

Daily Futures Market Commentary Livestock Outlook

TUESDAY MORNING MAY 25, 2021 LIVESTOCK REPORT

by Chris Lehner, Senior Livestock Analyst | 312.242.7942 | chris.lehner@admis.com

COLD STORAGE REPORT AT BOTTOM OF REPORT

CATTLE

USDA FEDERAL CATTLE SLAUGHTER

MAY 24, 2021	119,000
WEEK AGO	115,000
YEAR AGO	6,000

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	CHOICE	SELECT
BOXED BEEF FINAL	327.83	303.39
CHANGE FROM PRIOR DAY:	2.66	1.08
CHOICE/SELECT SPREAD:		24.44
TOTAL LOAD COUNT (CUTS, TRIMMINGS, GRINDS):		99
5 DAY SIMPLE AVERAGE:	323.14	299.91

FRIDAY MAY 21, 2021

BOXED BEEF FINAL	325.17	302.31
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FINAL MAY 24, 2021

PRIMAL RIB	533.93	440.44
PRIMAL CHUCK	240.91	241.01
PRIMAL ROUND	246.71	245.15
PRIMAL LOIN	492.33	431.22
PRIMAL BRISKET	296.51	289.18
PRIMAL SHORT PLATE	221.71	221.71
PRIMAL FLANK	162.70	159.53

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FINAL MAY 21, 2021

PRIMAL RIB	533.75	451.45
PRIMAL CHUCK	240.06	237.19
PRIMAL ROUND	244.69	240.33
PRIMAL LOIN	486.08	432.52
PRIMAL BRISKET	293.11	288.93
PRIMAL SHORT PLATE	217.62	217.62
PRIMAL FLANK	158.05	156.50

CME BOXED BEEF INDEX FOR 05/21/2021 WAS AT 316.63 UP 1.14 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
05/21	33	14	13	7	67	325.17	302.31 FRIDAY
05/20	34	17	10	10	70	324.18	301.61
05/19	56	15	39	12	122	323.38	299.69
05/18	51	23	28	12	114	323.34	299.05
05/17	38	13	20	13	85	319.62	296.89
05/14	63	14	22	9	107	316.94	293.19 FRIDAY

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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	47.33 loads	1,893,368 pounds
Select Cuts	22.19 loads	887,446 pounds
Trimming	23.93 loads	957,239 pounds
Ground Beef	5.58 loads	223,362 pounds

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June 2021 Live Cattle are discount to last week's cash prices. Does it mean when June goes into delivery in two weeks that cash cattle prices are going to be lower. Maybe but maybe not. There are two weeks before delivery and some reports are trying to say after Memorial Day that demand for beef will be less. It could happen but on the other hand, there have been reports indicating since last October that beef prices were going to break but besides a few minor drops, beef demand has been strong.

With fewer cattle and with lighter cattle ahead, it is hard to see cattle prices significantly lower. There will be times when prices trade lower, but as pointed out last week, cattle prices are now just back to where they were before COVID 19 kicked the market. High grain prices are not conducive to breeding

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more cattle and we have yet to see because of the biological lag of breeding cattle the effect a year ago had on breeding and cows killed.

Beef demand from China jumped over the past year. The US has seen during the first quarter a 1545% increase of exports to China which puts it the 4th largest buyer behind Japan, South Korea, and Mexico. Brazil and Argentina are so tied up to China with long term agreements, that they don't have enough beef for their own people. New Zealand is only exporting beef to meet quotas.

Going forward watch how mid-priced primal cuts, rounds and chucks sections, move to high priced rib and loin sections. Recently rounds and chucks have been narrowing the price and although want to see rib and loins continue to move higher, now want to continue to see rounds and chucks gain a bit faster. For months, because cattle have been extra heavy, there has been more beef that could go into trimmings and ground beef. Also, cow kill has been up. As cattle weights move lower, and cow kill drops, demand should increase for ground and processed beef. Chucks and rounds are cheap at this time. From the fast food industry to the home consumer that needs lower priced beef, demand for lower priced beef should continue to grow. Demand for steaks and roasts has been strong and should remain strong.

