



## Morning October 15, 2020 Livestock Report

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### CATTLE

#### USDA FEDERAL SLAUGHTER

OCTOBER 14, 2020	119,000
WEEK AGO	119,000
YEAR AGO	117,000
WEEK TO DATE (EST)	356,000
SAME PERIOD LAST WEEK (EST)	355,000
SAME PERIOD LAST YEAR (ACT)	351,000

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	CHOICE	SELECT
BOXED BEEF FINAL	211.14	199.27
CHANGE FROM PRIOR DAY	(1.30)	(0.81)
CHOICE/SELECT SPREAD:		11.87
TOTAL LOAD COUNT		173
5 DAY SIMPLE AVERAGE:	214.80	201.78

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Based on negotiated prices and volume of boxed beef cuts delivered within 0-21 days and on average industry cutting yields. Values reflect U.S. dollars per 100 pounds

#### FINAL OCTOBER 14, 2020

Primal Rib	387.39	344.08
Primal Chuck	171.45	165.59
Primal Round	166.45	167.12
Primal Loin	276.80	252.48
Primal Brisket	153.59	152.18
Primal Short Plate	129.53	129.53
Primal Flank	101.30	98.31

#### FINAL OCTOBER 13, 2020

Primal Rib	385.90	346.30
Primal Chuck	173.83	164.95
Primal Round	168.17	166.88
Primal Loin	278.87	256.80
Primal Brisket	153.25	149.74
Primal Short Plate	129.47	129.47
Primal Flank	100.24	98.51

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**LOAD COUNT AND CUTOFF VALUE SUMMARY FOR PRIOR 5 DAYS**

Date	Choice	Select	Trim	Grinds	Total	CHOICE 600-900	SELECT 600-900
10/13	83	46	12	17	157	212.44	200.08
10/12	76	23	12	16	127	214.62	200.34
10/09	75	30	11	8	124	214.06	199.82
10/08	82	44	8	28	162	216.00	203.10
10/07	104	26	6	23	159	216.88	205.58

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	103.41 loads	4,136,284 pounds
Select Cuts	43.49 loads	1,739,411 pounds
Trimmings	0.00 loads	0 pounds
Ground Beef	25.85 loads	1,033,864 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)

**USDA LIVESTOCK REPORTS FOR OCTOBER 2020**  
OCTOBER 22, 2020 COLD STORAGE REPORT 2:00PM CENTRAL TIME  
OCTOBER 23, 2020 CATTLE ON FEED REPORT 2:00PM CENTRAL TIME

STERLING MARKETING BEEF MARGINS WEEK ENDING OCTOBER 9, 2020  
PACKER MARGINS: \$311.85 LAST WEEK \$350.93 MONTH AGO \$424.24  
FEEDLOT MARGINS: \$150.06 LAST WEEK \$122.81 MONTH AGO \$5.64

DELIVERY NOTICE SERVED – OCTOBER 2020 - LIVE CATTLE  
SETTLEMENT: OCTOBER 14, 2020 - \$108.37  
OLDEST LONG: 02/28/20 SETTLEMENT AT \$107.52  
0 DELIVERIES

USDA POSTED CATTLE PRICES ON 10/14/2020  
IA/MN – CASH 107.00 - 109.00- DRESSED 169.00  
NE - CASH – 107.00 - 108.00 DRESSED: 169.00 - 170.00  
KS – CASH 108.00 DRESSED 169.00



TX/OK/NM – 108.00 - 108.25  
 CO – Information not available due to confidentiality

National Daily Direct Cattle October 14, 2020  
 (5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1478	\$108.04	49,462
Live Heifer:	1311	\$108.46	21,723
Dressed Steer:	968	\$169.59	21,795
Dressed Heifer:	855	\$169.58	6,736

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 Packers are buying too many Select Cattle mixed with Choice and having too many big cattle Choice and Select. They are getting big cattle that won't finish Choice that were taken off feed in March and April and no matter how hard they are fed, they won't grade Choice. At this time, big and heavy Choice and heavy Select are keeping a lid on Choice cattle. Movement of Select beef has become larger part of daily load movement. For example, Primal Select Rounds Wednesday were higher than Choice primal Rounds. Processors buy Select and if fat is needed after Select rounds are processed, fat is cheap.

