



Morning August 18, 2020 Livestock Report

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CATTLE

USDA FEDERAL SLAUGHTER

AUGUST 17, 2020	117,000
WEEK AGO,	113,000
YEAR AGO,	115,000

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	CHOICE	SELECT
BOXED BEEF FINAL	217.26	201.94
CHANGE FROM PRIOR DAY	3.02	2.65
CHOICE/SELECT SPREAD:		15.32
TOTAL LOAD COUNT		133
5 DAY SIMPLE AVERAGE:	209.91	196.33

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FINAL AUGUST 17, 2020	CHOICE	SELECT
Primal Rib	359.15	318.38
Primal Chuck	172.49	170.25
Primal Round	175.39	174.81
Primal Loin	303.91	260.32
Primal Brisket	152.40	146.41
Primal Short Plate	138.70	138.7
Primal Flank	121.61	112.23

FINAL AUGUST 14, 2020	CHOICE	SELECT
Primal Rib	353.56	311.87
Primal Chuck	170.12	166.66
Primal Round	173.77	172.97
Primal Loin	298.64	259.74
Primal Brisket	151.73	140.80
Primal Short Plate	137.30	137.30
Primal Flank	119.83	114.33



LOAD COUNT AND CUTOFF VALUE SUMMARY FOR PRIOR 5 DAYS

Date	Choice	Select	Trim	Grinds	Total	CHOICE 600-900	SELECT 600-900
08/14	72	22	15	17	126	214.24	199.29
08/13	73	27	15	25	139	210.95	197.41
08/12	116	34	15	17	182	209.09	195.99
08/11	84	23	19	29	156	208.08	195.02
08/10	64	20	9	15	108	207.20	193.93

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

Choice Cuts	64.49 loads	2,579,494 pounds
Select Cuts	21.18 loads	847,110 pounds
Trimmings	15.40 loads	616,105 pounds
Ground Beef	31.76 loads	1,270,233 pounds

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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)

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DELIVERY NOTICE SERVED – AUGUST 2020 - LIVE CATTLE
SETTLEMENT: AUGUST 17, 2020 - \$106.90
OLDEST LONG: 07/13/20 SETTLEMENT \$99.65
6 – DELIVERIES 6- RETENDERS

FIRM #	FIRM NAME	DEL	REC
685	R.J.O'BRIEN ASSOC	5	3
800	MAREX SPEC	7	
407	STRAITS FINANCIAL		9

LOCATION: CLOVIS

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If packers can buy enough cattle this week, look for them to try to kill 650,000. Last week Kansas feedlots were the reason the spread narrowed between Southwest and Midwest cattle and why prices were up. They should hold out for higher prices this week around \$2.00 higher, but there have been several times over the past couple of years, Kansas feedlots jump the gun and sell early. They are the key at the present time if prices are too narrow between regions.

The demand for beef has done an about face over the past three weeks. There is strong demand for Choice Rib and Loin sections. It is no longer being blended into trimmings and



ground beef. For months when the market was moving lower, Rib and loin sections were t like other cuts. Yes, there were people buying Prime and Choice steaks, but when consumers were hoarding everything from bleach, toilet paper and meat, they were buying meat that could be used in a variety of recipes and meat that could be added to products. They weren't buying steaks. They were buying ground beef and beef that was further processed. Currently, there are still more consumers buying what can be utilized the most economically but there are also the consumers that are buying the same as they did before COVID 19 became known.

Daily retail beef buyers may be short for Labor Day or are simply short because long term contractors have and are continuing to build long term supplies. If beef remains strong throughout the week, isn't a Labor Day push but a squeeze on those buyers that need it in the here and now compared to buyers that have inventory and want to increase inventory.

There is concern countries will be shutting down when COVID 19 and flu hit. Wholesalers learned if they have supplies on hand, they can take advantage when supplies run short. There are also buyers that bought beef when it was cheaper than it is now. Those buyers have leverage.

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Packers have worked through their August contracts and their own cattle in the North and Midwest. With packer profits and the rapidly moving higher boxed beef market, packers are going to need cattle unless the move on boxed beef is primarily for Labor Day and the retailers that buy hand to mouth are caught short for holiday specials.

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Steer and heifer weights have been steadily dropping over the past month. Average steer and carcass weights for week ending August 11th were down 5 pounds from previous week. They are 25 pounds over same time a year ago. They are 10 pounds less than a month ago compared to same period now.

