



## MORNING October 20, 2020 Livestock Report

by Chris Lehner | 312.242.7942 | [chris.lehner@admis.com](mailto:chris.lehner@admis.com)

### CATTLE

#### USDA FEDERAL SLAUGHTER

OCTOBER 19, 2020	118,000
WEEK AGO	117,000
YEAR AGO	117,000

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	<b>CHOICE</b>	<b>SELECT</b>
BOXED BEEF FINAL	209.74	191.84
CHANGE FROM PRIOR DAY	(0.29)	(1.68)
CHOICE/SELECT SPREAD:	17.90	
TOTAL LOAD COUNT	114	
5 DAY SIMPLE AVERAGE:	211.74	197.94

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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 19, 2020

Primal Rib	385.58	324.70
Primal Chuck	170.02	161.00
Primal Round	166.51	165.22
Primal Loin	273.66	236.65
Primal Brisket	151.58	148.48
Primal Short Plate	129.93	129.93
Primal Flank	100.21	100.71

#### FINAL OCTOBER 16, 2020

Primal Rib	387.34	330.74
Primal Chuck	171.61	165.30
Primal Round	165.72	165.91
Primal Loin	273.17	236.61
Primal Brisket	154.35	146.12
Primal Short Plate	126.97	126.97
Primal Flank	99.34	97.55



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

Date	Choice	Select	Trim	Grinds	Total	CHOICE 600-900	SELECT 600-900
10/16	68	38	11	10	127	210.03	193.52
10/15	139	60	10	27	236	210.48	196.50
10/14	103	43	0	26	173	211.14	199.27
10/13	83	46	12	17	157	212.44	200.08
10/12	76	23	12	16	127	214.62	200.34

**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	52.10 loads	2,084,054 pounds
Select Cuts	30.41 loads	1,216,259 pounds
Trimming	12.23 loads	489,189 pounds
Ground Beef	19.64 loads	785,593 pounds

**41.6% Choice to Select is Select beef.**

**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**

**DELIVERY NOTICE SERVED – OCTOBER 2020 - LIVE CATTLE**  
**SETTLEMENT: OCTOBER 19, 2020 - \$104.00**  
**OLDEST LONG: 02/28/20 SETTLEMENT AT \$107.52**  
**0 DELIVERIES**

**USDA POSTED CATTLE PRICES ON 10/16/2020**  
**IA/MN – CASH 103.00 - 105.00- DRESSED 166.00**  
**NE - CASH – 105.00 DRESSED: 165.00**  
**KS – CASH 106.00 DRESSED No Reportable Trade.**  
**TX/OK/NM – 106.00**  
**CO – Information not available due to confidentiality**



**\*\*\*National Daily Direct Cattle October 16, 2020  
(5 day accumulated weighted avg)**

	Weight	Price	Head
Live Steer:	1477	\$107.48	37,414
Live Heifer:	1319	\$107.63	15,762
Dressed Steer:	979	\$168.32	23,667
Dressed Heifer:	861	\$168.19	5,652

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The spread between Choice boxed beef and Select boxed beef is wide and it is wide because there has been too much Select beef. Select beef is keeping a lid on Choice. Along with too many Select cattle there are too many big over finished Choice cattle. The combination, at least for the time being, has allowed packers to buy Choice lower.

However, before long packers will have to pay up for Choice cattle that meet orders of previously contracted beef. When big and over finished cattle are cleaned up, packers will pay up for cattle that meet orders but until then, packers could deeper discount the big cattle.

But it isn't just US cattle or big cuts from U.S. packers. There may be another factor. The US is a net importer of beef and beef coming from Brazil, Mexico and Australia is Select to Cutter/Canner. With heavy U.S. cattle the imported beef is keeping down beef prices.

The US cattle groups worried about the quality of the imported beef when they should have been worrying about quantity.

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Cattle pushed to the new limit down \$4.00/ on Live Cattle and \$5.00 on Feeder Cattle. But on settlement they were all off limit. When a commodity is so bad, why wasn't limit down? More often than not when it happens and spreading is a major part of the trade, the "dark" algorithm formula traders are out of the market as fast as they got into it.

