ADM Investor Services, Inc.

Daily Futures Market Commentary
Livestock Outlook

MONDAY MORNING JUNE 12, 2023 LIVESTOCK REPORT

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

CATTLE

JUNE 09, 2023	120,000
WEEK AGO	124,000
YEAR AGO	124,000
SATURDAY 06/10/2023	6,000 A WEEK AGO 67,000, YEAR AGO 48,000
WEEK TO DATE (EST)	621,000
SAME PERIOD LAST WEEK (EST)	573,000
SAME PERIOD LAST YEAR (ACT)	671,000
2023 YEAR TO DATE	14,380,000
2022 YEAR TO DATE	14,908,000
YEAR TO DATE PERCENT CHANGE	MINUS 3.5% PREVIOUS WEEK MINUS 3.4%
	MINUS 528,000 HEAD YEAR TO DATE

==

BOXED BEEF 2:00 PM	CHOICE	SELECT
CURRENT CUTOUT VALUES:	332.93	305.71
JUNE 2, 2023 PREVIOUS WEEK	309.93	290.93
CHANGE FROM PRIOR DAY:	4.20	1.61
CHOICE/SELECT SPREAD:	27.22	
TOTAL LOAD COUNT (CUTS, TRIMMINGS, GRINDS)	81	
5 DAY SIMPLE AVERAGE:	319.89	298.55
5 DAY SIMPLE AVERAGE: PREVIOUS WEEK	304.22	286.14

==================================

CME BOXED BEEF INDEX ON 06/08/2023 WAS 314.40 UP 4.30 FROM PREVIOUS DAY.

CME BOXED BEEF INDEX ON 06/01/2023 WAS 300.36

==============================

2:00 PM JUNE 09, 2023		
PRIMAL RIB	501.62	428.14
PRIMAL CHUCK	260.01	257.05
PRIMAL ROUND	251.47	250.66
PRIMAL LOIN	483.89	408.43
PRIMAL BRISKET	262.21	231.32
PRIMAL SHORT PLATE	271.23	271.23
PRIMAL FLANK	223.63	217.33

2:00 PM JUNE 02, 2023 PREVIOUS WEEK		
PRIMAL RIB	453.87	401.18
PRIMAL CHUCK	247.58	239.37
PRIMAL ROUND	237.97	240.03
PRIMAL LOIN	448.00	398.21
PRIMAL BRISKET	226.35	224.72
PRIMAL SHORT PLATE	254.07	254.07
PRIMAL FLANK	216.50	205.98

===========================

LOAD COUNT AND CUTOUT VALUE SUMMARY

Date	Choice	Select	Trim	Grinds	Total	600-900	600-900
06/08	53	24	4	28	109	328.73	304.10
06/07	65	23	11	19	119	325.19	301.56
06/06	74	23	8	20	126	321.40	299.44
06/05	49	17	10	22	98	314.19	296.73
06/02	68	20	20	12	120	309.93	290.93 FRIDAY

=====================================

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.

Choice Cuts	47.72 loads	1,908,929 pounds
Select Cuts	19.02 loads	760,615 pounds
Trimmings	4.14 loads	165,630 pounds
Ground Beef	10.41 loads	416,268 pounds

===============================

JUNE 2023 LIVE CATTLE DELIVERIES

DELIVERY NOTICE SERVED – JUNE 2023 - LIVE CATTLE
DATE 06/09/23 SETTLEMENT: $178.22
OLDEST LONG – 01/04/23 $157.35

0 DELIVERIES
FIRM # FIRM NAME DEL REC
YARD LOCATION
=====================================

USDA LIVESTOCK REPORTS JUNE 2023 REPORTS
CATTLE ON FEED REPORT - FRIDAY, JUNE 23, 2023 - 2:00PM CENTRAL TIME
COLD STORAGE REPORT - FRIDAY, JUNE 23, 2023 - 2:00PM CENTRAL TIME
HOGS AND PIGS REPORT - THURSDAY JUNE 29, 2023 - 2:00PM CENTRAL TIME
=====================================

WEEKLY FUTURES PRICE CHANGE

	06/02/2023	06/09/2023
JUNE 2023 LIVE CATTLE	176.42	178.22
AUGUST 2023 LIVE CATTLE	172.90	171.85
OCTOBER 2023 LIVE CATTLE	176.00	174.80
DECEMBER 2023 LIVE CATTLE	179.17	177.77
FEBRUARY 2023 LIVE CATTLE	182.77	180.95
APRIL 2024 LIVE CATTLE	185.72	183.55

===============================

Last week average weights on negotiated cattle increased. The 5 day average steer weight was 1427 pounds compared to the previous week at 1408 pounds. The lower kill is likely why and lighter cattle of late and smaller slaughter is why beef prices have been going up.

Over the past few days I have been asked, where would I buy cattle? The answer is simple. After the move Live Cattle and cash cattle have made, I am not going to buy cattle unless and only if any long futures was thoroughly covered with protection and just not stops. I am not saying that cattle prices can't go higher but the cattle train left the station back in April 2020 and began to pick up speed in February 2021 and again in February 2022 and so far, making all-time contract highs on June 7, 2023.

Technically, Live Cattle reversed on June 7th. Trade volume was heavy.

The last time Live Cattle made contract highs was November, 2014. On November 19 and 20, 2014 the highest price for Live Cattle futures was $172.75 on the February 2015 Live Cattle contract and then prices began to drop. On December 18, 2014, the price dropped to $155.12. By January 26, 2015 it dropped to $148.37.

Anyone who has read my reports knows I have been bullish Live Cattle and Feeder Cattle. However, now I am standing aside. Besides the technical reversal, I am waiting for more confirmation. Live Cattle have had an unprecedented to historic highs. Cattle producers, if hedged, have been able to sell cash cattle higher than the futures. Spec longs either took profits or can take profits and if market continues up, don't worry about leaving a tip on the table.

The Federal Reserve has been trying to quell inflation. There have been reactions to higher rates in some sectors, but not food. Over the past week beef prices have gathered a full head of steam. A week ago Choice beef was at $309.93 and as Friday it was at $332.93. Consumers are buying the highest quality steaks down to ground beef. Ask a consumer, they complain about prices, yet they still buy it. But how long will they pay the extraordinarily high prices?

Traders are expecting a few more fed cattle for slaughter and the market is bear spread from August out because of it. Will bear spreads reverse?

The majority of cattle and beef are not priced on what happens on the daily market.