The demand for grass feeders was strong this spring. The Cattle on Feed report showed fewer light cattle on feed. As feeders are moved off grass late summer into fall, the number of feeders going into feedlots SHOULD increase. However, it appears the numbers will be fewer than a year ago.

Look for October cattle into 2022 cattle go from bear spreads to bull spreads. Spreads to watch: Buy December 2021 cattle and Sell October 2021 or Buy February 2020 and Sell December 2021.

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As of MAY 18, 2021 dressed steer and heifer weights were 865.4 compared to previous week at 863.5, up 1.9 pounds for the week. Grading percent was 82.1 down 1% compared to previous week at 83.1%.

Cattle grading less shows packers are pulling cattle ahead and the mixed of heavy cattle to lighter cattle is showing more lighter cattle going to kill. The Southwest is current to the point packers have been taking contracts about two weeks ahead of their normal weights.

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USDA POSTED SUMMARY CATTLE PRICES ON 05/24/2021

IA/MN – CASH – 119.00

DRESSED - 190.00

TOTAL 665 HEAD

NE – CASH No Reportable Trade.

DRESSED – 120.00 – 40 HEAD

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KS – CASH No Reportable Trade
DRESSED – No Reportable Trade

TX/OK/NM – No Reportable Trade
DRESSED NO SALES

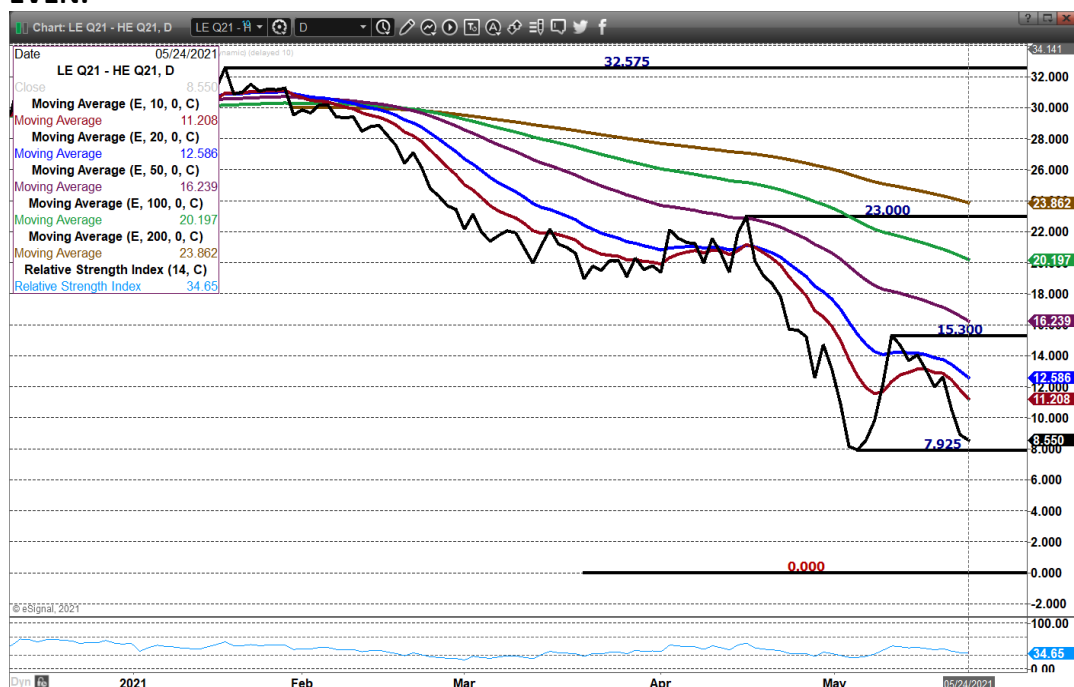
CO – No Reportable Trade
DRESSED No Reportable Trade

