

Daily Futures Market Commentary Livestock Outlook

WEDNESDAY MORNING JULY 28, 2021 LIVESTOCK REPORT

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CATTLE

JULY 28, 2021	119,000
WEEK AGO	117,000
YEAR AGO	119,000
WEEK TO DATE (EST)	238,000
SAME PERIOD LAST WEEK (EST)	232,000
SAME PERIOD LAST YEAR (ACT)	236,000

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	CHOICE	SELECT
BOXED BEEF FINAL	269.73	253.94
CHANGE FROM PRIOR DAY:	1.80	3.02
CHOICE/SELECT SPREAD:		15.79
TOTAL LOAD COUNT (CUTS, TRIMMINGS, GRINDS):		157
5 DAY SIMPLE AVERAGE:	266.17	249.60

CME BOXED BEEF INDEX FOR 07/26/2021 WAS AT 261.56 UP .54 FROM PREVIOUS DAY

FINAL JULY 27, 2021

PRIMAL RIB	426.10	354.09
PRIMAL CHUCK	221.10	219.72
PRIMAL ROUND	221.90	223.91
PRIMAL LOIN	344.65	314.91
PRIMAL BRISKET	222.79	198.36
PRIMAL SHORT PLATE	240.66	240.66

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PRIMAL FLANK	141.77	139.08
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FINAL JULY 26, 2021

PRIMAL RIB	415.75	350.90
PRIMAL CHUCK	218.51	215.57
PRIMAL ROUND	222.37	222.35
PRIMAL LOIN	348.85	312.95
PRIMAL BRISKET	224.12	202.70
PRIMAL SHORT PLATE	228.65	228.65
PRIMAL FLANK	139.72	138.56

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LOAD COUNT AND CUTOUT VALUE SUMMARY

Date	Choice	Select	Trim	Grinds	Total	CHOICE 600-900	SELECT 600-900
07/26	66	22	10	9	106	267.93	250.92
07/23	86	17	11	16	131	266.63	249.94
07/22	72	23	5	18	118	266.14	249.77
07/21	81	43	17	21	161	265.24	248.77
07/20	75	37	19	22	152	264.88	248.58
07/19	62	34	9	19	125	266.49	249.49

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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. CURRET VOLUME - (one load equals 40,000 pounds)

Choice Cuts	87.03 loads	3,481,135 pounds
Select Cuts	39.31 loads	1,572,217 pounds
Trimming	15.79 loads	631,678 pounds
Ground Beef	14.84 loads	593,562 pounds

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AUGUST 2021 LIVESTOCK REPORTS

FRIDAY AUGUST 20, 2021 CATTLE ON FEED REPORT 2:00PM CENTRAL TIME

MONDAY AUGUST 23, 2021 COLD STORAGE REPORT 2:00PM CENTRAL TIME

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Feedlots want at least \$2.00 higher this week. A few cattle sold in the Midwest on Tuesday up to \$125.00 but they were for cattle weighing over 1500 pounds. Cattle weighing in the 1300 pound area sold for \$121.00. Similar to the past three weeks packers will pay premiums for specific cattle but will once again buy other cattle that don't fit exactly what they need \$6.00 lower than top cattle.

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Tuesday cattle traders were teaching a lesson. With premiums on Live cattle into April 2022, with the little change on Tuesday's trade, after Monday's move up with bull spreading, traders admit the report was friendly but how much friendlier than trade has already giving the market. At this time, trade is saying December at \$10.55 is high enough over August and they need proof October should be 5.50 over August.

The COF report was friendly but not what you call bullish because Live Cattle had big premiums pre-report.

Going forward, the trade wants proof they can see.

As of JULY 20, 2021 dressed steer and heifer weights were 859.2 compared to previous week at 862.9 down 3.7 pounds for the week. Grading percent was 80.2% down 1.2% compared to previous week at 81.4%.

A downturn in weights and downturn in grading percent indicates cattle are being sold early and are current, and in Southwest they are too current. Look for packers to continue to pay premiums for high Choice heavier cattle and discount low choice and Select cattle.

