

Daily Futures Market Commentary Livestock Outlook

MONDAY MORNING OCTOBER 25, 2021 LIVESTOCK REPORT

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USDA CATTLE ON FEED REPORT AND COLD STORAGE REPORT ON LAST PAGE

CATTLE

OCTOBER 22 2021	112,000
WEEK AGO	107,000
YEAR AGO	104,000
SATURDAY 10/23/2020	67,000- A WEEK AGO 59,000, YEAR AGO 62,000
WEEK TO DATE (EST)	661,000
SAME PERIOD LAST WEEK (EST)	646,000
SAME PERIOD LAST YEAR (ACT)	645,000
2021 YEAR TO DATE	26,938,000
2020 YEAR TO DATE	26,116,000
PERCENT CHANGE YEAR TO DATE	+3.1%

BOXED BEEF FINAL	CHOICE	SELECT
CURRENT CUTOUT VALUES:	281.82	263.11
CHANGE FROM PRIOR DAY:	1.16	0.39
CHOICE/SELECT SPREAD:	18.71	
TOTAL LOAD COUNT (CUTS, TRIMMINGS, GRINDS)	91	
5 DAY SIMPLE AVERAGE:	280.38	261.50

PREVIOUS WEEKS CLOSE 10/15/2021

BOXED BEEF FINAL	CHOICE	SELECT
CURRENT CUTOUT VALUES:	280.24	260.62

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CME BOXED BEEF INDEX FOR 10/21/2021 WAS AT 276.07 UP 34 FROM PREVIOUS DAY

FINAL OCTOBER 22, 2021

PRIMAL RIB	483.31	396.01
PRIMAL CHUCK	230.54	229.20
PRIMAL ROUND	251.51	248.78
PRIMAL LOIN	337.50	304.40
PRIMAL BRISKET	252.90	241.37
PRIMAL SHORT PLATE	180.30	180.30
PRIMAL FLANK	155.90	151.82

PREVIOUS WEEK

FINAL OCTOBER 15, 2021

PRIMAL RIB	471.34	392.54
PRIMAL CHUCK	228.18	225.59
PRIMAL ROUND	251.67	247.49
PRIMAL LOIN	338.65	297.90
PRIMAL BRISKET	249.93	245.75
PRIMAL SHORT PLATE	185.50	185.50
PRIMAL FLANK	155.55	153.65

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LOAD COUNT AND CUTOUT VALUE SUMMARY

Date	Choice	Select	Trim	Grinds	Total	CHOICE 600-900	SELECT 600-900
10/21	97	21	11	29	158	280.66	262.72
10/20	76	20	7	24	128	280.03	262.80
10/19	96	30	8	13	147	280.88	261.53
10/18	49	31	21	14	115	280.09	259.81
10/15	109	25	10	9	154	280.24	260.62

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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	52.02 loads	2,080,878 pounds
Select Cuts	18.51 loads	740,356 pounds
Trimming	8.14 loads	325,485 pounds
Ground Beef	12.38 loads	495,157 pounds

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DELIVERY NOTICE SERVED – OCTOBER 2021 - LIVE CATTLE
SETTLEMENT: OCTOBER 22, 2021 - \$124.10
OLDEST LONG: 10/13/21 SETTLEMENT AT \$124.77
0 DELIVERIES FRIDAY 10/22/21

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Primal Choice rib sections reversing. Buyers beginning to build stocks for November and December holidays. US Thanksgiving on November 25th and then bigger buying into December.

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Is Brazil Really Backing Up Beef?

So far China hasn't taken beef from Brazil after finding in early September two cows with Mad Cow Disease. But not all countries have banned Brazilian beef. The U.S. increased beef imports from Brazil. According to the USDA, for the first six months of 2021, beef imports to the US from Brazil are up 76.65% and exports as of August 2021 to the US set new records with 66.49 thousand metric tons. Countries such as Chile have been sweeping up Brazilian beef.

The beef industry is so interwoven, its should be expected beef imports have increased from Brazil to the US. The US needs lower graded beef for the fast food industry and lower priced chain restaurants. The US is a Choice cattle market and it can't make enough hamburger hockey pucks for the fast food industry.

For example, in 2018 Marfrig SA bought control of the US company, National Beef. There is JBS SA and JBS USA. I often wonder if the USDA knows the amount of meat being moved between companies in different countries. The oligopolies of the meat industry all have various plants across the globe.

But when you see the big jump in Brazilian beef into the US as well as countries around the globe that have not banned the beef from Brazil, you have to question reports on what the Chinese ban to Brazil is actually doing. It has just been a little over a month and a half and Brazil is finding new homes.

With cheaper grade beef being imported to the US, it is one of the reasons that Choice US beef is so much over US Select beef. The cheaper US Select beef has been keeping pressure on a lid on Choice beef.

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I searched and searched for prices on Brazilian beef into the US and did not find any listings. Undoubtedly, it is sold on contracts and formulas and pricing information is past 14 days and is confidential.

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China is going to be a hit and miss buyer of US pork and beef. It will continue to take US meats but not in large amounts. When they need to refresh frozen pork stocks, they may use US pork and they may buy as they did in September before large Chinese holidays. The next holiday begins February 1, 2022, the Chinese New Year. Over the last year China has increased beef purchases but the amount they buy is not affecting the market except to say China is consistently buying US beef. Last week they bought 1600 metric tons and sometimes up to around 5000 metric tons.

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Ahead in 2022, it isn't going to be about the number of head in the US cattle inventory but how much competition the US will face from Brazil and the growing cattle inventories in Russia and Australia and other southern hemisphere countries.