The Live Cattle/Lean Hog spreads are extremely narrow. The December 2020 Live Cattle/December 2021 Lean Hog spread settled at \$33.72 On September 29<sup>th</sup> the spread settled at \$49.22.

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On the positive side, 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.



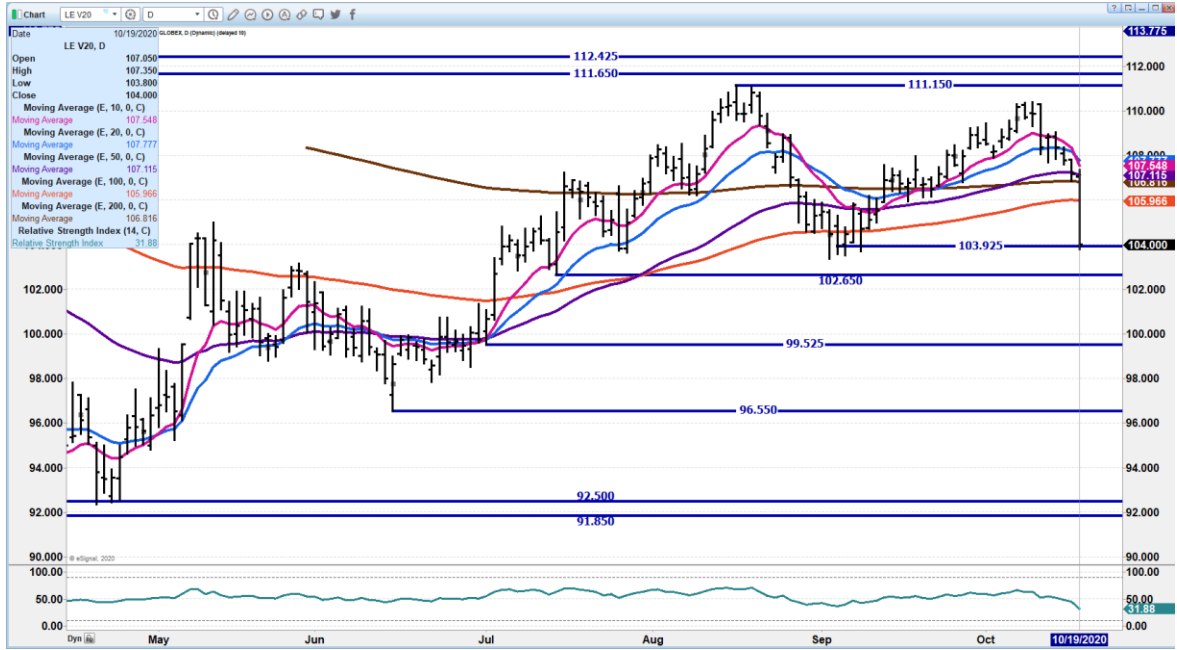
As of October 14th, dressed steer and heifer weights were 893.4 compared to previous week at 897.5 down 4.1 pounds from week ago and 21 pounds over a year ago. Grading percent was 81.7% compared to previous week at 81.2%.

**DECEMBER 2020/FEBRUARY 2021 LIVE CATTLE SPREAD - NOW FAIRLY NARROW AROUND \$3.00 UNDER. IF WIDENS NEGATIVE. IF NARROWS IT IS POSITIVE**