***National Daily Direct Cattle 05/24/2021
5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1449	\$119.73	31,356
Live Heifer:	1287	\$119.50	12,817
Dressed Steer:	930	\$190.62	17,045
Dressed Heifer:	847	\$190.78	3,650

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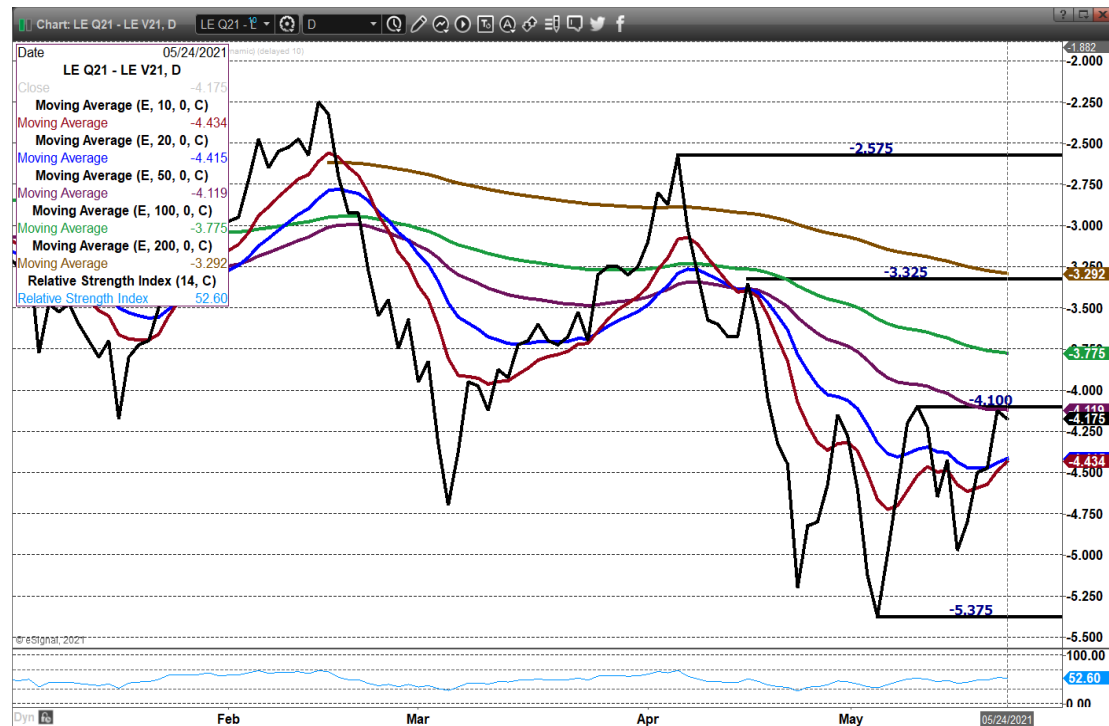
AUGUST LIVE CATTLE/AUGUST LEAN HOGS – SPECS LIKELY ARE GOING TO TAKE SPREAD TO EVEN.



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AUGUST/OCTOBER 2021 LIVE CATTLE SPREAD – BEAR SPREAD AND NEED TO SEE AUGUST GAIN ON OCTOBER TO GET BULL MARKET GOING.



JUNE 2021 CATTLE – support on 10 day average at 116.70 next support at 114.20 Resistance at 117.80 to 119.42



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OCTOBER 2021 LIVE CATTLE - closed on 10 day average at 124.27, first support Next support at 123.35 Resistance at 125.17 to 126.55. a close under 122.55 is negative



Feeder Cattle

THE CME FEEDER INDEX ON 05/20/2021 WAS 135.66 UP .46 CENTS FROM PREVIOUS DAY - MAY 2021 FEEDER CATTLE FUTURES SETTLED ON MAY 24, 2021 AT \$137.22

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 05/21/2021

RECEIPTS:	AUCTIONS	DIRECT	VIDEO/INTERNET	TOTAL
THIS WEEK:	159,400	35,900	31,900	227,200
LAST WEEK:	146,300	45,000	3,500	194,800
YEAR AGO:	204,800	51,200	1,800	257,800

COMPARED TO LAST WEEK, STEERS AND HEIFERS SOLD STEADY TO 2.00 HIGHER. LIGHTER WEIGHT FEEDERS SAW GOOD DEMAND THIS WEEK, WHILE HEAVIER WEIGHT FEEDERS SOLD ON MODERATE DEMAND.