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OCTOBER 19 2021 dressed steer and heifer weights were 885.4 compared to previous week at 888.2 down 2.6 pounds. Grading percent was 80.2% down .3% compared to previous week at 80.5%. (Grading percent at 80.2% is a bit on the low side. Normally, grade percent runs over 82%. It could be showing feedlots aren't pushing as much grain through cattle with high cost of grain.)

https://www.ams.usda.gov/mnreports/ams_2700.pdf

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USDA POSTED SUMMARY CATTLE PRICES ON 10/22/2021

**IA/MN – CASH – 126.00 25 HEAD MIXED LOAD OF HEIFERS AND STEERS
DRESSED - NO REPORTABLE TRADE.**

**NE – CASH - ONLY 124.00 - MIXED LOAD OF HEIFERS AND STEERS
DRESSED – 196.00**

**KS – CASH - 124.00 ON 160 HEAD
DRESSED – NO REPORTABLE TRADE.**

**TX/OK/NM – NO REPORTABLE TRADE. TOTAL NEGOTIATED SALES AND GRID BASED SALES FOR WEEK
15,029
DRESSED NO REPORTABLE TRADE.**

CO – CASH **NOT REPORTED DUE TO CONFIDENTIALITY
DRESSED **NOT REPORTED DUE TO CONFIDENTIALITY****

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5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1481	\$124.40	30,293
Live Heifer:	1326	\$124.30	10,946
Dressed Steer:	960	\$195.73	12,272
Dressed Heifer:	851	\$195.96	3,744

https://www.ams.usda.gov/mnreports/nw_ls410.txt

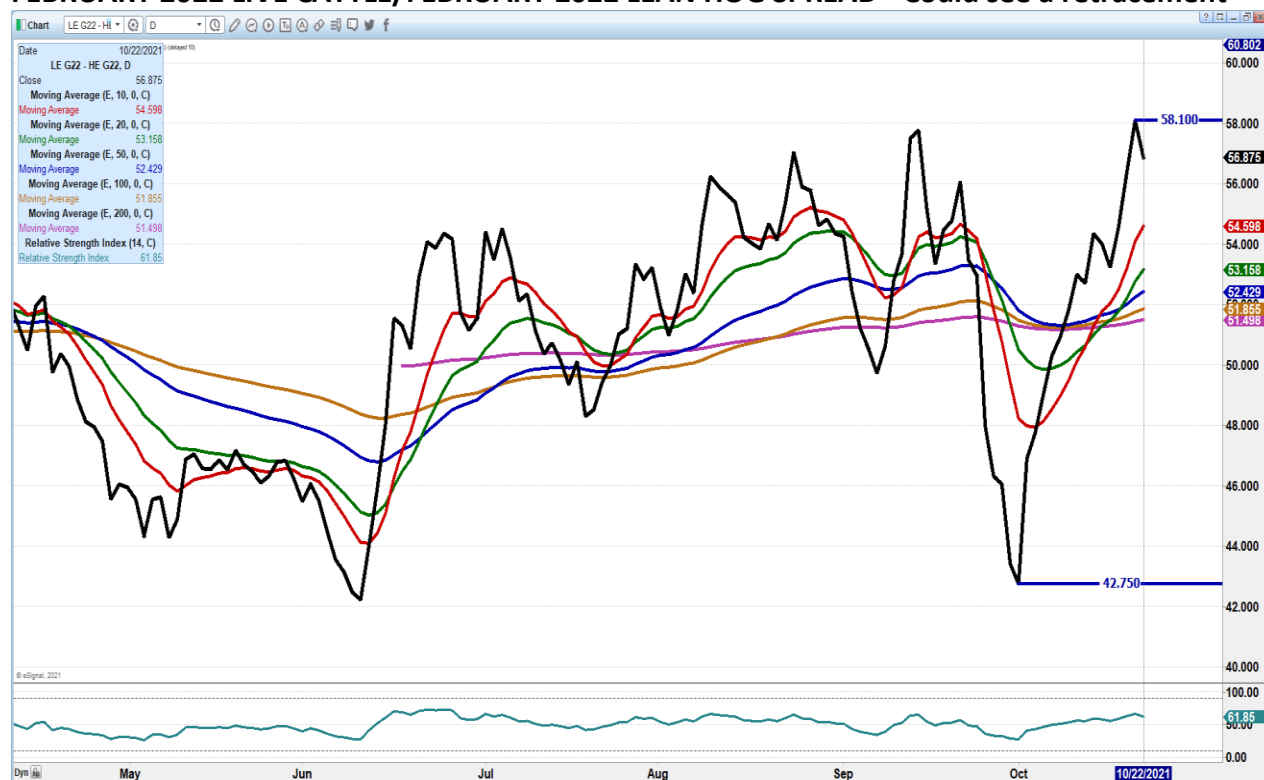
PREVIOUS WEEK

***National Daily Direct Cattle 10/15/21

5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1496	\$123.83	40,778
Live Heifer:	1332	\$123.80	16,293
Dressed Steer:	962	\$195.63	18,387
Dressed Heifer:	853	\$195.68	5,569

FEBRUARY 2022 LIVE CATTLE/FEBRUARY 2022 LEAN HOG SPREAD - Could see a retracement



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Chart: LE Z21 - LE G22, D

Date: 10/22/2021 (latest 10)