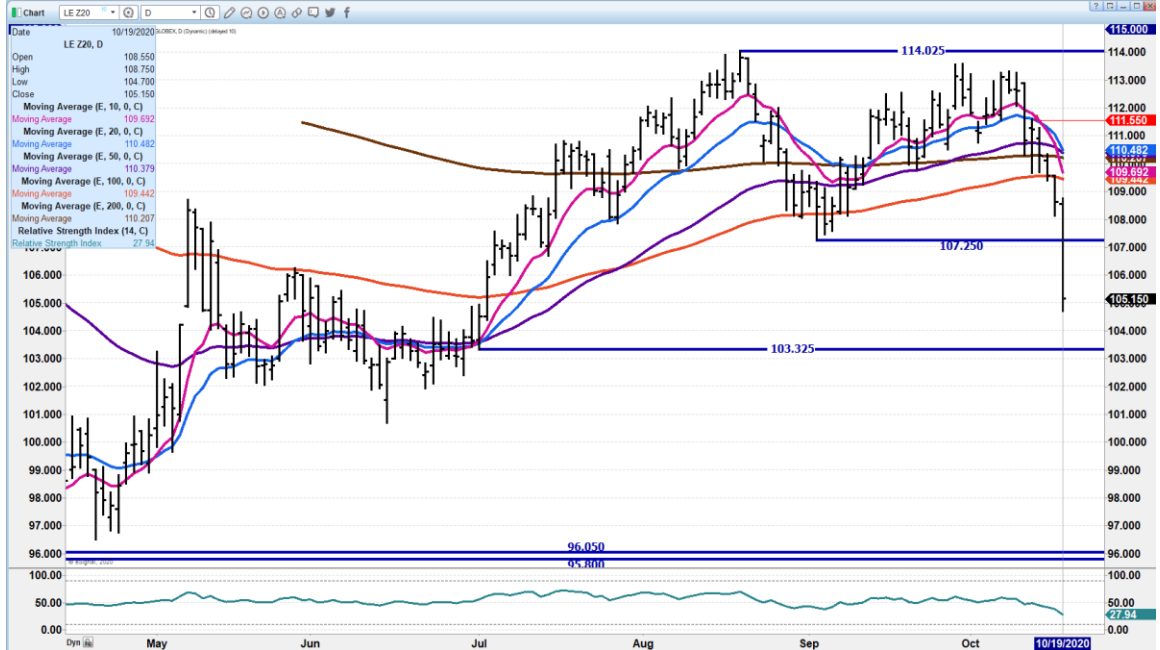


**OCTOBER 2020 LIVE CATTLE – Fell to low close on September 3<sup>rd</sup>. Next support at 102.65 Resistance at 107.55**