PLACEMENT NUMBERS ON THE CATTLE ON FEED REPORT WERE DOWN TO LEVELS BACK TO 2019. IF THERE A SIGNIFICANT NUMBER IN THE REPORT THIS IS IT. FEWER FEEDERS ARE PLACED. NOW THE QUESTION WILL BE HOW WILL FUTURES REACT TO THE POSITIVE NEWS WHEN FUTURES FROM AUGUST 2021 ON OUT ARE AT LARGE PREMIUMS ALREADY.

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AUGUST/NOVEMBER 2021 - SPREAD IS NARROWING, POSITIVE TO FEEDERS.



AUGUST 2021 FEEDER CATTLE - Moving averages are turning positive. Support at 152.00 to 151.00 Resistance at 154.92



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LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

MAY 24, 2021	482,000
WEEK AGO	478,000
YEAR AGO	2,000

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CME CASH LEAN HOG INDEX 05/20/2020 AT 111.43 DOWN 1 CENT FROM PREVIOUS DAY

CME CASH PORK CUTOUT INDEX 05/21/2021 AT 118.12 UP 1.12 FROM PREVIOUS DAY

CME CASH FRESH BACON INDEX ON 5/21/2021 WAS 214.75 COMPARED TO 5/14/2021 WAS 210.67

CME PORK INDEX TO CME LEAN HOG INDEX 6.69 (Pork over the past week has been gaining on lean hog index. It is usually positive.)

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Only 194 loads of pork cuts moved Monday. If this was 20 years ago, low movement meant weekend shopping was low, it would be concerning. But, now with most meat previously contracted and with current higher prices, it shows there isn't the pork available to meet the hand to mouth buyers and they have to pay whatever the seller offers.

Butts, Ribs and Bellies are high priced and skew the cutout. Loins and hams are cheap.

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Kill is down. Pork demand is strong and there are fewer hogs and lighter hogs. It is not bearish.

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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 24, 2021

LOADS OF PORK CUTS: 194.13

TRIM/PROCESSED PORK: 32.81

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FINAL								
DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
05/24/2021	226.95	122.21	116.98	154.07	82.05	298.04	87.59	171.93
CHANGE		1.35	-1.31	2.15	-1.73	8.69	6.36	-0.10
FIVE DAY AVERAGE --		119.27	115.69	148.50	81.44	289.01	81.52	169.28

NOON								
DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
05/24/2021	112.01	128.29	114.49	151.99	84.16	293.81	93.37	205.83
CHANGE		7.43	-3.80	0.07	0.38	4.46	12.14	33.80
FIVE DAY AVERAGE --		120.49	115.19	148.08	81.86	288.17	82.68	176.06

FINAL								
Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
05/21/2021	335.31	120.86	118.29	151.92	83.78	289.35	81.23	172.03
Change		1.64	3.16	3.58	3.34	0.44	2.63	-0.55
Five Day Average --		118.14	114.92	146.13	80.32	285.93	80.30	168.24

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NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE

Slaughter Data for May 21 and 22, 2021

Average live weight 283.34

Average carcass - 212.56

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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 21, 2021

National Negotiated Carcass Price

Lowest price: 101.17

Highest price: 116.00

Weighted Average Price: 109.31

Head Count: 5,856

On a National basis, compared to the previous day's weighted average 2.51 higher

Other Market Formula (Carcass)

Lowest base price: 69.52

Highest base price: 115.48

Weighted Average Price: 99.28

Head Count: 34,736

Swine/Pork Market Formula (Carcass)

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Lowest base price: 81.81
 Highest Base Price: 122.67
 Weighted Average Price: 110.24
 Head Count: 175,332