Close: -5.175

Moving Average (E, 10, 0, C): -4.878

Moving Average (E, 20, 0, C): -4.701

Moving Average (E, 50, 0, C): -4.389

Moving Average (E, 100, 0, C): -4.038

Moving Average (E, 200, 0, C): -3.420

Relative Strength Index (14, C): 39.72

Relative Strength Index

© eSignal, 2021

100.00

50.00

0.00

Chart: LE V21, D (updated 10/22/2021)

Open: 124.750
High: 124.975
Low: 123.975
Close: 124.100

Moving Average (E, 10, 0, C): 124.898
Moving Average (E, 20, 0, C): 124.601
Moving Average (E, 50, 0, C): 124.501
Moving Average (E, 100, 0, C): 124.930
Moving Average (E, 200, 0, C): 124.991
Relative Strength Index (14, C): 47.23

Key Price Levels: 131.950, 128.325, 125.975, 120.850, 119.825, 119.525

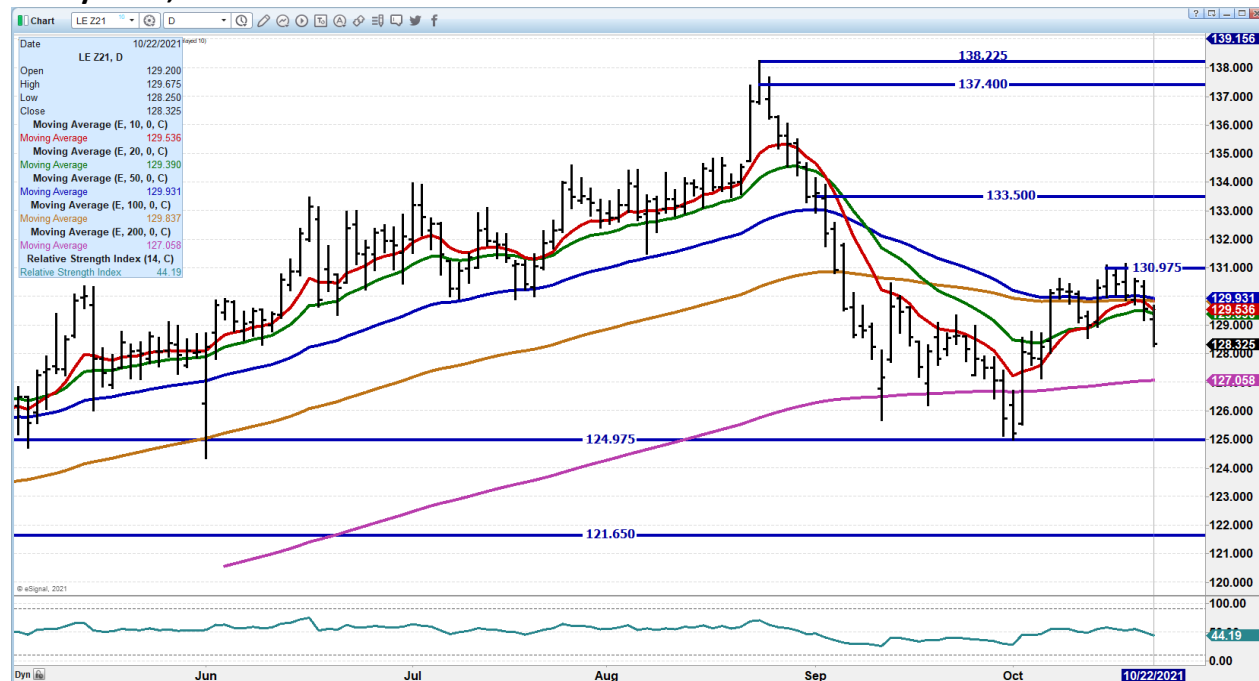
Current Price: 133.704
Other Values: 124.898, 124.601, 124.100, 122.731, 120.00