**DEC 2020 LIVE CATTLE – Volume 37, 957 Support at 103.32 Resistance at 109.67**

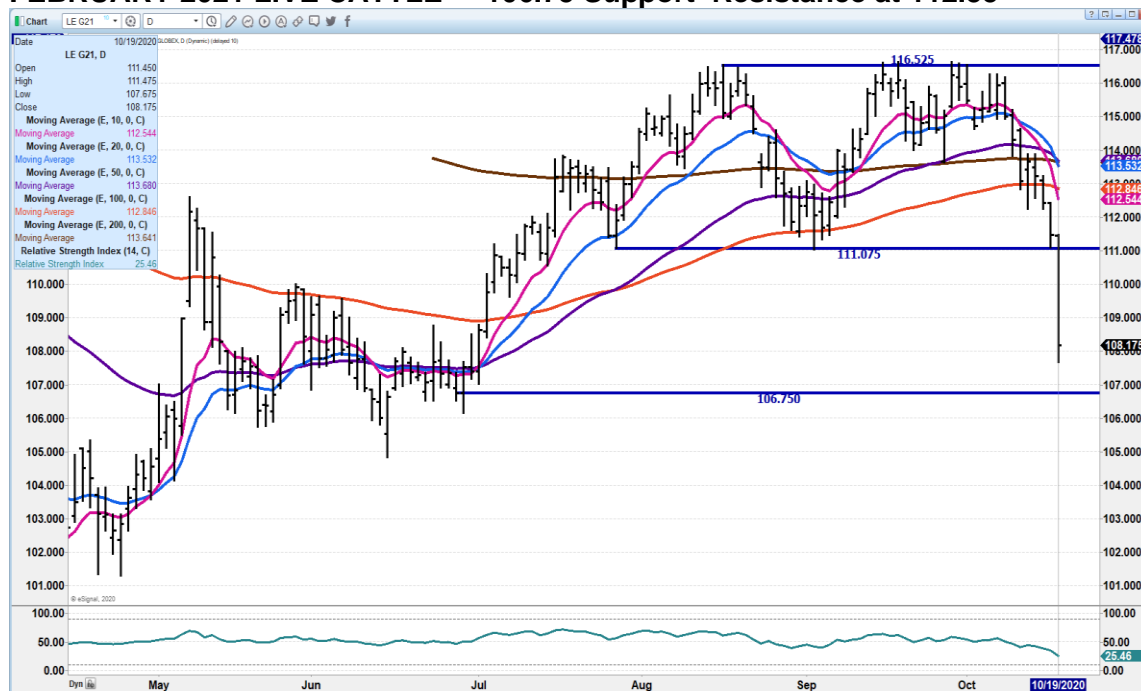




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## FEBRUARY 2021 LIVE CATTLE - 106.75 Support Resistance at 112.55



## Feeder Cattle

THE CME FEEDER INDEX ON 10/16/2020 WAS 140.26 UP 6 CENTS FROM PREVIOUS DAY

OCTOBER 2020 FEEDER CATTLE SETTLED ON OCTOBER 19, 2020 AT \$134.60

### NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 10/16/2020

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week:	243,900	15,300	8,400	267,600
Last Week:	228,400	21,000	23,400	272,800
Year Ago:	274,000	44,000	2,100	320,100

Compared to last week, steers and heifers sold steady to 3.00 lower. The best demand was seen this week on the limited supply of yearlings still out there in the country. The bulk of the feeder supply this week consisted of calves as the percent over 600 lbs. continues the typical seasonal decline. Last year in October, the percent over 600 lbs. declined 12 percentage points. October is the time of year that some producers opt to

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forgo a weaning regimen and sell their calves directly off the cow only to be met with steep discounts at the auction. The demand for calves continues to be very dependent upon the health program of the originating producer.

[https://www.ams.usda.gov/mnreports/sj\\_ls850.txt](https://www.ams.usda.gov/mnreports/sj_ls850.txt)

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**Feeders are cheap and with level of slaughter now, feedlots need to replace cattle.**

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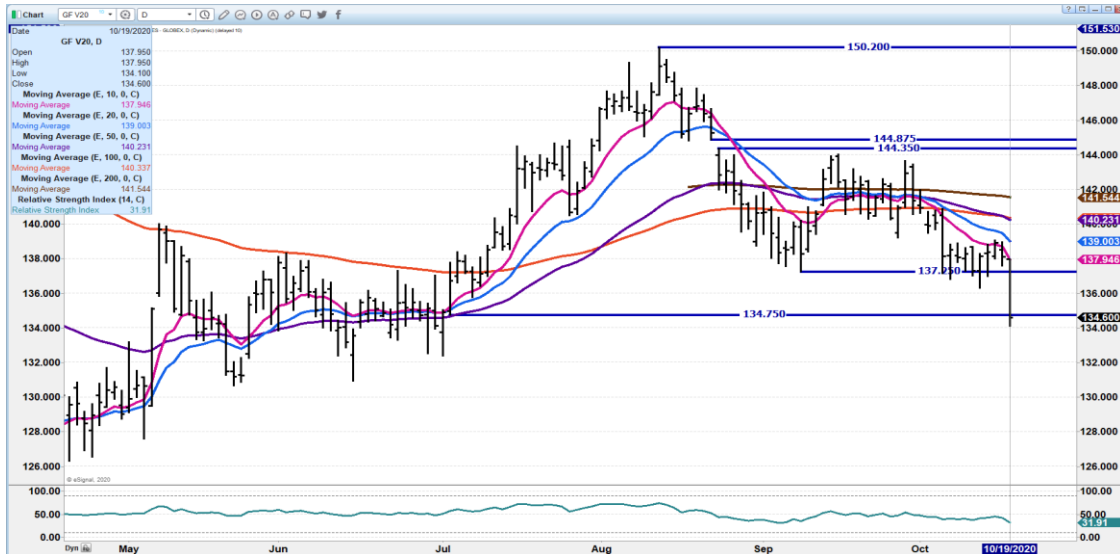
**JANUARY 2021/MARCH 2021 FEEDER CATTLE SPREAD - NARROW SPREAD IS FRIENDLY**



