ADM Investor Services, Inc.

Market Commentary
Livestock Outlook

TUESDAY MORNING, JANUARY 21, 2025 LIVESTOCK REPORT

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CATTLE

JANUARY 20, 2025	115,000
WEEK AGO	117,000
YEAR AGO	111,823
2025 YEAR TO DATE	1,589,021
2024 YEAR TO DATE	1,804,334
PERCENT CHANGE YEAR TO DATE	-11.9%

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2:00 AM JANUARY 20, 2025

BOXED BEEF	CHOICE	SELECT
CURRENT CUTOUT VALUES:	333.16	319.44
CHANGE FROM PRIOR DAY:	(0.53)	(0.39)
CHOICE/SELECT SPREAD:	13.72	
TOTAL LOAD COUNT (CUTS, TRIMMINGS, GRINDS):	100	
5 DAY SIMPLE AVERAGE:	333.51	318.71

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CME BOXED BEEF INDEX ON 01/17/2025 WAS 330.60 UP .03 FROM PREVIOUS DAY
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2:00 PM JANUARY 20, 2025

PRIMAL RIB	498.57	438.74
PRIMAL CHUCK	303.67	303.39
PRIMAL ROUND	303.07	301.84

PRIMAL LOIN	397.11	369.02
PRIMAL BRISKET	267.06	255.42
PRIMAL SHORT PLATE	223.58	223.58
PRIMAL FLANK	155.73	155.73

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LOAD COUNT AND CUTOUT VALUE SUMMARY FOR PRIOR 5 DAYS

DATE	CHOICE	SELECT	TRIM	GRINDS	TOTAL	600-900	600-900
01/17	81	20	11	9	122	333.69	319.83 FRIDAY
01/16	87	19	23	13	142	333.41	319.38
01/15	95	22	0	15	132	334.14	318.04
01/14	96	27	12	20	155	332.98	318.71
01/13	75	18	9	15	118	333.35	317.57
01/10	78	10	12	29	128	332.84	314.14 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. JANUARY 16, 2025

CHOICE CUTS	63.30 LOADS	2,531,870 POUNDS
SELECT CUTS	18.47 LOADS	738,918 POUNDS
TRIMMINGS	6.15 LOADS	246,156 POUNDS
GROUND BEEF	11.90 LOADS	475,860 POUNDS

(ONE LOAD EQUALS 40,000 POUNDS)

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USDA LIVESTOCK REPORTS FOR JANUARY 2025

JANUARY 24, 2025 – CATTLE ON FEED REPORT

JANUARY 24, 2025 – COLD STORAGE REPORT

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THE CME BEEF INDEX LAST WEEK WAS UP $8.10 COMPARED TO A WEEK AGO. MOST OF THE GAIN COMES FROM SELECT CUTS. THE CHOICE TO SELECT DIFFERENCE ALSO NARROED. FRIDAY ON EARLY BEEF SALES THE DIFFERENCE HAD CHOICE AT $12.37 OVER SELECT. A WEEK AGO IT WAS $15.77. NARROWING IS BEARISH.

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PACKERS ARE CONCERNED ABOUT DEPORTATION OF IMMIGRANT WORKES. PACKERS DEPEND ON IMMIGRANTS WITH AN ESTIMATED 40% TO 50% 0F WORKERS UNDOCUMATED IMMIGRANTS,

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WITH THE LARGE OPEN INTEREST, EXPECT SWINGS BIG SWINGS. BIG SPEC TRADERS FROM INDIVIDUALS TO FUNDS HAVE LARGE POSITIONS THAT ARE MOSTLY SPREADS, MOVING THEM FOR PROFITS OR OUTRIGHT LIQUIDATION WILL MOVE MARKETS.

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CONSUMERS ARE TELLING THE MARKET WHAT THEY WANT AND IT IS CHEAPER BEEF. WHOLESALE BUYERS WILL INCREASE IMPORTS OF BEEF TO THE U.S. TO MEET DEMAND FOR BEEF. PAST IMPORTS HAVE BEEN LOWER GRADES AND

THE U.S. IS A CHOICE AND PRIME MARKET AND COW KILL IS DOWN. ALSO, BUYERS ARE ABLE TO SOURCE MORE IMPORTED BEEF WITH THE STRONG U.S. DOLLAR. EXCEPT TO HAVE PRESSURE ON THE MARKET.

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LAST WEEK PACKERS PAID IN THE MIDWEST AVERAGED 204.12. KANSAS AND TEXAS AVERAGED 201.00 TO 202.00 WITH GOOD MOVEMENT. DRESSED CATTLE WERE $320 TO A FEW AS HIGH AS $327.00

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FRIGID TEMPERATURES AND HIGH WINDS ARE EXPECTED NEXT WEEK WITH BELOW ZERO TEMPERATURES MIDWEST AND SNOW STORMS IN THE SOUTHERN STATES.. WARMING TEMPERATURS EXPECTED BY MID WEEK. FEEDLOTS WILL WAIT A COUPLE DAYS TO MOVE CATTLE.

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FOR WEEK ENDING SATURDAY, JANUARY 18, 2025 LIVE CATTLE WEIGHTS WERE UP 57 POUNDS COMPARED TO THE PREVIOUS YEAR AND DRESSED WEIGHTS WERE UP 34 POUNDS. LIVE AND DRESSED WEIGHTS WERE UP 6 POUNDS COMPARED TO THE PREVIOUS WEEK.