Signal: 1

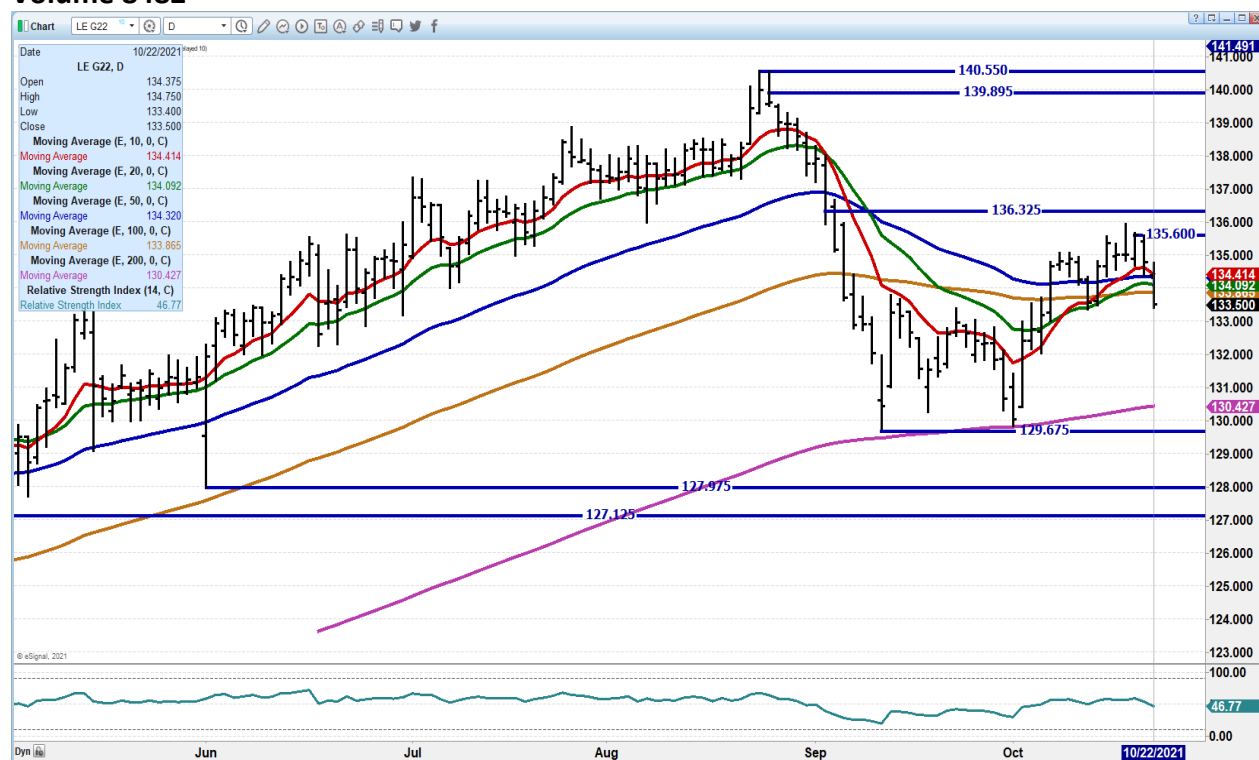
Time: 10/22/2021

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DECEMBER 2021 LIVE CATTLE – support at 127.05 to 124.97 Resistance at 130.97. Volume Friday at 16,200



FEBRUARY 2021 LIVE CATTLE - Resistance at 135.60 to 136.32 Support at 130.40 to 129.67. Volume 8482



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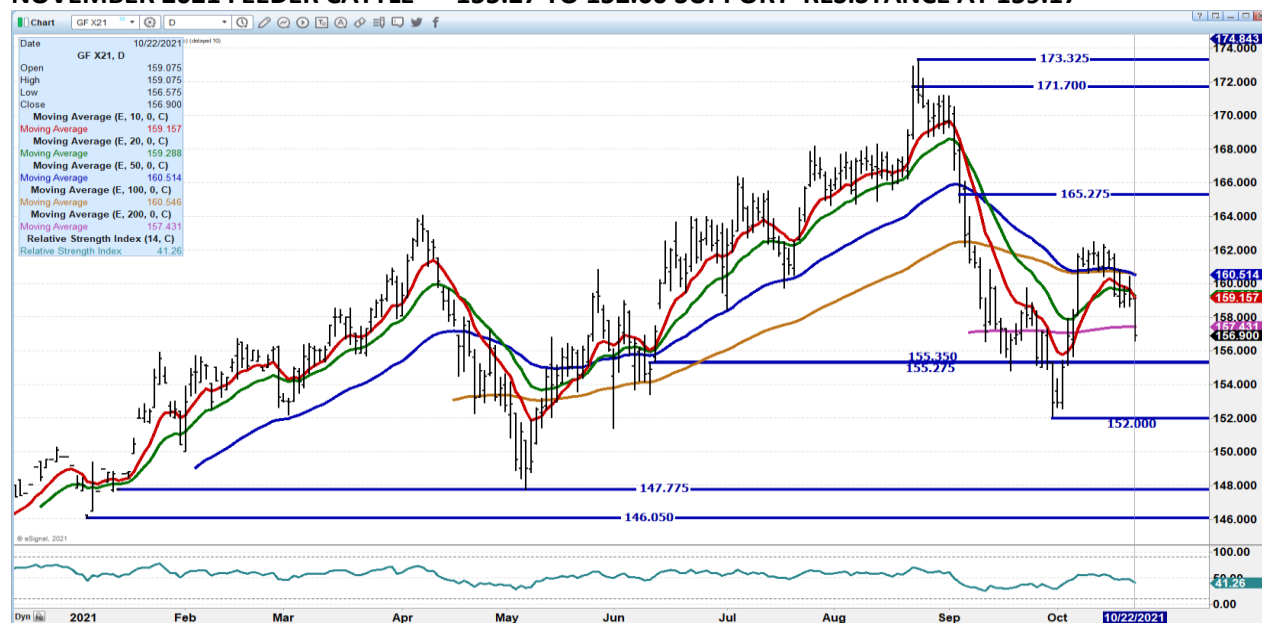
Feeder Cattle

CME FEEDER INDEX ON 10/21/2021 WAS 155.34 UP 23 FROM PREVIOUS DAY -

CME FEEDER INDEX ON 10/14/2021 WAS 153.35

OCTOBER 2021 FEEDER CATTLE FUTURES CLOSED ON OCTOBER 22, 2021 \$155.42

NOVEMBER 2021 FEEDER CATTLE – 155.27 TO 152.00 SUPPORT RESISTANCE AT 159.17



JANUARY 2022 FEEDER CATTLE –



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LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

OCTOBER 22, 2021	476,000
WEEK AGO	470,000
YEAR AGO	487,000
SATURDAY 10/23/2021	229,000, A WEEK AGO 251,000 - YEAR AGO 242000
WEEK TO DATE (EST)	2,606,000
SAME PERIOD LAST WEEK (EST)	2,625,000
SAME PERIOD LAST YEAR (ACT)	2,676,000
2021 YEAR TO DATE	103,633,000
2020 *YEAR TO DATE	105,645,000
PERCENT CHANGE YEAR TO DATE	-1.9%

