



MORNING October 30, 2020 Livestock Report

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CATTLE

USDA FEDERAL CATTLE SLAUGHTER

OCTOBER 29, 2020	114,000
WEEK AGO	120,000
YEAR AGO	118,000
WEEK TO DATE (EST)	464,000
SAME PERIOD LAST WEEK (EST)	480,000
SAME PERIOD LAST YEAR (ACT)	465,000

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	CHOICE	SELECT
BOXED BEEF FINAL	207.32	191.23
CHANGE FROM PRIOR DAY	1.53	1.65
CHOICE/SELECT SPREAD:		16.09
TOTAL LOAD COUNT		156
5 DAY SIMPLE AVERAGE:	207.34	189.84

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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 29, 2020

Primal Rib	388.13	329.67
Primal Chuck	167.73	161.34
Primal Round	168.69	167.87
Primal Loin	265.48	233.47
Primal Brisket	151.36	139.77
Primal Short Plate	121.23	121.23
Primal Flank	95.66	96.27

FINAL OCTOBER 28, 2020

Primal Rib	381.88	326.77
Primal Chuck	162.43	157.60
Primal Round	167.52	167.70
Primal Loin	271.32	232.81
Primal Brisket	147.16	139.91
Primal Short Plate	120.28	120.28
Primal Flank	97.00	97.21



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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
10/28	99	25	21	27	173	205.79	189.58
10/27	105	26	17	28	175	206.70	188.67
10/26	61	44	19	11	135	207.83	188.49
10/23	84	11	35	18	148	207.49	191.40
10/22	91	36	19	15	160	208.86	191.08

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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	93.32 loads	3,732,988 pounds
Select Cuts	18.39 loads	735,695 pounds
Trimming	24.77 loads	990,708 pounds
Ground Beef	19.71 loads	788,264 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)

Friday, October 30, 2020 is the last trading day for October Live Cattle

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BEEF AND PORK EXPORTS AT THE BOTTOM OF THE REPORT

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DELIVERY NOTICE SERVED – OCTOBER 2020 - LIVE CATTLE

SETTLEMENT: OCTOBER 29, 2020 - \$106.27

OLDEST LONG: 10/01/20 SETTLEMENT AT \$108.52

0 DELIVERIES

For the month there have been just 9 deliveries to date

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USDA POSTED CATTLE PRICES ON 10/28/2020

IA/MN – 103.00 - DRESSED 158.00 - 163.00 AVERAGE WEIGHT 874.3 TO 1,003.9

NE - CASH – 103.00 - 104.00 AVERAGE 1,541.4 POUNDS. DRESSED 162.00 POUNDS

KS – CASH 105.50 - 106.00 DRESSED No Reportable Trade.

TX/OK/NM – 106.00- 106.25 WEIGHING 1,311.8 - 1,411.5

CO – Information not available due to confidentiality



*****National Daily Direct Cattle October 28, 2020
(5 day accumulated weighted avg)**

	Weight	Price	Head
Live Steer:	1500	\$104.41	7,417
Live Heifer:	1347	\$103.72	2,557
Dressed Steer:	1000	\$161.78	4,538
Dressed Heifer:	859	\$163.75	668

Red denotes higher average weights

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As October Live Cattle goes off the board and Live Cattle futures move into November, keep in mind what happens on the boxed beef market, the cash cattle market and futures market don't have trade in unison. November is a non-spot month and a month when fundamentalist are anticipating what cash cattle and boxed beef may be doing in spot month December. Algorithmic funds are inter and intra market spreaders with multiple legs.

However, spreads can show direction and fundamental traders can use spreads to bull spread or bear spread , so there are trends to follow.

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With large loads of trimmings and ground beef being moved and increasing COVID 19 cases in the US and globally, it appears a trend may be starting and, it may be an indicator consumers are hoarding as they did in March. There are cities in France and Germany where certificates are needed to leave the house and areas in Asia that have regional lockdowns. Cities across the US are seeing surges in COVID 19 and consumers, although not locked down, are beginning to withdraw on their own.

It is likely there could be another time that consumers hoard and the hoarding in March wasn't for high end primals, it was for cheaper cuts. As you may recall, beef prices surged, and cattle prices went down.

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The Boxed Beef trade has gone back to the ratio closer to 80 percent Choice to 20 percent Select. It appears the heavy Select cattle that weighed on boxed beef earlier in October is cleaned up. Select primal rib sections are gained over \$20 since Monday and are narrowing the spread between Choice rib sections. Look for retailers to show out Select rib roast for holidays. After eating ground beef, chicken breasts and cheap fish sticks, a Select rib roast for the holidays for the family will be a special occasion. Retailers will be able to markup Select with the discount they can buy Select and even put some money Choice prices and advertise the Select cuts.



Also, at this time of year Choice briskets often gain on Select briskets after trading even priced the majority of the year.