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JANUARY 2024 THROUGH NOVEMBER 2024 THE U.S. IMPORTED 23.7% MORE BEEF COMPARED TO THE SAME PERIOD IN 2023. THE U.S. ALSO INCREASED THE NUMBER OF CATTLE READY FOR SLAUGHTER AND FEEDERS GOING INTO FEEDLOTS. WITH THE STRONG U.S. DOLLAR LOOK FOR INCREASING FEEDERS AND CATTLE IMPORTS IN 2025.

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WEEKLY FUTURES PRICE CHANGE

	01/10/2025	01/17/2025
FEBRUARY 2025 LIVE CATTLE	198.77	196.75
APRIL 2025 LIVE CATTLE	199.47	197.50
JUNE 2025 LIVE CATTLE	194.10	192.20
AUGUST 2025 LIVE CATTLE	191.42	189.47
OCTOBER 2025 LIVE CATTLE	192.45	190.77
DECEMBER 2025 LIVE CATTLE	193.15	192.00

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EXPORTS

BEEF EXPORTS FOR WEEK ENDING JANUARY 9, 2025 WERE LOW AT 9,700 MT. THEY WERE ABOVE A WEEK AGO BUT THEY AREN'T AT LEVELS THAT MAKE A BIG DIFFERENCE. JAPAN BOUGHT 3600 MT FOLLOWED BY CHINA WITH 3500 MT AND SOUTH KOREA WITH A DISAPPOINTING 800 MT

NET SALES FOR JANUARY 20, 2025 WERE 5600 MT.
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***NATIONAL DAILY DIRECT CATTLE 01/20/2025
5 DAY ACCUMULATED WEIGHTED AVG

	WEIGHT	PRICE	HEAD
LIVE STEER:	1526	$203.72	34,454
LIVE HEIFER:	1394	$203.51	19,348
DRESSED STEER	995	$322.01	11,184
DRESSED HEIFER:	856	$322.35	1,604

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USDA POSTED SUMMARY CATTLE PRICES ON 01/20/2025
FOB STEER AND HEIFER COMBINED PRICES UNLESS NOTED

IA/MN – CASH FOB – NO REPORTABLE TRADE
DRESSED DELIVERED 320.00-ON 74 HEIFERS
LIVE DELIVERED - NO REPORTABLE TRADE

NE – CASH FOB - NO REPORTABLE TRADE
DRESSED FOB NO REPORTABLE TRADE

KS – CASH – NO REPORTABLE TRADE
LIVE DELIVERED - NO REPORTABLE TRADE
DRESSED DELIVERED NO REPORTABLE TRADE

TX/OK/NM - NO REPORTABLE TRADE
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WEEKLY BEEF PRODUCTION (MILLIONS OF POUNDS) – JANUARY 18, 2025

WEEK ENDING:	BEEF
18-JAN-25	527.0
11 JAN-25	512.1
CHANGE:	2.9%
20-JAN-24	508.4
CHANGE:	508.4
2025 YTD	1287.9
2024 YTD	1426.1
CHANGE:	-9.7%

AVERAGE WEIGHTS (POUNDS) CATTLE
WEEK ENDING LIVE:
18-JAN-2 ESTIMATE 1441
11-JAN-25 ESTIMATE 1435
20-JAN-24 ACTUAL 1384
DRESSED:
18-JAN-25 ESTIMATE 876
11-JAN-25 ESTIMATE 872
20-JAN-24 ACTUAL 842
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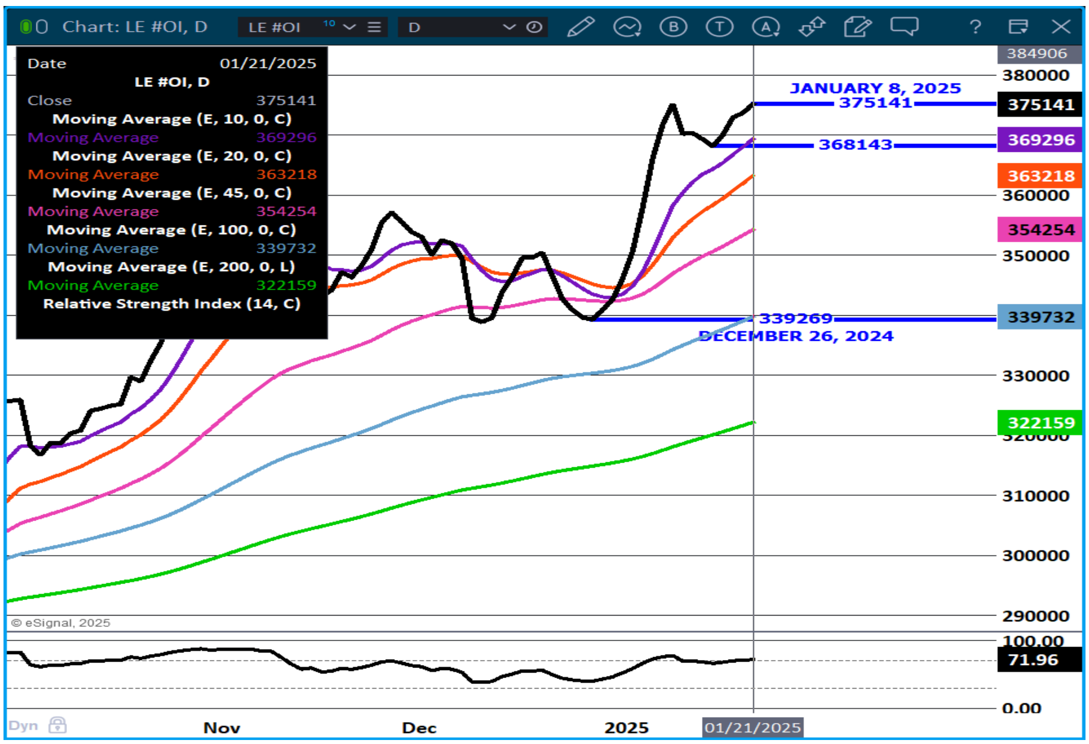
STERLING MARKETING BEEF MARGINS WEEK ENDING JANUARY 11, 2025
PACKER MARGIN ($ /HEAD ($84.84) LAST WEEK ($131.47) MONTH AGO($98.43) YEAR AGO ($109.53)
FEEDLOT MARGINS: $303.62 LAST WEEK $220.46 MONTH AGO $145.60 YEAR AGO ($103.43)

