



Morning July 27, 2020 Livestock Report

by Chris Lehner | 312.242.7942 | chris.lehner@admis.com

CATTLE

USDA FEDERAL SLAUGHTER

JULY 24, 2020	113,000
WEEK AGO	115,000
YEAR AGO	119,000
SATURDAY 07/25/2020	61,000 - A WEEK AGO 65,000, YEAR AGO 53,000
WEEK TO DATE (EST)	646,000
SAME PERIOD LAST WEEK (EST)	650,000
SAME PERIOD LAST YEAR (ACT)	652,000
2020 YEAR TO DATE	17,786,000
2019 *YEAR TO DATE	18,810,000
PERCENT CHANGE YEAR TO DATE	MINUS 5.4% A WEEK AGO MINUS 5.6%,

=====

	CHOICE	SELECT
BOXED BEEF FINAL	201.77	190.63
CHANGE FROM PRIOR DAY	(0.49)	(0.16)
CHOICE/SELECT SPREAD:		11.14
TOTAL LOAD COUNT		117
5 DAY SIMPLE AVERAGE:	201.30	190.65

PREVIOUS WEEK JULY 17, 2020

	CHOICE	SELECT
BOXED BEEF FINAL	200.47	190.31
=====		
FINAL JULY 24, 2020	CHOICE	SELECT
Primal Rib	328.89	286.39
Primal Chuck	161.46	159.06
Primal Round	167.37	165.92
Primal Loin	273.58	249.74
Primal Brisket	152.92	150.27
Primal Short Plate	132.70	132.70
Primal Flank	117.65	115.76



PREVIOUS WEEK

FINAL JULY 17, 2020

	CHOICE	SELECT
Primal Rib	326.48	297.74
Primal Chuck	161.77	156.30
Primal Round	165.68	165.18
Primal Loin	269.53	247.20
Primal Brisket	160.06	155.04
Primal Short Plate	129.93	129.93
Primal Flank	116.55	111.92

LOAD COUNT AND CUTOUT VALUE SUMMARY FOR PRIOR 5 DAYS

Date	Choice	Select	Trim	Grinds	Total	CHOICE	SELECT
						600-900	600-900
07/23	74	19	9	21	123	202.26	190.79
07/22	58	30	6	31	124	201.15	189.28
07/21	90	22	11	36	159	200.88	191.30
07/20	70	20	7	13	110	201.74	191.59
07/17	72	19	42	11	144	200.47	190.31

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	55.20 loads	2,207,915 pounds
Select Cuts	26.12 loads	1,044,944 pounds
Trimmings	9.58 loads	383,310 pounds
Ground Beef	26.31 loads	1,052,275 pounds

USDA BY-PRODUCT DROP VALUE (STEER) FOB CENTRAL U.S.
[HTTPS://WWW.AMS.USDA.GOV/MNREPORTS/NW_LS441.TXT](https://www.ams.usda.gov/mnreports/nw_ls441.txt)

Monthly USDA Cattle on Feed Report July 24, 2020

	Range	Average	Actual
On feed July 1	99.1-100.7	100.0	100
Placements in June	100.1-107.9	103.8	102
Marketings in June	98.8-103.1	101.0	101

This is the second highest July 1 inventory since the series began in 1996.



Cattle and calves on feed for the slaughter market in the United States for feedlots with capacity of 1,000 or more head totaled 11.4 million head on July 1, 2020.

The inventory was slightly below July 1, 2019. This is the second highest July 1 inventory since the series began in 1996. The inventory included 7.03 million steers and steer calves, up slightly from the previous year. This group accounted for 61 percent of the total inventory. Heifers and heifer calves accounted for 4.41 million head, down 1 percent from 2019.

Placements in feedlots during June totaled 1.80 million head, 2 percent above 2019. Net placements were 1.74 million head. During June, placements of cattle and calves weigh-ing less than 600 pounds were 430,000 head, 600-699 pounds were 310,000 head, 700-799 pounds were 360,000 head, 800-899 pounds were 413,000 head, 900-999 pounds were 200,000 head, and 1,000 pounds and greater were 85,000 head.