Of course there are reasons prices may make new highs, but fundamental reasons can change overnight.

============================
Cash cattle markets continue to move higher this week. Highest prices paid in the Midwest and best prices are for the few cattle weighing over 1550 pounds or dressed steers weighing near 1000 pounds. Kansas on dressed steers paid $300.00 but on cash FOB prices were 183.00 to 184.00 and a few head Thursday 184.00 - 188.00 with a cash delivered from 189.00 - 191.00. Thursday, Texas paid up to 185.00. Midwest dressed steers were $300.00!
============================

Friday, June 9th , June Live Cattle settled at $178.22 and the 5 day negotiated average steer price is $188.64 with June Live Cattle $10.42 under cash that is widening. This is unusual during a delivery time when cash widens as much above futures.

==============================
Milk prices have been dumping. I have been told that there are increasing numbers of dairy heifers that are not being bred but sent to feedlots and more cows being bred to black bulls in the upper Midwest. FOB dairy bred steers and heifers are selling for $185.00 and dressed prices $265.00.
===============================

BEEF NET EXPORTS FOR WEEK ENDING JUNE 1, 2023 WERE 12,800 MT. There were no big buyers. Japan took 3,900 MT followed by South Korea at 3,900 MT and Mexico at 1,900 MT Canada took 900 MT. China was out and actually reduced a purchase

Week Ending May 25 , 2023 18,100 MT
Week Ending May 18 , 2023 18,300 MT
Week Ending May 11, 2023 17,400 MT
Week Ending May 4, 2023 16,100MT

5 week average 16,540 MT compared to previous 5 week average 18,000 MT

To show how important exports are 12,800 MT is the same as 790.15 loads weighing 40,000 pounds. From June 1st through June 7th, U.S. daily load movement of beef was 610 loads which includes Choice and Select beef primals, grindings and ground beef. U.S. exports are mainly Choice beef.

==============================

NATIONAL WEEKLY FED CATTLE COMPREHENSIVE REPORT JUNE 6, 2023

As of JUNE 6, 2023 dressed steer and heifer carcasses averaged 855.5 pounds down 1.5 pounds from previous week at 857.0 pounds and 3.0 pounds less than a year ago. The grading percent as of 6/06/23 was 81.9 % compared to previous week at 81.8%.

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

=========================

*****NATIONAL DAILY DIRECT CATTLE 06/09/23**

5 DAY ACCUMULATED WEIGHTED AVG

	WEIGHT	PRICE	HEAD
LIVE STEER:	1427	$188.64	46,629
LIVE HEIFER:	1289	$187.68	12,534
DRESSED STEER	916	$298.91	15,787
DRESSED HEIFER:	822	$298.76	3,343

PREVIOUS WEEK

*****NATIONAL DAILY DIRECT CATTLE 06/02/23**

5 DAY ACCUMULATED WEIGHTED AVG

	WEIGHT	PRICE	HEAD
LIVE STEER:	1408	$179.64	71,067
LIVE HEIFER:	1274	$179.01	27,657
DRESSED STEER	909	$287.09	22,118
DRESSED HEIFER:	813	$287.57	5,982

==========================

USDA POSTED SUMMARY CATTLE PRICES ON 06/09/2023 STEER AND HEIFERS

IA/MN – CASH FOB – FRIDAY 187.00 - 190.00 ON 1,336 HEAD FOR STEERS, HEIFERS AND MIXED LOADS
WEIGHING 1,350 - 1,490 POUNDS AVERAGE WEIGHT 188.98
DRESSED – NO REPORTABLE TRADE

NE – CASH FOB – NO REPORTABLE TRADE ON THURSDAY OR FRIDAY
DRESSED DELIVERED – NO REPORTABLE TRADE

KS – CASH – No Reportable Trade Friday
CASH –184.00 - 188.00 ON 1,948 HEAD WEIGHING 1,235 - 1,500 POUNDS AVERAGE PRICE 185.14
CASH DELIVERED 189.00 - 191.00 ON 1632 HEAD

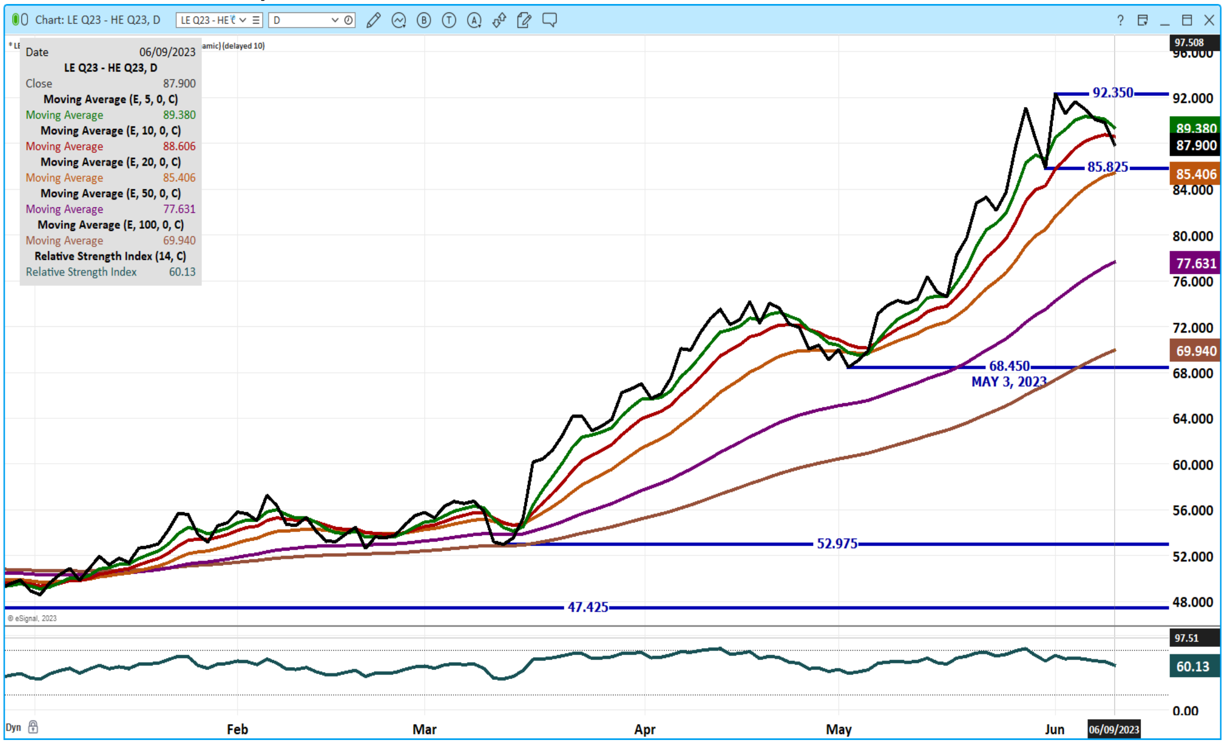
TX/OK/NM CASH – FRIDAY 185.00 - 186.00 WEIGHING 1,300 - 1,450 POUNDS ON 443 HEAD OF STEERS

DRESSED – NO REPORTABLE TRADE.