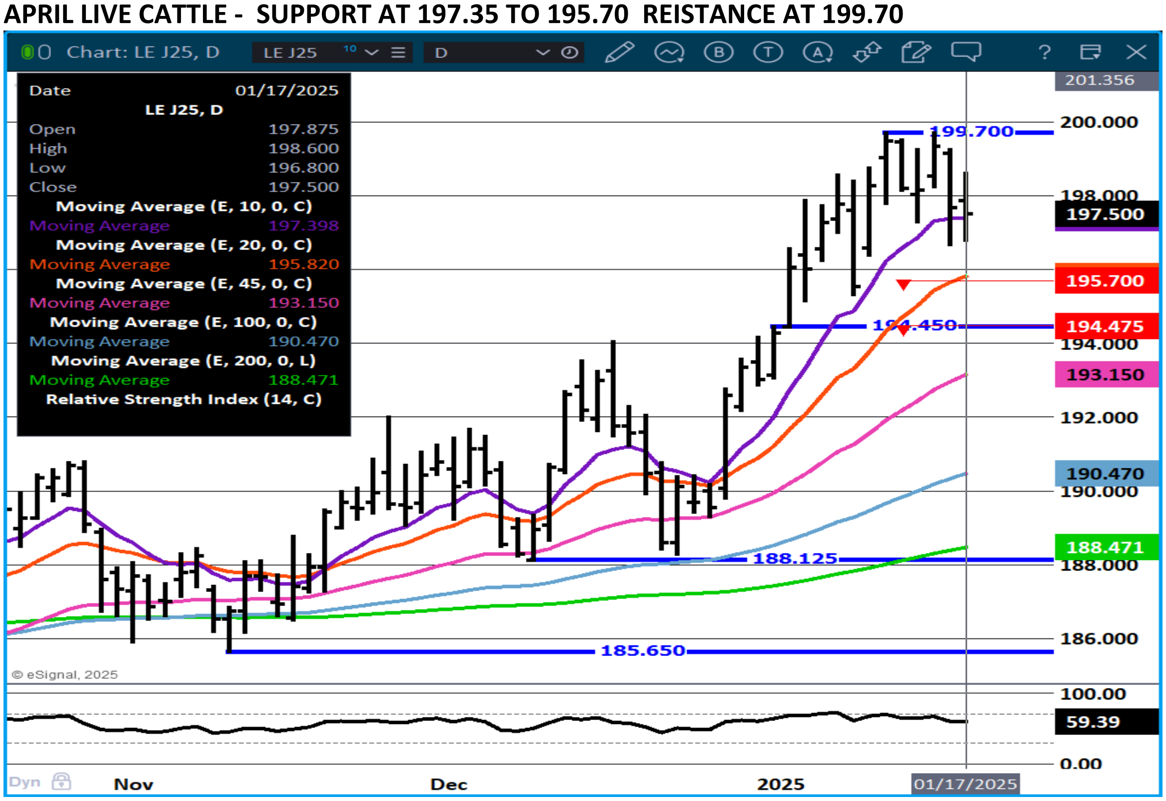
Sterling Marketing uses the Comprehensive Beef Cutout Value reported by USDA. I have included a document that explains this cutout value. I looked at this value about 4 years ago and compared the beef packer margin values from my Choice-Select Adjusted value and this Comprehensive value. There was little difference. However, over the past few weeks, the difference has become significant. I believe this is because the mix of cattle slaughtered is increasingly includes higher valued cattle – i.e., Prime, Upper 2/3 Choice, and Branded Program cattle. In addition, it includes the formula-priced cattle. Using just the Choice and higher grade and Select grade to generate the cutout does not reflect this important difference in the quality of cattle which in turn is definitely a driver to the notable improvement in beef demand over the past year.