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USDA POSTED CATTLE PRICES ON 8/17/2020
IA/MN –CASH SALES no sales DRESSED 168.00 40 head
NE - CASH – no sales DRESSED no sales
KS – CASH – no sales DRESSED: no sales
TX/OK/NM – no sales
CO – CASH 104.00 - 106.00 DRESSED 167.00
(2,327 HEAD REPORTED MONDAY, 8/17/2020)



National Daily Direct Cattle AUGUST 17, 2020
(5 day accumulated weighted avg)

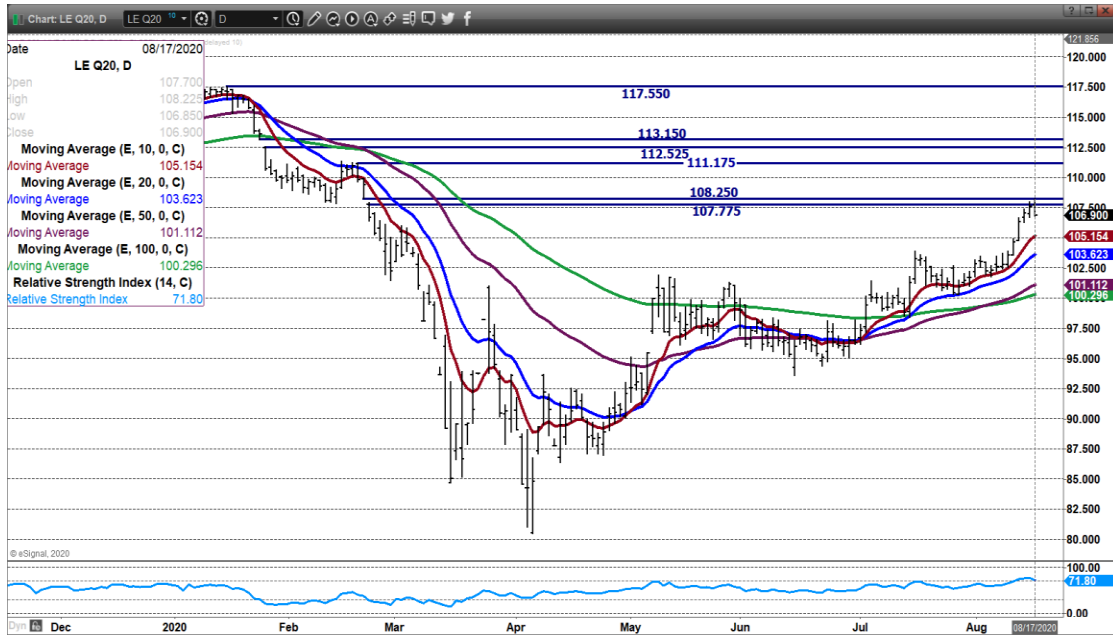
	Weight	Price	Head
Live Steer:	1450	\$105.11	40,472
Live Heifer:	1308	\$104.59	23,116
Dressed Steer:	938	\$167.98	12,835
Dressed Heifer:	842	\$168.07	7,283

As of August 11th, Dressed weights were 876.6 compared to previous week at 878.1. Compared to a year ago weights are 25 pounds over a year ago and down 6 from a week ago. Grading percent was 83.5% compared to previous week at 83.0%.

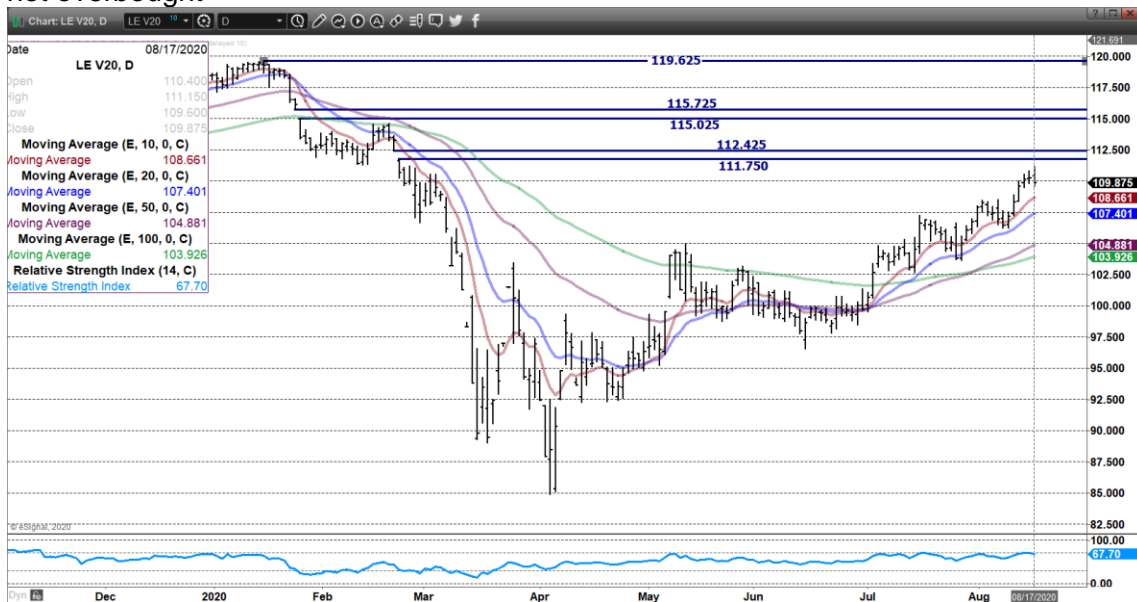
AUGUST 2020 LIVE CATTLE/OCTOBER 2020 LIVE CATTLE – Although August has only two more weeks, if spread narrows, it is a sign of strength.



