



MORNING November 20, 2020 Livestock Report

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

CATTLE

USDA FEDERAL CATTLE SLAUGHTER

NOVEMBER 19, 2020	119,000
WEEK AGO	120,000
YEAR AGO	115,000
WEEK TO DATE (EST)	478,000
SAME PERIOD LAST WEEK (EST)	472,000
SAME PERIOD LAST YEAR (ACT)	473,000

=====

	CHOICE	SELECT
BOXED BEEF FINAL	237.70	213.89
CHANGE FROM PRIOR DAY	1.86	0.27
CHOICE/SELECT SPREAD:		23.81
TOTAL LOAD COUNT		152
5 DAY SIMPLE AVERAGE:	229.80	211.53

PREVIOUS WEEK 11/13/2020	CHOICE	SELECT
BOXED BEEF FINAL PRICE	225.98	209.46

=====

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 NOVEMBER 19, 2020

Primal Rib	474.83	359.54
Primal Chuck	196.11	186.63
Primal Round	193.31	191.22
Primal Loin	291.86	257.92
Primal Brisket	153.61	152.59
Primal Short Plate	128.15	128.15
Primal Flank	107.08	103.19



FINAL NOVEMBER 18, 2020

Primal Rib	472.77	357.66
Primal Chuck	194.01	186.70
Primal Round	192.12	191.16
Primal Loin	288.53	257.54
Primal Brisket	153.07	152.99
Primal Short Plate	128.01	128.01
Primal Flank	107.25	103.30

=====

LOAD COUNT AND CUTOFF VALUE SUMMARY FOR PRIOR 5 DAYS

Date	Choice	Select	Trim	Grinds	Total	CHOICE	SELECT
						600-900	600-900
11/18	80	24	13	26	142	235.84	213.62
11/17	80	16	14	32	142	233.72	213.96
11/16	66	16	9	37	128	226.95	212.35
11/13	123	11	27	9	171	225.98	209.46
11/12	51	13	12	13	90	226.50	208.24

=====

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	90.67 loads	3,626,785 pounds
Select Cuts	29.91 loads	1,196,506 pounds
Trimming	10.81 loads	432,561 pounds
Ground Beef	20.57 loads	822,921 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)

WEEKLY EXPORT HIGHLIGHTS FOR WEEK ENDING NOVEMBER 12, 2020 AT BOTTOM OF REPORT

=====

NOVEMBER USDA LIVESTOCK REPORTS
CATTLE ON FEED REPORT NOVEMBER 20, 2020 AT 2:00PM CENTRAL TIME
COLD STORAGE REPORT NOVEMBER 23, 2020 2:00PM CENTRAL TIME



USDA POSTED CATTLE PRICES ON 11/19/2020

IA/MN – CASH 106.00 - 109.00 Dressed.- 170.00 - 172.00
 NE - CASH – 108.00 - 110.00 – Dressed 172.00
 KS – CASH 109.00 - 110.00 DRESSED 172.00
 TX/OK/NM – 110.00 - mixed Choice and Select
 CO – Information not available due to confidentiality

*****National Daily Direct Cattle November 19, 2020
 (5 day accumulated weighted avg)**

	Weight	Price	Head
Live Steer:	1489	\$109.60	92,574
Live Heifer:	1319	\$109.70	35,847
Dressed Steer:	981	\$171.72	24,224
Dressed Heifer:	874	\$171.66	7,369

=====

U.S. Department of Agriculture's monthly Cattle on Feed report estimates Friday at 2 p.m. CST

U.S. October cattle placements seen down 8.9% from last year

	Range	Average	Mln head
On feed November 1	100.9-102.6	101.8	12.029
Placements in October	87.3-95.5	91.1	2.243
Marketings in October	98.5-102.4	100.2	1.879

Reuters News

Rumors moved markets Thursday, but some of the rumors have some feet beginning to grow

The US over the past two days has had close to 2000 people dying from COVID 19 and the agricultural states are where it is surging the most.

Thursday morning beef exports were one of the best weekly exports in 2020. Boxed beef is going up day after day with days when the most expensive cut is up more than \$30 or \$40 in two days. Packers are paying in Texas the same price for select cattle as they are for choice and Southwest cattle are higher priced than Midwest cattle. It is hard to find bearish news.



So why did cattle dump Thursday? Rumors now... rumors that packers were slowing or closing plants because of COVID 19. But as I have been pointing out: every trader should anticipate a rumor today about COVID 19 might be the reality of the future. COVID 19 is making millions very ill and in the US it has killed over a quarter of a million people with over 1000 people dying every day. The biggest outbreaks are in agricultural states. Packers have the Defense Protection Act to keep them open and so far it is working.

The lack of labor for packers may not be the problem. Small rural towns in Kansas, Iowa, Nebraska, Oklahoma and throughout the Southwest have hospitals that are full and percentage of people getting ill are some of the highest in the country. Feedlots that have ill workers or truckers may not be able to move cattle can happen anytime and maybe already is a problem..

