAR AGO	105,000
WEEK TO DATE (EST)	235,000
SAME PERIOD LAST WEEK (EST)	230,000
SAME PERIOD LAST YEAR (ACT )	203,000

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	CHOICE	SELECT
BOXED BEEF FINAL	323.34	299.05
CHANGE FROM PRIOR DAY:	3.72	2.16
CHOICE/SELECT SPREAD:		24.29
TOTAL LOAD COUNT (CUTS, TRIMMINGS, GRINDS):	114	
5 DAY SIMPLE AVERAGE:	316.16	295.90

##### FINAL MAY 18, 2021

PRIMAL RIB	526.43	437.73
PRIMAL CHUCK	242.43	233.72
PRIMAL ROUND	236.66	234.43
PRIMAL LOIN	483.78	432.63
PRIMAL BRISKET	296.43	295.67
PRIMAL SHORT PLATE	222.14	222.14
PRIMAL FLANK	161.08	155.69

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**FINAL MAY 17, 2021**

PRIMAL RIB	525.21	433.71
PRIMAL CHUCK	239.04	233.46
PRIMAL ROUND	231.84	230.92
PRIMAL LOIN	479.64	433.78
PRIMAL BRISKET	296.78	285.17
PRIMAL SHORT PLATE	214.37	214.37
PRIMAL FLANK	158.77	155.10

**CME BOXED BEEF INDEX FOR 05/17/2021 WAS AT 312.95 UP .88 FROM PREVIOUS DAY**

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**LOAD COUNT AND CUTOFF VALUE SUMMARY**

Date	Choice	Select	Trim	Grinds	Total	CHOICE 600-900	SELECT 600-900
05/17	38	13	20	13	85	319.62	296.89
05/14	63	14	22	9	107	316.94	293.19
05/13	66	12	8	19	106	316.78	295.91
05/12	59	12	16	11	98	315.08	297.16
05/11	73	11	7	13	106	312.37	296.34

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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	51.03 loads	2,041,295 pounds
Select Cuts	22.61 loads	904,335 pounds
Trimming	28.42 loads	1,136,909 pounds
Ground Beef	11.82 loads	472,761 pounds

**MAY 2021 LIVESTOCK REPORTS**

**CATTLE ON FEED REPORT - FRIDAY MAY 21, 2021 2:00PM CENTRAL TIME**

**COLD STORAGE REPORT - MONDAY MAY 24, 2021 2:00PM CENTRAL TIME**

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**Argentina stopping exports for 30 days. See if China picks up exports from the US?**

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**Solid demand for beef. The Choice/Select spread is widening out and primal cuts, chucks and rounds, are big part of why beef is moving. Packers now have a light end of product to meet families needs and heavier cattle for institutions, restaurants and exports. Currently, there is a demand for mid priced cuts to lower primals to meet the upcoming Memorial Day weekend.**

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For now, it appears packers have enough cattle but certainly there is no excess. Kill this week should be near 650,000 head. Next week packers can back off with a shorter kill week at the end of the month. Going into June, and through the summer look for slaughter levels to drop. The question will be, will there be enough cattle to fill needs?

Beef market keeps moving higher and higher prices aren't stopping the consumer from buying beef. The reason: Grocery stores can average price the total butcher counter with all meats and also with mid-priced cuts and low end cuts pushed higher, like ground beef at \$6.99 to \$7.99/pound and then who knows what trimmings and products are actually making up the ground beef or processed products. Stores don't make margins on individual departments. They make the margin on the total cart and when the toilet paper, and paper towels are at current prices, they can lower meat prices if needed.

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Packers have an edge with ownership of their own cattle or contracted cattle and now they fill in the kill using showlist cattle. They not only fill in the slaughter, but they also pick and choose what cattle they will take. The Southwest feedlots that sell on the showlist are trying to use the Fed Cattle Exchange and coops just so they have some group numbers that may attract packer bids. In the Midwest, getting a bid to find a spot in the kill is getting difficult. One feedlot owner told me that he called a buyer and thought he would get a bid but kept getting voice mail for three weeks.

With most beef and pork sold with some form of long term contract, packers now can adjust the kill to cattle or hogs they want to kill. They don't have overruns of beef or days when they need it. A packer knowing their supply makes a plant more productive. It beats days in the past when feedlots decided when they wanted or didn't want to sell.

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Packers in the US are starting to complain about labor shortages. Finding workers in the packing industry was a major problem before COVID 19. Now that other industries are going back to work, workers can find other jobs than less desirable and working conditions within the packing industry.

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**As of MAY 1, 2021** dressed steer and heifer weights were 863.5 compared to previous week at 860.1, up 3.4 pounds for the week. Grading percent was 83.1 UP .6% compared to previous week at 82.5%.