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I was asked several times Thursday why cattle futures rallied when there was a negative Cattle on Feed Report. First of all, in today's trade with news up to date, the COF Report is old news. The October 22nd COF Report is information collected in September, from 20 to 50 days old. It is amazing a USDA report even is as late as the 22nd in the age of computers. What was on Feed October 1st is water under the bridge and already to the mouth of the river.

Thursday, was a technical/algorithmic trade as traders bought front months and sold the 2021 months. If spread continues to spread in direction, it says buyers want cattle now and will worry about them later. However, packers are already worrying about 2021 with forward contracts \$1.00 over futures December through April and plus \$4.00 over for cattle for May and June.

Now packers need to fill orders for beef sold months in the past and at the same time forward contract beef well into 2021. Currently, there are too many heavy cattle that meet what packers sold months in the past. Time will tell, but it looks like packers will need to pay up for cattle that meet previously contracted beef contracts and for the big overfed behemoths weighing far too much even if they grade high Choice to Prime, they will deep discount the cattle until Yield 4s and 5s are cleaned up.

At the same time, the Sword of Damocles hangs over the pork and beef markets...COVID 19. At the present, unlike last April and March when packers had to slow because so many people became ill and many packers were forced to shut down, the packing industry before COVID 19 had a shortage of labor and when COVID 19 hit the packers, there was no back up workforce. But, with many unemployed people now, packers have been able to replace sick workers and train new people with a "reserve" labor pool. But there are now some areas in the US where the "reserves" are now enough to replace ill workers, but some plants are beginning to run low. There is no telling what could happen if the current COVID surge continues or increases.

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The Fed Cattle Exchange had one of the biggest sales since last spring. The sale began at 12:00PM, two hours late due to technical problems. Asking prices stated at \$105.00 to \$106.00 and prices paid were from \$105.50 to \$106.50.

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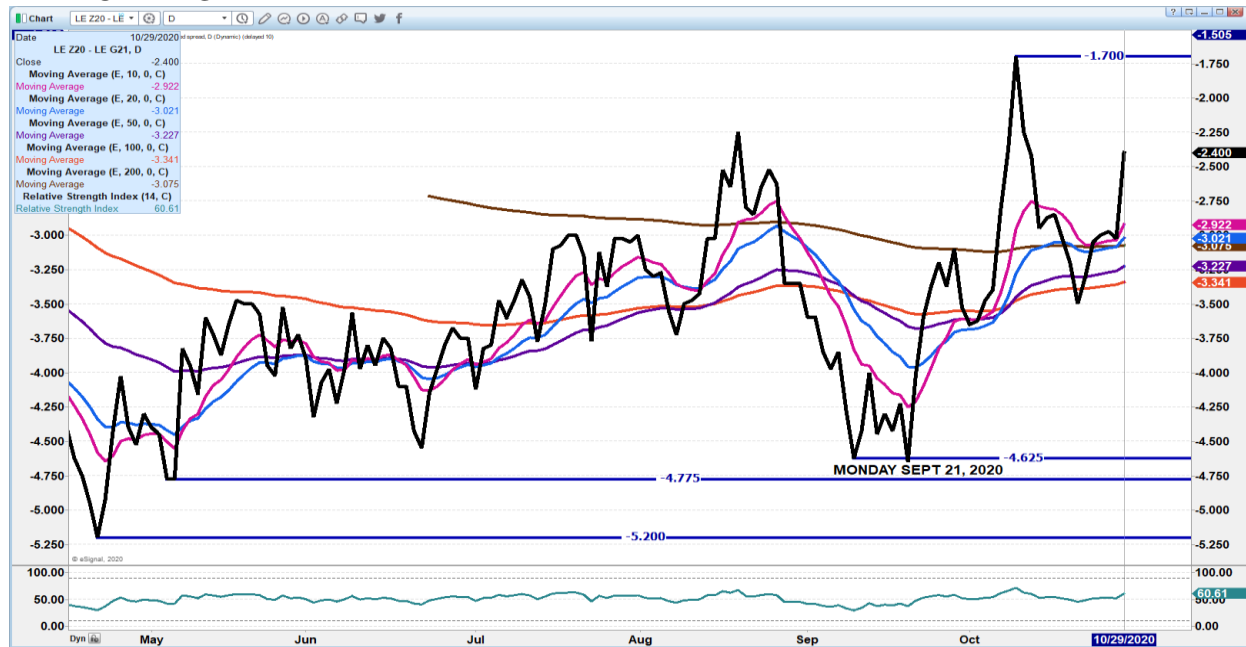
Heavy weight cattle are one of the biggest problems now. Lighter cattle are in the South and Southwest with feedlots asking \$108.00. Midwest cattle could again this week be priced under South and Southwestern cattle.

Feedlots are not risking being able to forward contract cattle at positive margins this year for deliveries December 2020 into 2021. Packer forward contracts are now \$1.00 over the CME Live Cattle futures December 2020 through April 2021 and May and June contracts are \$4.00 over June 2021.