****REVISED THURSDAY HOG SLAUGHTER..473,000 PREVIOUS ESTIMATE 479,000****

CME CASH LEAN HOG INDEX 10/20/2021 AT \$84.83 DOWN 1.06 FROM PREVIOUS DAY

[CME CASH LEAN HOG INDEX 10/13/2021 AT \\$88.82](#)

CME CASH PORK CUTOUT INDEX 10/21/2021 AT \$99.25 DOWN 1.64 FROM PREVIOUS DAY

[CME CASH PORK CUTOUT INDEX 10/14/2021 AT \\$105.41](#)

CME CASH FRESH BACON INDEX ON 10/15/2021 WAS 261.63 COMPARED TO 10/08/2021 WAS 257.80

CME PORK INDEX TO CME LEAN HOG INDEX plus 14.42

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The trend for Cash pork prices, Cash hog prices, the CME Lean Hog Index and the CME Pork Index is down. Currently futures are not looking at the here and now but doing what futures should do, looking at the future. Fundamental outlook for hogs is negative with increasing global hog inventory. US pork is just piece of the pie and not a big piece of the pie. Hog build up in China is more negative that just US losing pork sales to China. China will be filling pork needs for surrounding countries like Vietnam, Japan, and Russia.

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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

OCTOBER 22, 2021

LOADS OF PORK CUTS: 337.90

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TRIM/PROCESSED PORK: 43.50

FINAL

DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
10/22/2021	381.40	98.27	100.82	103.48	66.72	124.86	75.92	163.88
CHANGE:		-0.01	5.10	6.87	-8.71	1.30	6.31	-9.55
FIVE DAY AVERAGE --		98.69	99.13	100.07	72.48	125.67	66.71	177.65

FINAL PREVIOUS WEEK

DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
10/15/2021	334.38	101.32	97.71	99.61	72.33	125.13	62.34	201.57
CHANGE:		-4.74	-6.06	1.02	-2.95	-7.22	-7.52	-4.85
FIVE DAY AVERAGE --		104.52	104.42	103.24	72.99	129.15	65.62	203.47

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NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE

[HTTPS://WWW.AMS.USDA.GOV/MNREPORTS/AMS_2511.PDF](https://www.ams.usda.gov/mnreports/AMS_2511.pdf)

Slaughter Data for October 21, 2021

Average live weight: 286.58

Average carcass 214.68

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

DAILY DIRECT AFTERNOON HOG REPORT OCTOBER 22 2021

National Negotiated Carcass Price

Lowest price: 63.00

Highest price: 68.50

Weighted Average Price 65.63

Head Count: 6,647

From Previous day 0.20 higher

Other Market Formula (Carcass)

Lowest Base Price 63.07

Highest base price: 100.07

Weighted Average Price: 74.45

Head Count: 31,214

Pork Market Formula (Carcass)

Lowest base price: 65.19

Highest Base Price: 92.25

Weighted Average Price: 81.30

Head Count: 164,994

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Other Purchase Arrangement (Carcass)