CO - **NOT REPORTED DUE TO CONFIDENTIALITY**

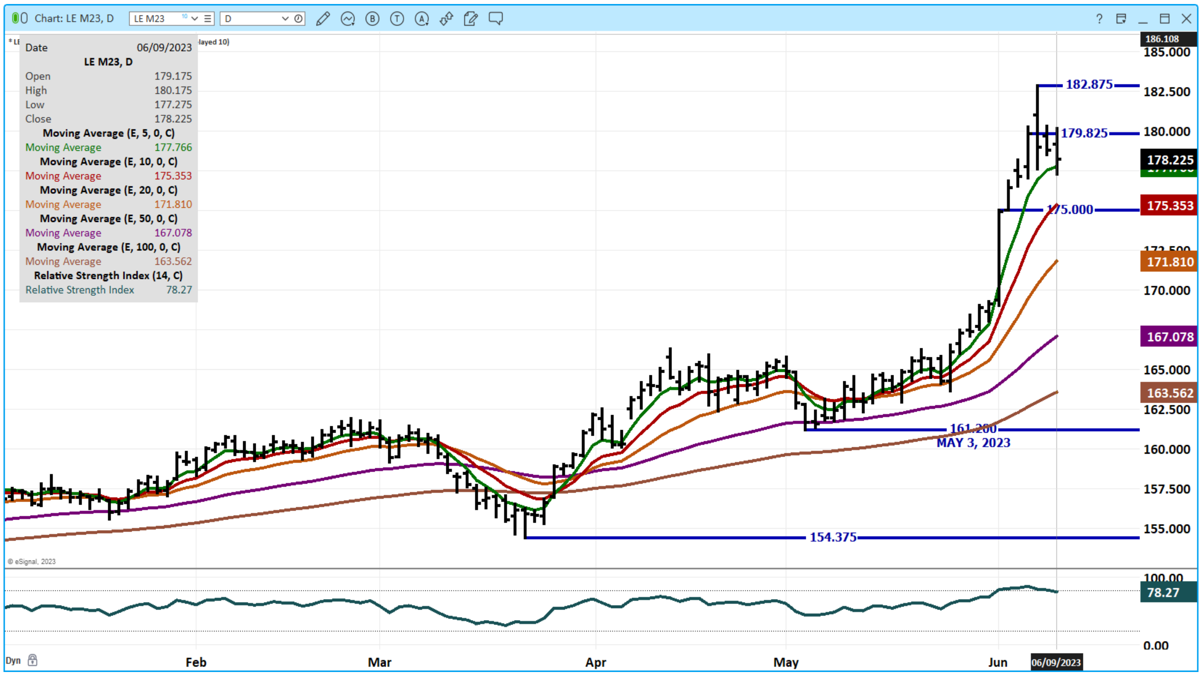
===================================

AUGUST LIVE CATTLE/AUGUST LEAN HOG SPREAD – LIKELY HAS TOPPED –

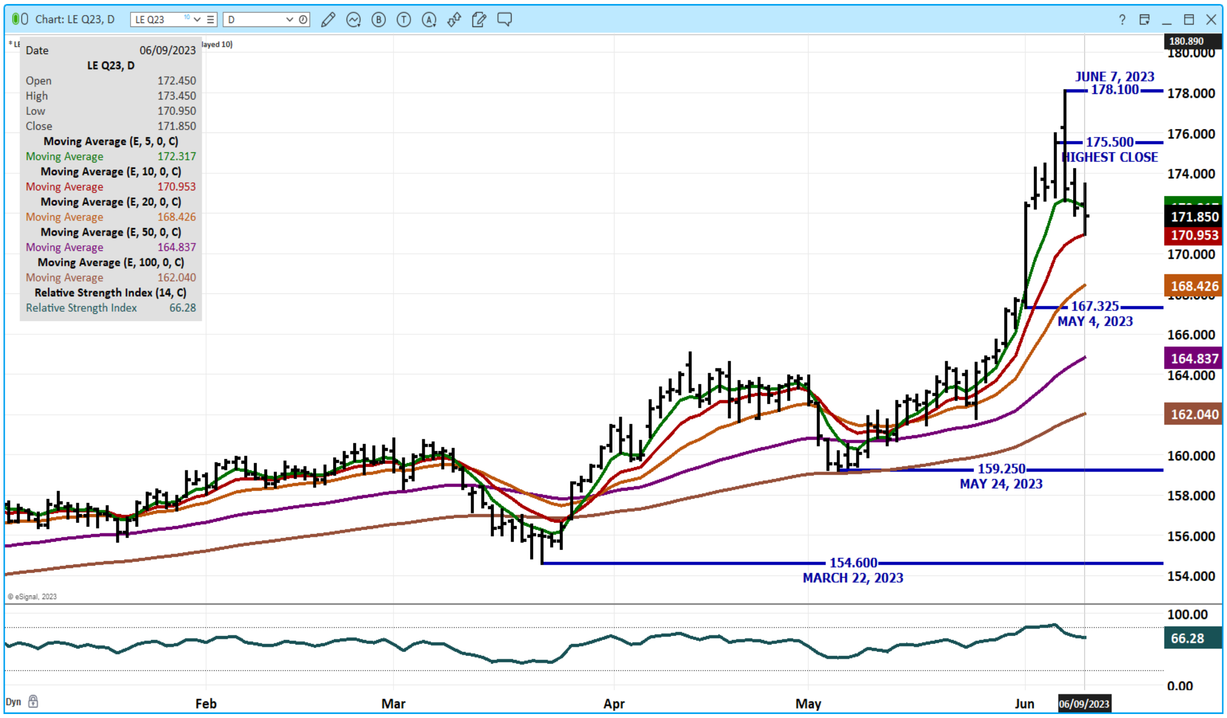


AUGUST LIVE CATTLE/OCTOBER LIVE CATTLE SPREAD – BEAR SPREAD - WATCH DIRECTION

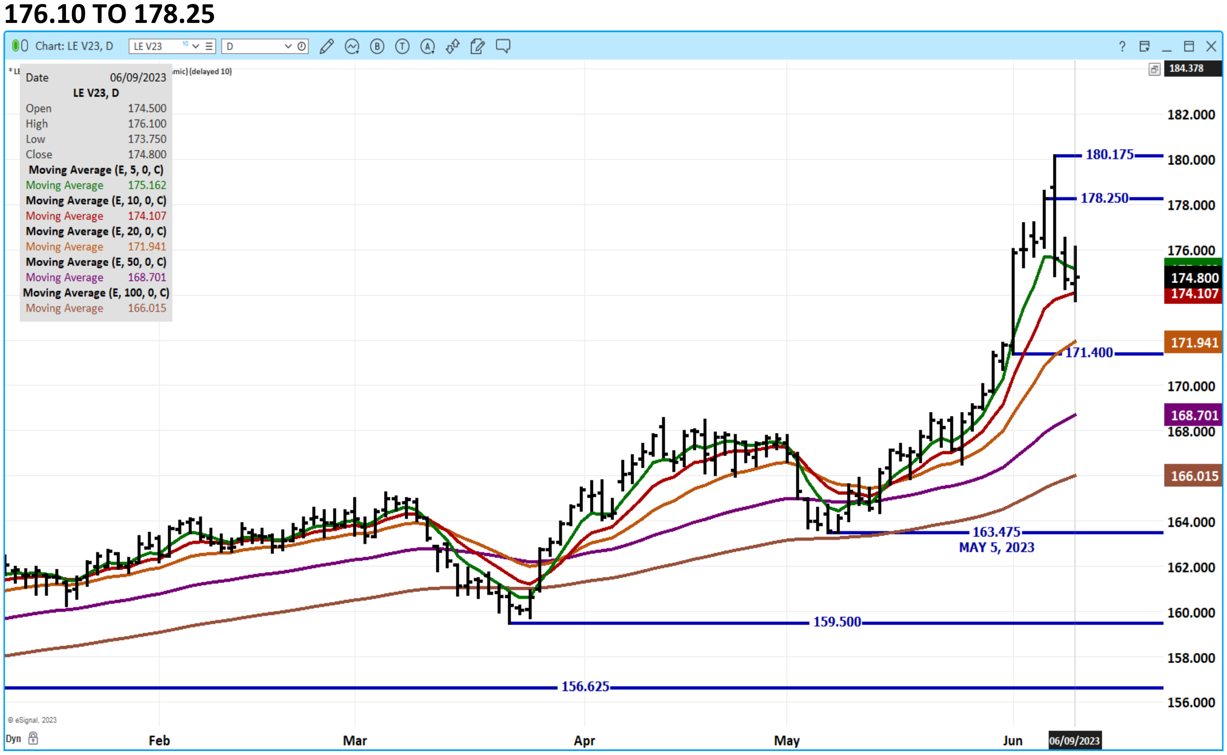
JUNE 2023 LIVE CATTLE – VOLUME AT 3773 OPEN INTEREST AT 8492