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#### **USDA POSTED NEGOTIATED CATTLE PRICES ON 05/18/2021**

**IA/MN – CASH – 121.00 ON 1,161 HEAD averaging 1506.2 pounds  
DRESSED 191.00 averaging 1,018.1 pounds**

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NE – CASH 120.00 averaging 1,415.3 pounds  
 Delivered sales at 123.00 averaging 1470  
 DRESSED – 191.00

KS – CASH 119.00 - 120.00  
 DRESSED – 191.0

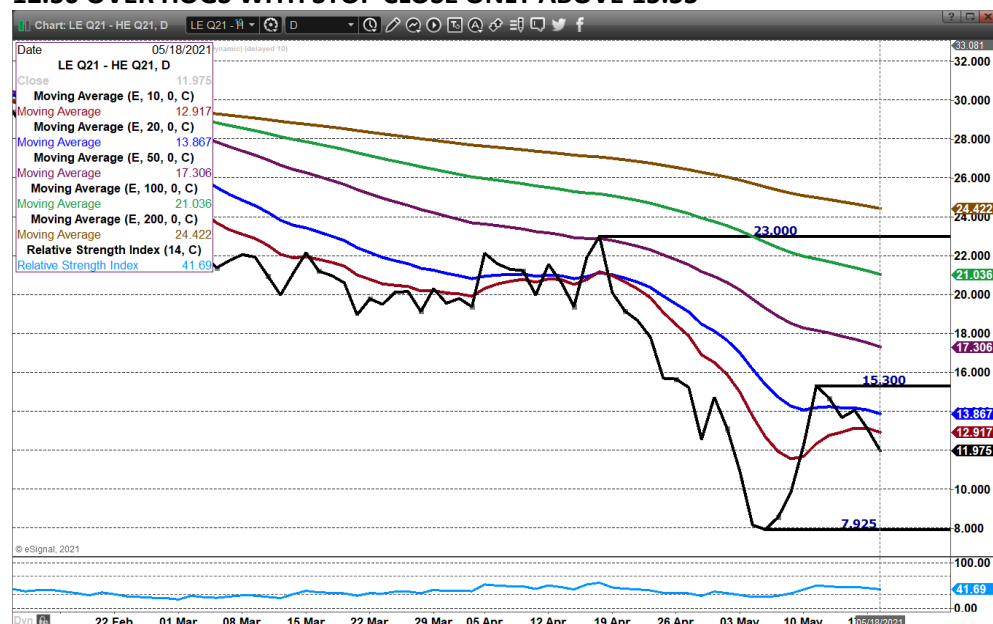
TX/OK/NM – 119.00 - 120.00 on 3,503 head  
 DRESSED NO SALES

CO – 120.00 on 313 head  
 DRESSED No Reportable Trade

\*\*\*National Daily Direct Cattle 05/18/2021  
 5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1442	\$119.61	24,586
Live Heifer:	1308	\$119.69	16,054
Dressed Steer:	929	\$190.31	14,372
Dressed Heifer:	842	\$191.17	2,011

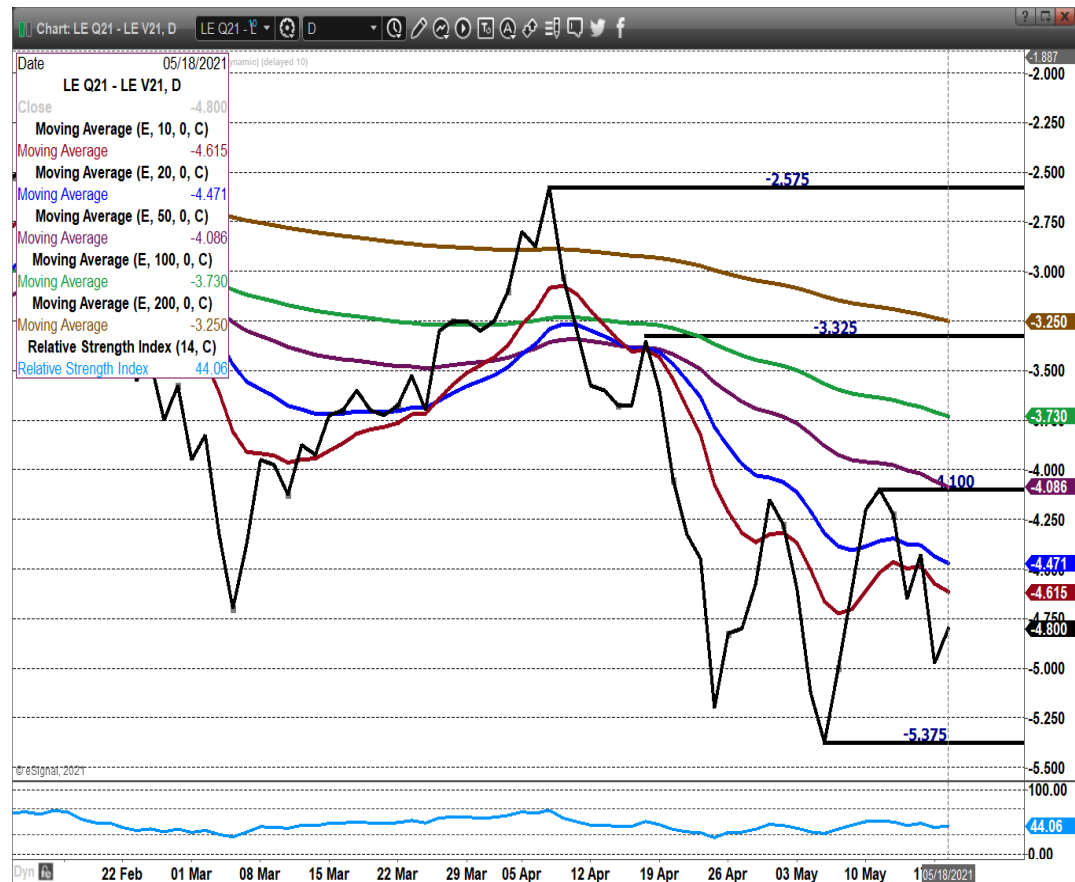
AUGUST LIVE CATTLE/AUGUST LEAN HOGS – CLOSING BELOW 10 DAY AVERAGE WITH HOGS  
 GAINING ON CATTLE COULD EASILY SEE CATTLE AND HOGS GO TO PARITY SELL AUGUST CATTLE AT  
 12.50 OVER HOGS WITH STOP CLOSE ONLY ABOVE 15.55