Other Purchase Arrangement (Carcass)

Lowest base price: 70.98
 Highest base price: 118.11
 Weighted Average Price: 103.65
 Head Count: 97,944

https://www.ams.usda.gov/mnreports/ams_2511.pdf

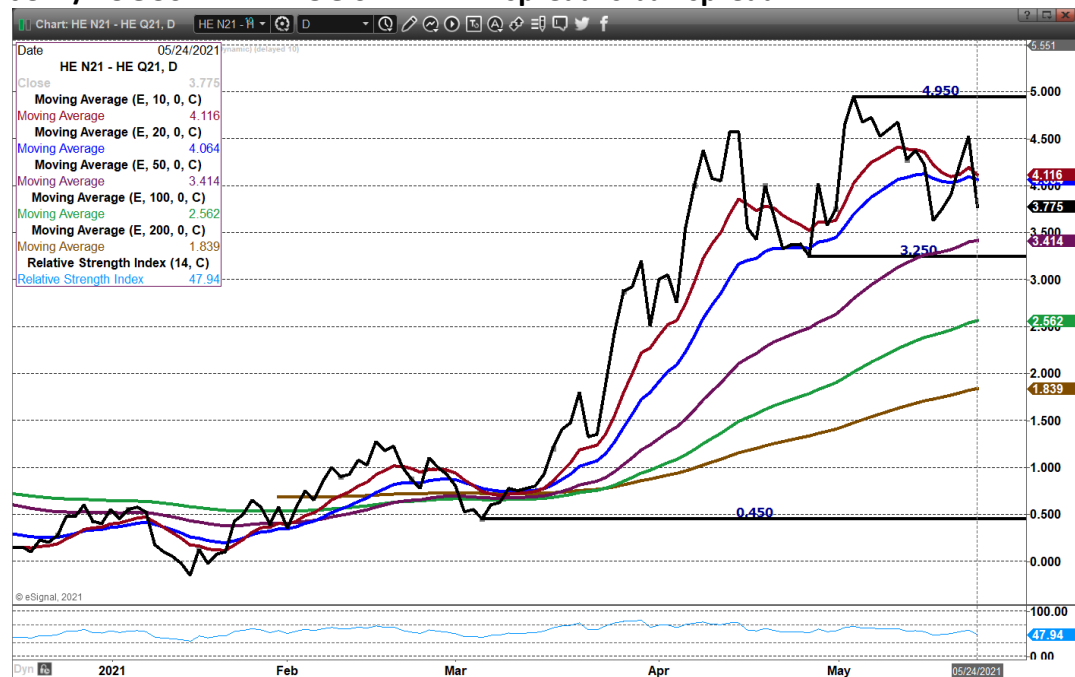
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Past Highs on Lean Hogs

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

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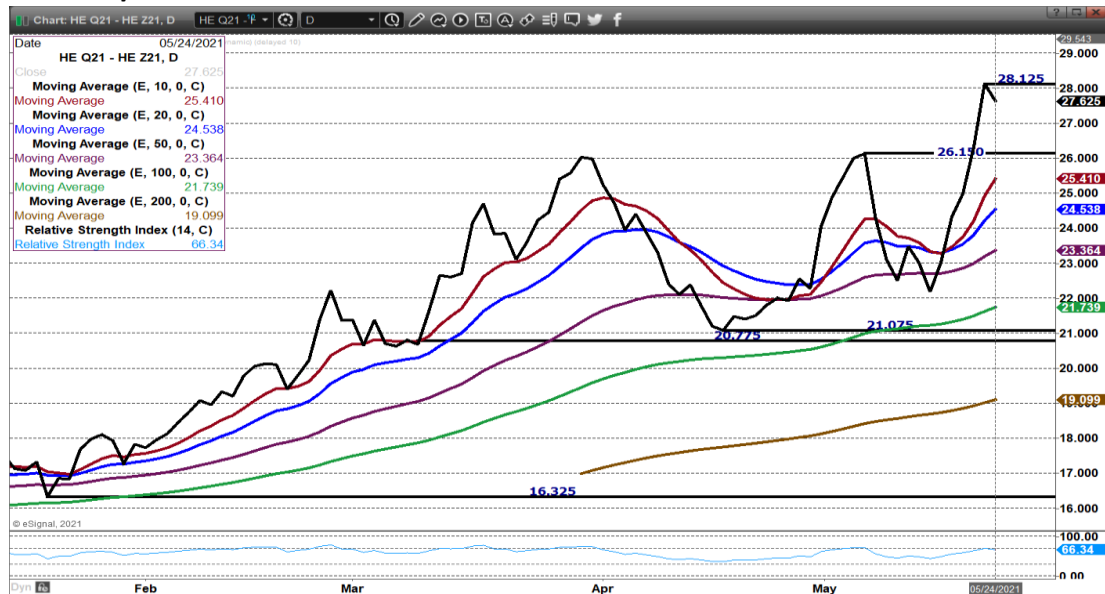
JULY/AUGUST LEAN HOG SPREAD - spread is bull spread.