LIVE CATTLE OPEN INTEREST – OPEN INTEREST RISING AS LONGS CONTINUE TO HOLD

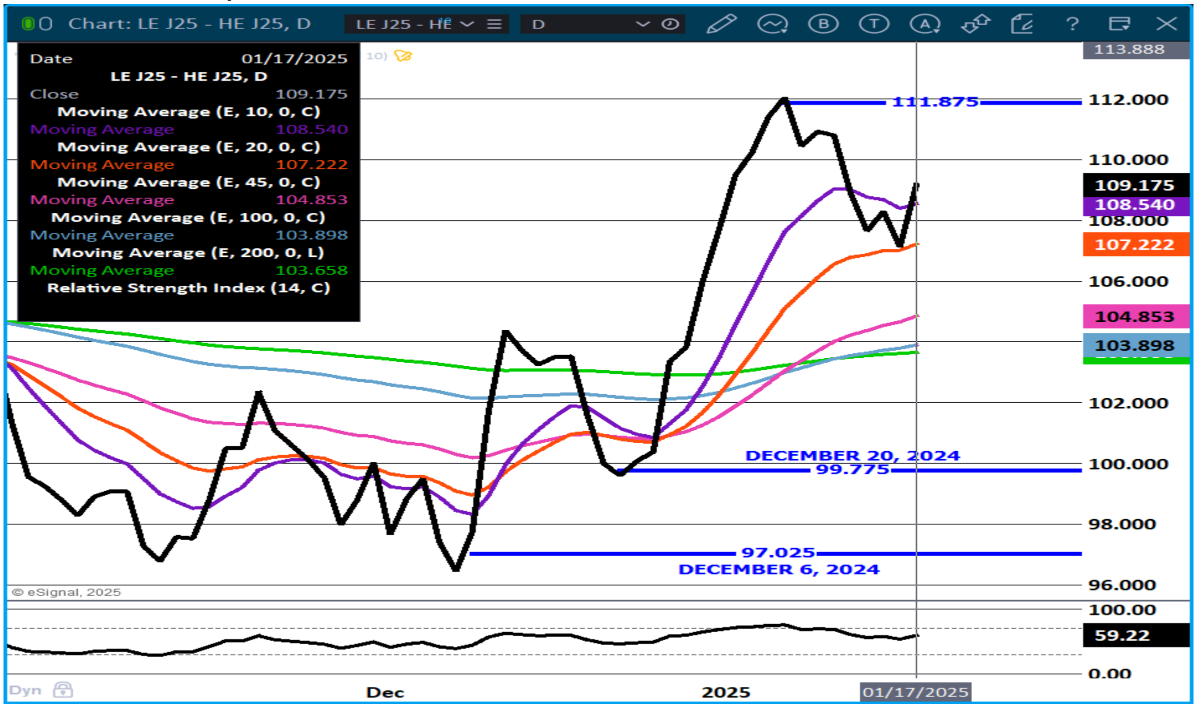


FEBRUARY LIVE CATTLE –   SUPPORT AT 196.25 RESISTANCE AT 199.50

APRIL LIVE CATTLE - SUPPORT AT 197.35 TO 195.70 REISTANCE AT 199.70



APRIL LIVE CATTLE/APRIL LEAN HOG SPREAD – CATTLE GAINING ON HOGS CONTINUING



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FEEDER CATTLE

CME FEEDER INDEX ON 01/16/2024 WAS 277.06 DOWN 1.25 FROM PREVIOUS DAY

JANUARY 2025 FEEDER CATTLE SETTLED ON 01/17/2024 AT $273.50
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TRADE OVER THE WEEK WAS THE CME FEEDER INDEX CONVERGING WITH CASH AND SPRING FEEDER CATTLE NARROWING THE BEAR SPREAD WITH SUMMER FEEDERS.

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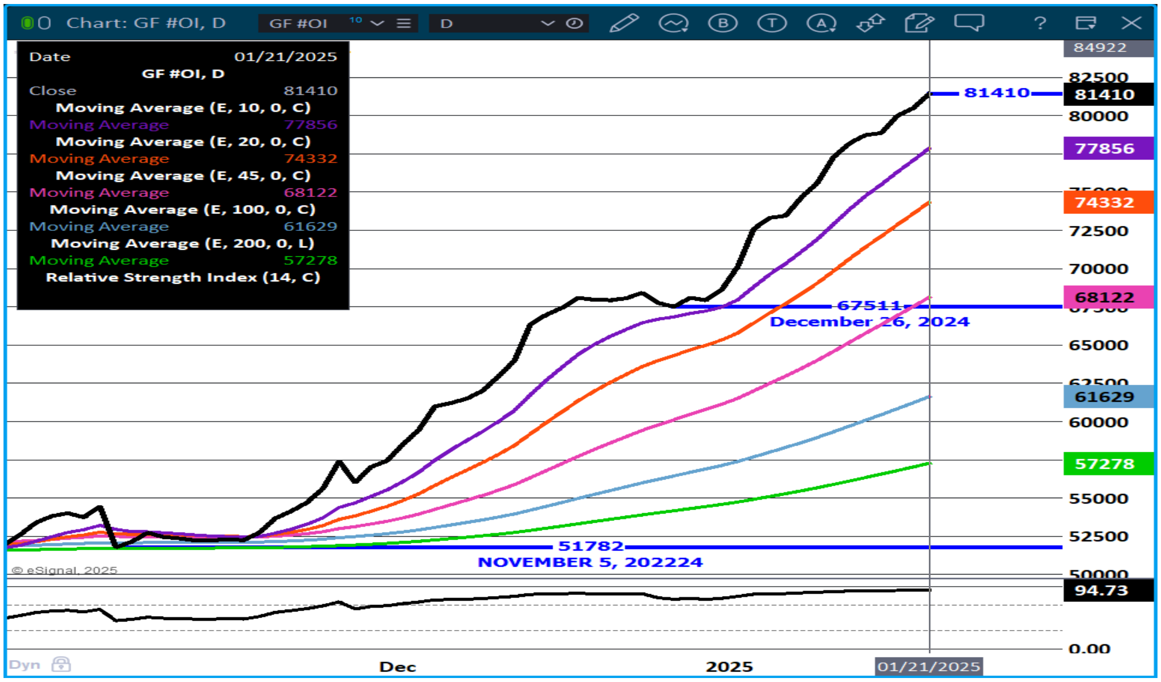
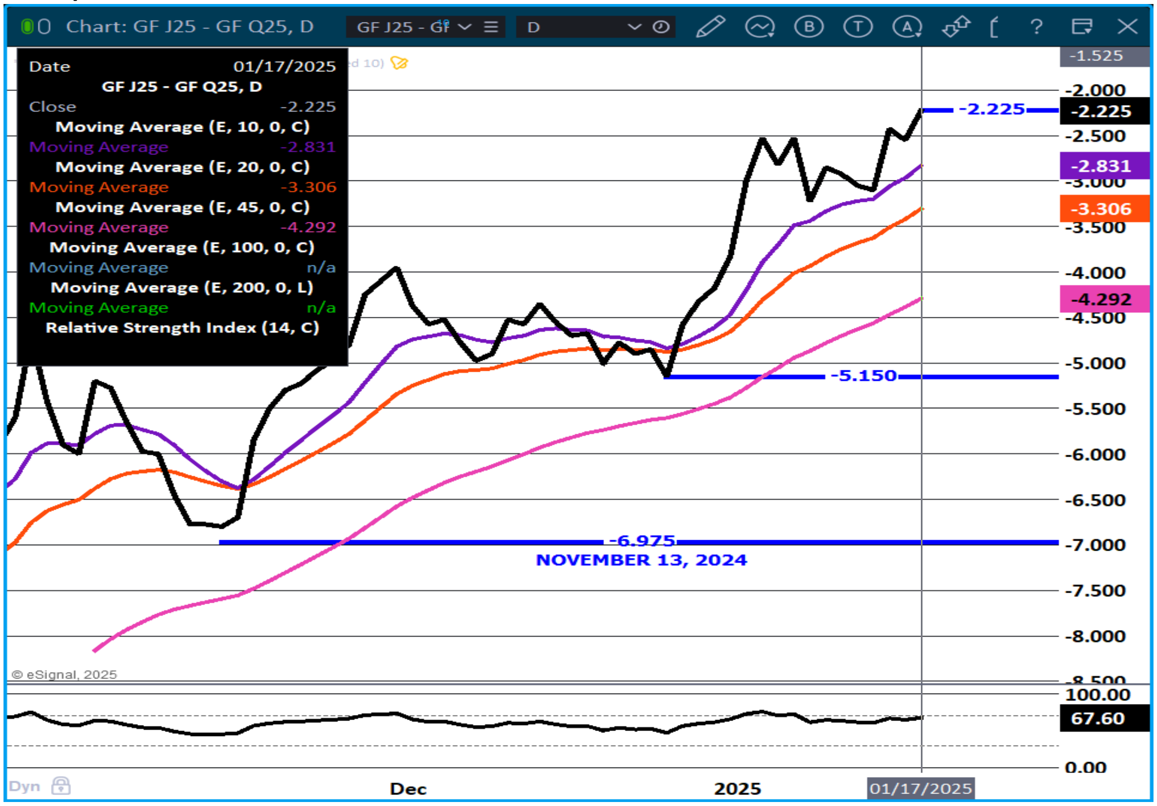
WEEKLY PRICE CHANGE