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# **AUGUST/OCTOBER 2021 LIVE CATTLE SPREAD – SPREAD IS BEAR SPREAD. TRADERS ARE SUGGESTING FALL CALL ARE NOW HIGH PRICED**



**JUNE 2021**

**CATTLE – Moved to 50 day average resistance and closed on the 20 day. A close above 117.35 is needed to move to next resistance at 118.00 to 119.42 Support at 114.05**



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**THE CME FEEDER INDEX ON 05/17/2021 WAS 133.70 DOWN 20 CENTS FROM PREVIOUS DAY  
MAY 2021 FEEDER CATTLE FUTURES SETTLED ON MAY 18, 2021 AT \$137.20**

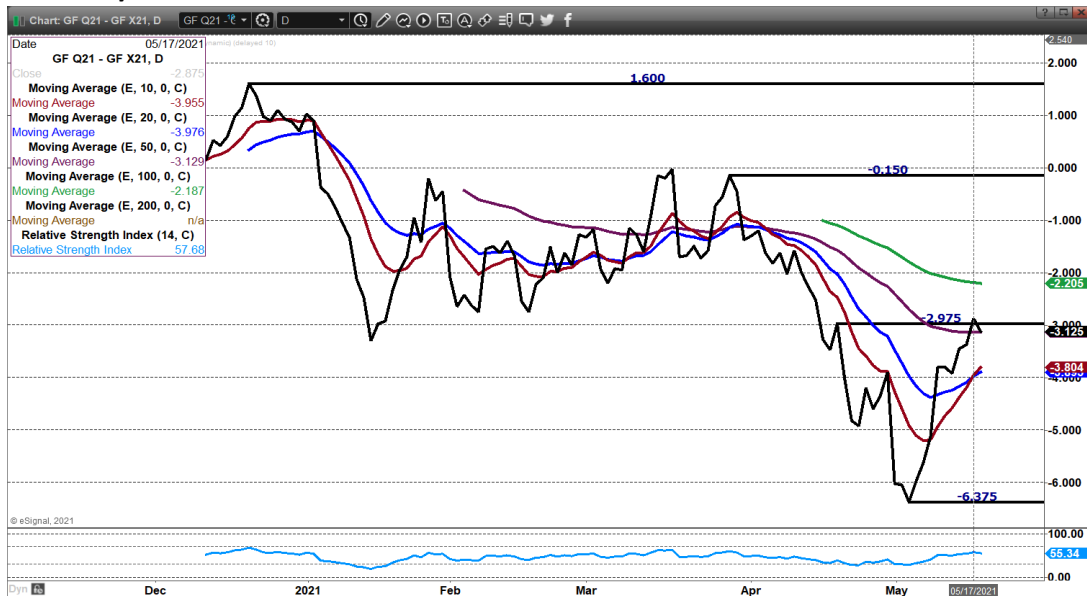
RECEIPTS:	AUCTIONS	DIRECT	VIDEO/INTERNET	TOTAL
THIS WEEK:	146,300	45,000	3,500	194,800
LAST WEEK:	144,700	58,200	50,600	253,500
YEAR AGO:	171,000	75,200	34,600	280,800

**CATTLE SLAUGHTER IS DOWN AND GOING FORWARD CONTRACT FEEDERS AND PACKERS THAT OWN THEIR OWN INVENTORY NEED TO KEEP LOTS FILLED TO SUPPLY BEEF FOR CONTRACT ORDERS.**