Marketings of fed cattle during June totaled 1.97 million head, 1 percent above 2019

Other disappearance totaled 62,000 head during June, 6 percent below 2019

=====

On feed at 100% was expected. Placements at 102% a little less than expected but also can be viewed as more on feed than a year ago. The demand for feeder cattle has been good since the end of May with steadily increasing prices. Marketings at 101% is no surprise because USDA slaughter has been steadily increasing since the downturn in March - May. This report is neutral and at this time cash prices are de-pendent on what happens to boxed beef. One percent fewer heifer calves often mean they are being held back for breeding but could reflect semen selected for steers. Cattle are still 100% of a year ago.

Monday I don't see change in futures due to report.

=====

Trading the past week was slow with light volume. Most of the trading for cattle, feeder cattle and lean hogs were spreads both intra and intermarket spreading. Cash cattle markets are in some areas \$1.00 better than last week. Federal slaughter is down from a week ago. However, cattle weights are more than they were a year ago, by 30 to 40 pounds and the extra weight adds a lot more beef to the market. With most Select beef and majority of Choice going to trimmings, ground beef, and further processing, a heavier animal is better than a lighter one. Breaking apart a larger carcass takes the same time as a carcass weighing 30 to 40 pounds less.

=====



USDA POSTED CATTLE PRICES ON 7/24/2020
 IA/MN – CASH 100.00 – 101.00 DRESSED; 158.50
 NE - CASH – 98.00 DRESSED 158.00
 KS – CASH - NO SALES FRIDAY DRESSED: NO SALES
 TX/OK/NM – NO SALES FRIDAY
 COLORADO – NO SALES FRIDAY

National Daily Direct Cattle July 24, 2020
 (5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1448	\$97.29	38,734
Live Heifer:	1310	\$96.77	19,093
Dressed Steer:	922	\$158.07	24,052
Dressed Heifer:	842	\$157.87	4,360

=====

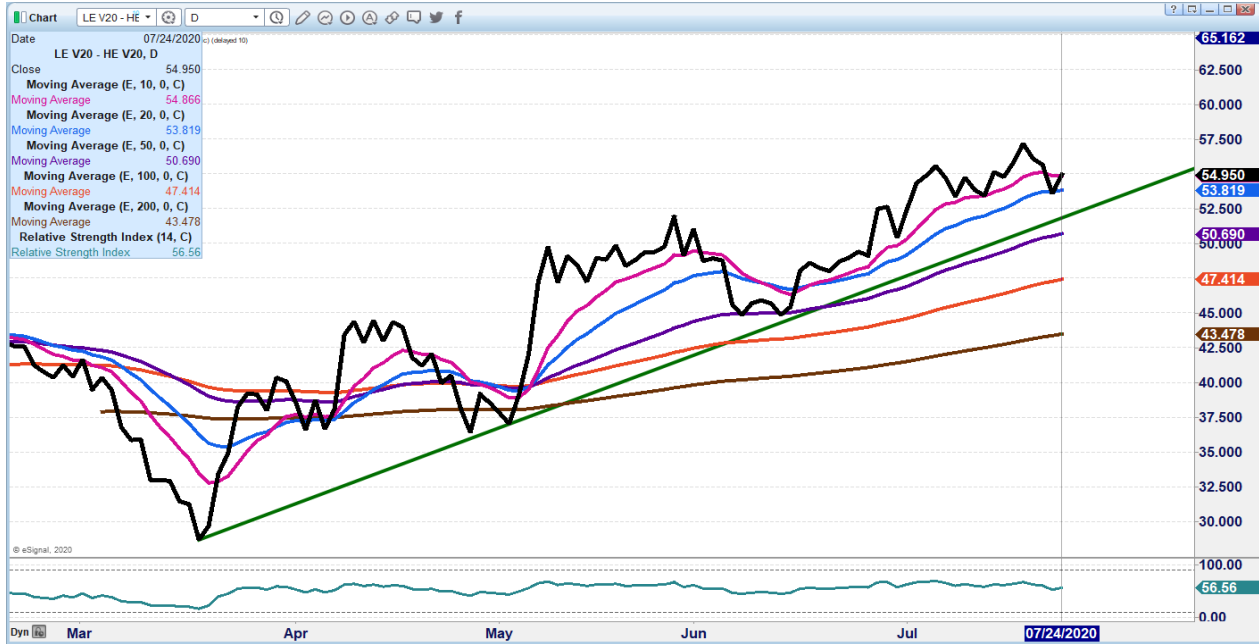
As of July 21st h Dressed weights were 878.7 compared to previous week at 875. This is 38 pounds over the same period last year. Grading percent was 83.1% compared to previous week at 82.7%.