AUG 2023 LIVE CATTLE – VOL 32771 SUPPORT AT 170.95 TO 168.40 RESISTANCE AT 172.50 TO 175.50



OCTOBER 2023 LIVE CATTLE – VOLUME AT 19071 SUPPORT AT 174.10 TO 171.90 RESISTANCE AT 176.10 TO 178.25



FEEDER CATTLE

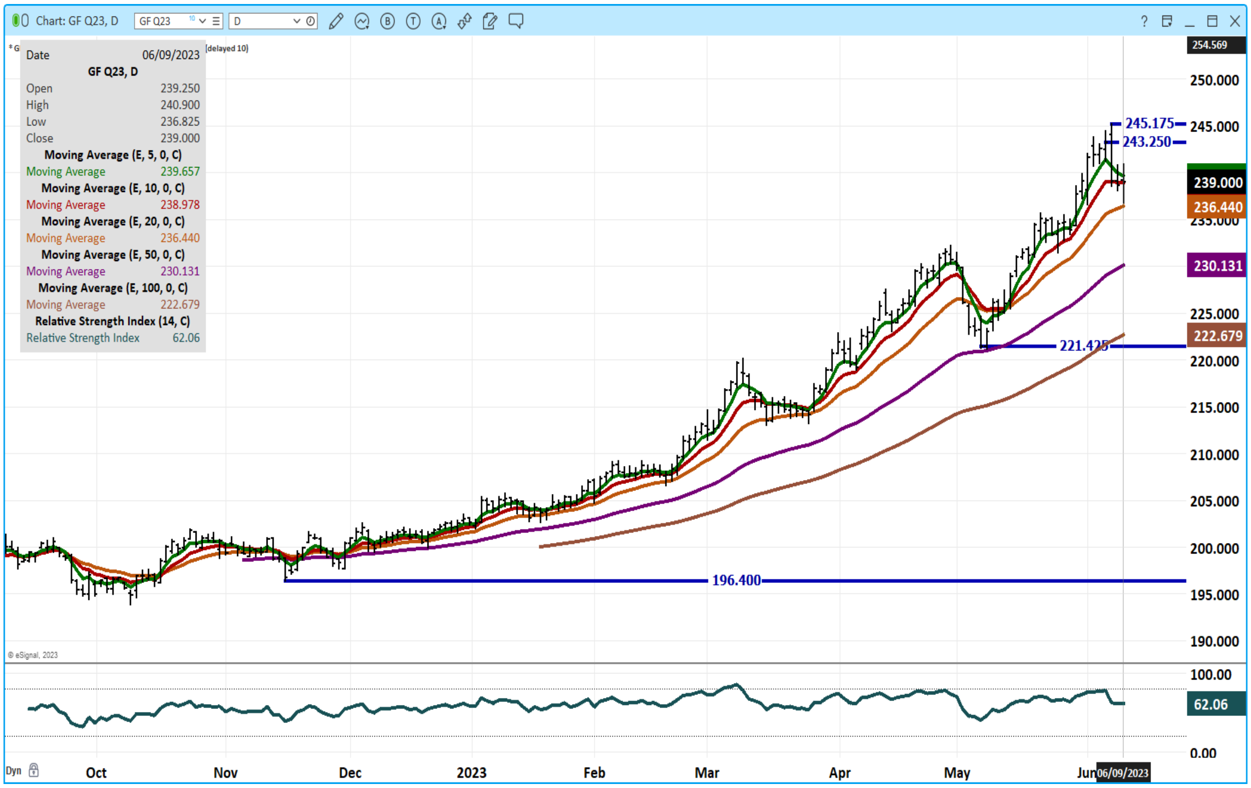
CME FEEDER INDEX ON 06/08/2023 WAS 226.18 UP 3.98 FROM PREVIOUS DAY
AUGUST 2023 FEEDER CATTLE FUTURES SETTLED ON 06/09/2023 AT $239.00
===