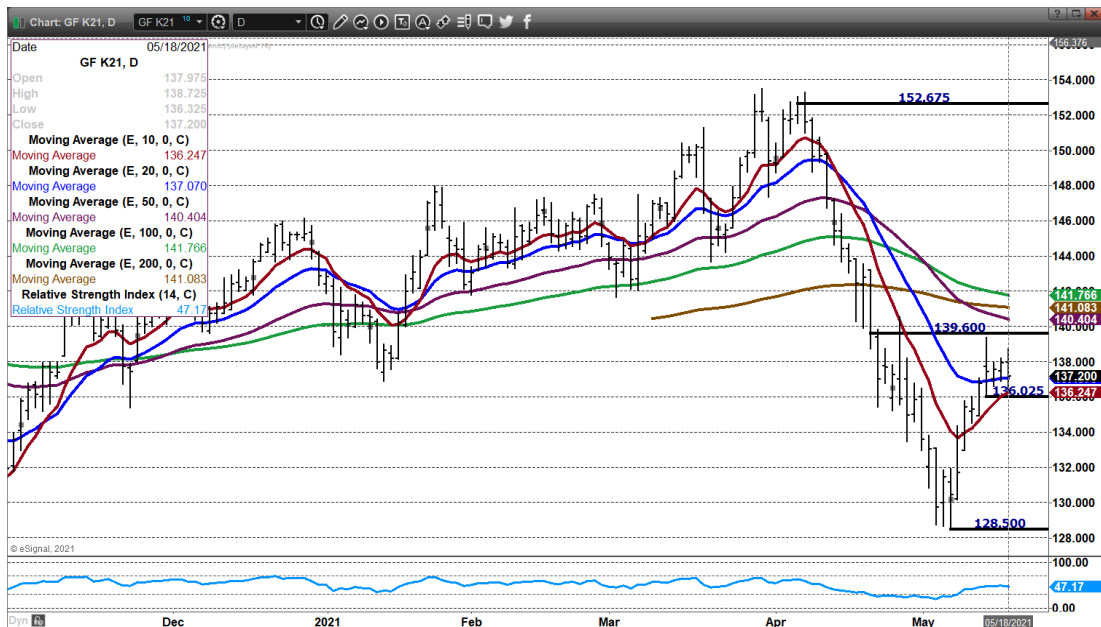
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## AUGUST/NOVEMBER 2021 - AUGUST GAINING ON NOVEMBER IS FRIENDLY



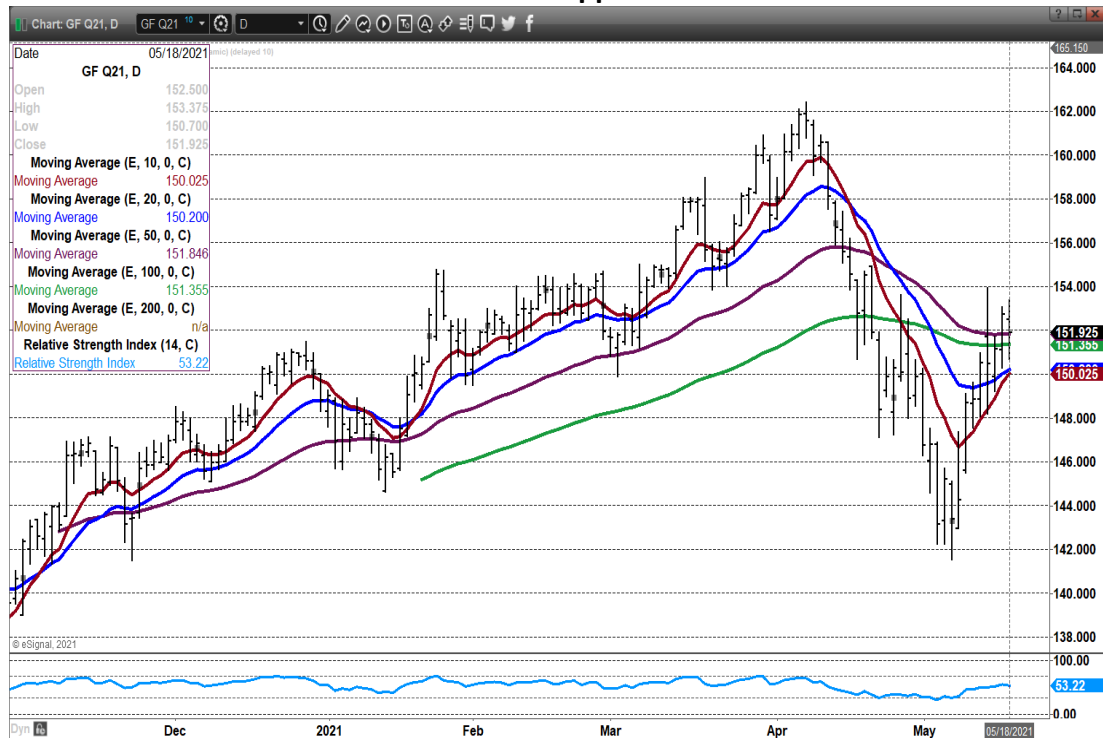
## MAY 2021 FEEDER CATTLE - SUPPORT AT 130.02 RESISTANCE AT 139.00



