



## THURSDAY MORNING JANUARY 7, 2021 LIVESTOCK REPORT

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### CATTLE

#### USDA FEDERAL CATTLE SLAUGHTER

JANUARY 06 , 2021	117,000
WEEK AGO	117,000
YEAR AGO	124,000
WEEK TO DATE (EST)	347000
SAME PERIOD LAST WEEK (EST)	352,000
SAME PERIOD LAST YEAR (ACT)	368,000

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	CHOICE	SELECT
BOXED BEEF FINAL	205.27	196.08
CHANGE FROM PRIOR DAY	(0.63	) (0.41)
CHOICE/SELECT SPREAD:		9.19
TOTAL LOAD COUNT		204
5 DAY SIMPLE AVERAGE:	209.31	196.80

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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 JANUARY 06, 2021

Primal Rib	332.39	286.98
Primal Chuck	183.37	181.36
Primal Round	177.83	180.02
Primal Loin	256.29	238.44
Primal Brisket	148.71	146.75
Primal Short Plate	117.31	117.31
Primal Flank	95.46	94.79

#### FINAL JANUARY 5, 2021

Primal Rib	337.11	285.55
Primal Chuck	184.63	182.01
Primal Round	178.68	186.51
Primal Loin	254.97	234.26
Primal Brisket	146.71	146.66
Primal Short Plate	115.98	115.98



**Primal Flank** 95.52      92.35

**LOAD COUNT AND CUTOFF VALUE SUMMARY**

Date	Choice	Select	Trim	Grinds	Total	CHOICE 600-900	SELECT 600-900
01/05	135	25	13	31	204	205.90	196.49
01/04	60	20	8	14	102	209.87	196.53
12/31	87	34	11	12	144	209.35	194.97
12/30	81	21	16	23	141	210.53	199.86
12/29	92	18	11	22	144	210.30	195.48
12/28	86	36	23	16	160	207.82	196.65
12/23	68	23	10	18	119	207.54	197.93
12/22	79	23	10	33	145	210.67	199.59

**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	124.67 loads	4,986,676 pounds
Select Cuts	46.94 loads	1,877,756 pounds
Trimming	13.22 loads	528,642 pounds
Ground Beef	19.41 loads	776,353 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)

**BEEF AND PORK EXPORT HIGHLIGHTS AT BOTTOM OF REPORT**  
**BOTH BEEF AND PORK NET EXPORT SALES WERE POOR.**

**USDA POSTED CATTLE PRICES ON 01/06/2021**  
**IA/MN – CASH – 110.00 on 102 heifers 1450 pounds Dressed.- No Reportable Trade**  
**NE - CASH – No Reportable Trade. Dressed. No Reportable Trade.**  
**KS – CASH 112.00 on 72 head weighing 1455**  
**TX/OK/NM – \$112.00 on 742 heifers 35% to 65% Choice and Select weighing 1125 pounds.**  
**CO – No Reportable Trade.**



**\*\*\*National Daily Direct Cattle 01/06/2021  
5 day accumulated weighted avg)**

	Weight	Price	Head
Live Steer:	1479	\$111.42	31,139
Live Heifer:	1338	\$111.24	16,783
Dressed Steer:	964	\$175.59	11,793
Dressed Heifer:	836	\$176.04	2,696

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 The Fed Cattle Exchange had 142 head at Wednesday Internet auction. Only 42 head sold. A light 1225 pound heifers for \$112 from Oklahoma  
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**Choice and Select beef prices are narrowing – Usually it is bearish cattle**

People that live in areas of the US where livestock are fed often can chose to buy meat at a grocery store, maybe a local butcher shop, a small state inspected packer or buy a steer or heifer and have it slaughtered and packaged for their own freezer. Most consumers don't realize unless they buy overpriced farm raised meat online that there is a difference in quality of cuts such a Choice or a store name to encourage buying Select beef. Many consumers think Choice and Prime beef is wasting money on fat. They want meat that is safe to eat and that fits their budget. Consumers in metropolitan areas living far from livestock production have to accept what the retail stores offer.

For instance the other day, I asked the person behind the meat counter what was Choice and the difference between their store brand name that they said in small lettering "from special selected beef." The ribeye steaks were about \$5.00/pound different in price. The 'butcher' told me the Choice was fed grain 120 days, and the 'selected' may or may not be fed as long. I am sure it is what they were told to say and probably a good enough explanation for most consumers. I know the answers but most people buying meat buy according to how meat is priced or if a recipe calls for a certain cut. They have no idea, and most don't care to know how meat is priced. Most consumers think with the money in their wallet.