	01/10/2025	01/17/2025
JANUARY 2025 FEEDER CATTLE	272.35	273.50
MARCH 2025 FEEDER CATTLE	269.40	268.05
APRIL 2025 FEEDER CATTLE	270.17	268.12
MAY 2025 FEEDER CATTLE	269.77	267.25
AUGUST 2025 FEEDER CATTLE	273.10	270.35
SEPTEMBER 2025 FEEDER CATTLE	271.85	269.07

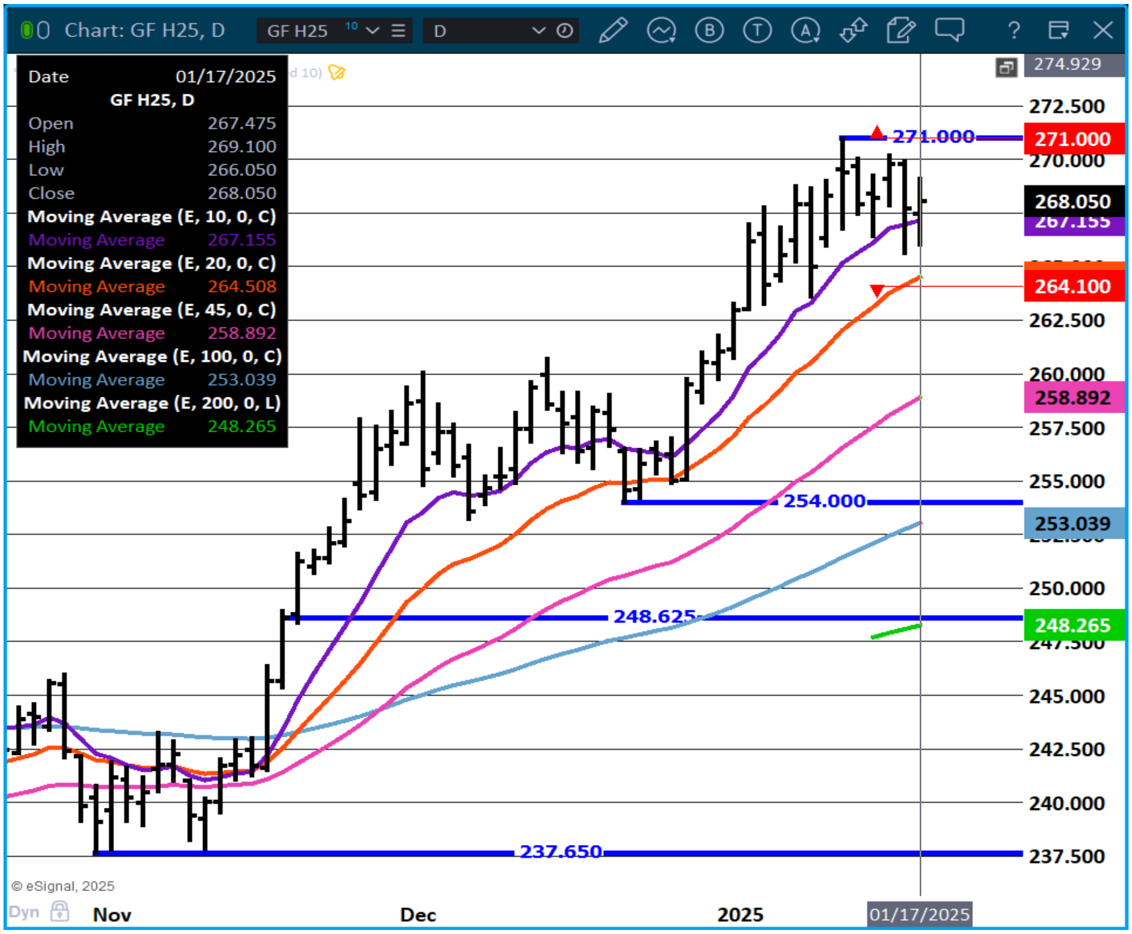
FEEDER CATTLE OPEN INTEREST - LARGE OPEN INTEREST