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## AUGUST 2021 FEEDER CATTLE - 150.02 support Resistance at 154.00



## LEAN HOGS

### USDA ESTIMATED FEDERAL HOG SLAUGHTER

MAY 18, 2021	478,000
WEEK AGO	485,000
YEAR AGO	406,000
WEEK TO DATE (EST)	956,000
SAME PERIOD LAST WEEK (EST)	968,000
SAME PERIOD LAST YEAR (ACT)	801,000

CME CASH LEAN HOG INDEX 05/14/2020 AT 111.42 UP 49 CENTS FROM PREVIOUS DAY

CME CASH PORK CUTOUT INDEX 05/17/2021 AT 115.13 UP .68 FROM PREVIOUS DAY

CME CASH FRESH BACON INDEX ON 5/14/2021 WAS 210.67 COMPARED TO 5/07/2021 WAS 205.09

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CME PORK INDEX TO CME LEAN HOG INDEX 3.71 (Pork over the past week has been gaining on lean hog index. It is usually positive.)

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Hogs are not heavy, slaughter is dropping, pork prices are moving higher. It is hard to be a bear especially when large traders are bull spreading hogs. Until spreads reverse, why fight the trend?

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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

MAY 18, 2021

LOADS OF PORK CUTS: 330.96

TRIM/PROCESSED PORK: 27.20

#### FINAL

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
05/18/2021	358.17	116.06	112.55	141.78	79.37	285.52	78.99	165.74
Change		-0.51	-0.59	-0.45	2.91	2.88	-2.52	-0.98
Five Day Average --		115.73	110.49	137.76	79.98	275.45	82.84	167.16

#### NOON

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
05/18/2021	224.08	118.27	112.62	140.41	80.44	288.14	86.64	166.86
Change		1.70	-0.52	-1.82	3.98	5.50	5.13	0.14
Five Day Average --		116.17	110.51	137.48	80.20	275.97	84.37	167.38

#### FINAL

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
05/17/2021	303.53	116.57	113.14	142.23	76.46	282.64	81.51	166.72
Change		0.87	0.15	3.01	-2.13	7.56	0.09	1.68
Five Day Average --		115.15	109.32	134.96	79.17	270.18	84.59	166.34

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

Slaughter Data for May 17, 2021

Average live weight 282.63

Average carcass - 212.16

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**A User's Guide to USDA's LMR Hog Price Reports**

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

**DAILY DIRECT AFTERNOON HOG REPORT FRIDAY MAY 18, 2021**

**National Negotiated Carcass Price**

**Lowest price: 101.68**

**Highest price: 119.94**

**Weighted Average Price: 111.96**

**Head Count: 9,934**

**On a National basis, compared to the previous day's weighted average 0.91 higher**

**Other Market Formula (Carcass)**

**Lowest base price: 66.12**

**Highest base price: 113.67**

**Weighted Average Price: 98.28**

**Head Count: 25,790**

**Swine/Pork Market Formula (Carcass)**

**Lowest base price: 81.81**

**Highest Base Price: 124.00**

**Weighted Average Price: 109.52**

**Head Count: 151,665**

**Other Purchase Arrangement (Carcass)**

**Lowest base price: 81.07**

**Highest base price: 131.97**

**Weighted Average Price: 106.07**

**Head Count: 59,782**

[https://www.ams.usda.gov/mnreports/ams\\_2511.pdf](https://www.ams.usda.gov/mnreports/ams_2511.pdf)