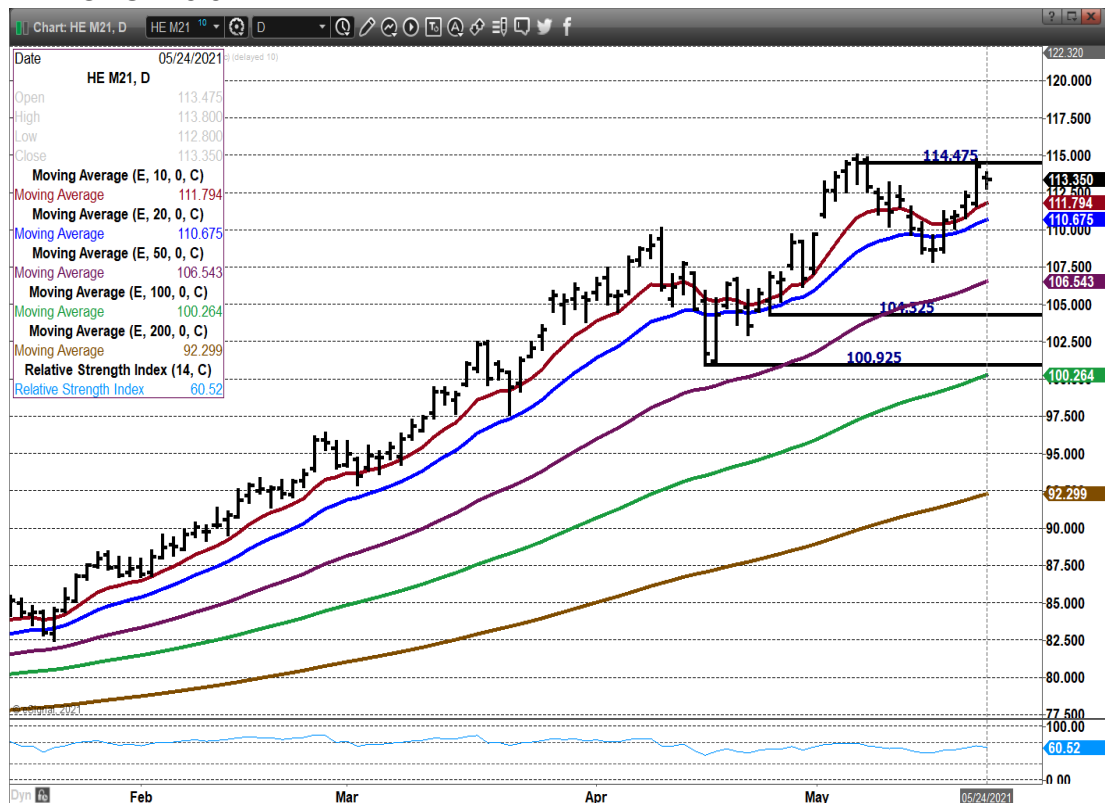
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AUGUST/DECEMBER 2021 LEAN HOG SPREAD – SPREAD RIDICULOUSLY WIDE