But on Thursday, the fact is in non-spot months, like November, live cattle and lean hog futures can and often do trade the direction of big money. December is far enough away that what happens on November 19th, over three weeks from the start of delivery in December or when December hogs go off the board is prime time for speculative traders, especially algorithms. Retail speculators and hedgers are not big money . Big managed money are the algorithmic funds. They are also formulas that are the new “scalpers.” In the Globex pit. There are also the dark traders that come in fast from the dark and often back into the dark as fast as they came in.

Of course on Thursday, there are going to be reports about packers possibly shutting down because of COVID 19, but as of 1:05PM Central time November 19th, there have been plenty of rumors but no actual factual news. But what has been noticeable are inter and inter market spreads over the past few days have done little and when algorithms “see” markets slowing and faltering, they head out and dark algorithms jump on board.

=====
Livestock producers should anticipate, even though it might not happen, to have China or some country reject loads of US meat after finding COVID 19. For several months Argentina and Brazil have had loads of beef, pork, poultry and fish reject. Norway had fish rejected. This week COVID was found on frozen meat from New Zealand and South America and was rejected. As COVID 19 increases over the next few months in the northern hemisphere, anticipate it is highly possible to happen.

=====
Iowa and Nebraska still fighting with heavy weights. Packers are paying more for cattle in Texas, New Mexico and Oklahoma for loads grading from 35% to 80% Choice to Select than they pay for Choice heavy cattle.

=====



The Fed Cattle Exchange Wednesday had 930 head at the Internet auction with all cattle from Texas. Three lots, a total of 543 head, sold for \$110.25.

Consumers are hoarding everything from toilet paper, cleaning supplies. Potatoes, rice, pasta to beef. But unlike last spring, retailers are limiting how much a consumer can buy at one time. I talked to a retail store manger on Wednesday. He told me some people are getting creative. They buy what is allowed, load up the car and come back with a different debit card or credit card. However, if customer uses the store coupon and tracking card, it notifies the cashier.

Many countries over the past few weeks have closed borders and shut down cities. As it happened last spring, it is possible they might delay shipments.

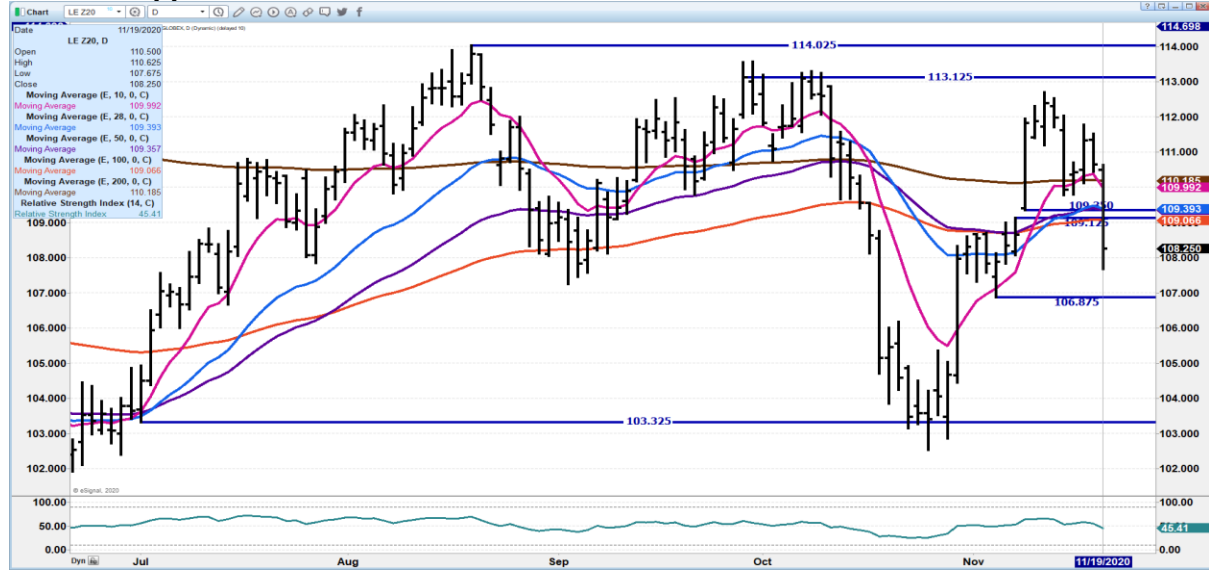
As of November 17, 2020, dressed steer and heifer weights were 896.7 compared to previous week at 891.2 up 5.5 pounds from week ago and 22 pounds over a year ago compared to a week ago up 24 pounds. Grading percent was 81.6%, down compared to previous week at 81.6%.