**Past Highs on Lean Hogs**

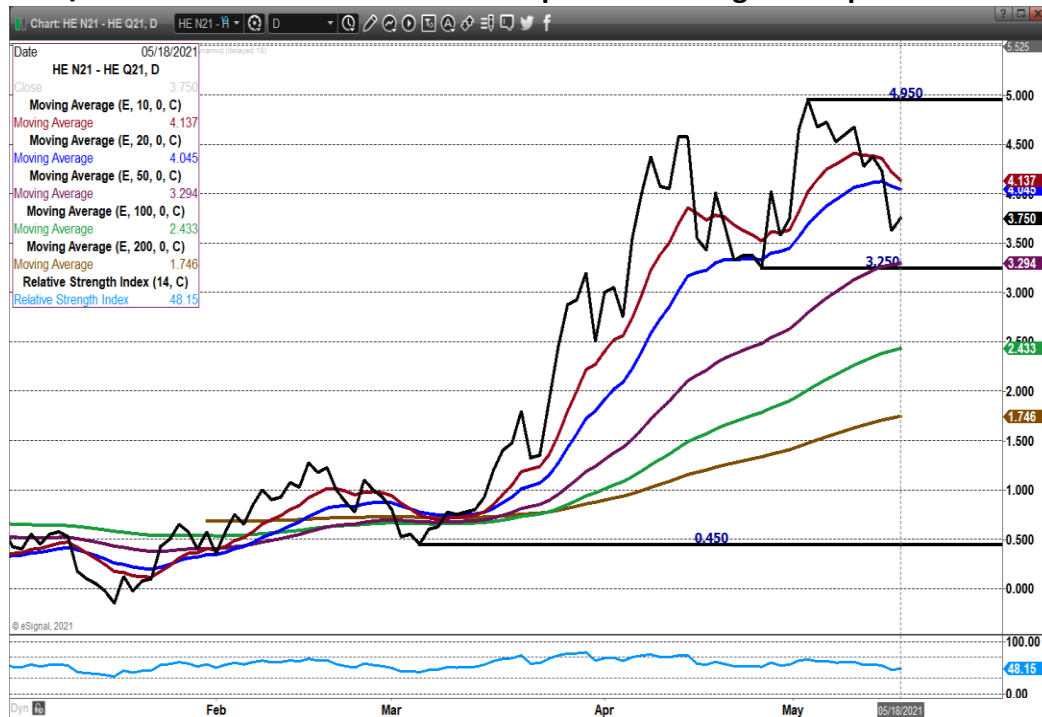
<b>Contract Month &amp; Year</b>	<b>Contract High</b>	<b>Date</b>
<b>April 2014</b>	<b>\$128.77</b>	<b>April 2, 2014</b>
<b>June 2014</b>	<b>\$133.42</b>	<b>March 18, 2014</b>
<b>July 2014</b>	<b>\$133.90</b>	<b>July 15, 2014</b>
<b>August 2014</b>	<b>\$133.37</b>	<b>July 1, 2014</b>
<b>October 2014</b>	<b>\$118.35</b>	<b>July 7, 2014</b>
<b>December 2014</b>	<b>\$105.50</b>	<b>July 9, 2014</b>
<b>February 2015</b>	<b>\$100.00</b>	<b>June 22, 2014</b>

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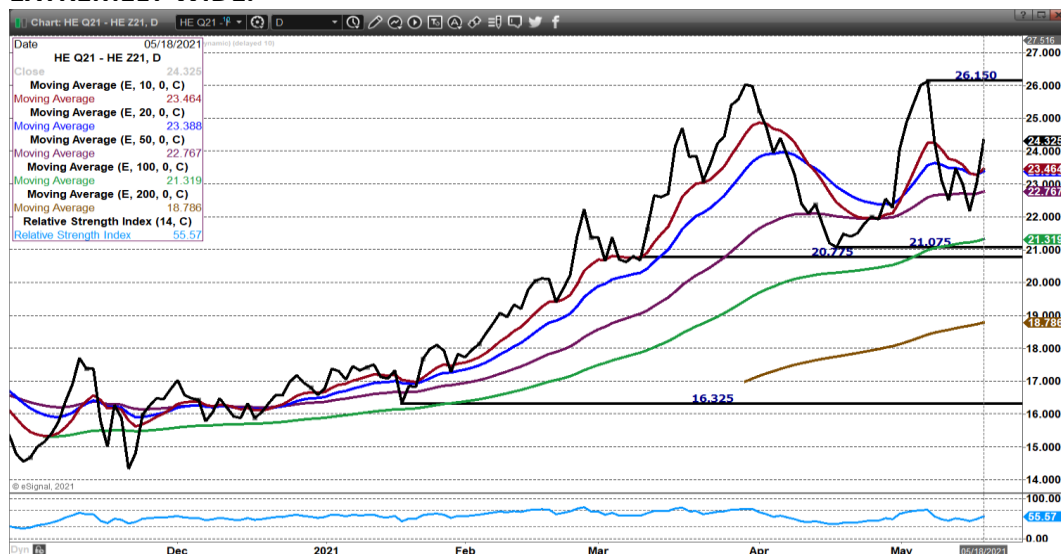
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## JULY/AUGUST LEAN HOG SPREAD Bull spread Don't fight the spread