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USDA POSTED SUMMARY CATTLE PRICES ON 07/27/2021

IA/MN – CASH – 121.00 - 125.00
DRESSED - 195.00 - 200.00

NE – CASH 121.00 on 178 head
DRESSED – No Reportable Trade.

KS – CASH - No Reportable Trade.
DRESSED – No Reportable Trade.

TX/OK/NM – No Reportable Trade.
DRESSED No Reportable Trade.

CO – **Not reported due to confidentiality**
DRESSED **Not reported due to confidentiality**

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*****National Daily Direct Cattle 07/27/21**
5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1435	\$120.94	26,894
Live Heifer:	1296	\$120.25	10,701
Dressed Steer:	922	\$197.04	19,184
Dressed Heifer:	842	\$197.09	3,242

OCTOBER/DECEMBER 2021 SPREAD - SLIGHT CORRECTION TUESDAY. LOOK FOR SPREAD TO NARROW.



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DECEMBER/FEBRUARY LIVE CATTLE - LOOK FOR CONTINUED NARROWING AFTER TUESDAY'S QUICK PROFIT TAKING.



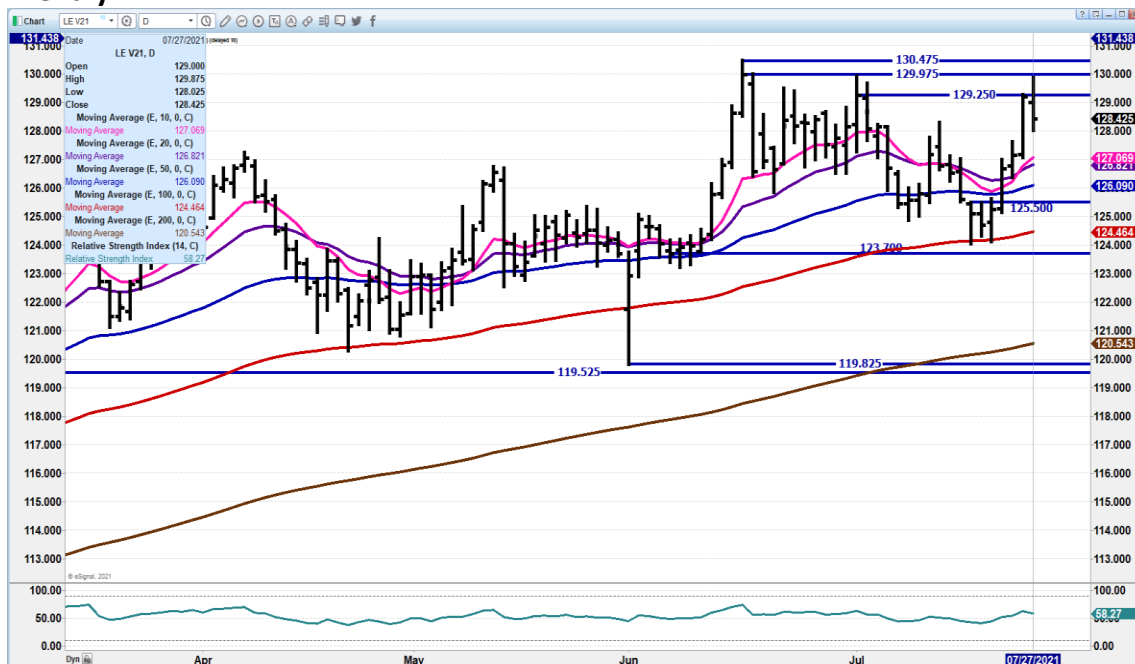
AUGUST LIVE CATTLE - Market deciding if 124.00 is premium when deliveries begin or are cattle going to average 121.00 area. Resistance is 124.00 to 125.00 Support at 121.55 to 119.60

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OCTOBER 2021 LIVE CATTLE – Moved to with 10 cents of contract high close Resistance is 130.00 to 130.50 Support is 127.05 to 124.40 Moderate volume at 23659 RSI at 58 is friendly