APRIL/MAY FEEDER CATTLE SPREAD - MORE NARROWING LIKELY



MARCH FEEDER CATTLE - REISTANCE AT 271.00 SUPPORT AT 264.00



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HOGS

REVISION JANUARY 16, 2024482,000** PPREVIOUS ESTIMATE 488,000**

JANUARY 20, 2025,	422,000
WEEK AGO	486,000
YEAR AGO	482,419
2025 YEAR TO DATE	6,963,165
2024 YEAR TO DATE	7,639,471
PERCENT CHANGE YEAR TO DATE	-8.9%

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CME LEAN HOG INDEX ON 01/16/2025 WAS 81.28 UP .9 FROM PREVIOUS DAY

CME PORK CUTOUT INDEX 01/17/2025 AT 90.44 DOWN .13 FROM PREVIOUS DAY

THE CME LEAN HOG INDEX IS MINUS $9.16 TO THE CME PORK INDEX 01/20/2025.

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CME LEAN HOG INDEX ON 01/16/2025 WAS $81.28
FEBRUARY 2025 LEAN HOGS CLOSED JANUARY 17, 2025 $81.12

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LEAN HOGS ARE BEAR SPREAD -

THE SPREAD BETWEEN FEBRUARY AND APRIL LEAN HOGS IS WIDE WITH APRIL $7.20 OVER FEBRUARY. THE DECEMBER HOGS AND PIGS REPORT INDICATED FOR HOGS WEIGHING UNDER 50 POUNDS AND HOGS WEIGHING 50-119 POUNDS A 1% INCREASE OVER THE PREVIOUS YEAR. BY LATE MARCH, APRIL AND INTO MAY THESE HOGS WILL IN THE SLAUGHTER. IT IS WHY TRADERS ARE BEAR SPREAD. FRIDAY, A MAJORITY OF THE TRADING WAS NARROWING THE SPREAD.
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TRADE VOLUME WAS LIGHT TO MODERATE FRIDAY. TRADERS WERE MOSTLY NARROWING SPREADS. FEBRUARY ALSO WAS NARROWING THE DIFFERENCE BETWEEN CASH AND FUTURES.

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THE DIFFERENCE BETWEEN THE CME LEAN HOG INDEX AND THE CME PORK CUTOUT AT $9.38 PUTS PACKERS WITH A POSITIVE MARGIN. WEGHTS CLOSE TO A YEAR AGO. HOGS ARE CURRENT.
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WEEKLY FUTURES PRICE CHANGE

	01/10/2025	01/17/2025
FEBRUARY 2025 LEAN HOGS	82.55	81.12
APRIL 2025 LEAN HOGS	88.67	88.32
JUNE 2025 LEAN HOGS	102.57	101.82
JULY 2025 LEAN HOGS	102.60	102.07
AUGUST 2025 LEAN HOGS	101.00	100.72
OCTOBER 2025 LEAN HOGS	83.97	83.72

EXPORTS

EXPORTS WERE AGAIN GOOD. TRADERS SHOULD BE PLEASED. HOWEVER, THERE IS CONCERN ABOUT POSSIBILITY OF TARIFFS.

CANDADA IS CONCERNED ABOUT TARIFFS ON SHIPPING HOGS TO THE U.S.

NET EXPORTS AT 30,300 MT FOR WEEK ENDING JANUARY 9, 2025. MEXICO WAS LARGEST BUYER WITH 11,700 MT COMPARED TO PREVIOUS WEEK AT 20,600 MT. SOUTH KOREA TOOK 5000 MT JAPAN 4100 MT. CHINA WAS ABSENT.