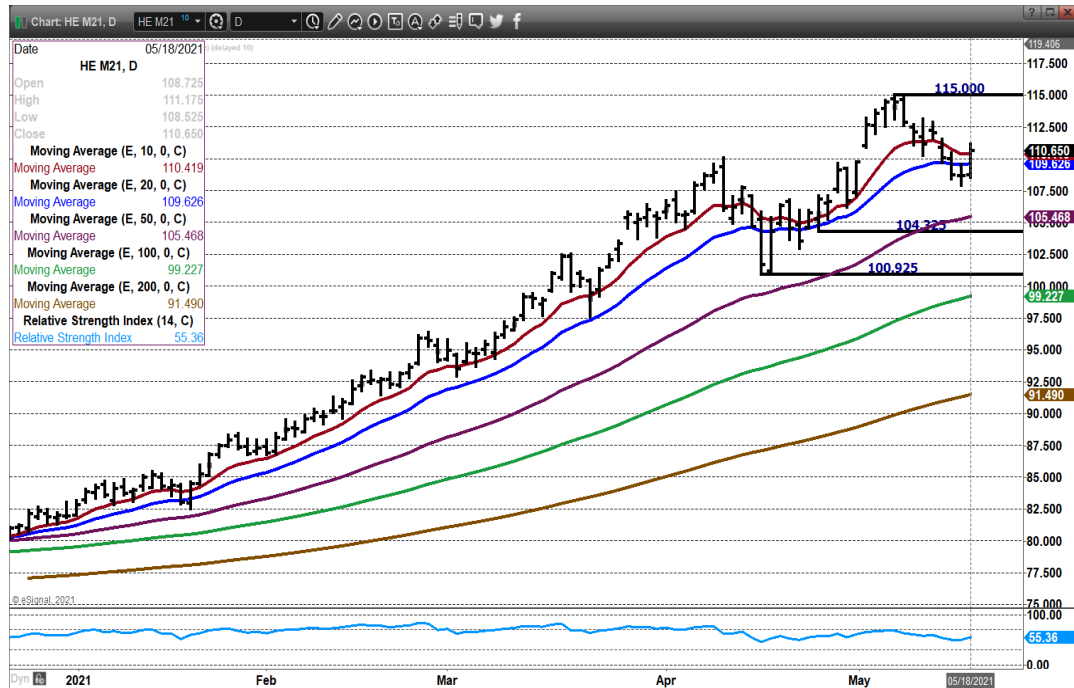
## AUGUST/DECEMBER 2021 LEAN HOG SPREAD – DOESN'T WANT TO QUIT SPREADING EXTREMELY WIDE.



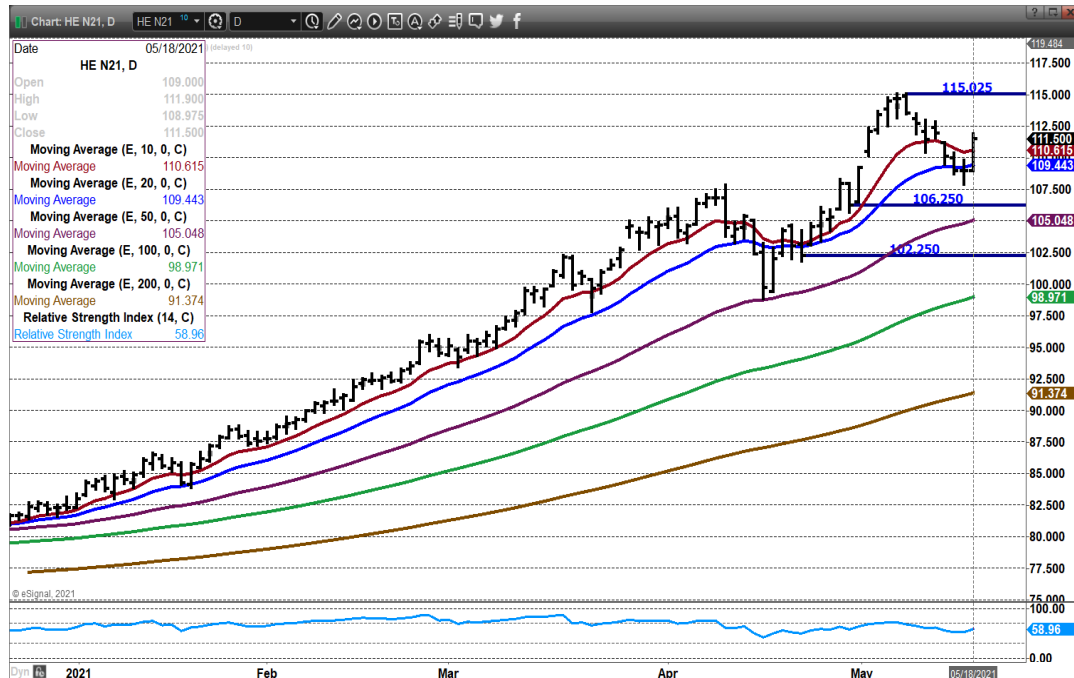
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## JUNE 2021 LEAN HOGS - CLOSED ABOVE ALL MOVING AVERAGES NEXT RESISTANCE CONTRACT HIGH CME INDEX AT 111.42 SUPPORT AT 107.50