Wednesday in the Midwest loads of cattle with 80% or more Choice cattle sold for \$109.00 with feedlots holding for \$110.00. But loads with 65% Choice to Select selling for \$108.00.

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 The Fed Cattle Exchange for 10/14/2020 had 774 head for the Internet auction. 6711 sold for \$108.00 to \$108.25. The only group that didn't sell were 103 head of steers that weighed 1475 pounds and were asking \$107.00.

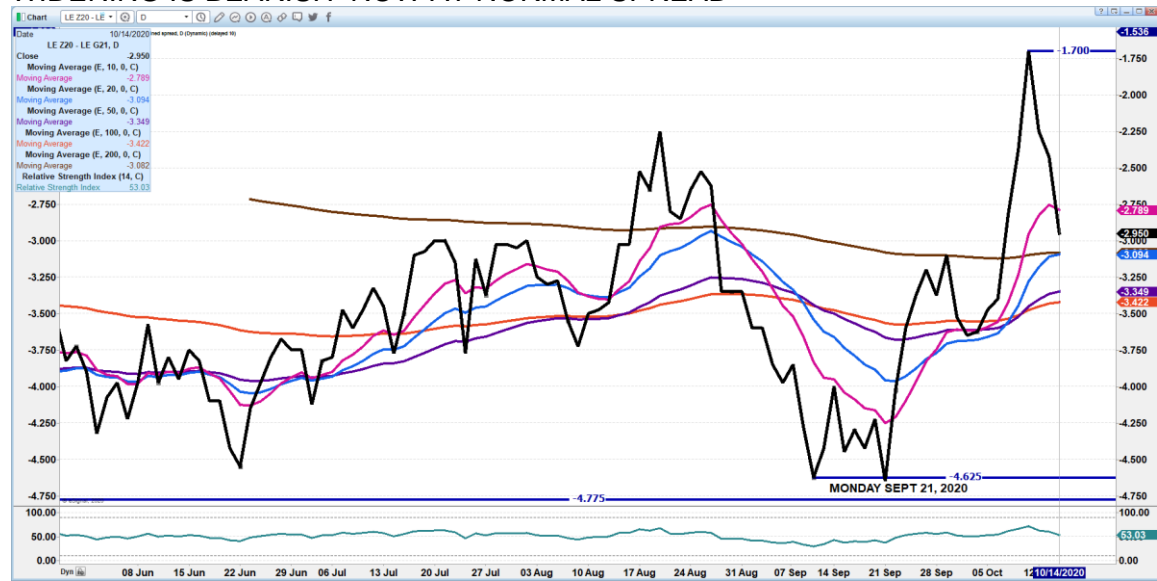
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 Packers are aggressively trying to forward contract cattle. Packer basis is plus \$1.00 over futures December 2020 through April 2021 and plus \$4.00 over futures from May throughout the summer of 2021.

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 Packers have tried to break cattle this week, but it is going to be hard to break cattle when inventories are current and when packers have profitable margins. Packers want cattle because now they are able to move 120,000 head or more through the plant. Cattle slaughter is back to slaughter levels before the spring meltdown.



As of October 14th, dressed steer and heifer weights were 893.4 compared to previous week at 897.5 down 4.1 pounds from week ago and 21 pounds over a year ago. Grading percent was 81.7% compared to previous week at 81.2%.