FEBRUARY 2021 LIVE CATTLE/APRIL 2021 LIVE CATTLE SPREAD - TREND OF SPREAD KEEPS WIDENING

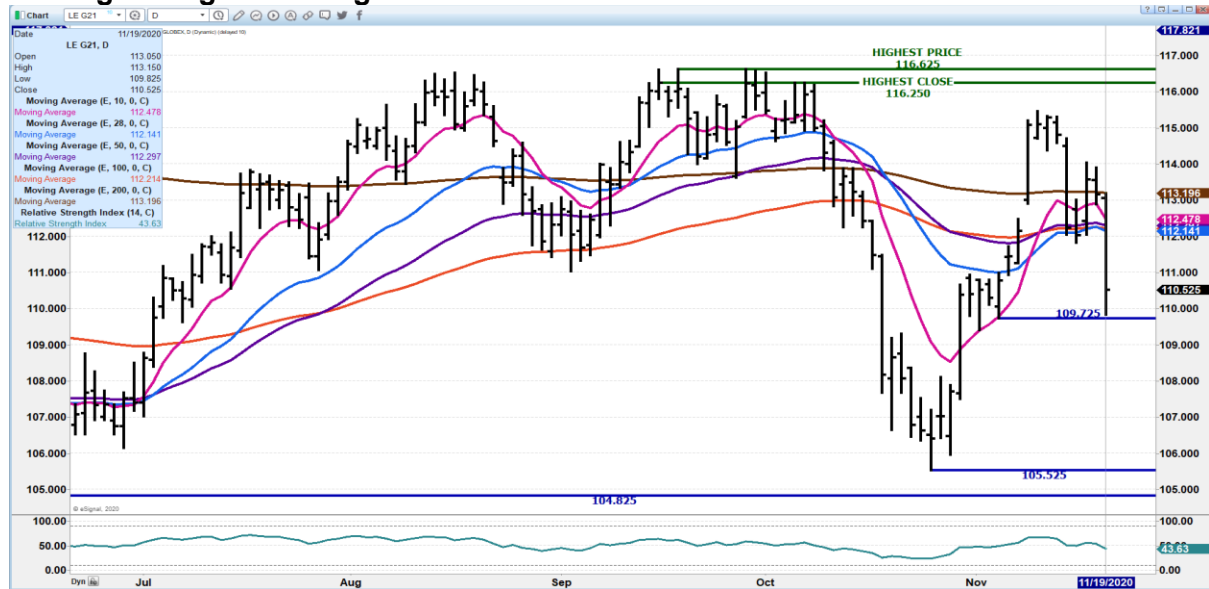




DECEMBER 2020 LIVE CATTLE - Definitely filled gap Thursday. Resistance is 109.40 to 110.00 Support 107.67 to 106.87

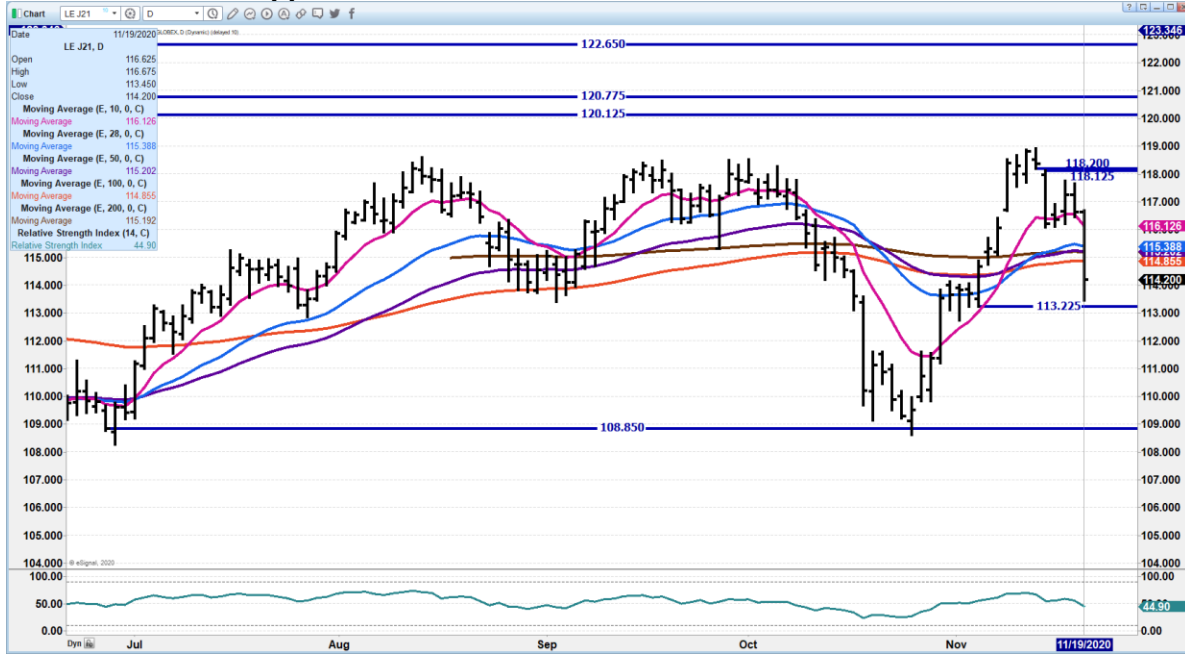


FEBRUARY 2021 LIVE CATTLE – For the move on Thursday volume was not big, 27,301 Fell to support and bounced off Support on Friday 109.72 Resistance at 112.50 where 4 moving averages converge





APRIL 2021 LIVE CATTLE – Dropped where market moved sideways at the end of October 113.22 Support Resistance at 114.85 to 115.37