Another way to look at the extra weight of 38 pounds on a 650,000 head weekly slaughter, it adds 24,700,000 pounds a beef. On an average 1400 pound steer it would be adding about 17,650 steers compared to a year ago. When a majority of the carcass is getting ground or put into trimmings for the packer the additional weight is a plus. The time it takes to process a carcass with 30 to 50 pounds is the same as a lighter carcass. The packer has a better time value of labor so there is time cost savings.

=====

CHARTS ARE UPDATED ON MORNING REPORTS –

OCTOBER 2020 LIVE CATTLE/OCTOBER 2020 LEAN HOGS – Look for cattle to gain on hogs.



AUGUST 2020 LIVE CATTLE/OCTOBER 2020 LIVE CATTLE - Spread is fairly normal



ADMIS.com | 312.242.7000 | Chicago | New York | London | Hong Kong | Singapore | Taipei | Shanghai

The information and comments contained herein is provided by ADM Investor Services, Inc. ("ADMIS") and NOT ADM. Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Research analyst does not currently maintain positions or have financial interest in the commodities specified within this report. Any reproduction or retransmission of this report without the express written consent of ADM Investor Services, Inc. is strictly prohibited. Again, the information and comments contained herein is provided by ADMIS and in no way should be construed to be information provided by ADM. Copyright © ADM Investor Services, Inc.



AUGUST 2020 LIVE CATTLE – 103.77 is resistance. Support at 100.15 to 98.57



OCTOBER 2020 LIVE CATTLE – Volume was light Friday with 15,193 contracts traded. Support 104.00 to 102.25 Resistance at 107.25



ADMIS.com | 312.242.7000 | Chicago | New York | London | Hong Kong | Singapore | Taipei | Shanghai

The information and comments contained herein is provided by ADM Investor Services, Inc. ("ADMIS") and NOT ADM. Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Research analyst does not currently maintain positions or have financial interest in the commodities specified within this report. Any reproduction or retransmission of this report without the express written consent of ADM Investor Services, Inc. is strictly prohibited. Again, the information and comments contained herein is provided by ADMIS and in no way should be construed to be information provided by ADM. Copyright © ADM Investor Services, Inc.



Feeder Cattle

THE CME FEEDER INDEX ON 07/23/2020 IS 139.43 UP 1.47 FROM PREVIOUS DAY
AUGUST 2020 FEEDER CATTLE SETTLED AT 142.05 ON JULY 24, 2020.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 07/24/2020

RECEIPTS:	AUCTIONS	DIRECT	VIDEO/INTERNET	TOTAL
THIS WEEK:	128,100	79,500	96,600	304,200
THIS WEEK:	149,100	96,100	325,400	570,600
YEAR AGO:	131,200	62,500	113,800	307,500