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DECEMBER 2021 LIVE CATTLE – Light volume at 8045 RSI at 60 Support at 132.25 to 130.65 Resistance at 134.00 Premium of December to current could keep market from moving up as traders move to bull spreading



Feeder Cattle

THE CME FEEDER INDEX ON 07/23/2021 WAS 153.97 UP 12 FROM PREVIOUS DAY

AUGUST 2021 FEEDER CATTLE FUTURES SETTLED ON JULY 27, 2021 \$160.70

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FOR FEEDER CATTLE THE COF REPORT WAS FRIENDLIER AS YEAR PROGRESSES INTO FALL 2021 TO 2022. FROM OCTOBER 2021 INTO 2022 LOOK FOR MONTHS TO CONVERGE RATHER THAN BULL SPREAD AS BUYERS BOOK LONG TERM CONTRACTS.

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NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 07/23/2021

RECEIPTS:	AUCTIONS	DIRECT	VIDEO/INTERNET	TOTAL
THIS WEEK:	146,500	76,800	170,800	394,100
LAST WEEK:	166,500	126,200	150,900	443,600
YEAR AGO:	128,100	79,500	96,600	304,200

COMPARED TO LAST WEEK, STEERS AND HEIFERS SOLD UNEVEN; 1.00 LOWER TO 3.00 HIGHER. DEMAND ON WEANED CALVES AND YEARLINGS HAVE NOT WANED IN THE DOG DAYS OF SUMMER. FALL CALVES THAT ARE NOT WEANED FOR 45 DAYS AND DON'T HAVE A VACCINATION RECORD ARE ONLY BEING MET WITH MODERATE DEMAND. MANY FEEDER HEIFERS FOUND THEIR WAY TO TOWN

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IN THE NORTHERN PLAINS THIS SUMMER AS RANCHERS TRY AND FIGURE A WAY OUT TO KEEP THEIR NUCLEUS COW HERD INTACT AS THE DROUGHT PERSISTS. AS THOSE HEIFERS THAT WERE DESTINED FOR REPLACEMENT FOUND THEIR WAY TO A FEEDYARD, SPAYED HEIFERS IN NEBRASKA HAVE BEEN SELLING JUST A FEW DOLLARS BACK OF THEIR BROTHERS.

AUGUST 2021 FEEDER CATTLE – August is premium to current cash and easily could move down to 156.00 to 154.00 Resistance is 162.75



NOVEMBER 2021 FEEDER CATTLE - Report shows fewer feeders will be available Support at 164.50 to 163.50 Resistance at 167.00



LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

JULY 27, 2021

474,000

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WEEK AGO	469,000
YEAR AGO	474,000
WEEK TO DATE (EST)	937,000
SAME PERIOD LAST WEEK (EST)	926,000
SAME PERIOD LAST YEAR (ACT)	930,000

****REVISED MONDAY HOG SLAUGHTER..463,000**PREVIOUS ESTIMATE 468,000**

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CME CASH LEAN HOG INDEX 07/23/2020 AT 112.22 UP 1 CENT FROM PREVIOUS DAY –

CME CASH PORK CUTOUT INDEX 07/26/2021 AT 121.95 UP 23 CENTS FROM PREVIOUS DAY

CME CASH FRESH BACON INDEX ON 7/23/2021 WAS 272.67COMPARED TO 7/16/2021 WAS 246.99

CME PORK INDEX TO CME LEAN HOG INDEX plus 9.73 Pork gaining on hogs is positive for packers

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5 day pork carcass is not racing higher but leisurely moving higher. The same can be said for the cash hog market and the CME Pork Cutout. With the pork cutout gaining faster than hogs, packers are back to working in the black.

Weights dropped 2 pounds between the combined kill of last Friday and Saturday and the kill on Monday. Weights and the number of hogs slaughtered need to be monitored. Fewer hogs and lower weights are not bearish especially if exports on the average are between 24,500 MT and 27,000 MT.

US Dollar dropping and Mexican Peso back near the recent highs is positive. I do look for a week when China comes into market to fill storage as they refresh pork and use for the holiday the first week of October, but don't expect extended buying.