**DECEMBER 2020/FEBRUARY 2021 LIVE CATTLE SPREAD - IMPORTANT TO WATCH  
WIDENING IS BEARISH NOW AT NORMAL SPREAD**



**Feb 2021/Apr 2021 Live Cattle Spread - Could drop to -3.00 but if cont to widen it is bearish**

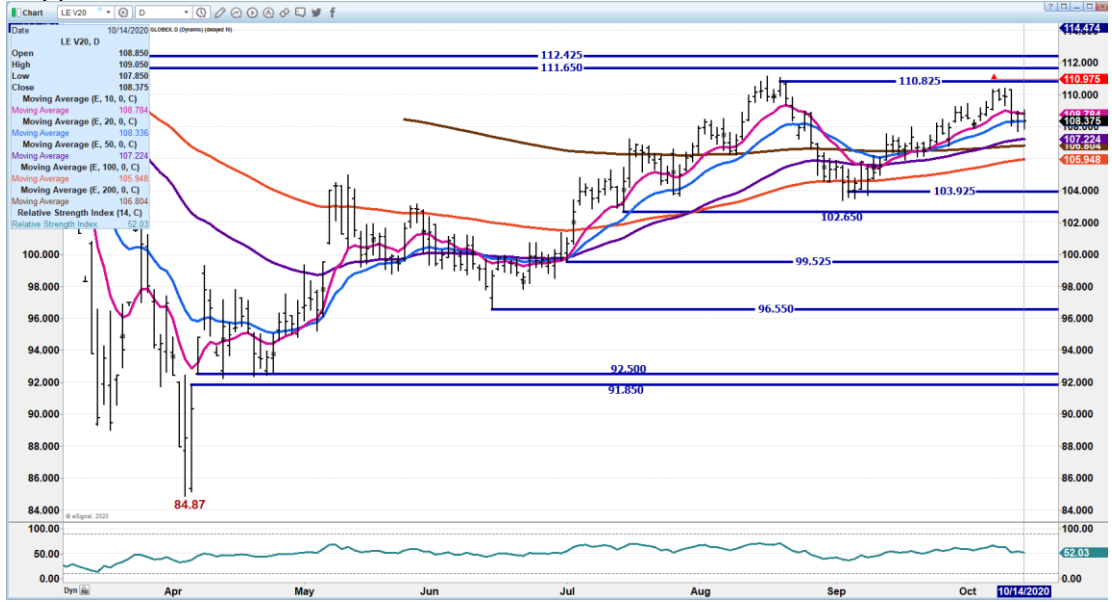


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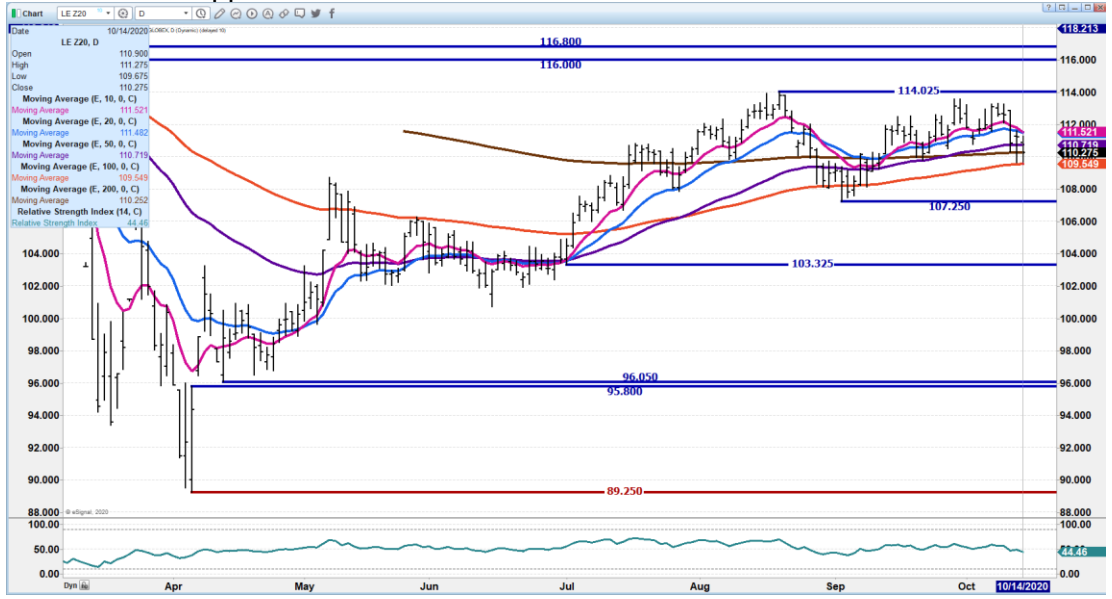
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**OCTOBER 2020 LIVE CATTLE – Currently inline with cash markets 110.82 resistance. Support at 106.00**



**DECEMBER 2020 LIVE CATTLE – Double bottom on 100 day moving average, now support at 109.50 Next support at 107.25 Resistance at 111.55**