Lowest base price: 66.77

Highest base price: 98.24

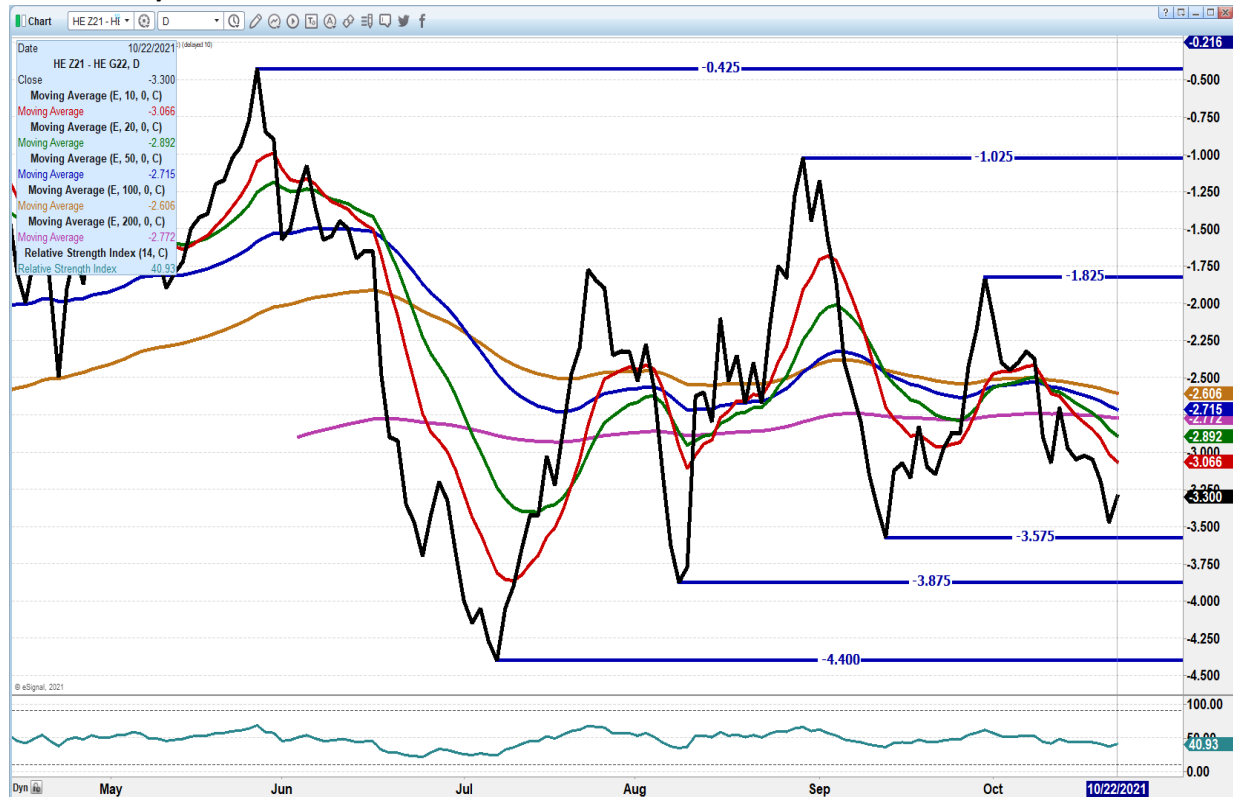
Weighted Average Price: 84.17

HEAD COUNT: 64,469

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FEBRUARY 2022 CATTLE/HOG SPREAD IN CATTLE SECTION – CHECK IT OUT

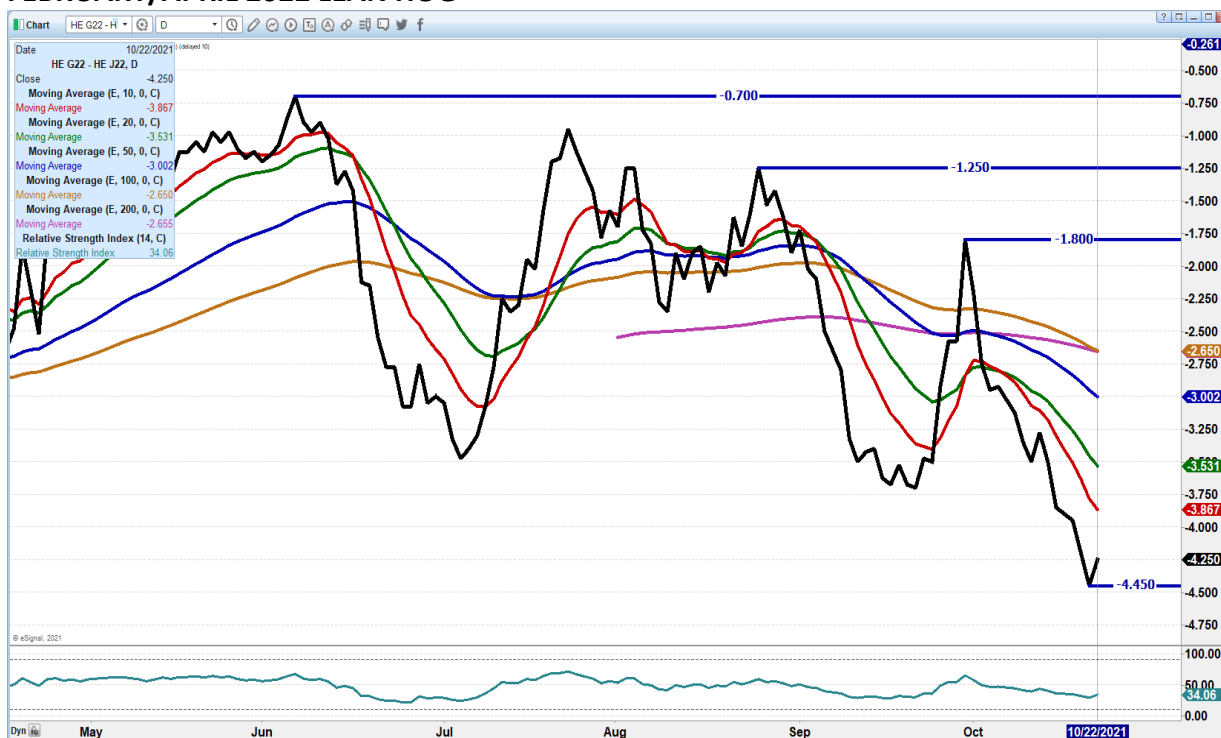
DECEMBER/FEBRUARY LEAN HOG SPREAD – FAIRLY NORMAL SPREAD NOW



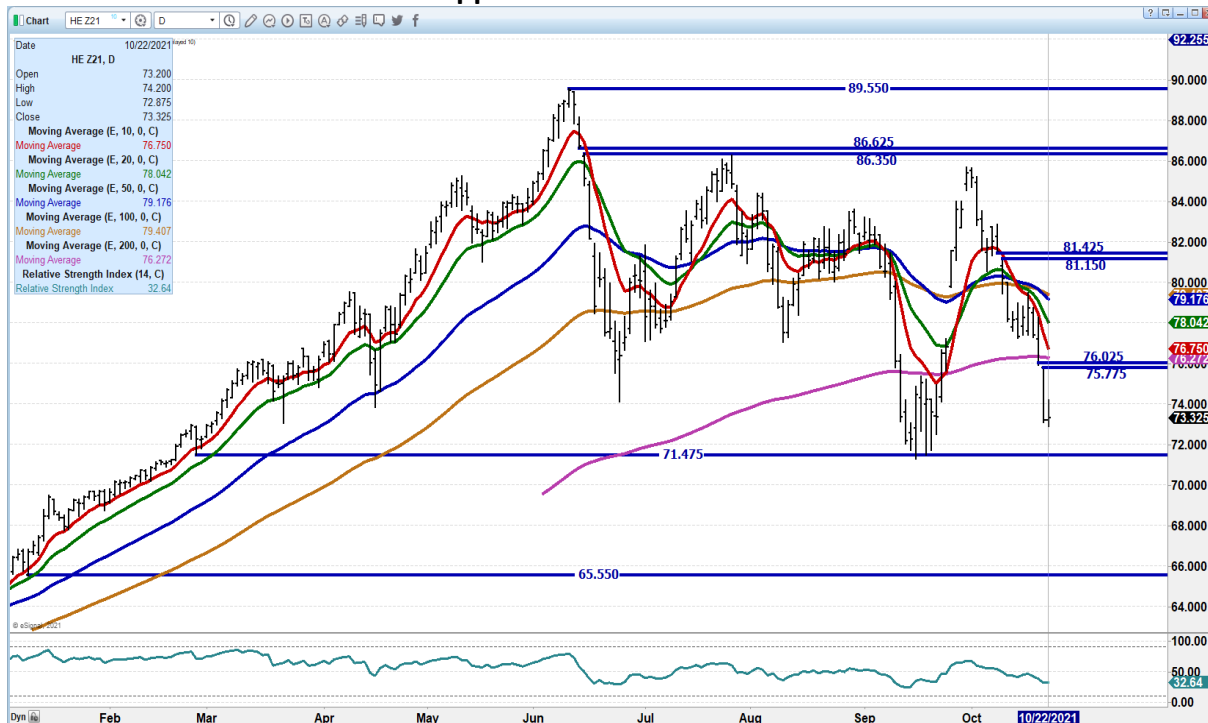
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FEBRUARY/APRIL 2022 LEAN HOG