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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

July 27, 2021

LOADS OF PORK CUTS: 314.15

TRIM/PROCESSED PORK: 25.70

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FINAL								
DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
07/27/2021	339.85	123.49	113.31	111.43	94.91	135.65	104.23	222.50
CHANGE		0.55	4.93	6.92	3.58	4.08	-5.83	-5.79
FIVE DAY AVERAGE --		122.64	109.99	103.85	90.89	134.14	108.05	224.79

NOON								
DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
07/27/2021	215.82	125.76	114.37	109.39	94.83	135.57	112.66	223.40
CHANGE		2.82	5.99	4.88	3.50	4.00	2.60	-4.89
FIVE DAY AVERAGE --		123.09	110.20	103.44	90.87	134.12	109.73	224.97

FINAL								
DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
07/26/2021	300.24	122.94	108.38	104.51	91.33	131.57	110.06	228.29
CHANGE		0.57	-3.40	9.21	0.99	0.45	-1.98	4.52
FIVE DAY AVERAGE --		122.01	109.45	105.09	89.33	135.26	107.02	223.62

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NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE

https://www.ams.usda.gov/mnreports/AMS_2511.PDF

Slaughter Data for July 26, 2021

Average live weight: 275.91

Average carcass : 207.60

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

DAILY DIRECT AFTERNOON HOG REPORT JULY 27, 2021

National Negotiated Carcass Price

Lowest price: 102.00

Highest price: 109.00

Weighted Average Price: 105.54

Head Count: 7,456

On a National basis, compared to the previous day, 0.45 lower

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Other Market Formula (Carcass)

Lowest Base Price 69.75

Highest base price: 117.95

Weighted Average Price: 97.36

Head Count: 41,345

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Pork Market Formula (Carcass)

Lowest base price: 85.49

Highest Base Price: 124.21

Weighted Average Price: **110.06**

Head Count: 148,714

Other Purchase Arrangement (Carcass)