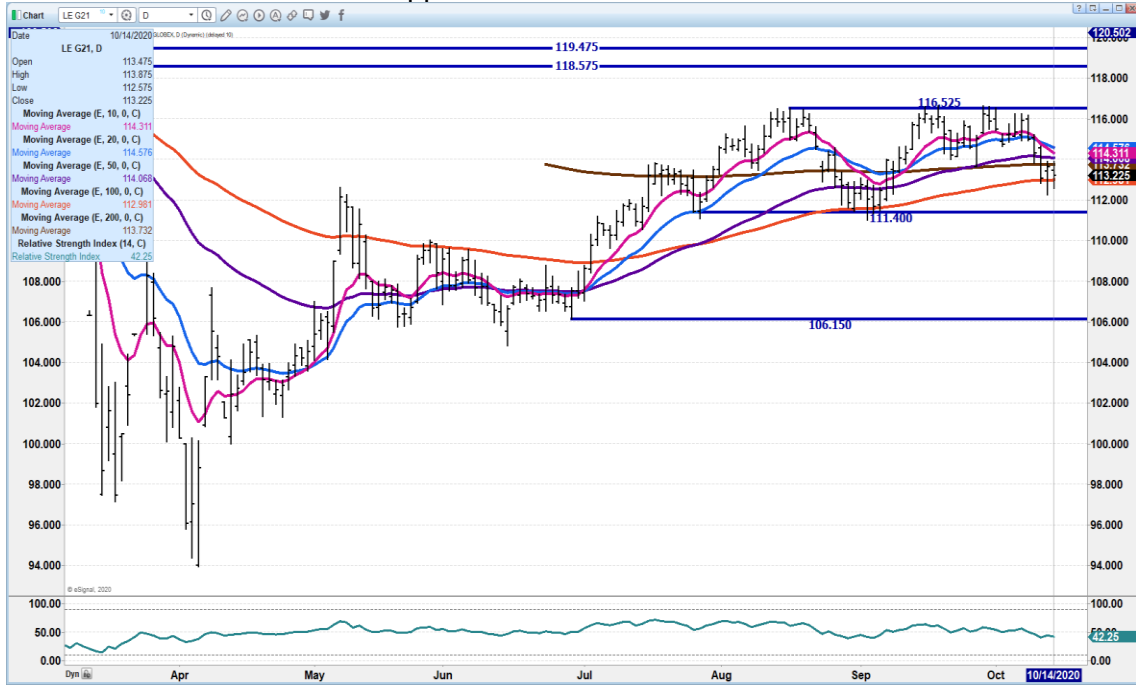


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**FEB 2021 LIVE CATTLE - Support at 112.77 to 111.40 Resistance at 114.32 to 114.60**



**Feeder Cattle**

THE CME FEEDER INDEX ON 10/13/2020 WAS 140.92 UP 21 CENTS FROM PREVIOUS DAY

OCTOBER 2020 FEEDER CATTLE SETTLED ON OCTOBER 14, 2020 AT \$138.37

Feeders are cheap and traders are bull spreading feeders.

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**JANUARY 2021/MARCH 2021 FEEDER CATTLE SPREAD - FEEDERS ARE BULL SPREAD.**