The need to have cattle to fill contract and packer owned lots has been driving feeder cattle prices higher

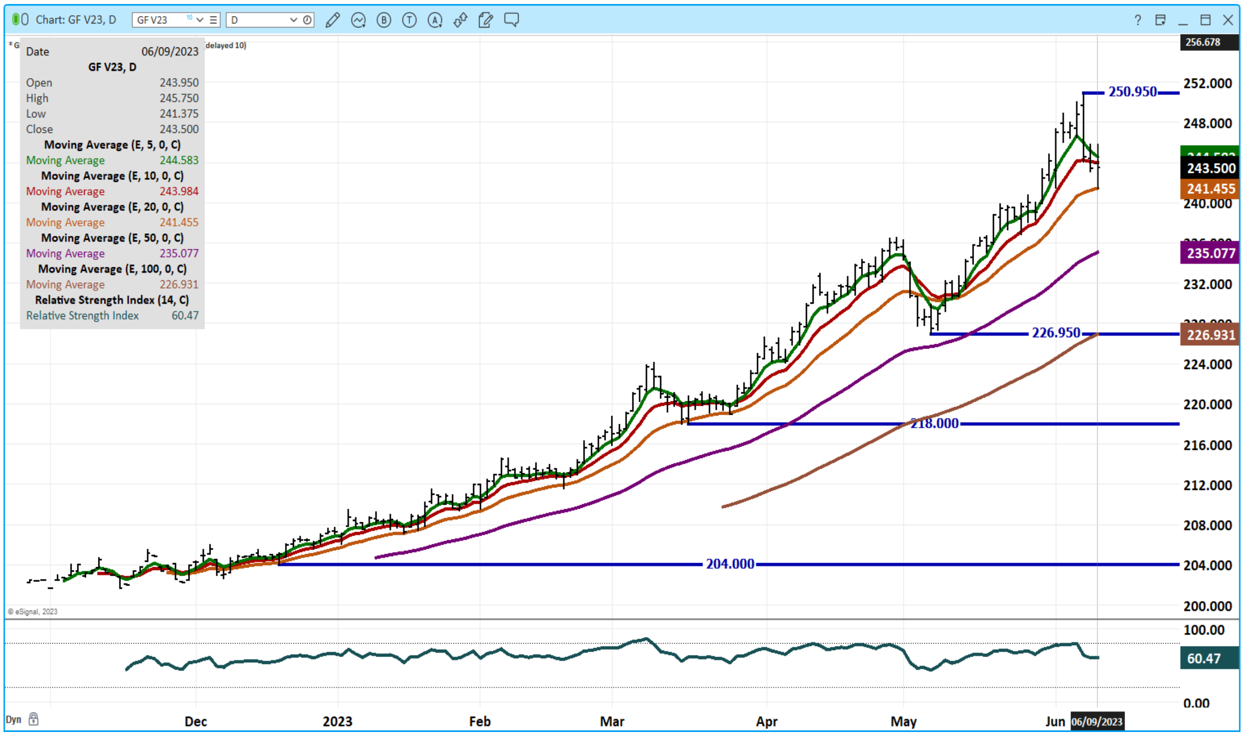
===

AUGUST 2023 FEEDER CATTLE/SEPTEMBER 2023 FEEDER CATTLE SPREAD – BEAR SPREAD WATCH DIRECTION

AUGUST 2023 FEEDER CATTLE – SUPPORT AT 236.37 TO 230.10 RESISTANCE AT 241.00 TO 243.25



OCTOBER 2023 FEEDER CATTLE – SUPPORT AT 241.45 TO 235.05 RESISTANCE AT 244.60 TO 250.95



HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

JUNE 09, 2023	458,000
WEEK AGO	466,000
YEAR AGO	447,000
SATURDAY 06/03/2023	48,000 - A WEEK AGO 119,000 - YEAR AGO 19,000
WEEK TO DATE (EST)	2,363,000
SAME PERIOD LAST WEEK (EST)	2,028,000
SAME PERIOD LAST YEAR (ACT)	2,366,000
2023 YEAR TO DATE	56,115,000
2022 *YEAR TO DATE	55,420,000
YEAR TO DATE PERCENT CHANGE	PLUS 1.3% PREVIOUS WEEK 1.3%

PLUS 695,000 YEAR TO DATE COMPARED TO LAST WEEK 714,000 HEAD

===

CME LEAN HOG INDEX ON 06/07/2023 WAS 83.80 UP 76 CENTS FROM PREVIOUS DAY

CME PORK CUTOUT INDEX 06/08/2023 AT $85.90 DOWN 1 CENT FROM PREVIOUS DAY

THE CME LEAN HOG INDEX IS MINUS $2.10 TO THE CME PORK INDEX.

==

WEEKLY FUTURES PRICE CHANGE

	06/02/2023	06/09/2023
JUNE 2023 LEAN HOGS	86.72	87.87
JULY 2023 LEAN HOGS	84.65	89.62
AUGUST 2023 LEAN HOGS	82.30	83.95
OCTOBER 2023 LEAN HOGS	75.75	75.37
DECEMBER 2023 LEAN HOGS	73.40	73.17
FEBRUARY 2023 LEAN HOGS	78.67	79.05
APRIL 2023 LEAN HOGS	83.32	84.35

==============================

Pork prices were higher last week and there were a few reasons why. Hog numbers for the year are higher but recently kill has been dropping. Saturday's kills are light with last week's slaughter at 48,000 head. Packers are digging deeper into pens for finished hogs. Weights have been dropping as the table shows below especially on packer owned hogs .