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As of October 27th, dressed steer and heifer weights were 900.3 compared to previous week at 901.0 down .7 pound from week ago and 28 pounds over a year ago. Grading percent was 81.0%, down compared to previous week at 81.7%.

DECEMBER 2020/FEBRUARY 2021 LIVE CATTLE SPREAD - IF TREND CONTINUES TO NARROW IT IS FRIENDLY

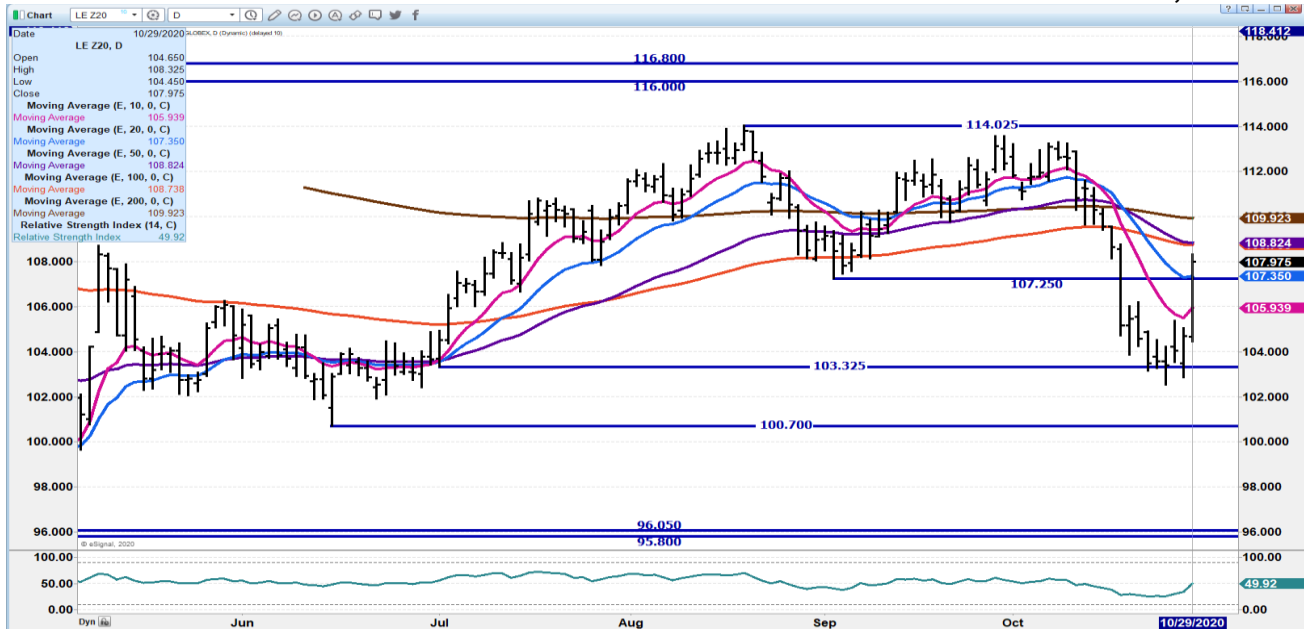




OCTOBER 2020 LIVE CATTLE – Thursday moved above all moving averages but closed above 10 and 20 Resistance 107.35 Support at 105.40 Are they trading Southern or Northern cattle Open Interest at 24 contracts



DEC 2020 LIVE CATTLE - Closed above 10 and 20 day averages now support at 107.35 which is resistance on October to 105.92 Resistance at 108.85 to 109.92 Volume 29,721