Lowest base price: 74.44

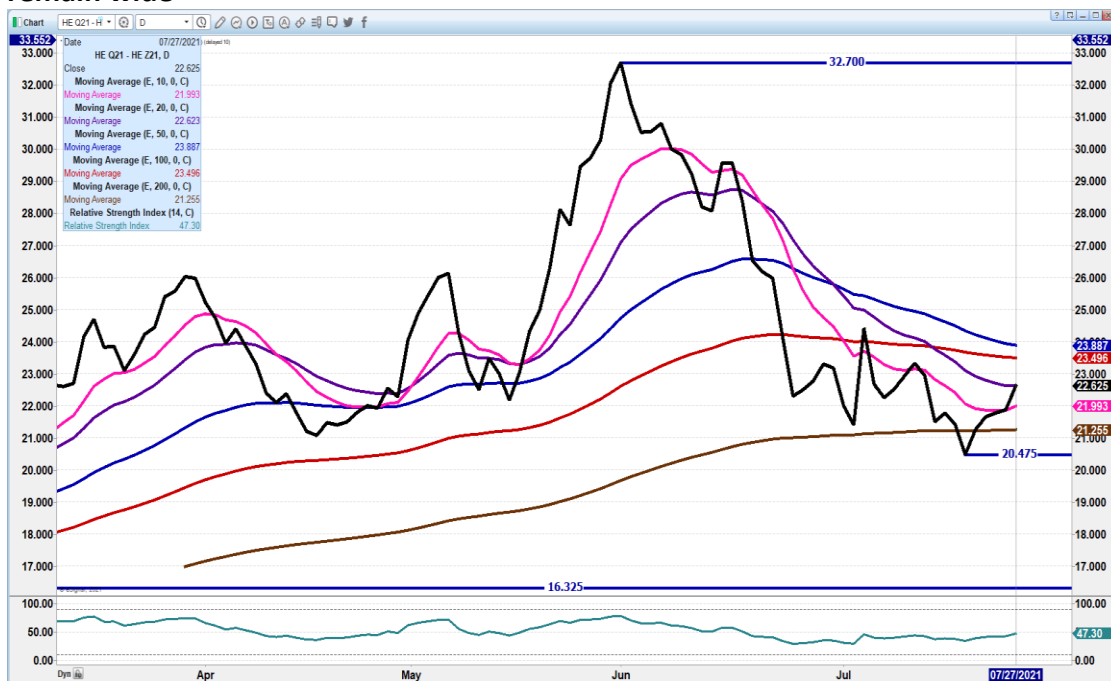
Highest base price: 130.01

Weighted Average Price: **107.34**

HEAD COUNT: 62,414

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AUGUST 2021/DECEMBER 2021 LEAN HOG SPREAD – Spread could reverse and widen but likely is in a range and will move sideways. It is too wide but with time until December, could remain wide



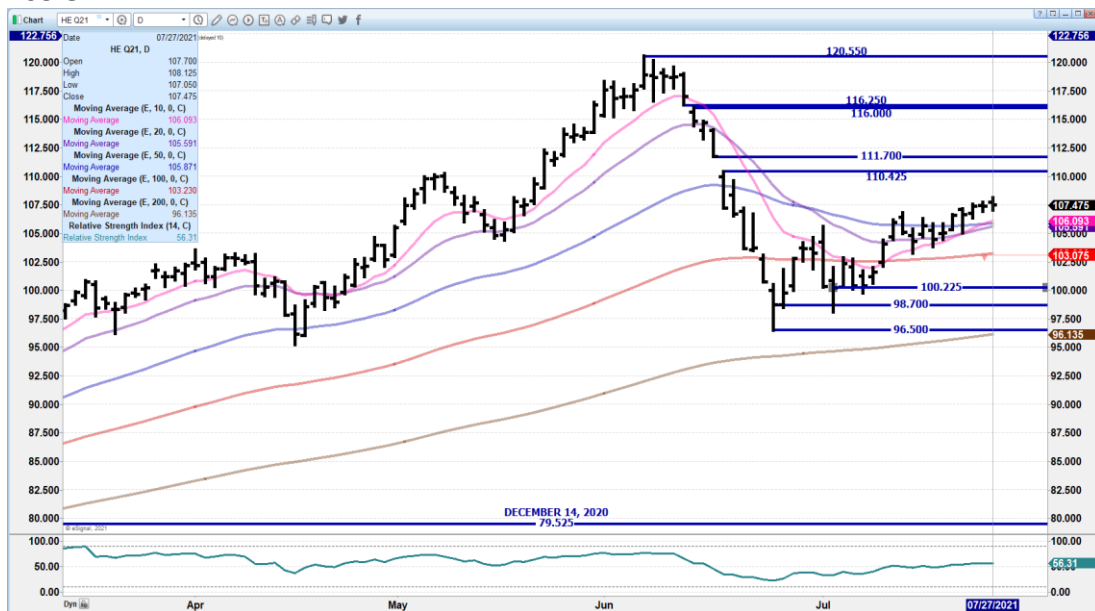
OCTOBER 2021/DECEMBER 2021 LEAN HOG SPREAD – With October discount to August, spread wants to widen. No fundamental reason for Dec to be as far under October except it is what specs want