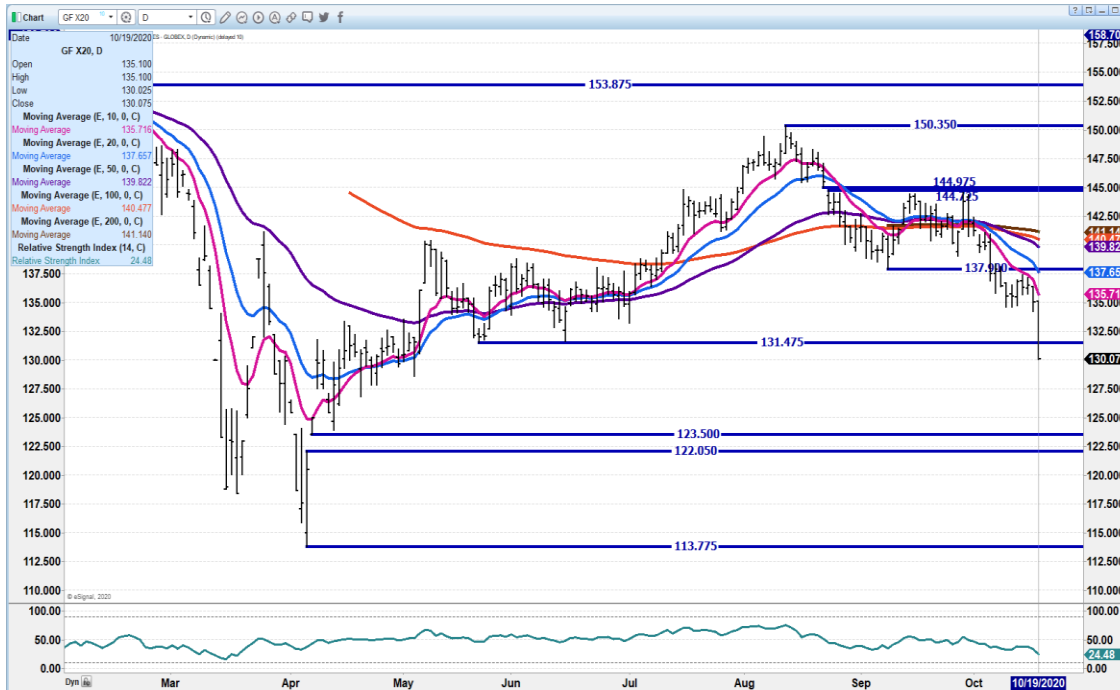
**OCTOBER 2020 FEEDER CATTLE – WIDE SPREAD BETWEEN CME INDEX. SUPPORT AT 134.00 RESISTANCE 141.55**



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### NOVEMBER 2020 FEEDER CATTLE - THERE IS A GAP 123.50 TO 122.05 RESISTANCE AT 135.75