WEEK ENDING JANUARY 2, 2025 NET SALES OF 31,000 MT,
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WEEKLY PORK PRODUCTION (MILLION POUNDS) SATURDAY, JANUARY 11, 2025
WEEK ENDING PORK
11-JAN-25 553.1
04-JAN-25 490.8
CHANGE: 12.7%
13-JAN-24 472.4
CHANGE: 17.1%
2025 YTD 850.7
2024 YTD 990.2
CHANGE: -14.1%

WEEKENDING SATURDAY, JANUARY 11, 2025
AVERAGE WEIGHTS (LBS) HOGS
WEEK ENDING LIVE:
11-JAN-25 ESTIMATE 291
04-JAN-25 ESTIMATE 291
13-JAN-24 ACTUAL 292
DRESSED:
11-JAN-25 ESTIMATE 217
04-JAN-25 ESTIMATE 217
13-JAN-24 ACTUAL 218
HTTPS://WWW.AMS.USDA.GOV/MNREPORTS/SJ_LS712.TXT
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STERLING PORK PROFIT TRACKER WEEK ENDING - JANUARY 11, 2025
PACKER MARGINS $6.75 LAST WEEK $8.17 MONTH AGO $11.01 YEAR AGO $72.13
FARROW TO FINISH MARGIN $26.18 LAST WEEK $32.26 MONTH AGO $31.26 YEAR AGO ($54.04)
THE PRICES TO CALCULATE MARGINS ARE FROM HOGS SOLD ON NEGOTIATED PRICES AND PORK POSTED ON DAILY CARCASS. BOTH ARE A VERY SMALL AMOUNT OF ACTUAL PORK OR HOG SOLD. STERLING MARKETING CAN ONLY USE DATA PROVIDED AND PRIVATE FORMULAS AND GRIDS FOR HOGS AND PORK ARE NOT INCLUDED BECAUSE PACKERS DON'T SHARE CONTRACTED PORK PRICES AND HOG PRODUCERS SELLING ON FORMULAS AND CONTRACTS DON'T SHARE HOW PRICES ARE STRUCTURED.
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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%

LOADS PORK CUTS : 247.00
LOADS TRIM/PROCESS PORK : 30.69

2:00 PM	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
01/17/2025	277.69	92.31	85.92	106.82	66.64	148.73	79.84	134.45

CHANGE:	1.71	3.75	1.28	0.20	1.51	-0.10	3.30
FIVE DAY AVERAGE	90.87	81.80	107.19	65.51	146.25	81.71	131.26

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HOG REPORT - PLANT DELIVERED PURCHASE JANUARY 20 2025

NATIONAL NEGOTIATED PRICE
HEAD COUNT 2,345
LOWEST PRICE: 72.00
HIGHEST PRICE 81.00
WEIGHTED AVERAGE 79.17
CHANGE FROM PREVIOUS DAY .67 HIGHER

OTHER MARKET FORMULA (CARCASS)
HEAD COUNT: 39,161
LOWEST BASE PRICE: 65.71
HIGHEST BASE PRICE 82.87
WEIGHTED AVERAGE PRICE 77.24

SWINE/PORK MARKET FORMULA (CARCASS)
HEAD COUNT 211,726
LOWEST BASE PRICE: 73.30
HIGHEST BASE PRICE 84.31
WEIGHTED AVERAGE PRICE 80.54

OTHER PURCHASE ARRANGEMENT (CARCASS)
HEAD COUNT: 133,771
LOWEST BASE PRICE 75.21
HIGHEST BASE PRICE: 102.19
WEIGHTED AVERAGE PRICE 80.38

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NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE
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SLAUGHTER DATA - FRIDAY, JANUARY 17, 2025 AND SATURDAY, JANUARY 18, 2025