As people that do care, it is important to know that the Choice/Select spread is narrowing. Wednesday's boxed beef sheet showed the Select Primal Rounds were 2.19 cents over Choice Primal Rounds. Why? The demand for ground beef, hamburger, is strong. Consumers are not buying round roasts, they want ground products. Anyone knows who has cattle slaughtered for their own freezer they often have to give away



ground beef because there is so much. Now meat fabricators are not only grinding the normal trimmings or outright selling trimmings, but fabricators are also buying major primal cuts and grinding primal cuts. They don't want to buy the marbled Choice because it has more fat. They can add in fat instead of buying marbled Choice or Prime. Stores are adding more chubs, the tubes of ground meat in packages where the ground meat is labeled by percent of fat to lean and offering it at a slight discount to produce the meat person wraps and sticks on a price per pound. A chub labeled ground beef even if it is 95% lean to 5% fat can be anything from Choice and Select to old cutter cows that have been milked for years and added into the grind.

When Select primal rounds are priced over Choice, when Select loins are only 18 cents per pound over Choice and the Choice/Select spread is narrowing, it usually is negative.

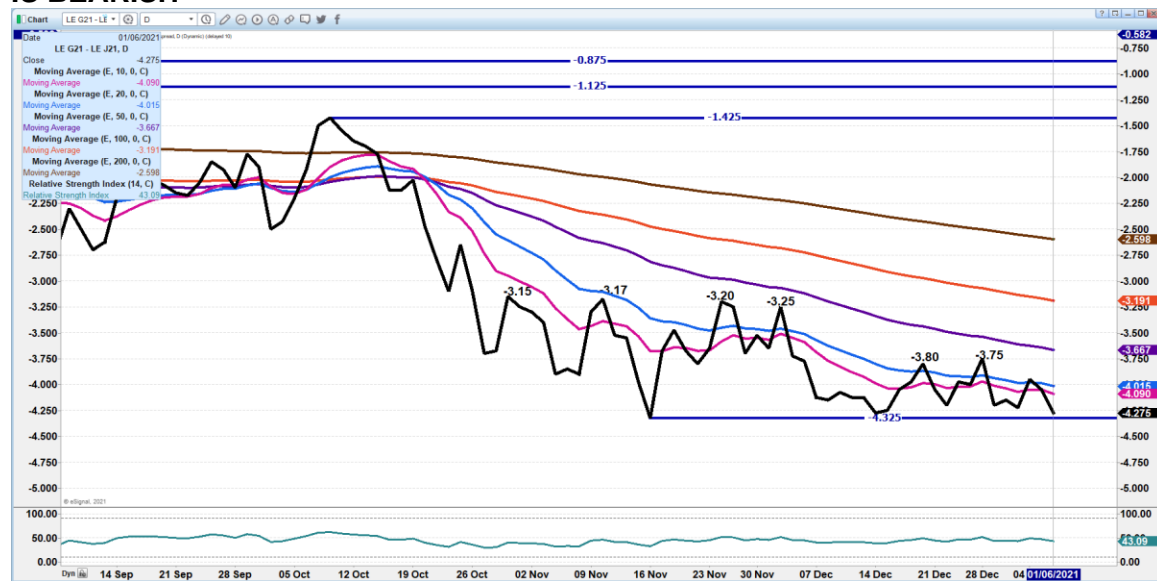
At this time, monitor the Choice to Select spread. It was \$9.19 on Wednesday afternoon. On Monday, December 7th the spread was \$17.51.

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International export competition is going to hurt US meat exports in 2021. Brazil is not going to give up the agreements it has made across the globe over the past few years.