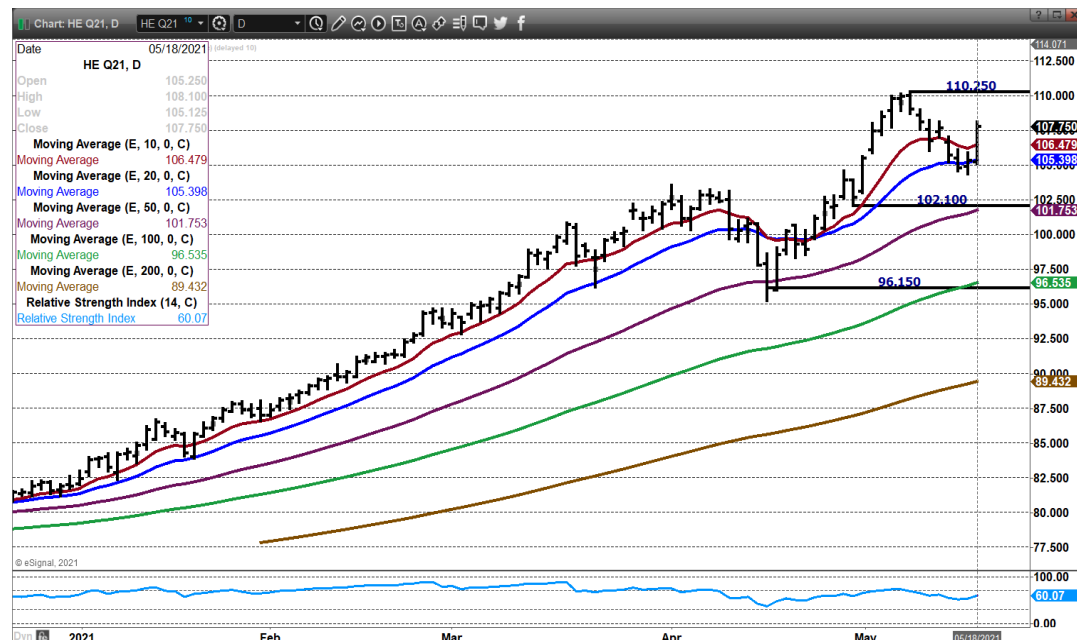
## JULY LEAN HOGS – RESISTANCE AT 112.50 TO 115.02 SUPPORT AT 109.42 TO 106.25



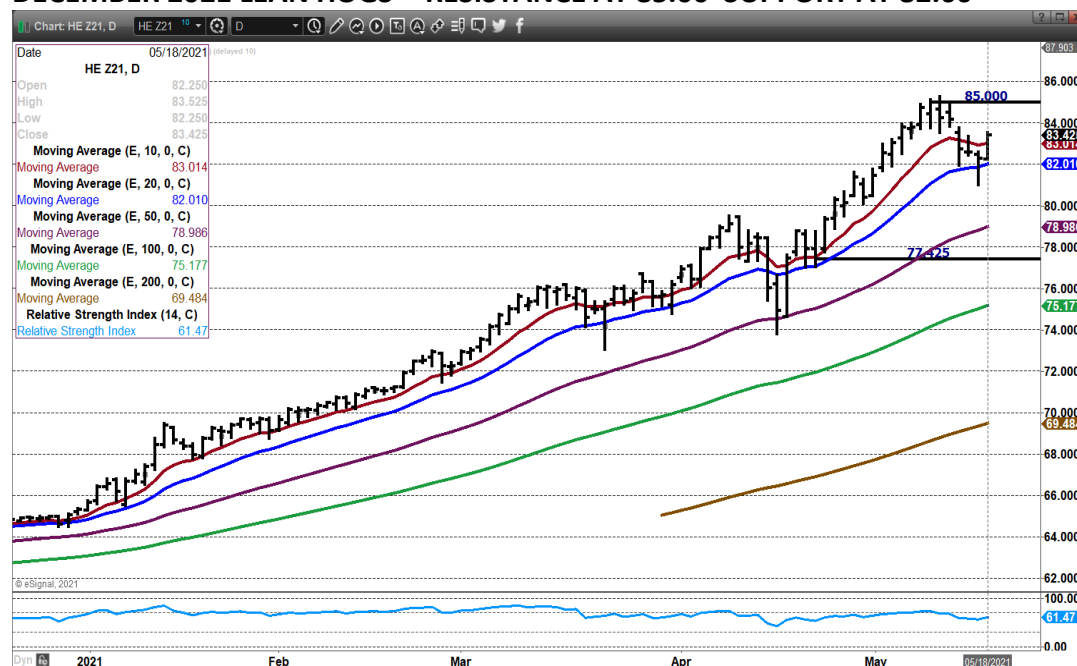
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## AUGUST 2021 LEAN HOGS - RESISTANCE AT 110.25 SUPPORT AT 105.37



## DECEMBER 2021 LEAN HOGS - RESISTANCE AT 85.00 SUPPORT AT 82.00



CHARTS FROM ESIGNAL INTERACTIVE, INC.

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