JUNE 2021 LEAN HOGS - CONTRACT HIGH CLOSE IS RESISTANCE AT 114.47 SUPPORT AT 111.75 TO 110.67



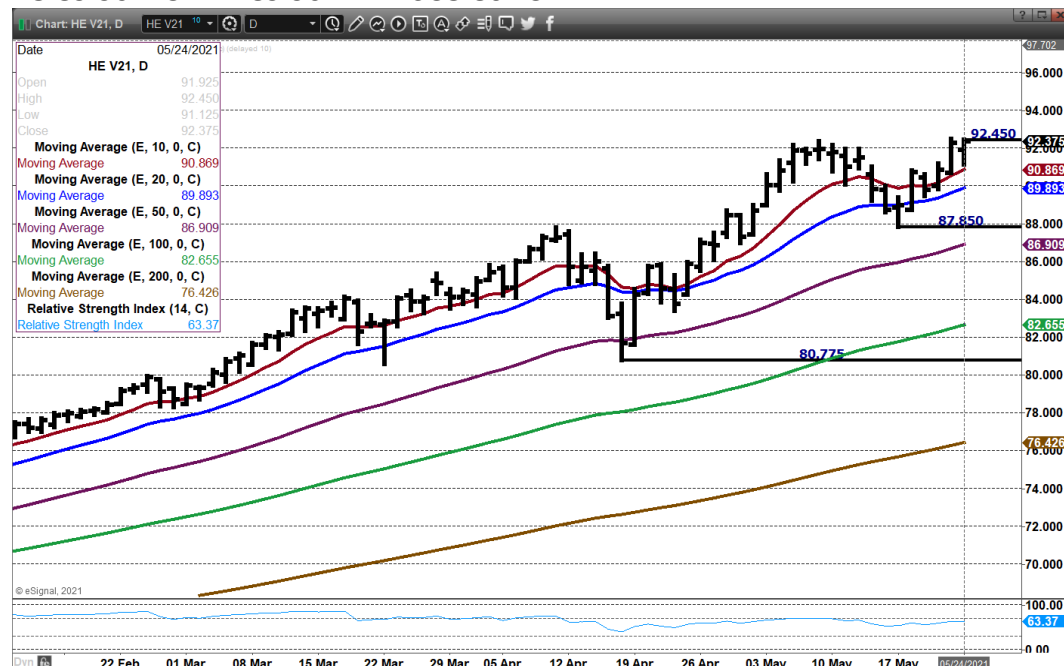
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AUGUST 2021 LEAN HOGS – 112.32 TO 114.37 RESISTANCE SUPPORT AT 109.67 TO 107.67



OCTOBER 2021 LEAN HOGS - 92.45 RESISTANCE SUPPORT IS THE 10 DAY AVERAGE AT 90.85 TO 89.90 BUY AT 89.90 WITH SCO 86.75



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Cold Storage May 24, 2021

April 2021 Highlights

Total red meat supplies in freezers were down 3 percent from the previous month and down 17 percent from last year.

Total pounds of beef in freezers were down 6 percent from the previous month and down 5 percent from last year.

Frozen pork supplies were up 1 percent from the previous month but down 26 percent from last year.

Stocks of pork bellies were down 3 percent from last month and down 58 percent from last year.

The report indicates that a year ago as beef and pork prices were skyrocketing at retail stores, it appears sellers were holding back beef and pork as retail prices soared. A year ago consumers were hoarding meat.

It is no surprise beef and pork stocks are down. Both beef and pork prices are high, and packers and meat purveyors are moving it.

With Live Cattle and Lean Hogs down Monday, on Tuesday Live Cattle and Lean Hogs should open \$1.00 to \$ 1.50 higher.

CHARTS FROM ESIGNAL INTERACTIVE, INC.

Christopher Lehner chris.lehner@admis.com 312 242 7942
913.787.6804

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