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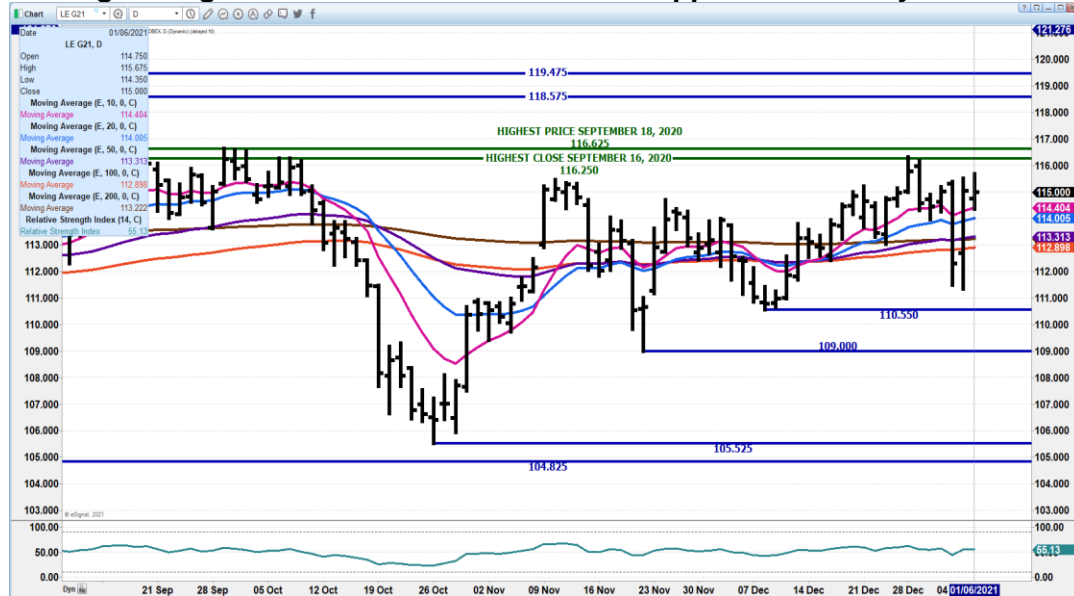
### FEBRUARY 2021 LIVE CATTLE/APRIL 2021 LIVE CATTLE SPREAD – SPREAD WIDENING IS BEARISH



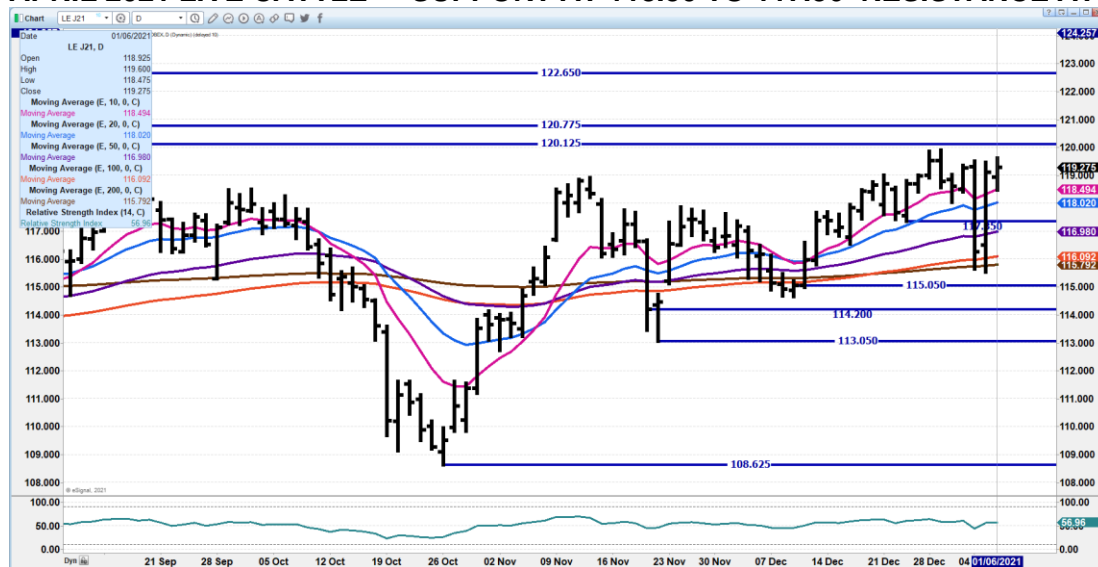




**FEBRUARY 2021 LIVE CATTLE – Resistance 116.25 to 116.62 Support the 10 day moving average at 114.05 to 113.30 volume dropped Wednesday to 21041**