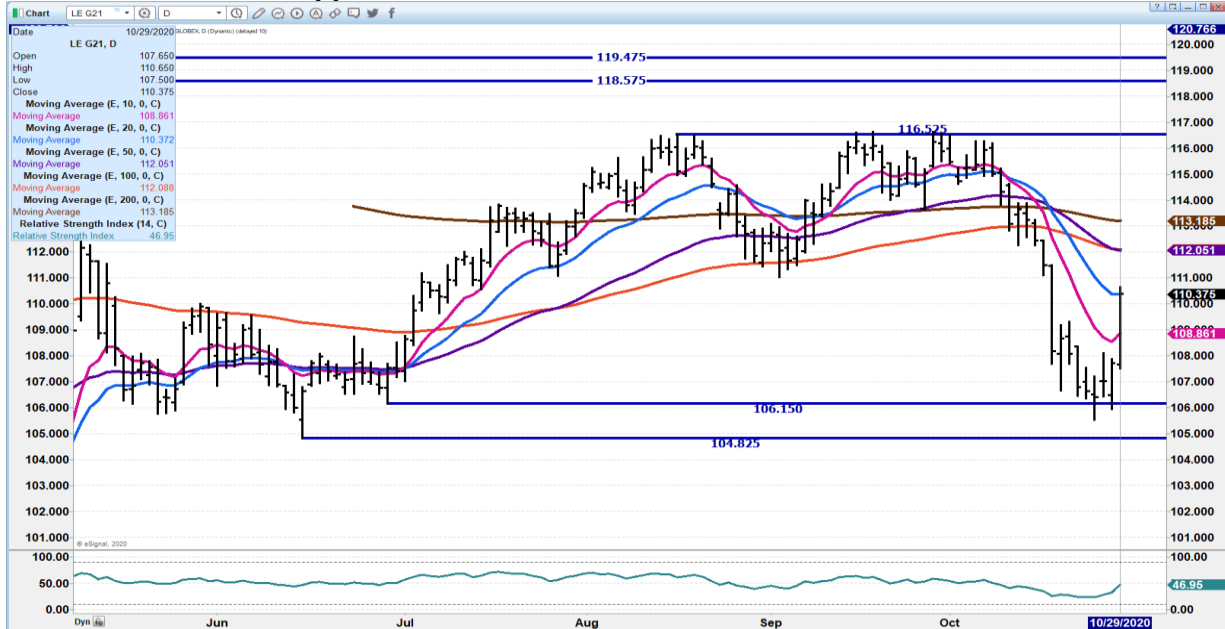


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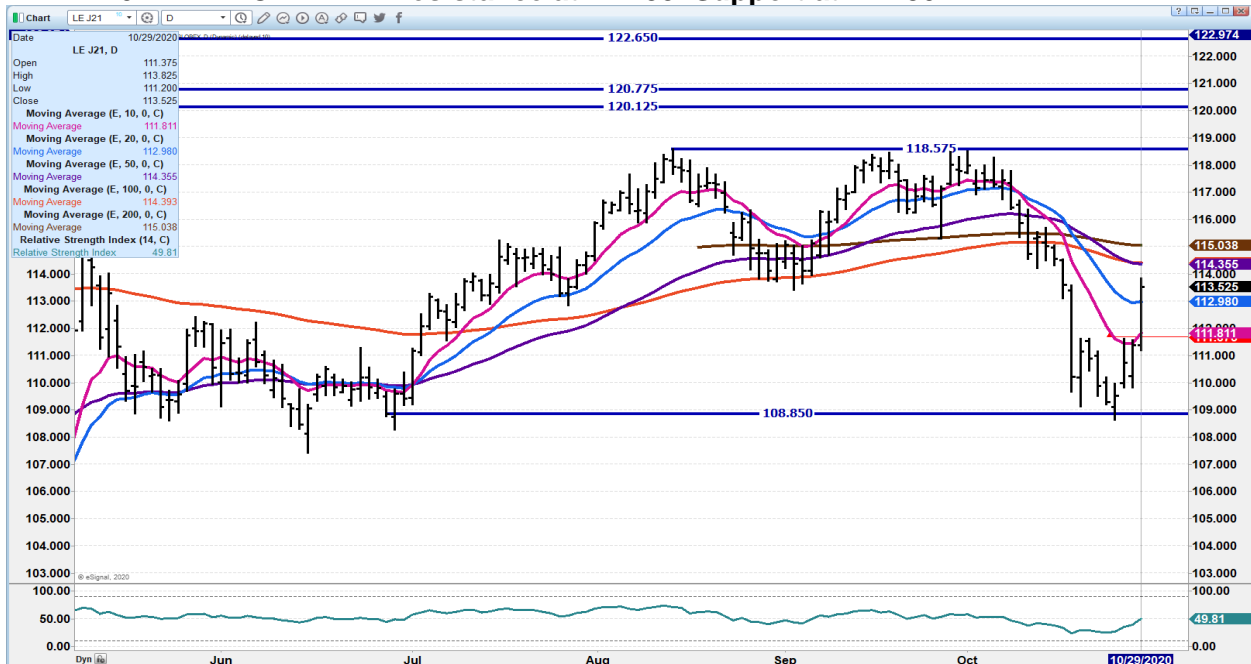
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FEBRUARY 2021 LIVE CATTLE – Closed on 20 day average Resistance at 112.05 with SCO above 113.37 Support at 108.87 to 106 15



APRIL 2021 LIVE CATTLE –Resistance at 114.35 Support at 111.80



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Feeder Cattle

**THE CME FEEDER INDEX ON 10/28/2020 WAS 134.34 DOWN 1.19 FROM PREVIOUS DAY
OCTOBER 2020 FEEDER CATTLE SETTLED ON OCTOBER 29, 2020 AT \$136.45**

Nine months to a year from now, feeders cattle could see a significant drop in numbers, and this is on top of the liquidation that took place last spring that will begin show fewer feeders in feedlots by December 2020 and January 2021. The Southwestern states up to the US/ Canadian border and the western states have had extreme drought conditions. Cow herds have been cutback to completely sold with vast majority going to slaughter.