Feeder Cattle

THE CME FEEDER INDEX ON 11/18/2020 WAS 137.51 UP 14 CENTS FROM PREVIOUS DAY –

NOVEMBER 2020 FEEDER CATTLE FUTURES SETTLED ON NOVEMBER 18, 2020 AT \$137.02

OKLAHOMA NATIONAL STOCKYARDS FEEDER CATTLE - OKLAHOMA CITY, OK NOV 17, 2020

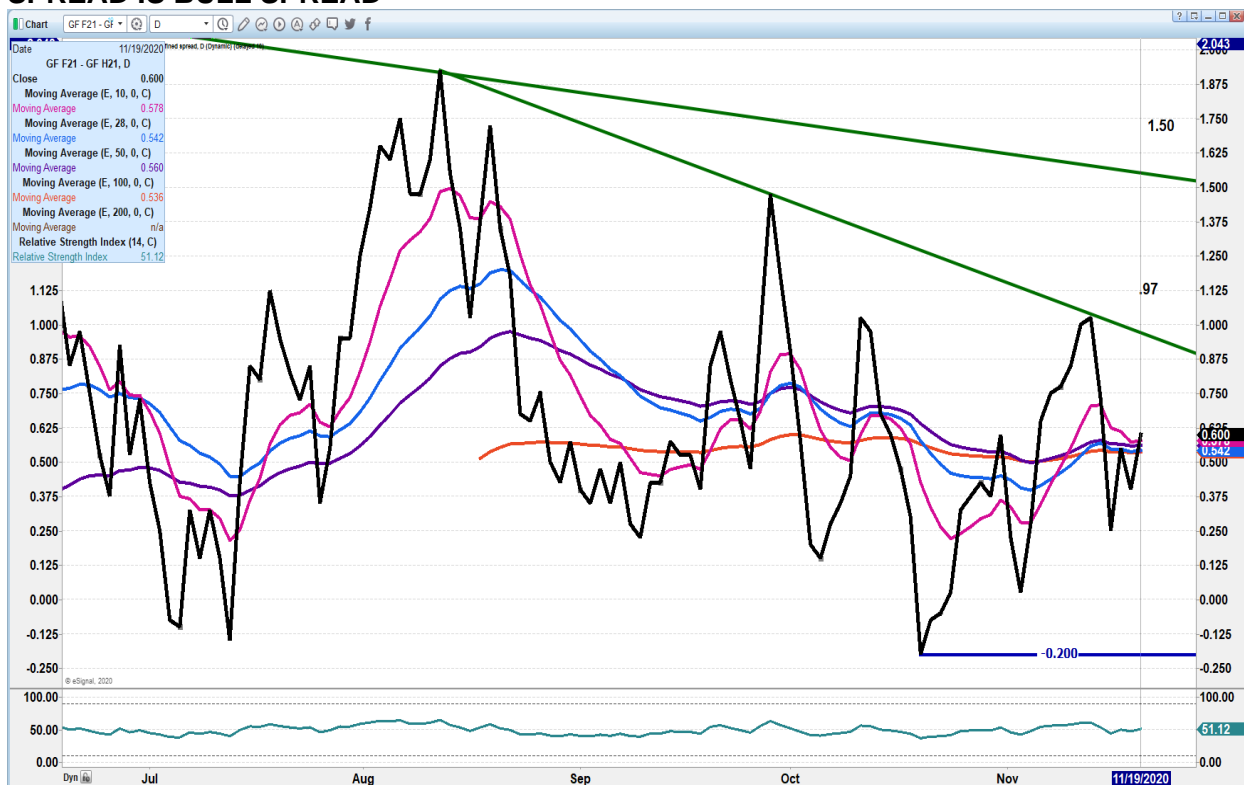
THIS WEEK 11/9/2020 LAST YEAR

**TOTAL RECEIPTS: 13,829 11,125 13,355
 COMPARED TO LAST WEEK: FEEDER STEERS 1.00 TO MOSTLY 4.00 LOWER. FEEDER HEIFERS STEADY TO 3.00 LOWER. BULK OF SUPPLY CALVES. STEER CALVES 4.00-**



8.00 HIGHER. HEIFER CALVES STEADY TO 2.00 HIGHER. LIGHT WEIGHT (UNDER 500 LBS) STEER AND HEIFER CALVES SELLING 10.00-15.00 HIGHER. DEMAND VERY GOOD FOR STEER CALVES; MODERATE FOR HEIFERS.