**APRIL 2021 LIVE CATTLE - SUPPORT AT 118.50 TO 117.36 RESISTANCE AT 120.15**





## Feeder Cattle

**THE CME FEEDER INDEX ON 01/05/2020 WAS 134.92 DOWN 21 FROM PREVIOUS DAY - UPDATED ON MORNING REPORT**

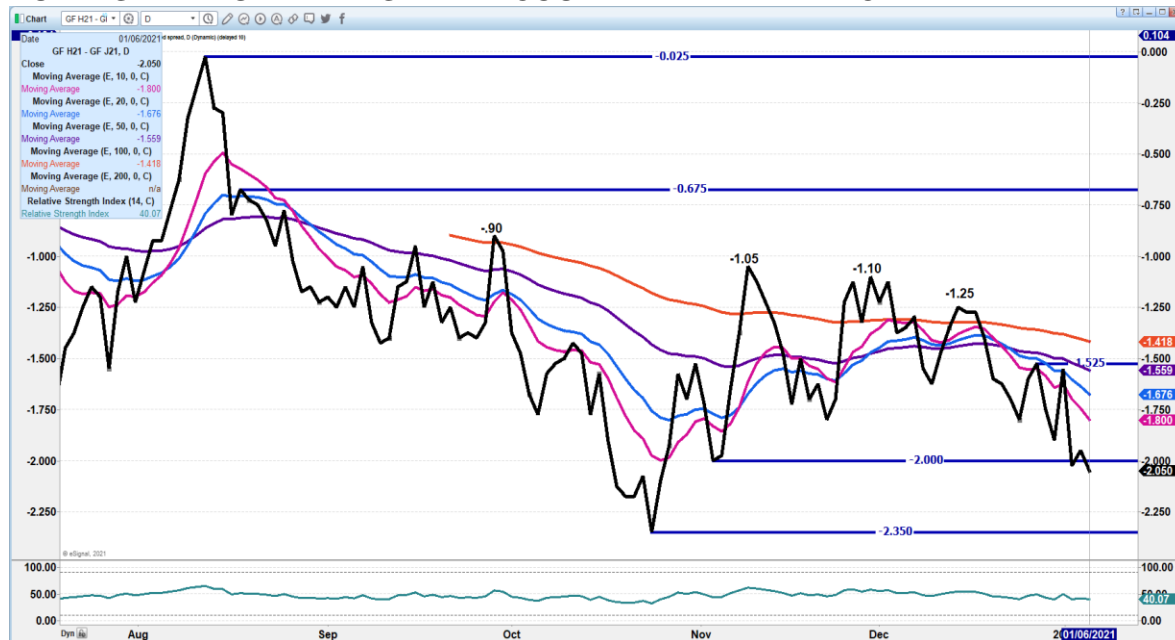
**JANUARY 2021 FEEDER CATTLE FUTURES SETTLED ON JANUARY 6, 2021 AT \$135.77**

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**IT IS BECOMING MORE EVIDENT THAT FEEDLOTS ESPECIALLY LONG TERM CONTRACT AND GRID LOTS AND PACKER OWNED LOTS ARE NOT FILLING LOTS WITH MORE CATTLE THAN THEY NEED FOR ORDERS NOW AND INTO THE FUTURE. MIDWEST FEEDLTS ARE GOING TOSELL GRAIN RATHER THAN PUT CATTLE INTO THE LOTS. SPREADS HAVE BEEN MOVING WIDER, BEAR SPREADING.**