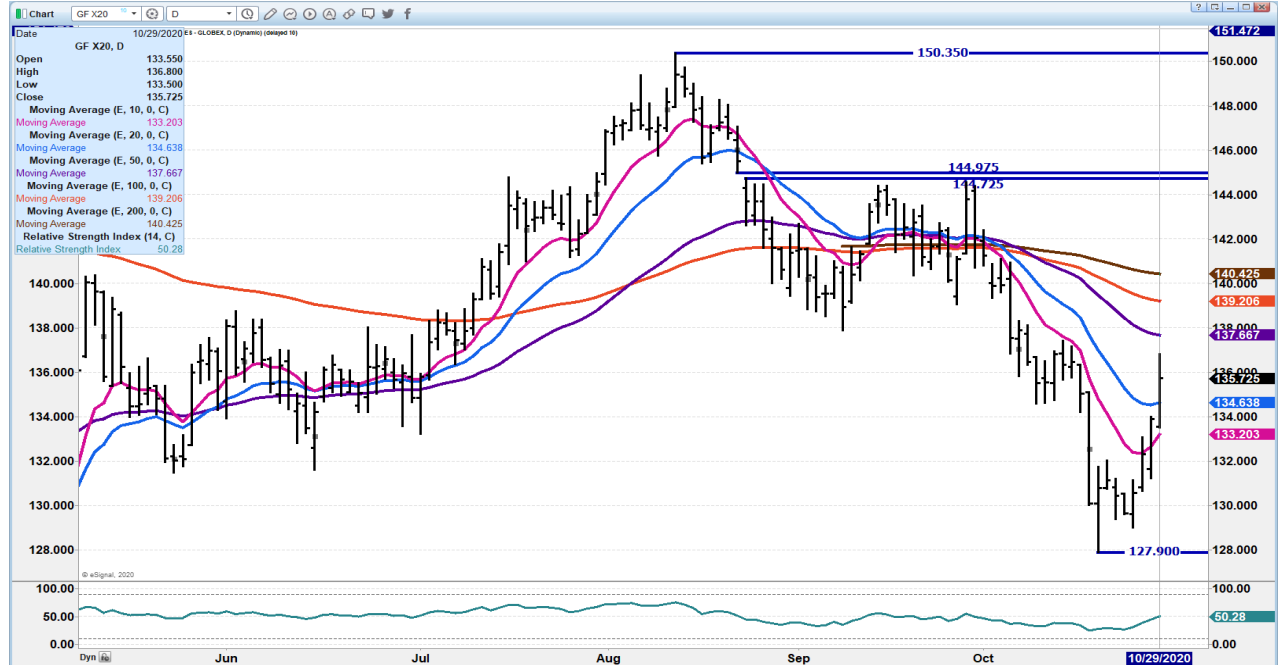
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JANUARY 2021/MARCH 2021 FEEDER CATTLE SPREAD – SPREAD IS NARROW. IT IS NOW FRIENDLY





NOVEMBER 2020 FEEDER CATTLE - RESISTANCE AT 137.50 TO 139.25 SUPPORT AT 134.70 TO 133.20



JANUARY 2021 FEEDER CATTLE –Resistance at 132.37 to 134.97 Support at 129.27



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LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

OCTOBER 29, 2020	492,000	
WEEK AGO	492,000	
YEAR AGO	492,000	
WEEK TO DATE (EST)		1,956,000
SAME PERIOD LAST WEEK (EST)		1,949,000
SAME PERIOD LAST YEAR (ACT)		1,951,000

****REVISED WEDNESDAY HOG SLAUGHTER..485,000** PREVIOUS ESTIMATE 492,000**

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CME CASH HOG INDEX 10/27/2020 AT 76.27 DOWN 1.20 CENTS FROM PREVIOUS DAY

CME CASH PORK CUTOUT INDEX 10/28/2020 AT 90.90 DOWN 2.91 FROM PREVIOUS DAY.

CME CASH FRESH BACON INDEX ON 10/23/2020 WAS 222.45 COMPARED TO 10/16/2020 WAS 214.50

Hogs are in the time of the month when cash hogs and pork prices may or may not reflect on what happens in the futures market.

Pork cutout because hams Thursday on up side of yoyo. Loins up 60 cents. Total volume very light but seeing demand for increasing similar to what is happening in the beef market. Consumers are beginning to hoard similar to what took place in March.

Trade was disappointed China was not a big buyer. But, traders need to get used to it. China is rapidly increasing hog numbers and currently big supplies of stored pork and Chicken at the same time Brazil is growing by close to 5% and Europe by 2 plus percent.

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Record Planeloads of Live Hogs Flown Into China to Boost Herds

<https://www.bloomberg.com/news/articles/2020-10-29/record-planeloads-of-live-hogs-flown-into-china-to-boost-herds>

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Trade wasn't too excited about trade deal with Viet Nam. Shucked off the positive news and traded lower Wednesday.