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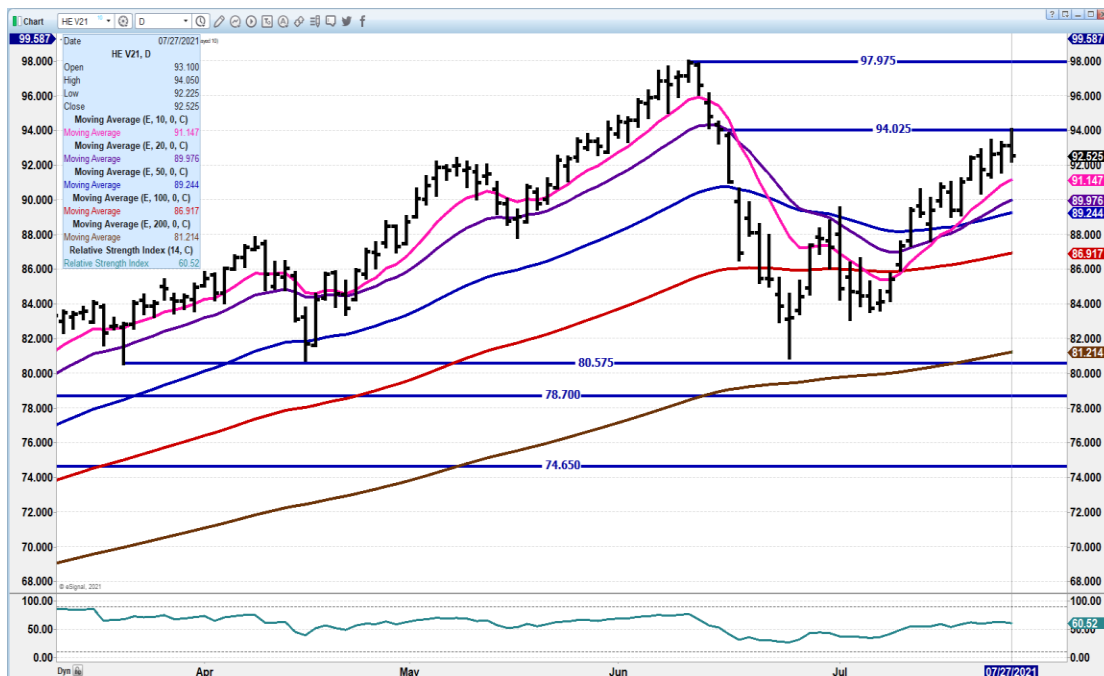
AUGUST 2021 LEAN HOGS - Slowly moving higher. 110.42 to 111.70 resistance. Support at 105.87



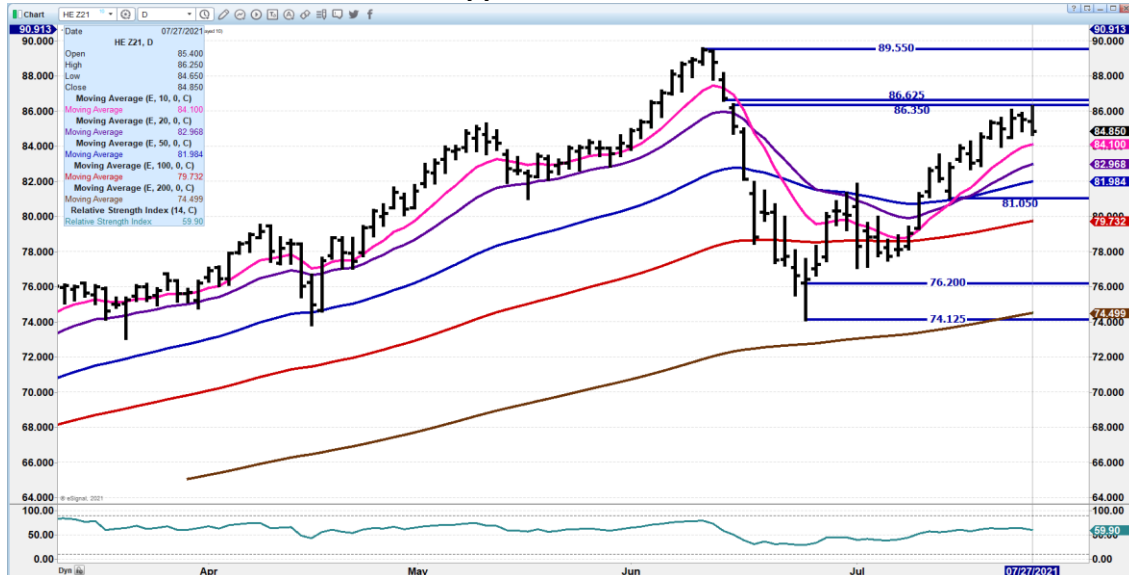
OCTOBER 2021 LEAN HOGS - 94.00 resistance Support at 91.00 to 89.25 support.

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DECEMBER 2021 LEAN HOGS – Support at 84.10 to 81.90 Resistance 86.65



CHARTS FROM ESIGNAL INTERACTIVE, INC.

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