AUGUST 2020 LIVE CATTLE – Came with 2 cents of filling gap up to 108.25, now first resistance. A close over it moves resistance to 111.17 Strong support at 10 day moving average at 105.15. A pull back to 105.15 to 103.67 would correct any though of August being overbought which at 72% RSI it isn't.



OCTOBER 2020 LIVE CATTLE – Volume moderate at 20,810 Outside day down. Possible move to support at 108.60 to 107.40 Resistance is gap from 111.75 to 112.42 RSI at 67 is not overbought





Feeder Cattle

THE CME FEEDER INDEX ON 08/14/2020 IS 142.20 DOWN 5 CENTS

AUGUST 2020 FEEDER CATTLE SETTLED AT 142.72 ON AUGUST 17, 2020.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 08/14/2020

RECEIPTS:	AUCTIONS	DIRECT	VIDEO/INTERNET	TOTAL
THIS WEEK:	158,100	66,500	7,000	231,600
LAST WEEK:	171,800	66,400	261,400	499,600
YEAR AGO:	104,800	27,900	70,100	202,800

COMPARED TO LAST WEEK, STEERS AND HEIFERS SOLD UNEVEN, 1.00 LOWER TO 3.00 HIGHER. MANY OF THE RECEIPTS IN THE NORTHERN PLAINS ARE COMING OFF SUMMER GRASS WITH THE YEARLINGS IN EXCELLENT CONDITION REPORTED. BUYERS ARE LOOKING FOR THOSE CATTLE TO PERFORM VERY WELL IN THE FEEDLOT WITH COMPENSATORY GAINS ON THE FRONT END APPEARING TO BE VERY GOOD.

SEPTEMBER 2020 FEEDER – SUPPORT AT 20 DAY MOVING AVERAGE AT 144.50 TO 140.87 RESISTANCE AT 149.60 TO 150.52





LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

AUGUST 17, 2020	472,000
WEEK AGO	474,000
YEAR AGO	454,000

**REVISED FRIDAY HOG SLAUGHTER..466,000 PREVIOUS ESTIMATE 472,000

*NEW SATURDAY HOG SLAUGHTER WEEK TO DATE..2,559,000** PREVIOUS ESTIMATE 2,565,000

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CME CASH HOG INDEX 08/13/2020 AT 53.84 UP 36 CENTS FROM PREVIOUS DAY.

CME CASH PORK CUTOUT INDEX 08/14/2020 AT 72.17 UP 59 CENTS FROM PREVIOUS DAY.

CME CASH FRESH BACON INDEX ON 8/14/2020 WAS 140.79 COMPARED TO 8/7/2020 WAS 134.40

Strength in hams and bellies moving pork carcass early Monday up \$2.61. However, final prices changed in hams which has become par for the course and the cutout ended up down 38 cents. The pork cutout is improving. Over the past 5 days the pork cutout is up \$1.34.

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Will packers need to pay up for hogs? They could put a few dollars on them if pork continues to improve but unless exports improve, with growing global supplies it is difficult to see any sustained rallies. But.... There is the possibility moving forward hog inventories drop.

The pigs and hogs euthanized in the spring would have been through slaughter facilities by now. So any drop in hogs because of euthanasia is over. But there were first time gilts and sows that were aborted or not bred. There were breeding animals that were sent to kill instead of being bred. So far, year to date hog slaughter is up 1.1% compared to same period in 2019. From September 2020 into 2021 slaughter could begin to drop 2% even as high as 4%.

A drop in US hogs should be friendly to prices but with the fast growing numbers in Argentina and Brazil, the Ukraine and EU pork producing counties along with exponential rebuilding along with expansion in China and Viet Nam, price improvement in the US will need to from mainly internal demand and Mexico remaining a consistently strong buyer.



US Dollar is cheap and look for continued export strength from Mexico. If Mexico backs off buying US pork, hogs could be in for a lot of problems. Mexico is the buyer that the US pork industry must depend upon for constant and continued buying.

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With August off the board, the usual chain of events in Lean Hogs is to see speculators take total control of the reigns. Use rallies in September as hedging opportunities.