Pork exports were a bit better than last week, but exports have been dropping. The increase this week was from China and unless China keeps buying at last weeks level, exports likely will fall because Mexico is going likely buy more pork from Brazil. China was also buying because hey did not buy the previous two weeks.

Pork is being shown more in retail stores. It can compete against low priced beef products. But at the same time, hog numbers in the US are not rapidly decreasing and big rallies aren't likely

========================

Pork exports are an integral part of total U.S. pork sold. Net export sales of 25,000 MT is approximately 1405.5 loads weighing 40,000 pounds. From June 1st through June 7, 2023 US daily pork loads were 1446.12 loads.

PORK NET EXPORT SALES WERE 25,500 MT FOR JUNE 1, 2023, Mexico took half of the purchases at 9100 MT, a low buy for Mexico Followed by China at 8,100 MT and Japan at 3200 MT .

WEEK ENDING MAY 25, 2023 NET EXPORT SALES WERE 22,600 MT
WEEK ENDING MAY 18, 2023 NET EXPORT SALES WERE 29,200 MT
WEEK ENDING MAY 11, 2023 NET EXPORT SALES WERE 31,900 MT
WEEK ENDING MAY 4, 2023 NET EXPORT SALES WERE 30,000 MT

===
PORK REPORT FOB PLANT - NEGOTIATED SALES
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
Loads PORK CUTS : 274.42
Loads TRIM/PROCESS PORK : 21.24

2:00 PM	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
06/09/2023	295.66	88.39	88.84	133.10	74.10	122.82	85.52	84.78
CHANGE:		2.71	3.59	2.70	2.01	2.00	1.46	5.68
FIVE DAY AVERAGE --		86.65	85.99	129.88	71.01	120.43	84.03	85.48

PREVIOUS WEEK

2:00 PM	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
06/02/2023	283.15	84.72	86.07	126.42	70.44	118.67	81.31	78.35
CHANGE:		-0.96	-1.39	-3.20	0.81	0.89	-2.07	-0.49
FIVE DAY AVERAGE --		84.31	87.05	127.50	69.02	117.33	80.34	77.01

=====================================

DAILY DIRECT AFTERNOON HOG REPORT - PLANT DELIVERED PURCHASE
JUNE 09, 2023
https://www.ams.usda.gov/sites/default/files/media/LMRSwineReportingHandout.pdf

National Negotiated Carcass Price
Head Count: 1,383
Lowest price: 81.50
Highest price: 90.00
Weighted Average 85.52
Change from Previous Day -8.60 lower

Other Market Formula (Carcass)
Head Count: 20,388
Lowest Base Price: 78.55
Highest Base Price: 101.23
Weighted Average Price: 86.59

Swine/Pork Market Formula (Carcass)
Head Count 153,174
Lowest base price: 68.12
Highest Base Price: 99.11
Weighted Average Price 82.73

Other Purchase Arrangement (Carcass)
HEAD COUNT: 53,693
Lowest base price: 73.80
Highest base price: 112.33
Weighted Average Price: 85.26

NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE
HTTPS://WWW.AMS.USDA.GOV/MNREPORTS/AMS_2511.PDF
SLAUGHTER DATA FOR JUNE 8, 2023

****PRODUCER SOLD:**
HEAD COUNT 237,751
AVERAGE LIVE WEIGHT 279.31
AVERAGE CARCASS WEIGHT 209.78

PACKER SOLD:
HEAD COUNT 33,079
AVERAGE LIVE WEIGHT 287.93
AVERAGE CARCASS WEIGHT 215.33

SLAUGHTER DATA FOR JUNE 01, 2023 PREVIOUS WEEK

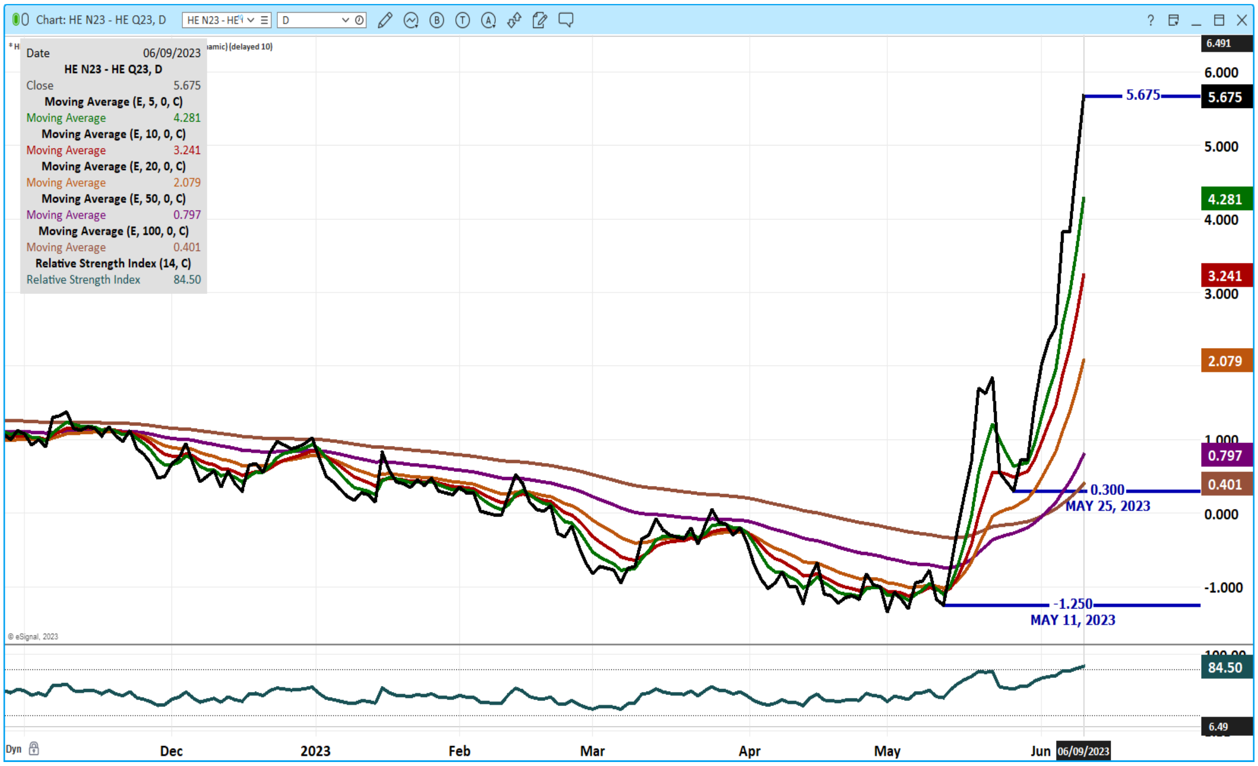
**PRODUCER SOLD:
HEAD COUNT 231,392
AVERAGE LIVE WEIGHT 280.26
AVERAGE CARCASS WEIGHT 209.95