****PRODUCER SOLD:**
HEAD COUNT 315,731
AVERAGE LIVE WEIGHT 291.84
AVERAGE CARCASS WEIGHT 218.83

PACKER SOLD:
HEAD COUNT 42,932
AVERAGE LIVE 292.58
AVERAGE CARCASS WEIGHT 219.05

PACKER OWNED:
HEAD COUNT 273,413
AVERAGE LIVE WEIGHT   287.52
AVERAGE CARCASS WEIGHT   217.95
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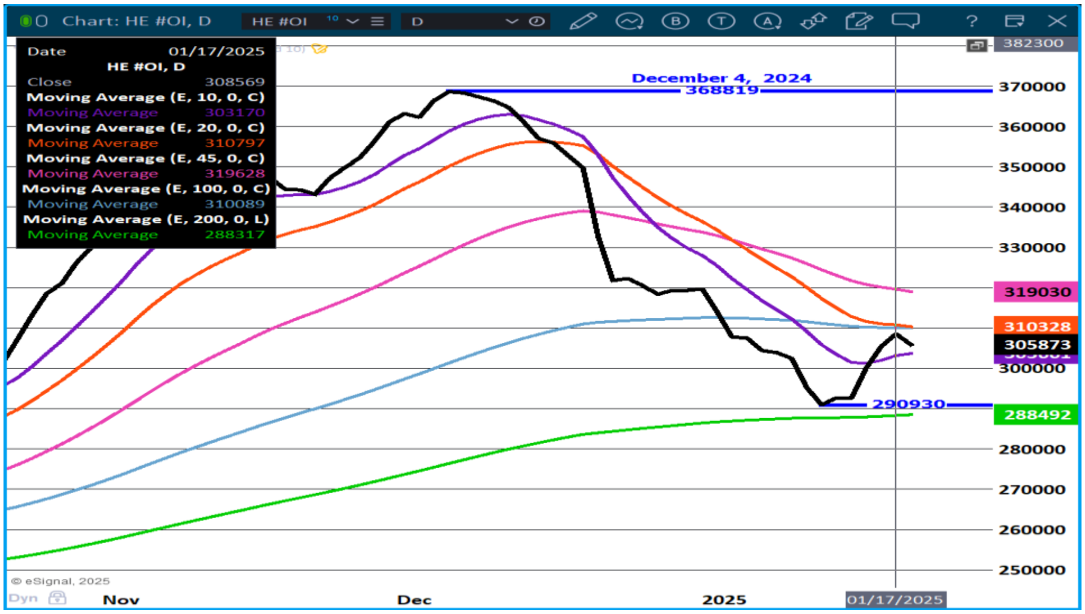
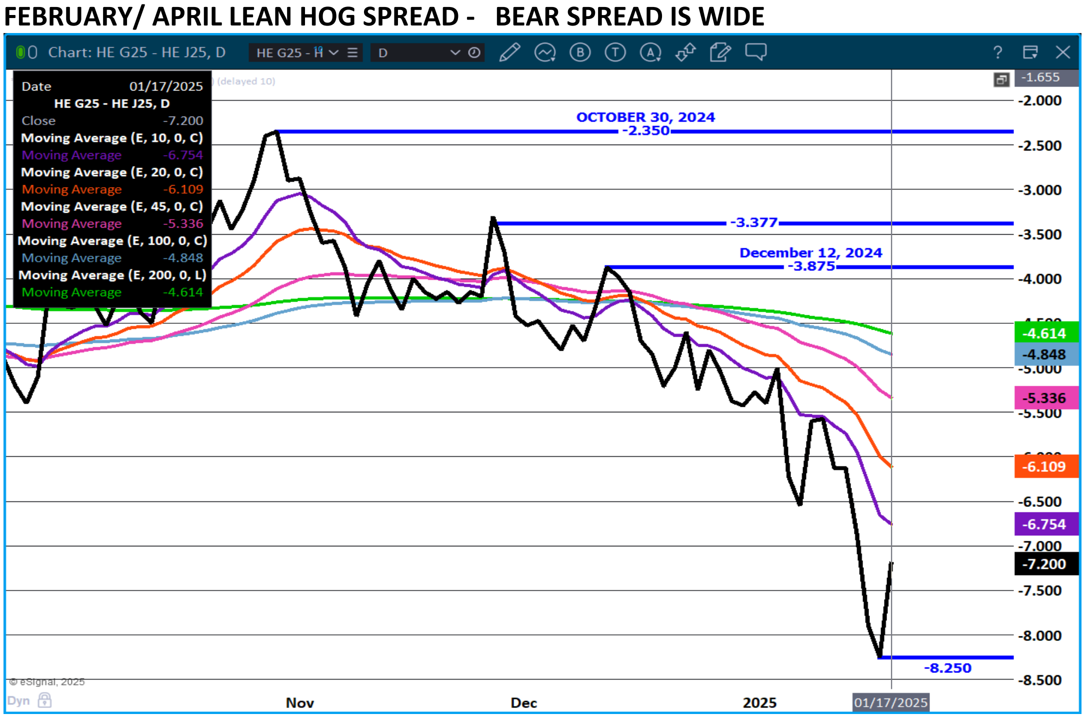
LEAN HOG OPEN INTEREST –

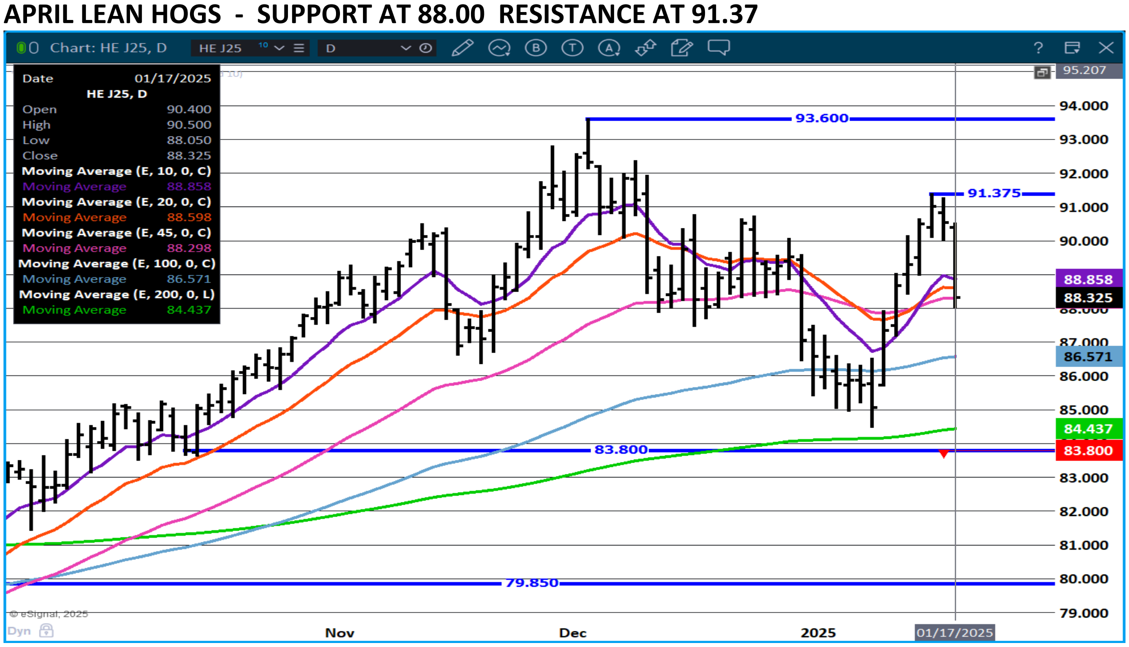


FEBRUARY/ APRIL LEAN HOG SPREAD -   BEAR SPREAD IS WIDE



FEBRUARY 2025 LEAN HOGS – SUPPORT AT 200 DAY MOVING AVERAGE AND GAP AT 79.80 RESISTANCE AT 82.00 TP 83.00

APRIL LEAN HOGS - SUPPORT AT 88.00 RESISTANCE AT 91.37



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