**OCTOBER 2020 FEEDER CATTLE - SUPPORT AT 137.25 RESISTANCE 142.00**

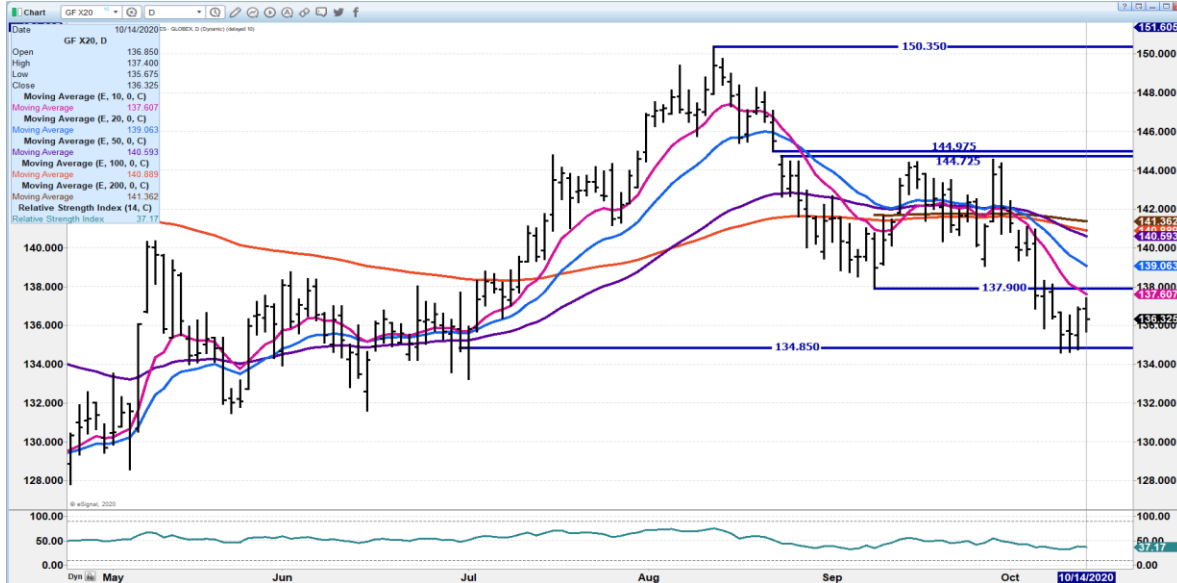


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**NOVEMBER 2020 FEEDER CATTLE - SUPPORT AT 135.50, RISK A CLOSE UNDER 134.37**  
**SCO RESISTANCE AT 138.00 TO 139.10**



**LEAN HOGS**

USDA ESTIMATED FEDERAL HOG SLAUGHTER

OCTOBER 14, 2020	489,000	
WEEK AGO	489,000	
YEAR AGO	491,000	
WEEK TO DATE (EST)	1,455,000	
SAME PERIOD LAST WEEK (EST)	1,465,000	
SAME PERIOD LAST YEAR (ACT)	1,467,000	

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CME CASH HOG INDEX 10/12/2020 AT 78.21 UP 7 CENTS FROM PREVIOUS DAY

CME CASH PORK CUTOUT INDEX 10/13/2020 AT 95.12 UP 74 CENTS FROM PREVIOUS DAY.

CME CASH FRESH BACON INDEX ON 10/09/2020 WAS 200.47 COMPARED TO 10/02/2020 WAS 194.37





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STERLING PORK PROFIT TRACKER WEEK ENDING - OCTOBER 9, 2020  
PACKER MARGINS: \$49.92 LAST WEEK: \$46.99 MONTH AGO: \$48.07  
FARROW TO FINISH MARGINS \$23.72 LAST WEEK, \$23.96 MONTH AGO (\$2.02)

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Too many traders watching October/December spread. It is now time to concentrate on December/February or spreads into June 2021. Anything can happen as October closes. The world has a lot of pork. China pork prices dropping. Buying has been to refill coolers. Next big need for China will be late January to February. China is now COVID testing all and starting to lock down certain areas.

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SPANISH PORK EXPORTS TO ASIAN MARKETS MAY SEE BOOST AFTER  
GERMAN ASF OUTBREAK  
[https://www.feednavigator.com/Article/2020/10/09/Spanish-pork-exports-to-Asian-markets-may-see-boost-after-German-ASF-outbreak?utm\\_source=meat\\_newsletter&utm\\_medium=email&utm\\_campaign=14-Oct-2020#](https://www.feednavigator.com/Article/2020/10/09/Spanish-pork-exports-to-Asian-markets-may-see-boost-after-German-ASF-outbreak?utm_source=meat_newsletter&utm_medium=email&utm_campaign=14-Oct-2020#)

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Spain, Netherlands, Portugal and Germany are all European Union countries that are large pork producers and sell as the European Union. The large conglomerate pork packers in the EU are based in the Netherlands and Germany with processing facilities scattered throughout the total of the EU but mainly in the largest agricultural countries. According to the USDA for 2020 the EU produces about 47% more hogs than the U.S. They have a lot of pork to sell.

In September, the hog market got a big boost when China stopped Germany pork. There are a few things to consider about the stoppage of German pork to China. As the above report shows, Spain is likely to see an increase on top of the increases it already has had in 2020. The other EU countries will also see increased sales to China. In 2017, 2018 and 2019 China signed new and expanded trade agreements with the EU increasing pork purchases. 90% of the pork Germany exported in 2020 were feet, head meat, tails and organ meat. (The biggest increase of fresh pork to China in 2020 has been Brazil followed by Spain, and Portugal.) German commercial farms so far have not had African Swine Fever. German pork processors have not slowed their production because of lost sales to China.