U.S., VIETNAM SIGN \$500 MILLION DEAL TO FORM 'PORK CONSORTIUM'

<https://www.reuters.com/article/us-usa-asia-vietnam-pork/vietnam-buyers-sign-deal-to-purchase-500-million-of-us-pork-idUSKBN27D0XJ>

Pork Cutout Futures and Options Fact Card

<https://www.cmegroup.com/education/articles-and-reports/pork-cutout-futures-and-options-fact-card.html>

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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 29, 2020

LOADS OF PORK CUTS: 208.16

LOADS TRIM/PROCESSED PORK: 74.62

FINAL

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
10/29/2020	282.78	87.57	77.90	76.50	61.51	132.38	97.78	116.86
CHANGE :		3.05	0.60	1.51	0.80	-3.38	14.24	-4.72
Five Day Average --		89.21	79.15	79.53	61.40	140.22	87.49	136.76

FINAL PREVIOUS WEEK'S CLOSE

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
10/23/2020	345.34	93.25	83.81	81.37	61.27	143.36	84.43	157.32

NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE

SLAUGHTER DATA FOR OCTOBER 27, 2020

Average live weight - 285.54

Average carcass weight - 213.21

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**DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM October 28, 2020
NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES**

Carcass Base Price: \$58.00 - \$64.00

Weighted Average: \$61.76

Change from Prior Day: .80 lower

HOGS SOLD: 6,960

SWINE OR PORK MARKET FORMULA PURCHASE (Including Packer Sold)