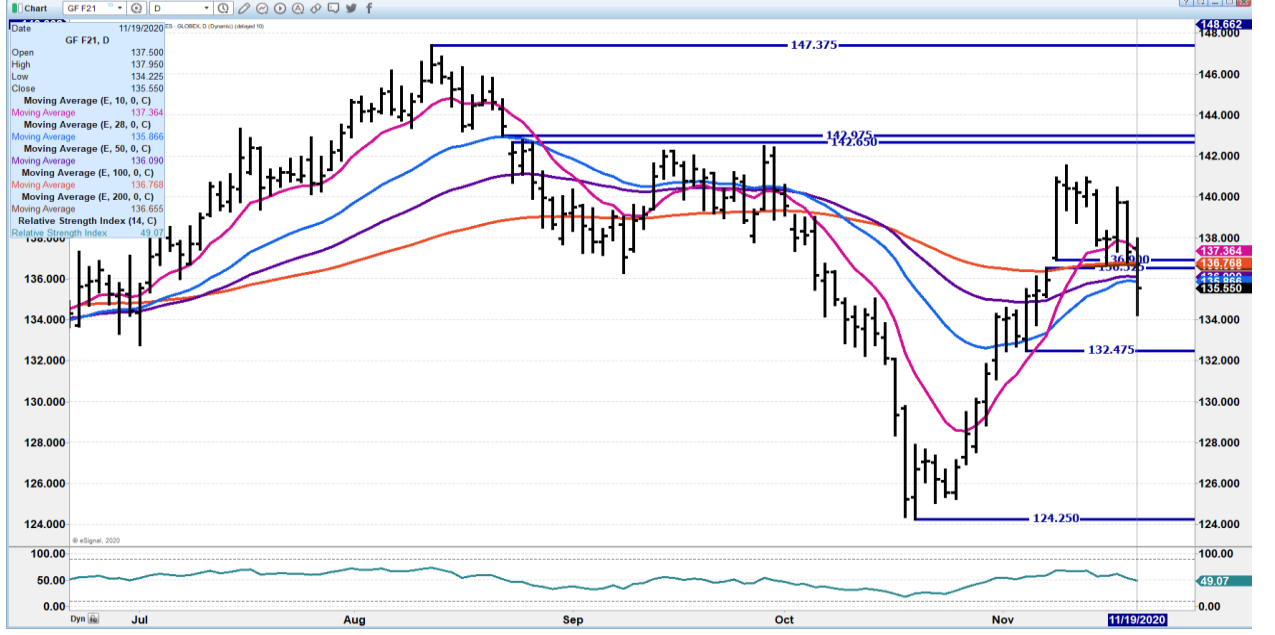
JANUARY 2021/MARCH 2021 FEEDER CATTLE SPREAD – NARROWING IS FRIENDLY. SPREAD IS BULL SPREAD



NOVEMBER 2020 FEEDER CATTLE = REMAINING SIDEWAYS. COULD GET BOOST IF COF BULLISH



JANUARY 2021 FEEDER CATTLE – Dropped and came back to convergence of 20 and 50 day averages. Support at 132.47 Resistance at 137.57





LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

NOVEMBER 19, 2020	491,000
WEEK AGO	483,000
YEAR AGO	484,000
WEEK TO DATE (EST)	1,955,000
SAME PERIOD LAST WEEK (EST)	1,923,000
SAME PERIOD LAST YEAR (ACT)	1,968,000

=====

CME CASH HOG INDEX 11/17/2020 AT 69.32 DOWN .41 FROM PREVIOUS DAY

CME CASH PORK CUTOUT INDEX 11/18/2020 AT 79.90 DOWN 1.15 FROM PREVIOUS DAY

CME CASH FRESH BACON INDEX ON 11/13/2020 WAS 141.67 COMPARED TO 11/06/2020 WAS 158.37.

=====

China's mega hog producers were beginning to build large scale construction before African Swine Fever

As African Swine Fever swept through China wiping out subsistent family hogs and small to mid-size producers, Chinese hog conglomerates with financing from the Government and private Chinese and European investors were already starting to build and increase production. Below are two reports on "hog hotels." As you can see from the dates, the reports were before the breakout of African Swine Fever.

Years before ASF moved through Chinese farms, family and private producers raising up to 100,000 hogs or more a year ran into new laws that made it difficult to compete with the Mega producers. In 2015 hog producers were required to cook or distill manure before it could be spread as fertilizer or it was made into ethanol which were costs that forced many private producers out of business. As early as 2012, Chinese banks offered low interest loans but requirements for a loan were too difficult for the smaller producer and were actually made for the corporate producers to expand.

When African Swine Fever was found on a farm not only were hogs destroyed on the farm where it was found but also on surrounding farms that could possibly have it or get it. Because of strict sanitation on mega corporate farms, very few hogs were found to



have African Swine Fever. African Swine Fever wiped out farms some of size. Now, after sanitation the farms are back to producing but not private ownership but as contract feeders or simply selling facilities to corporation. In January 2020, the government assisted the corporate farms to teach the private producers methods of contract feeding or leasing building per pig grown for the corporate producers.

China is restructuring the hog industry. Moving packing and processing to where hogs are grown rather than moving hogs often 1000 to 2000 miles to packers in cities. It is also producing more hogs near to cities to eliminate livestock transportation. This will eliminate hogs crossing regions that helped to spread ASF and logistically it is cheaper and easier to distribute meat than to truck hogs long distances. The Chinese government is also requiring large cities to produce 10% or more of the hogs to meet pork needs. City governments were required in 2019 to select the building sites, so hog firms didn't have to take time to find land and avoid time it took to get building permits and loans backed by banks. City governments had permits finalized before companies started bidding on sites. "Hog cities" were selected in areas of China and Inner Mongolia beginning late 2018 and to February 2019 where there is readily available land that will raise and process hogs at first to be 50% of pork needs for the province and eventually more than the provinces need.