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Year to date hog slaughter compared to a year ago is up 1.1%. Large Saturday slaughter is making up for processing that has slowed. It certainly doesn't hurt packers are making money and want to push as many hogs through the kill line as possible.

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Basing hog prices on pork movement on daily pork prices has become a lesson in futility. It is better to base pork price movement on what changes take place from one week to the next.

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AUGUST 17, 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

LOADS OF PORK CUTS: 266.23

LOADS TRIM/PROCESSED PORK: 27.80

FINAL 8/17/2020

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
08/017/2020	294.03	74.55	72.60	76.77	49.70	125.52	66.40	109.22
CHANGE :		-0.38	-1.13	-1.23	-2.50	0.18	-3.80	7.58
Five Day Average --		73.21	72.24	76.21	48.11	122.90	63.67	106.58

FINAL 8/14/2020

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
08/014/2020	357.55	74.93	73.73	78.00	52.20	125.34	70.20	101.64
CHANGE :		1.17	1.91	1.96	7.52	4.12	1.08	-2.93
Five Day Average --		72.45	72.16	76.19	48.25	122.03	60.16	106.79

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NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE

Slaughter Data for AUGUST 14 AND 15, 2020

Average carcass weight - 278.70

Average live weight - 209.59



https://www.ams.usda.gov/mnreports/ams_2511.pdf

**DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM AUGUST 17, 2020
NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES**

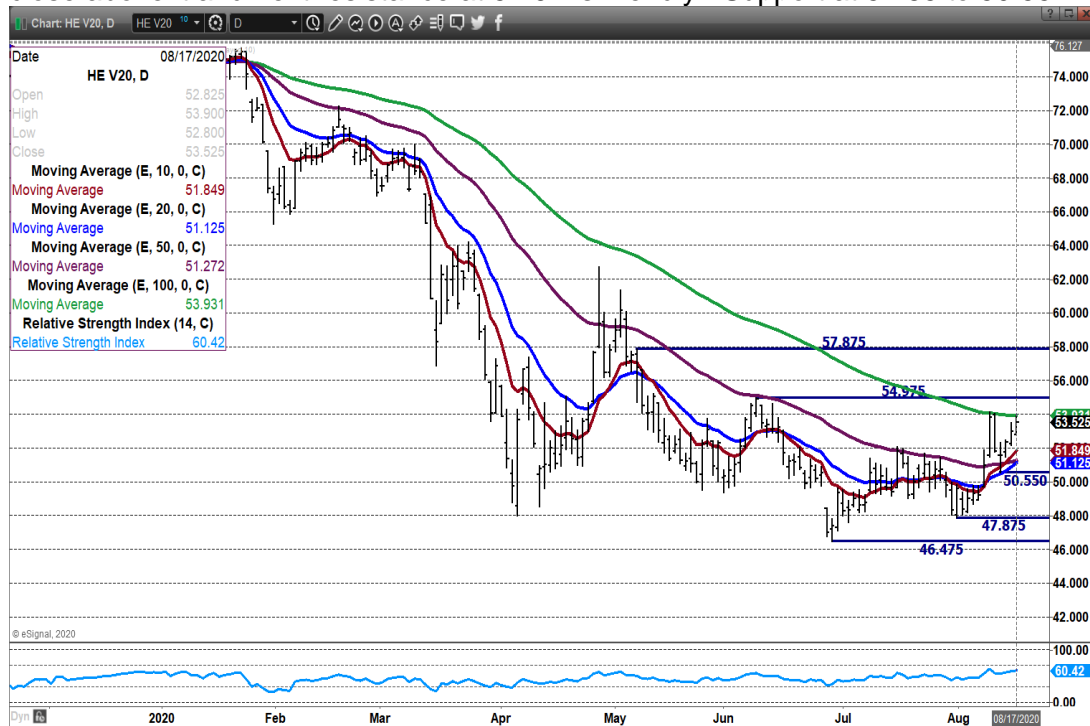
Carcass Base Price: \$35.00 - \$38.50
Weighted Average: \$37.68
Change from Prior Day: 0.05 higher
HOGS SOLD: 6,203

SWINE OR PORK MARKET FORMULA PURCHASE (Including Packer Sold)

PRICE RANGE: \$36.29 - \$70.50
Weighted Average \$53.77 PREVIOUS DAY \$52.26
HOGS SOLD: 187,482

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

OCTOBER 2020 LEAN HOGS – Third time 100 day moving average has stopped upside. A close above it and next resistance at 54.97 is friendly. Support at 51.85 to 50.55





DECEMBER 2020 LEAN HOGS – 100 day moving average is support, the opposite of October where it is resistance. Resistance at 56.02 Support at 54.17 to 53.45



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