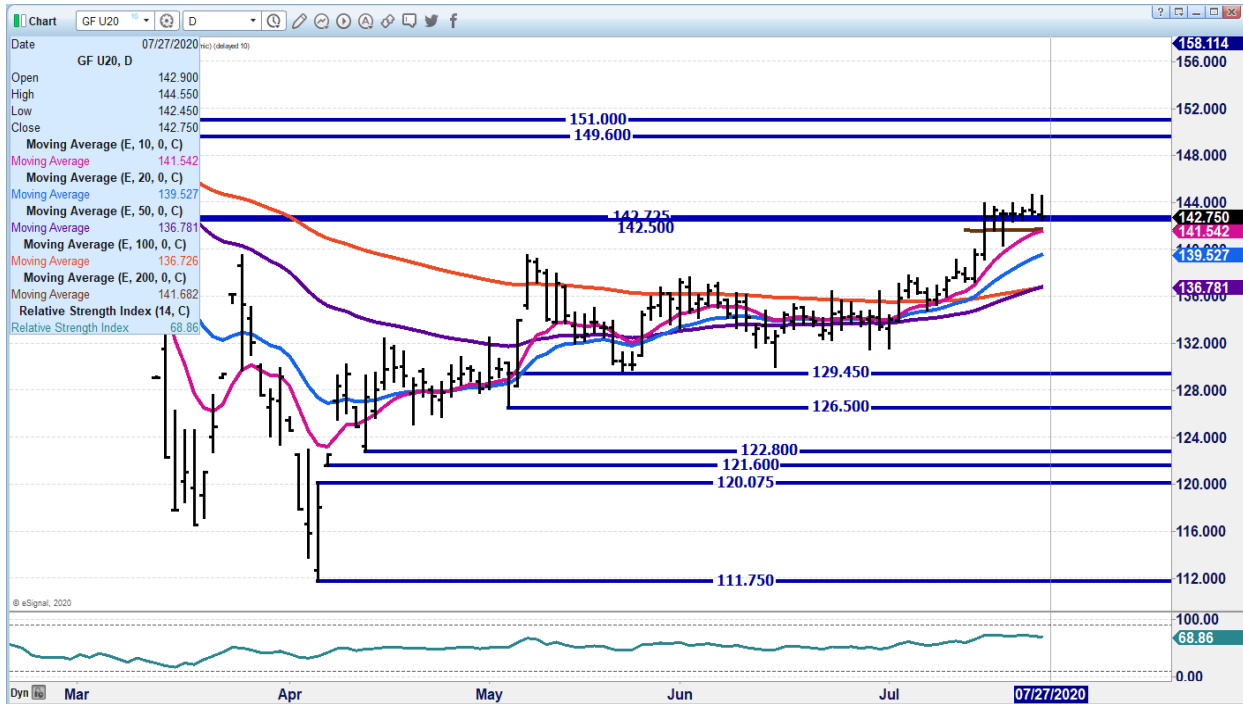
COMPARED TO LAST WEEK, STEERS AND HEIFERS SOLD STEADY TO 4.00 HIGHER. SALE BARNs IN THE NORTHERN PLAINS ARE ON THEIR SUMMERTIME SCHEDULES AND ARE PIECING TOGETHER LARGER SALES EVERY OTHER WEEK AS A BIDDING COMPETITION CAN OCCUR WHEN THOSE LONG STRINGS OF YEARLINGS COMING OFF SUMMER GRASS OR OUT OF BACKGROUNDING YARDS ARE MET WITH GOOD TO VERY GOOD DEMAND. PLENTY OF BUYERS IN THE SEATS THIS TIME OF YEAR AS BUYER'S COMMISSIONS CAN SOMETIMES BE FEW AND FAR BETWEEN DURING THE DOG DAYS OF SUMMER AND NO ONE WANTS TO MISS OUT ON A POSSIBLE DEAL. THOSE LONG-TIME YEARLINGS ARE ALWAYS IN DEMAND THIS TIME OF YEAR WITH MANY OLD TIMERS PREPARED TO GET THEM MARKETED BEFORE THE LABOR DAY HOLIDAY.

AUGUST 2020 FEEDER CATTLE – RESISTANCE IS 143.82 SUPPORT 140.45 TO 135.47





SEPT 2020 FEEDER - RESISTANCE 144.62 TO 149.60 SUPPORT 141.37 TO 136.75



LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

JULY 24, 2020	472,000	
WEEK AGO	462,000	
YEAR AGO	457,000	
SATURDAY 07/25/2020	231,000-	A WEEK AGO 195,000 - YEAR AGO 12,000
WEEK TO DATE (EST)	2,589,000	
SAME PERIOD LAST WEEK (EST)	2,518,000	
SAME PERIOD LAST YEAR (ACT)	2,359,000	
2020 YEAR TO DATE	72,029,000	
2019 *YEAR TO DATE	71,592,000	
PERCENT CHANGE YEAR TO DATE	.6%	COMPARED TO A WEEK AGO .3%

****REVISED THURSDAY HOG SLAUGHTER..471,000 PREVIOUS ESTIMATE 476,000**

=====



CME CASH HOG INDEX 07/22/2020 AT 49.69 UP 27 CENTS FROM PREVIOUS DAY.
 CME CASH PORK CUTOUT INDEX 07/23/2020 AT 70.28 UP .51 CENTS FROM PREVIOUS DAY.
 CME CASH FRESH BACON INDEX ON 07/17/2020 WAS 132.05 COMPARED TO 07/09/2020 WAS 123.87

=====

If you just trade long and short positions, you are missing what funds and large traders are doing, spreading.