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OCTOBER HOGS SETTLED \$10.00 OVER DECEMBER ON OCTOBER 14,2020.  
 DECEMBER 2020 SETTLED MINUS 2.67 UNDER FEBRUARY 2021 ON OCTOBER 14, 2020

In 2018 October hogs settled \$13.50 over December. When October 2018 closed out. the market did the exactly the opposite on the December 2018-February 2019. The Dec 2018/Feb 2019 spread moved December 2018 minus \$13.62 under February 2019 and it settled at minus \$9.55. December was the short leg with October 2018/ December 2018 spread and the short leg on the Dec 2018/Feb 2019 spread . As of October 13, 2020 the December/February spread has Dec 2020 minus \$3.97 to Feb 2021.

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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 14, 2020**

LOADS OF PORK CUTS: 271.37  
 LOADS TRIM/PROCESSED PORK: 39.17

**FINAL**

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
10/14/2020	310.54	96.57	87.13	91.62	65.40	153.84	79.49	166.15
CHANGE :		0.67	-2.80	-3.80	-1.63	1.19	7.61	-1.49
Five Day Average --		95.39	88.47	95.61	67.76	151.35	72.93	164.78

**NOON**

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
10/14/2020	170.61	97.10	86.87	92.90	69.77	154.69	80.70	165.51
CHANGE :		1.20	-3.06	-2.52	2.74	2.04	8.82	-2.13
Five Day Average --		95.49	88.42	95.87	68.64	151.52	73.18	164.65

**FRIDAY OCTOBER 9, 2020 FINAL**

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
10/09/2020	368.58	94.80	87.82	97.83	69.42	148.64	71.72	163.28

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**NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE**  
**SLAUGHTER DATA FOR OCTOBER 14, 2020**

Average carcass weight - 283.18  
 Average live weight - 211.54



**DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM October 14, 2020  
NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES**

Carcass Base Price: \$57.50 - \$64.50  
Weighted Average: \$62.00,  
Change from Prior Day: 1.74 lower  
HOGS SOLD: 3,648

**SWINE OR PORK MARKET FORMULA PURCHASE (Including Packer Sold)**

PRICE RANGE: \$63.60 - \$91.47  
Weighted Average: \$77.19  
Previous Day: \$76.91  
HOGS SOLD: 160,449

TOTAL HOGS PURCHASED OCTOBER 14, 2020 LIVE AND CARCASS - 304,259 - 184,741  
DIFFERENCE THAN TOTAL SLAUGHTER OF 489,000

[https://www.ams.usda.gov/mnreports/lm\\_hq203.txt](https://www.ams.usda.gov/mnreports/lm_hq203.txt)

**DECEMBER 2020/FEBRUARY 2021 LEAN HOG SPREAD - SPREAD IS WIDENING AND IF IT CONTINUES TO WIDEN IT IS BEARISH. SOON MOVE TO NOV THE LEAD MONTH AND ANYTHING CAN HAPPEN BETWEEN NOW AND DECEMBER WITHOUT A SPOT MONTH IN NOVEMBER.**