PACKER SOLD:
HEAD COUNT 30,029
AVERAGE LIVE WEIGHT 287.00
AVERAGE CARCASS WEIGHT 216.00

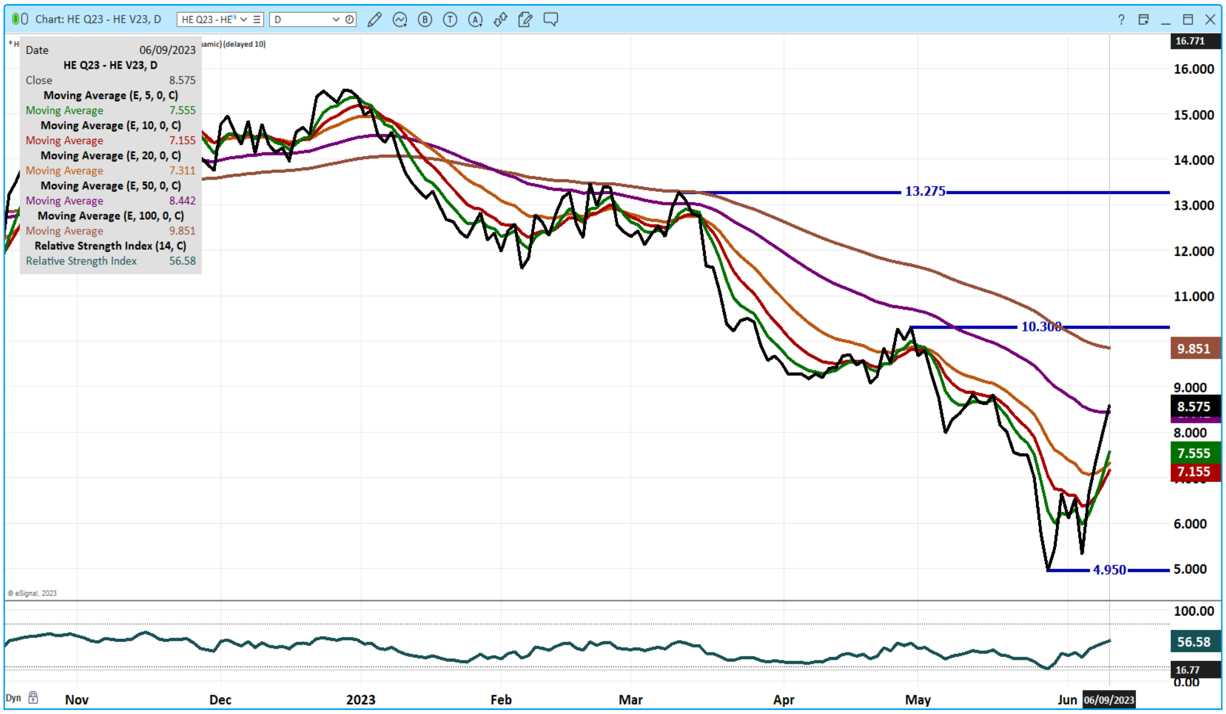
PACKER OWNED:
HEAD COUNT 176,436
AVERAGE LIVE WEIGHT 290.24
AVERAGE CARCASS WEIGHT 219.62

======================

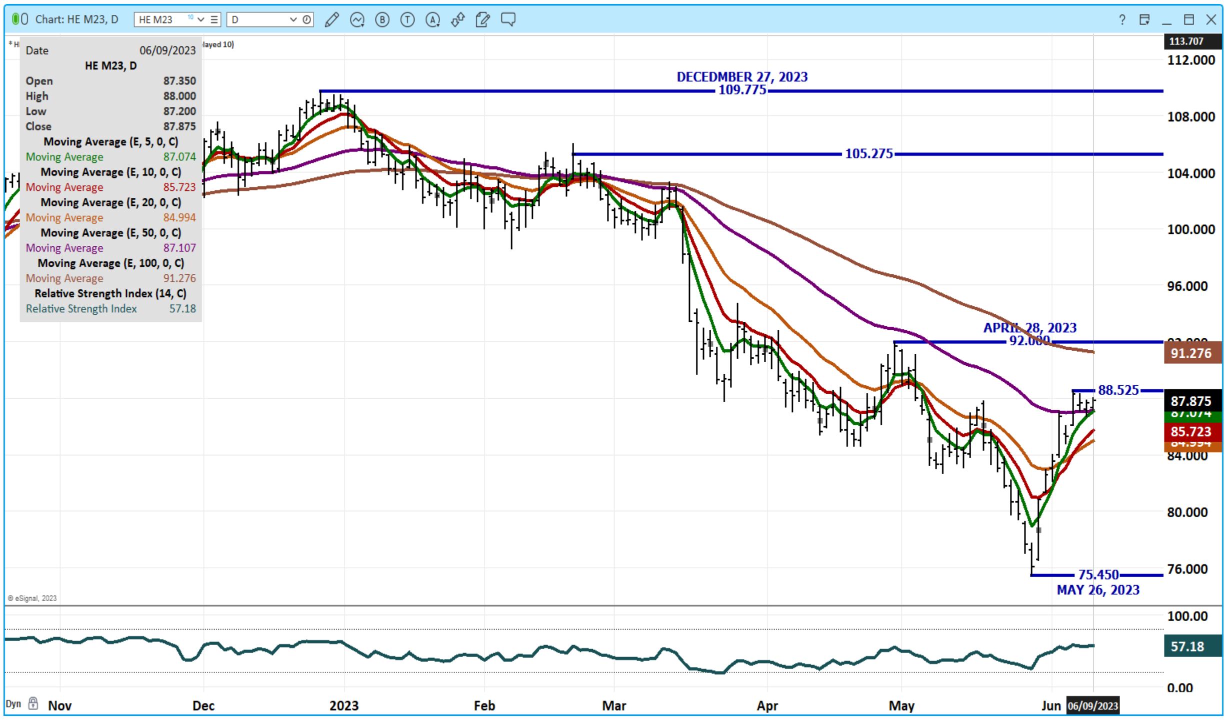
JULY/AUGUST LEAN HOG SPREAD – BIG MOVE OVER PAST MONTH GOING FROM BEAR SPREAD TO BULL SPREAD