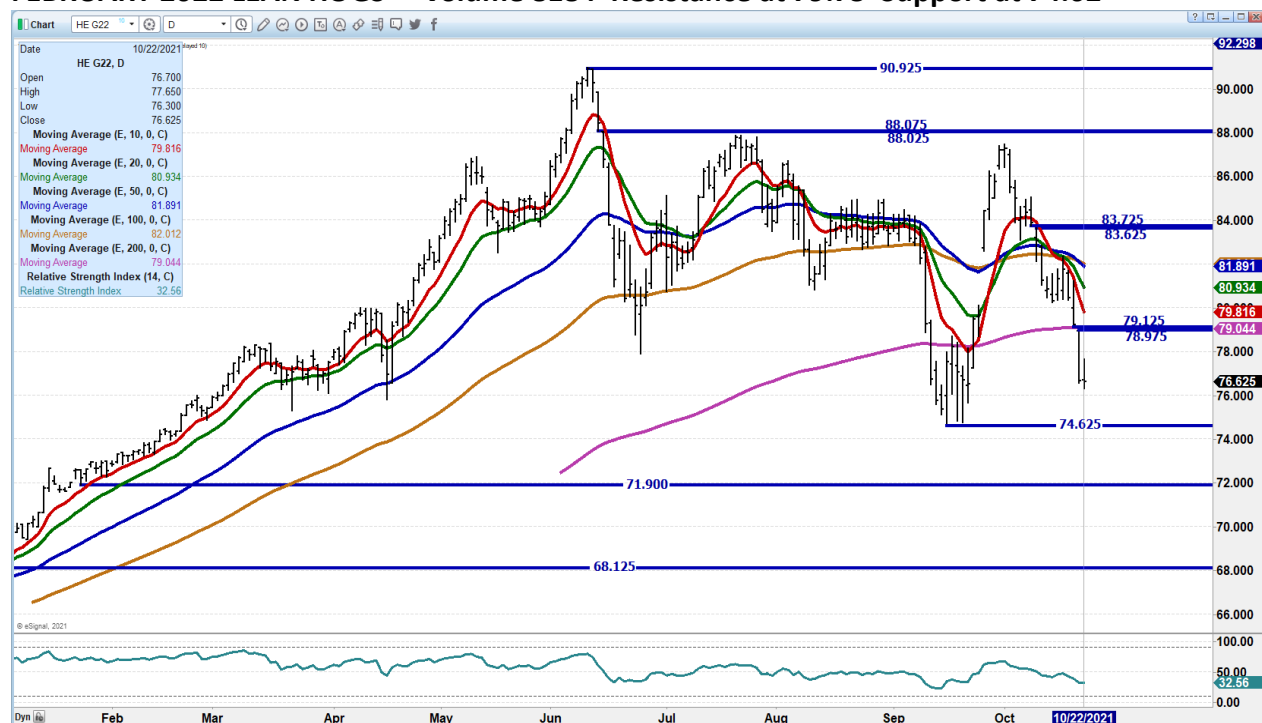
DECEMBER 2021 LEAN HOGS – support at 71.47 Resistance at 75.80 to 76.80