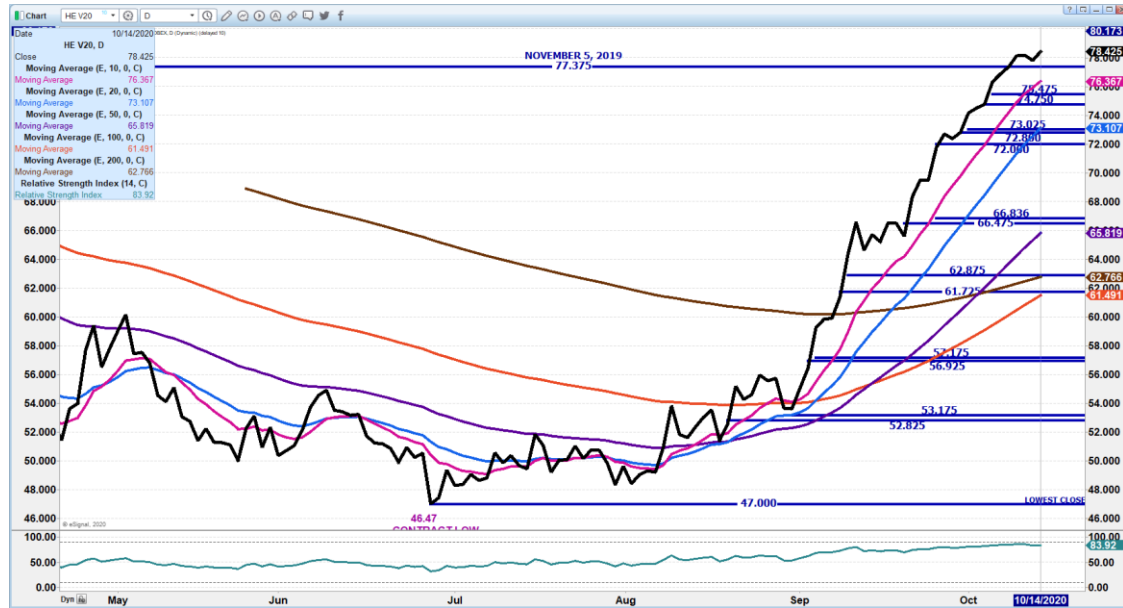


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**OCTOBER 2020 LEAN HOGS –**



**DECEMBER 2020 LEAN HOGS – 69.80 Resistance Volume 19759 Wednesday.. Support at 65.72 to 64.20**



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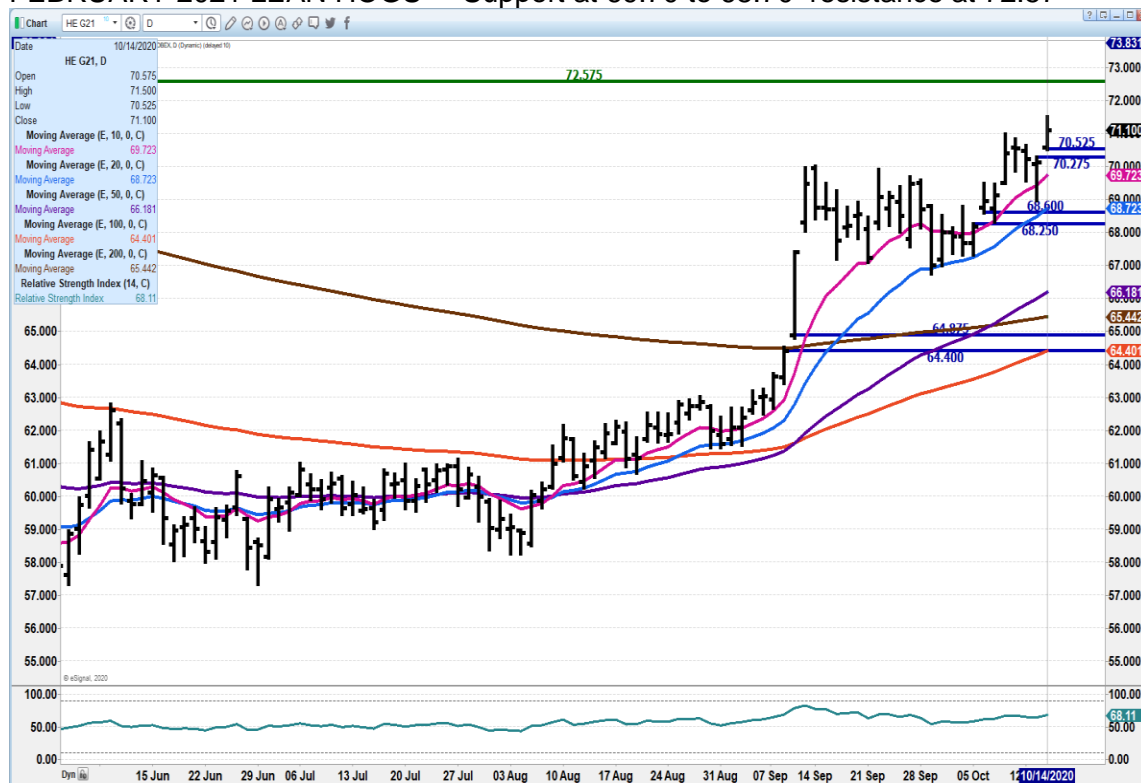
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### FEBRUARY 2021 LEAN HOGS – Support at 69.70 to 68.70 resistance at 72.57



CHARTS FROM ESIGNAL INTERACTIVE, INC.

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