Hotel Hog facilities aren't the only large scale hog buildings being built. There are several companies building conventional facilities. Also, mega construction is going on in Viet Nam. The New Hope Group, possibly the largest privately owned agricultural conglomerate in China is financing and building massive breeding and pig barns in Viet Nam and countries surrounding China. Private investors are also investing in Ukraine and Brazil.

Personally, I find the hog hotels fascinating. They are mainly being built in areas where the land is not being used and away from populated areas. China has strict laws about water pollution to manure handling. As noted above, manure disposal is one reason small farmers to privately own farms raising upward of 200,000 hogs were leaving farming before ASF.

May 16, 2018 |, 3 YEARS AGO

<https://www.dailymail.co.uk/news/china/article-5735667/Farmers-China-pigs-13-storey-buildings-produce-nations-favourite-meat.html>

July 23, 2018

<https://theculturetrip.com/asia/china/articles/china-is-building-the-biggest-pig-farm-in-the-world-to-keep-up-with-the-demand-for-pork/>



Hog production in China in 13 story “hotels” in southern China. This farm is expected to produce 840.000 hogs per year.



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

NOVEMBER 19, 2020

LOADS OF PORK CUTS: 304.40

LOADS TRIM/PROCESSED PORK: 50.41

FINAL

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
11/19/2020	354.81	79.22	71.61	81.26	73.83	134.16	80.02	90.65
CHANGE :		1.54	0.00	0.12	-0.36	3.80	9.50	-5.68
Five Day Average --		79.36	72.36	81.29	73.79	132.45	78.29	93.39

FINAL PREVIOUS WEEK'S CLOSE

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
11/13/2020	354.83	80.14	72.94	79.81	74.18	130.79	79.78	95.19

NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE SLAUGHTER DATA FOR NOVEMBER 18, 2020

Average live weight - 287.49

Average carcass - 215.27



**DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM November 18, 2020
NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES**

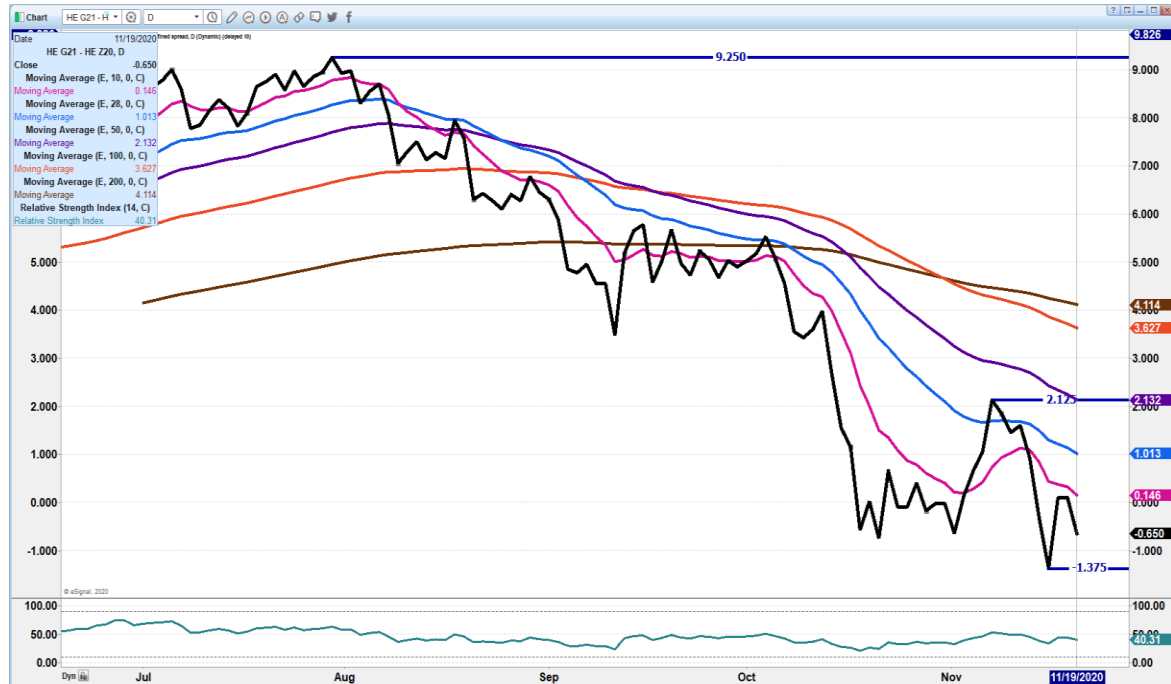
Carcass Base Price: \$51.00 - \$59.75
Weighted Average: \$58.48
Change from Prior Day: 0.20 lower
HOGS SOLD: 6,047

SWINE OR PORK MARKET FORMULA PURCHASE (Including Packer Sold)

PRICE RANGE: \$57.09 - \$74.39
Weighted Average: \$66.85
Previous Day: \$67.28
HOGS SOLD: 168,208