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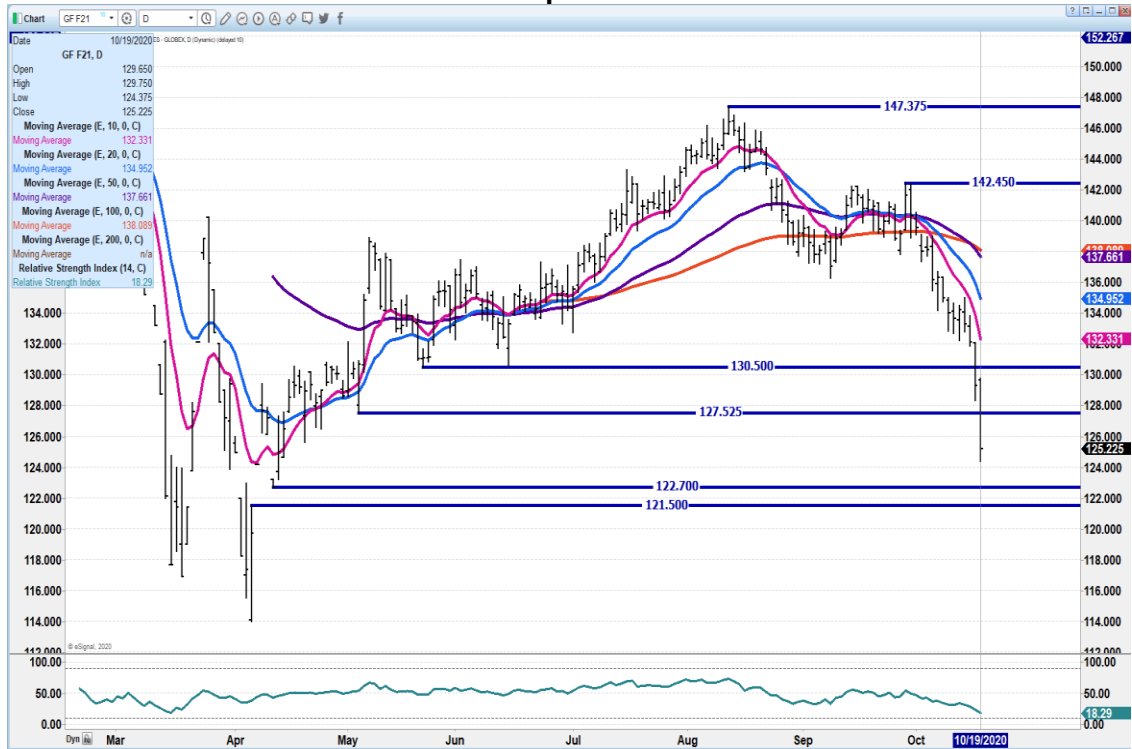




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### JANUARY 2021 FEEDER CATTLE – Gap at 122.70 to 121.50 Resistance at 132.35



### LEAN HOGS

#### USDA ESTIMATED FEDERAL HOG SLAUGHTER

OCTOBER 19, 2020      488,000  
 WEEK AGO              478,000  
 YEAR AGO              490,000

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**CME CASH HOG INDEX 10/15/2020 AT 78.23 DOWN 26 CENTS FROM PREVIOUS DAY**

**CME CASH PORK CUTOUT INDEX 10/16/2020 AT 97.44 UP .88 FROM PREVIOUS DAY.**

**CME CASH FRESH BACON INDEX ON 10/16/2020 WAS 214.50 COMPARED TO 10/09/2020 WAS 200.47**

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Loins down hard Monday, off 5.95. Hams up 1.37 and bellies up 3.00 Butts and picnics down and ribs were up. Look for strong exports to continue to Mexico and look for exports to China to be on the low side. Mexico strong buyer of Hams and Bellies and China has been buying mostly carcass pork and offal.

Hog weights are going up, so packers aren't having problems finding hogs. The reason cutout has been going up is due to formula hog prices and not what packers are paying for direct carcass or the few negotiated live hogs. This what took place last spring. Previously contracted hogs were taken to kill over direct hogs and packers paid contracted producers the prices paid on previous contracts.

Futures moving on spreads and it can't be any simpler. Cattle/Hog spreads are extremely narrow. Spreads move more than being straight futures.

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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 19, 2020

LOADS OF PORK CUTS: 290.17

LOADS TRIM/PROCESSED PORK: 27.27

##### FINAL

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
10/19/2020	317.44	98.10	85.12	88.21	61.76	150.53	85.84	176.65
CHANGE :		-1.09	-5.95	-3.20	-1.32	2.06	1.37	3.00
Five Day Average --		98.24	88.45	91.66	64.44	150.95	82.96	171.60

##### FINAL

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
10/16/2020	288.80	99.19	91.07	91.41	63.08	148.47	84.47	173.65
CHANGE :		-2.23	2.08	-0.25	-1.83	-0.81	-8.67	-0.24
Five Day Average --		97.48	89.11	93.05	65.71	151.15	79.36	169.43

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#### NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE

SLAUGHTER DATA FOR OCTOBER 16 AND 17, 2020

Average carcass weight - 286.61

Average live weight - 214.49



**DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM October 16, 2020  
 NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES**

**Carcass Base Price: \$58.88 - \$65.00**  
**Weighted Average: \$60.57**  
**Change from Prior Day: 1.33 lower**  
**HOGS SOLD: 3,985**