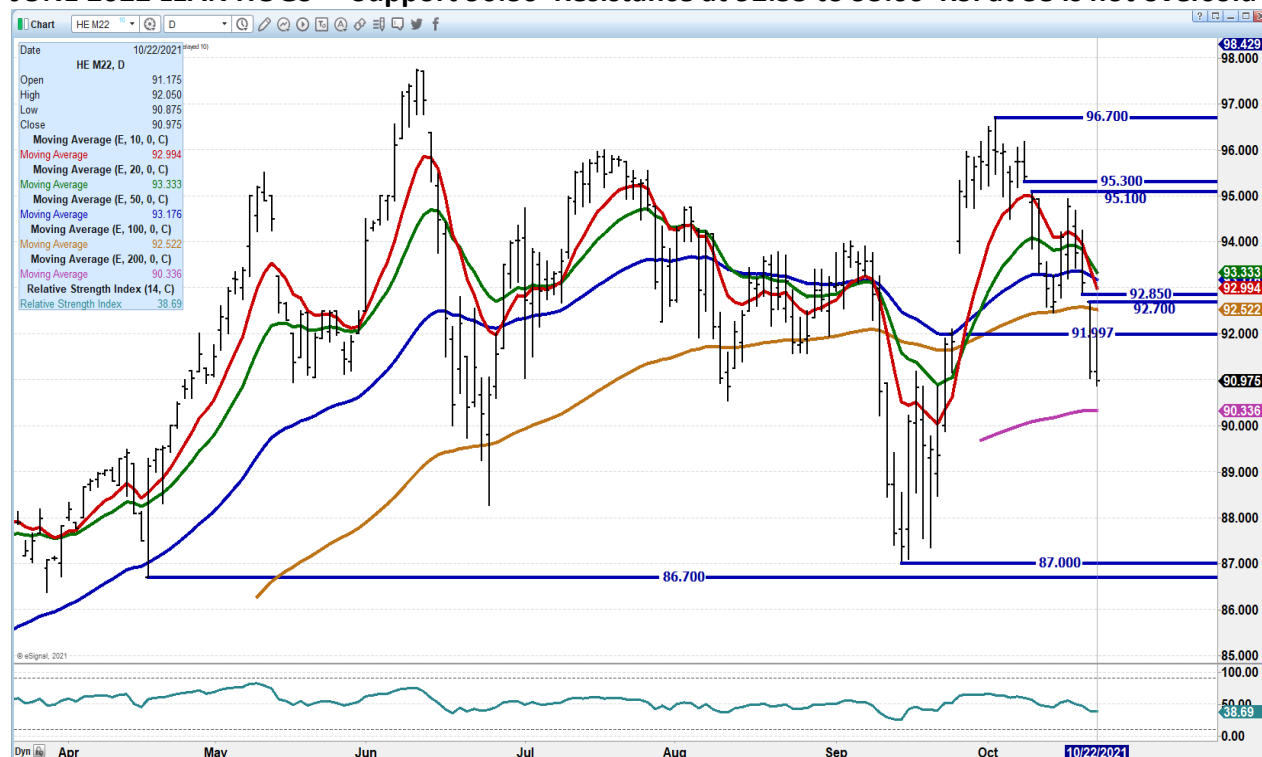
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FEBRUARY 2022 LEAN HOGS - volume 8184 Resistance at 79.75 Support at 74.62



JUNE 2022 LEAN HOGS - Support 90.30 Resistance at 92.55 to 93.00 RSI at 38 is not oversold



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USDA CATTLE ON FEED REPORT OCTOBER 22, 2021

	Range	Average	ACTUAL
On feed October 1	98.6-100	99.4	99
Placements in September	97.5-104	101.4	97
Marketings in September	97-98.9	97.5	97

United States Cattle on Feed Down 1 Percent

Cattle and calves on feed for the slaughter market in the United States for feedlots with capacity of 1,000 or more head totaled 11.6 million head on October 1, 2021. The inventory was 1 percent below October 1, 2020. This is the second highest October 1 inventory since the series began in 1996. The inventory included 7.07 million steers and steer calves, down 3 percent from the previous year. This group accounted for 61 percent of the total inventory. Heifers and heifer calves accounted for 4.49 million head, up 2 percent from 2020.

Placements in feedlots during September totaled 2.16 million head, 3 percent below 2020. Net placements were 2.11 million head. During September, placements of cattle and calves weighing less than 600 pounds were 435,000 head, 600-699 pounds were 360,000 head, 700-799 pounds were 495,000 head, 800-899 pounds were 498,000 head, 900-999 pounds were 275,000 head, and 1,000 pounds and greater were 100,000 head.

Marketings of fed cattle during September totaled 1.79 million head, 3 percent below 2020

Other disappearance totaled 58,000 head during September, unchanged from 2020.

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On Feed at 99 percent is in line with estimate. Marketings at 97 percent are in line with estimates. Placements at 97% below estimates. On Feed and Marketings were expected and will do nothing for the futures. The lower placement numbers should be friendly for feeders but it wasn't a secret with big cow kill over past year.

Report is positive into 2022 because of lower placements but with wide spreads already on Live Cattle, higher prices into 2022 already in the market.

From report, because of current futures, I don't see a lot of movement from report. Cattle on Monday likely to react to slow cash cattle prices this past week but then work higher on December going into end of the week. Feeder Cattle after hard down this week should be at least \$2.50 or higher Monday.

Chris Lehner

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Cold Storage September 2021 Highlights 10/22/2021

Total red meat supplies in freezers were up 4 percent from the previous month but down 4 percent from last year.

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

Frozen pork supplies were up 3 percent from the previous month and up slightly from last year.

Stocks of pork bellies were down 26 percent from last month and down 48 percent from last year.

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Boxed Beef prices dropped in September so the increased stocks over August expected. Having less beef than a year ago is good news. Federal slaughter was up close to 3.9% year to date during September so less beef showed good movement. Beef sales have been good this year. Exports have been stronger and US consumers over the summer were buying beef, from cheap ground beef to high end steaks. Beef imports to the US have been down in 2021 so more US beef needed to be used.

Pork exports up because exports have not done as well as a year ago. During September pork movement and prices began to drop off the strong summer demand. Bellies stocks down are really no surprise. The craze for bacon driving bellies and movement on exports has been good. Primal bellies have been the highest priced primal cut over loins and hams. Bacon at retail cost more than pork chops or ham.

As of late, this report does little to the market. Data is almost a month old. US pork has been falling hard because global hog inventories are increasing.

Chris Lehner

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