PRICE RANGE: \$59.62 - \$85.83

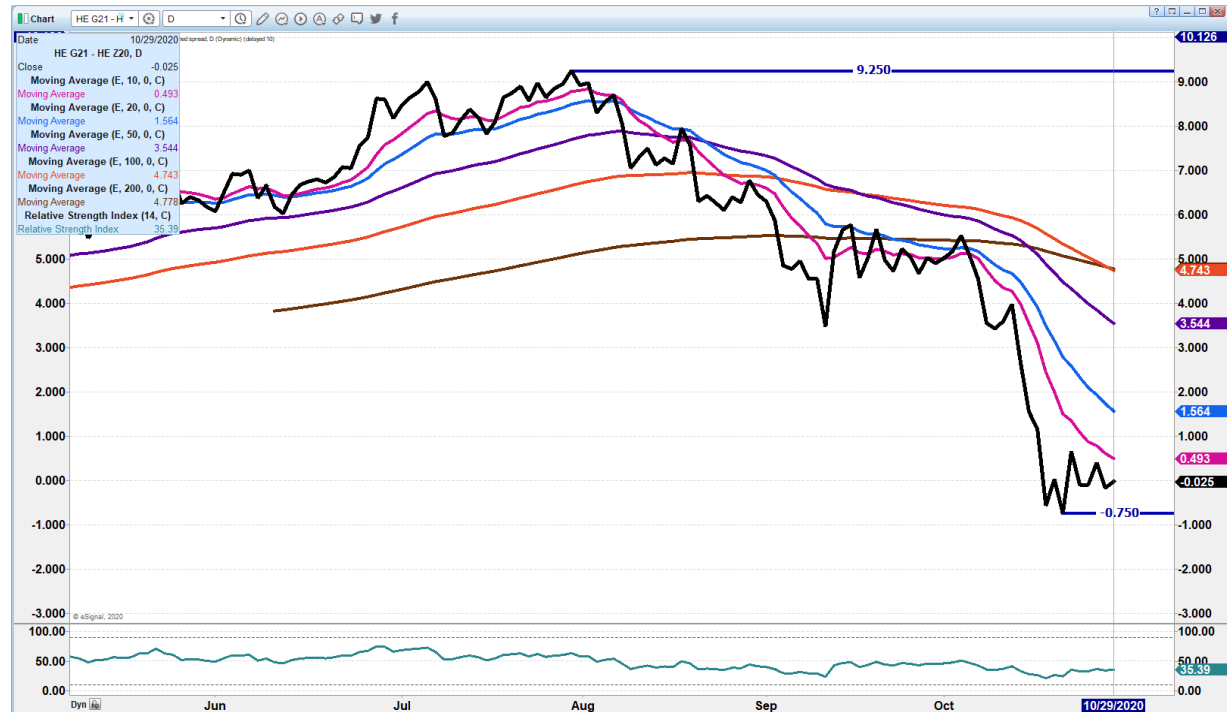
Weighted Average: \$74.11

Previous Day: \$75.20

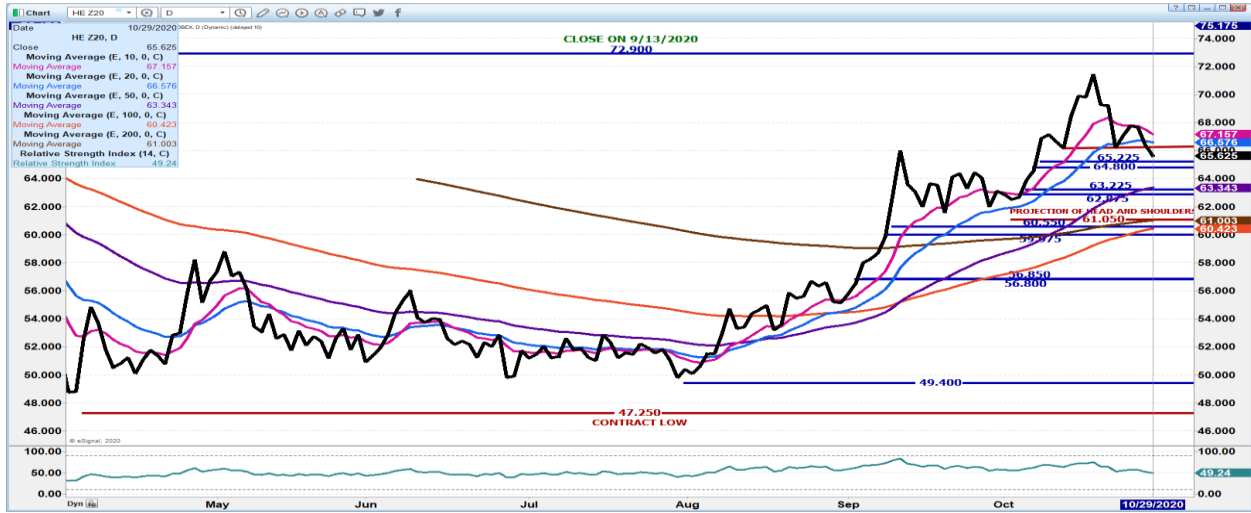
HOGS SOLD: 152,443

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

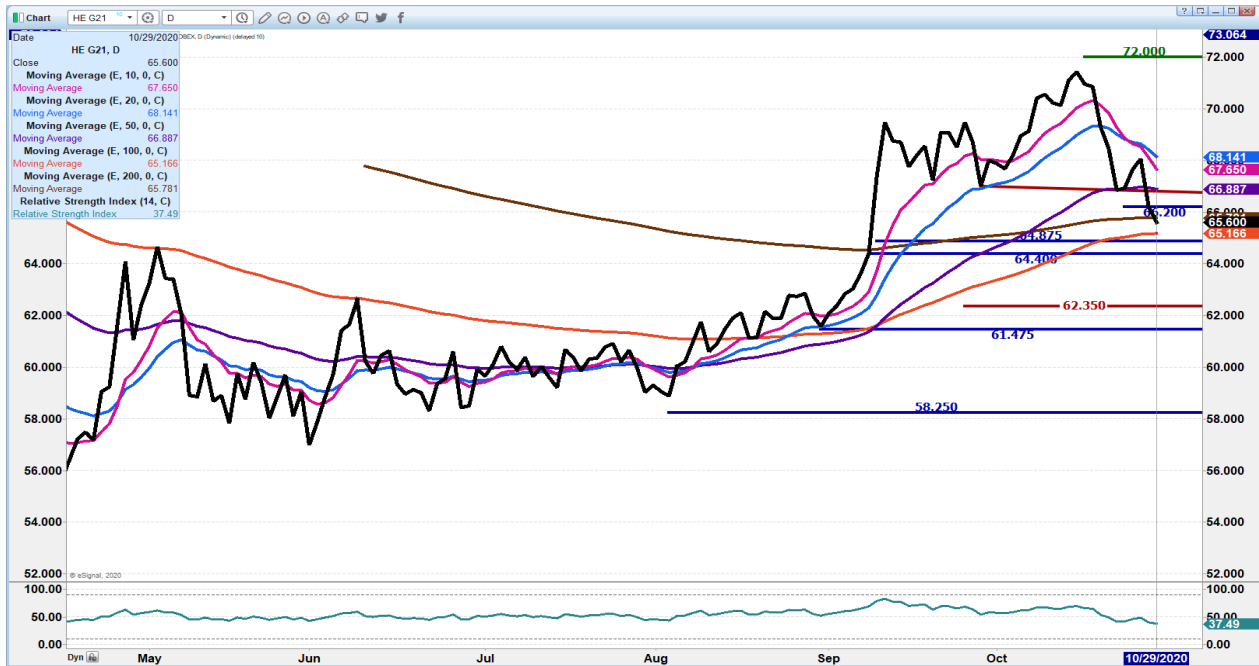
FEB 2021/DECEMBER 2020 LEAN HOG SPREAD - LOOK FOR DEC TO FALL TO FEB .