Thursday, as I watched Lean Hogs trade, I thought about the party game for kids, Pin the Tail of the Donkey. But instead of being spun to get dizzy and disoriented with eyes covered up, Thursday's trading put the kid a foot away from the tailless donkey and showed where to put the tail. In other words, the trading in hogs was easy to see what was happening. Spread trading in Lean Hogs Thursday was 110% oblivious. During the first hour of trading, the spreads from August 2020 and each month through February 2021 the spreads moved 25 to 30 cents. Then the spreads moved 35 to 45 cents. By noon, the spreads were 50 to 65 cents. Trade volume was light which made it even more noticeable. If watched bids and offers throughout the day it was made crystal clear.

=====

Don't get too caught up in the individual fluctuating primal cuts. Most pork is being sold as carcass, but even in the US like beef, pork is being ground up or trimmed out and further processed. As reported a month ago, products like SPAM are having some of the best sales in years. In 15 weeks ending June 13th, US sales of SPAM was up 70%
<https://www.bloomberg.com/news/articles/2020-06-20/from-spam-to-corned-beef-sales-of-canned-meat-are-booming>

=====

JULY 24, 2020 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 FINAL

LOADS OF PORK CUTS: 304.57
 LOADS TRIM/PROCESSED PORK : 32.99

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
07/24/2020	337.56	70.53	72.68	67.82	46.42	112.39	66.43	95.78
CHANGE :		0.86	7.32	-0.01	3.21	1.38	-5.23	-0.72
Five Day Average --		70.04	68.77	68.69	44.13	111.16	67.88	98.35



PREVIOUS WEEK

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
07/17/2020	423.68	71.25	71.25	68.01	48.57	116.56	68.59	97.60

=====

NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE
Slaughter Data for JULY 23, 2020

Average carcass weight - 279.85
Average live weight - 210.48
https://www.ams.usda.gov/mnreports/ams_2511.pdf

=====

DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM JULY 24, 2020
NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES
Carcass Base Price: \$28.00 - \$45.00
Weighted Average: \$37.87
Change from Prior Day: 2.88 higher
HOGS SOLD: 10,207

SWINE OR PORK MARKET FORMULA PURCHASE (Including Packer Sold)
PRICE RANGE: \$31.84 - \$66.19
Weighted Average \$49.94 PREVIOUS DAY \$49.57
HOGS SOLD: 157,328

NATIONAL NEGOTIATED LIVE HOG PURCHASE PRICE
PRICE RANGE: \$24.73 - \$31.00
Weighted Average: \$29.97
Change from Prior Day: 1.28 higher
Hogs sold: 255

https://www.ams.usda.gov/mnreports/lm_hq203.txt

=====



ADM Investor Services, Inc.



AUGUST 2020 LEAN HOGS – Resistance is 54.95 Support 51.65



OCTOBER 2020 LEAN HOGS - RESISTANCE IS 51.52 TO 52.07 SUPPORT AT 50.15 TO CONTRACT LOWS



ADMIS.com | 312.242.7000 | Chicago | New York | London | Hong Kong | Singapore | Taipei | Shanghai

The information and comments contained herein is provided by ADM Investor Services, Inc. ("ADMIS") and NOT ADM. Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Research analyst does not currently maintain positions or have financial interest in the commodities specified within this report. Any reproduction or retransmission of this report without the express written consent of ADM Investor Services, Inc. is strictly prohibited. Again, the information and comments contained herein is provided by ADMIS and in no way should be construed to be information provided by ADM. Copyright © ADM Investor Services, Inc.



DECEMBER 2020 LEAN HOGS – REISTANCE IS 52.60 SUPPORT 51.87 TO 50.77



CHARTS FROM ESIGNAL INTERACTIVE, INC.

Chris.Lehner@admis.com

312 242 7942

913.787.6804