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

**PRICE RANGE: \$61.34 - \$94.76**  
**Weighted Average: \$77.51**  
**Previous Day: \$77.21**  
**HOGS SOLD: 214,652**

[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 - DEC UNDER CME INDEX  
 SPREAD IS NARROW. LOOK FOR POSSIBLE REVERSAL**





## DECEMBER 2020 LEAN HOGS – Volume 30,549 73.00 Resistance Support at 67.80



## FEBRUARY 2021 LEAN HOGS – 72.32 Resistance Support at 70.30



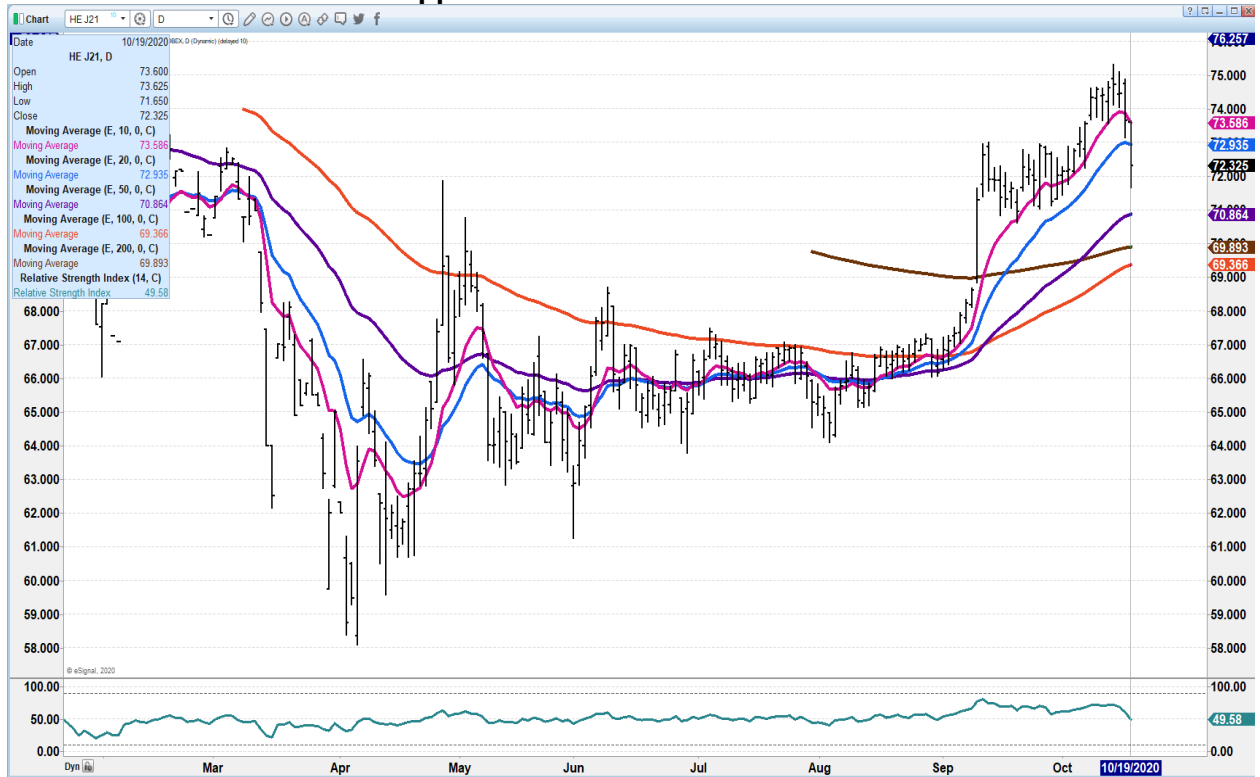
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**APRIL 2021 LEAN HOGS – support at 70.35 Resistance at 73.67**



**CHARTS FROM ESIGNAL INTERACTIVE, INC.**

[Chris.Lehner@admis.com](mailto:Chris.Lehner@admis.com)

312 242 7942

913.787.6804