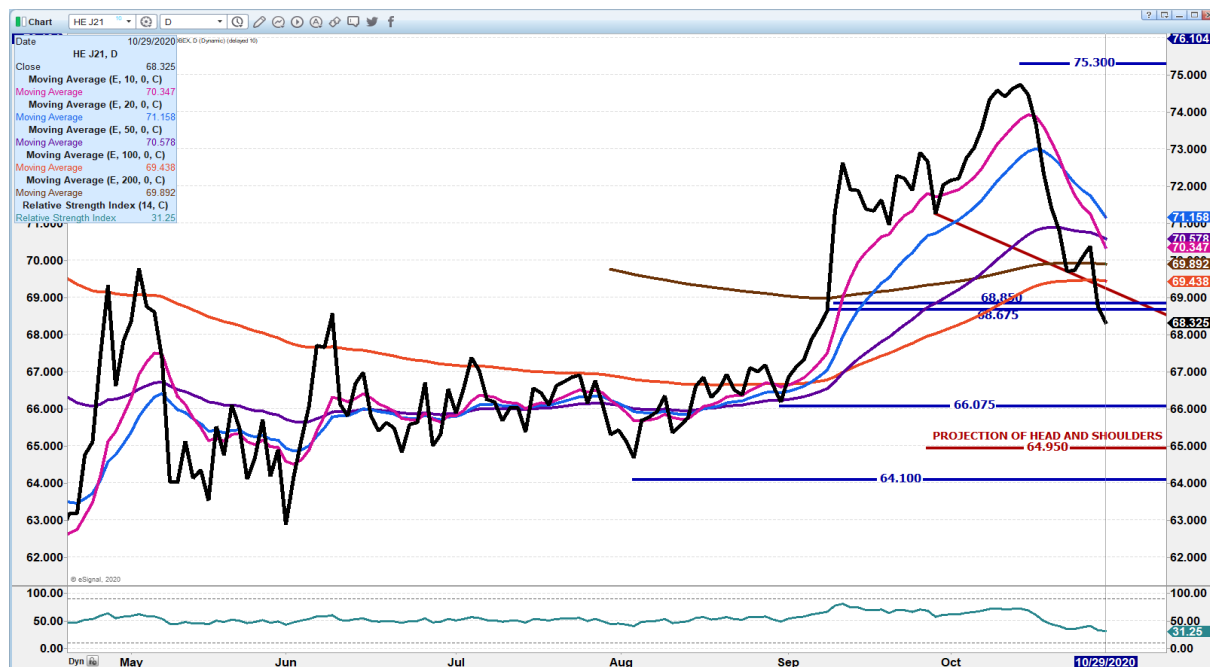
**DECEMBER 2020 LEAN HOGS – HOGS MAY BE FORMING HEAD AND SHOULDERS.
NOW BELOW 10 AND 20 DAY MOVING AVERAGES RESISTANCE AT 67. 20 TO 70.05
SUPPORT 63.35 TO PROJECTION AT 61.05**



**FEBRUARY 2021 LEAN HOGS – HEAD AND SHOULDER PROJECTION 62.35
RESISTANCE SUPPORT AT 64.37 RESISTANCE 67.65**



**APRIL 2021 LEAN HOGS – HEAD AND SHOULDER 64.95 SUPPORT 66.07
RESISTANCE AT 69.50 TO 70.35**



Beef: Net sales of 18,900 MT reported for 2020 were down 13 percent from the previous week and 6 percent from the prior 4-week average. Increases primarily for China (4,300 MT), Japan (4,200 MT, including decreases of 200 MT), South Korea (4,200 MT, including decreases of 1,500 MT), Mexico (2,200 MT), and Taiwan (1,400 MT, including decreases of 100 MT), were offset by reductions primarily for Colombia (100 MT) and Chile (100 MT). For 2021, net sales of 4,600 MT were primarily for Japan (2,700 MT), South Korea (1,100 MT), Hong Kong (500 MT), and Guatemala (200 MT). Exports of 16,900 MT were down 5 percent from the previous week, but unchanged from the prior 4-week average. The destinations were primarily to Japan (4,300 MT), South Korea (3,700 MT), Mexico (1,900 MT), Hong Kong (1,700 MT), and China (1,600 MT).

Pork: Net sales of 29,000 MT reported for 2020 were up 8 percent from the previous week, but down 24 percent from the prior 4-week average. Increases were primarily for Mexico (8,400 MT, including decreases of 1,500 MT), Japan (6,400 MT, including decreases of 200 MT), South Korea (2,900 MT, including decreases of 400 MT), China (2,500 MT, including decreases of 600 MT), and Australia (2,200 MT). For 2021, net sales of 7,000 MT were primarily for Australia (5,500 MT) and China (1,300 MT). Exports of 37,100 MT were up 2 percent from the previous week and 5 percent from the prior 4-week



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average. The destinations were primarily to China (12,900 MT), Mexico (11,000 MT), Japan (4,500 MT), Canada (2,400 MT), and South Korea (2,100 MT).

CHARTS FROM ESIGNAL INTERACTIVE, INC.

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