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

FEBRUARY 2021/DECEMBER 2020 LEAN HOG SPREAD – SPREAD IS NARROW BUT OPEN INTEREST ON DEC EVAPORATING

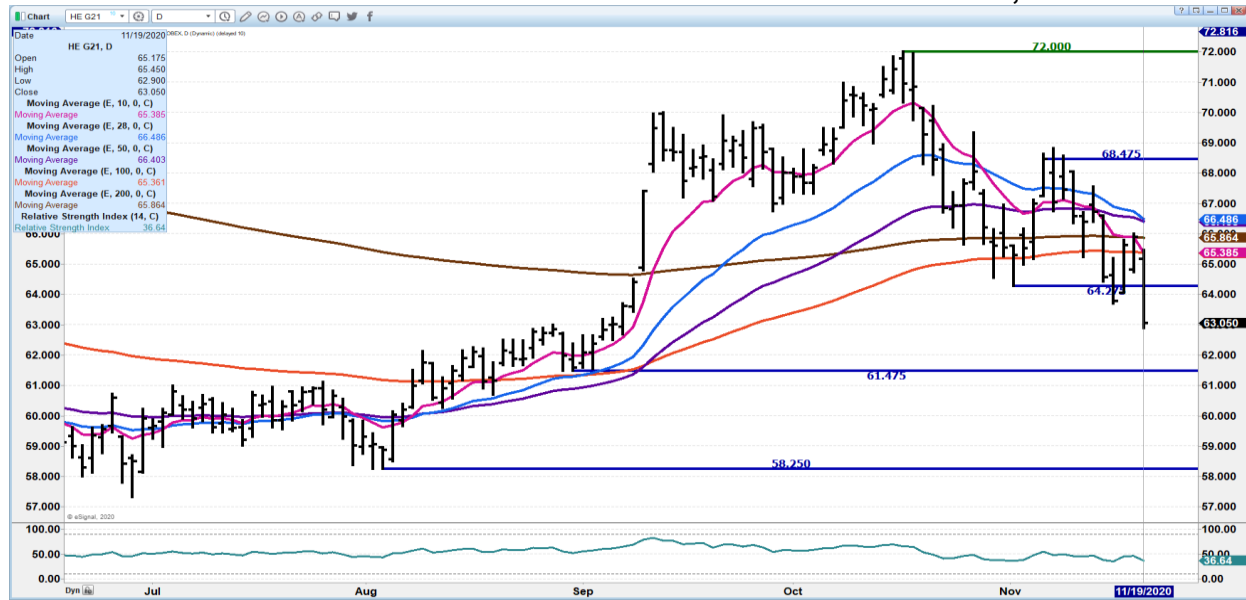




DECEMBER 2020 LEAN HOGS – DROPPED BUT HAS FILLED GAP AT 63.22 TO 62.87 SUPPORT AT 61.75 REISTANCE AT 65.25

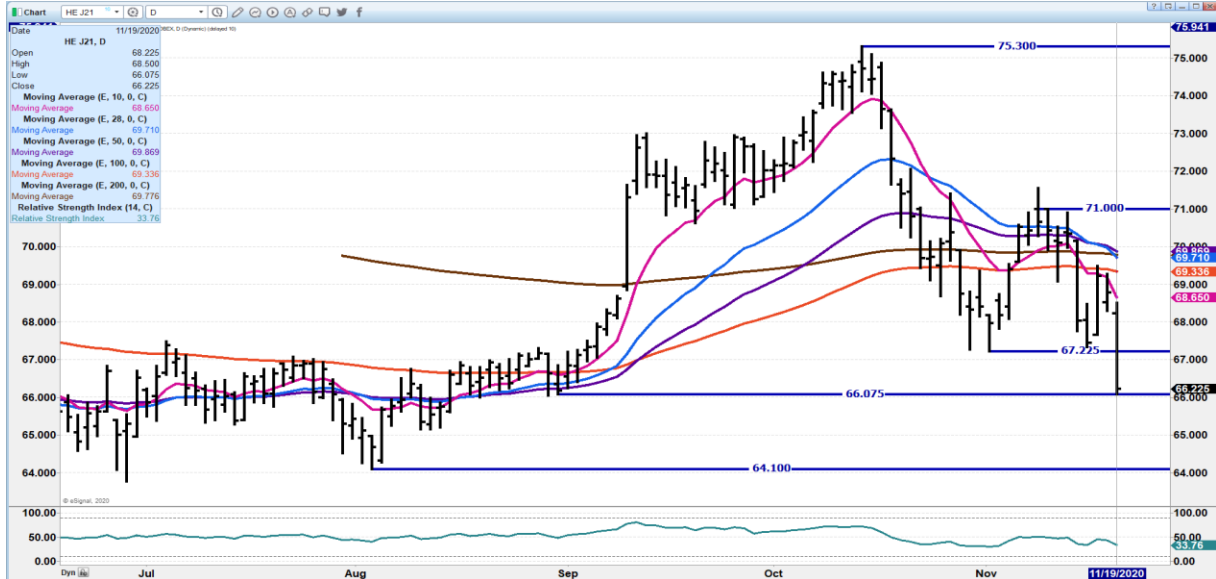


FEBRUARY 2021 LEAN HOGS – MOVED THROUGH SUPPORT AT 62.27 NEXT SUPPORT AT 61.47 RESISTANCE AT 65.37 USE 66.87 SCO VOLUME LIGHT AT 16,238