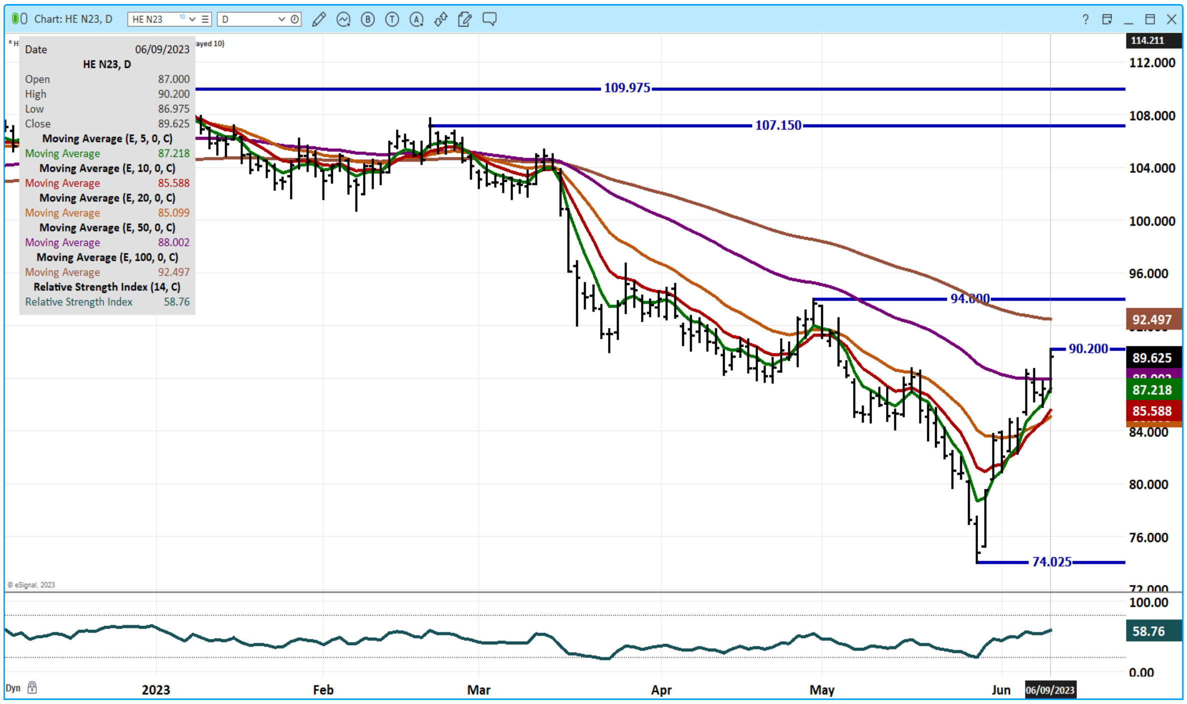
AUGUST/OCTOBER 2023 LEAN HOG SPREAD – BULL SPREAD THIS CHART A GOOD INDICATOR FOR DIRECTION OF SUMMER HOGS



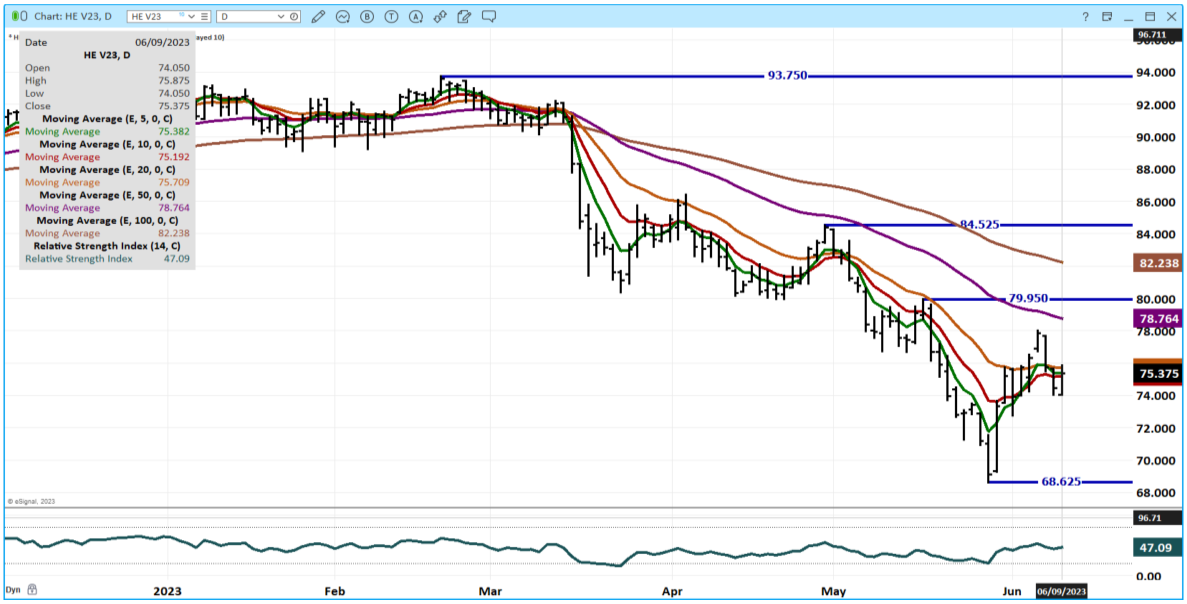
JUNE 2023 LEAN HOGS - VOLUME AT 4737 OPEN INTEREST AT 14,106 RESISTANCE AT 88.55 TO 91.30 SUPPORT AT 85.00



JULY 2023 LEAN HOGS - VOLUME AT 29268 RESISTANCE 90.20 TO 92.50 SUPPORT AT 8720 TO 85.55



OCTOBER 2023 LEAN HOGS – VOLUME AT 9692 RESISTANCE 77.70 TO 78.80 SUPPORT AT 74.05 TO 71.20 TO CONTRACT LOW



CHARTS FROM ESIGNAL INTERACTIVE, INC.

====================

CHRISTOPHER LEHNER chris.lehner@admis.com **312 242 7942** **913.787.6804**