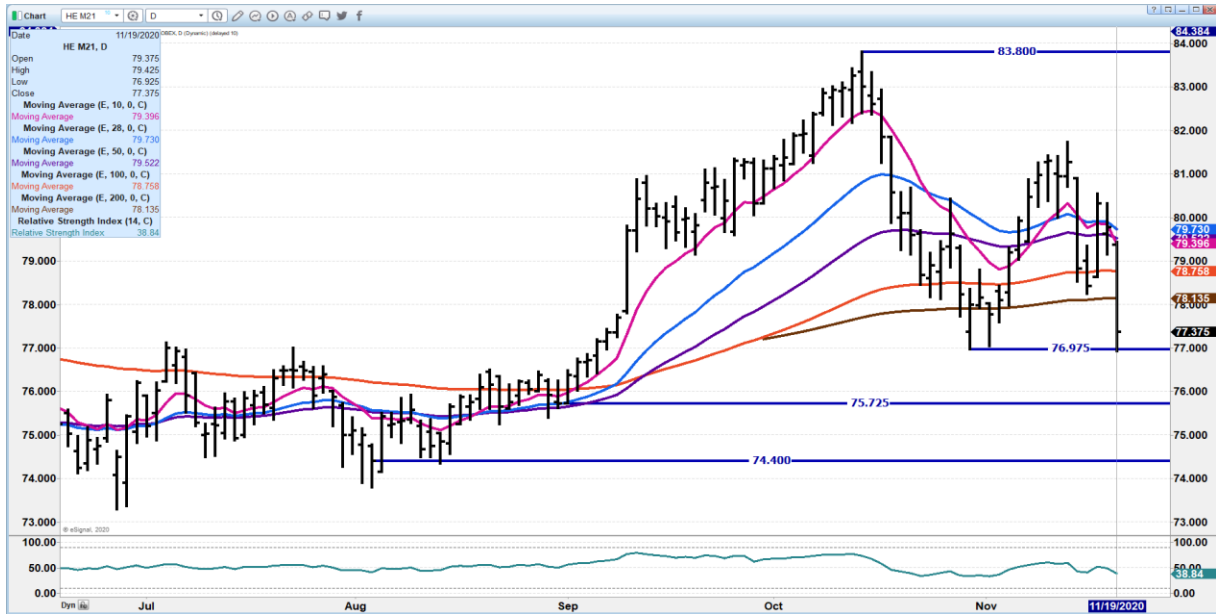




APRIL 2021 LEAN HOGS – DROPPED TO LOWS OF AUGUST 28 TO 66.07 RESISTANCE AT 68.50 WITH SCO AT 68.02



JUNE 2021 LEAN HOGS – Fell to last double low to 76.97, now support Resistance at 78.17 to 79.37



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.



CHARTS FROM ESIGNAL INTERACTIVE, INC.

=====

WEEKLY EXPORT HIGHLIGHTS FOR WEEK ENDING NOVEMBER 12, 2020

Beef: Net sales of 46,400 MT reported for 2020--a marketing-year--were up noticeably from the previous week and from the prior 4-week average. Increases were primarily for South Korea (17,300 MT, including decreases of 800 MT), Mexico (10,600 MT, including decreases of 200 MT), Japan (7,000 MT, including decreases of 700 MT), Hong Kong (3,200 MT, including decreases of 200 MT), and Taiwan (2,500 MT, including decreases of 100 MT). For 2021, net sales of 14,100 MT were primarily for South Korea (8,500 MT), Japan (2,900 MT), and Hong Kong (900 MT). Exports of 22,300 MT--a marketing-year high--were up 58 percent from the previous week and 27 percent from the prior 4-week average. The destinations were primarily to South Korea (6,200 MT), Japan (5,900 MT), Mexico (2,600 MT), China (2,200 MT), and Hong Kong (1,700 MT).

Pork: Net sales of 28,900 MT reported for 2020 were down 32 percent from the previous week and 18 percent from the prior 4-week average. Increases primarily for Mexico (8,700 MT, including decreases of 600 MT), Canada (5,100 MT, including decreases of 400 MT), South Korea (5,000 MT, including decreases of 800 MT), Japan (3,900 MT, including decreases of 700 MT), and China (2,100 MT, including decreases of 1,400 MT), were offset by reductions primarily for Vietnam (100 MT). For 2021, net sales of 2,300 MT were primarily for China (900 MT), South Korea (700 MT), and the Philippines (200 MT). Exports of 38,800 MT were up 2 percent from the previous week and 4 percent from the prior 4-week average. The destinations were primarily to China (13,100 MT), Mexico (12,000 MT), Japan (4,900 MT), South Korea (2,200 MT), and Canada (1,800 MT).

Chris.Lehner@admis.com

312.242.7942

913.787.6804