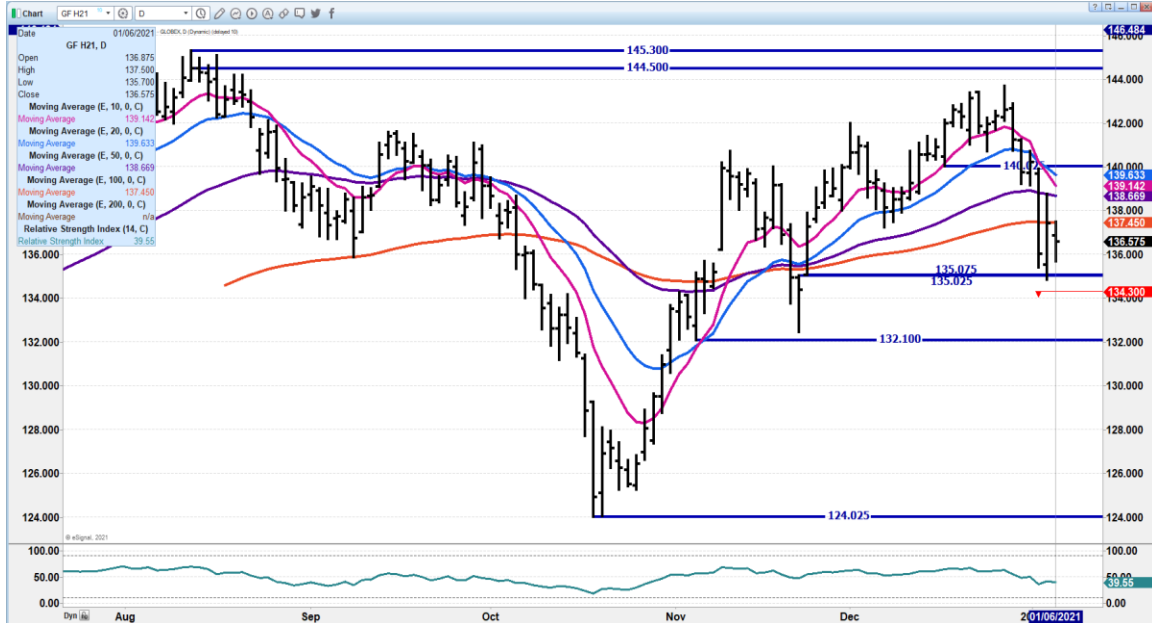
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**MARCH 2021/APRIL 2021 FEEDER CATTLE SPREAD - WIDENING IS NEGATIVE. BUYERS TAKING FEEDERS IN THE COUNTRY AT THEIR PRICE.**

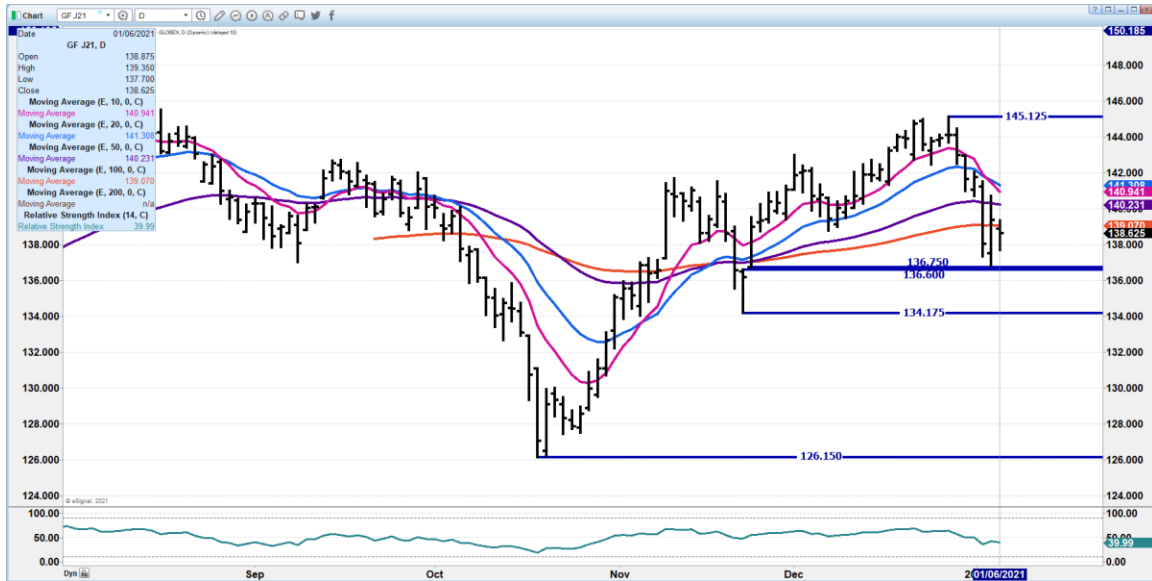




**MARCH 2021 FEEDER CATTLE – RESISTANCE AT 137.45 WITH SCO AT 139.87  
SUPPORT AT 135.02 TO 134.30**



**APRIL 2021 FEEDER CATTLE – APRIL FEEDERS NEED TO HOLD AND CLOSE ABOVE  
135.02 NEXT SUPPORT AT 134.30**





## LEAN HOGS

### USDA ESTIMATED FEDERAL HOG SLAUGHTER

JANUARY 06, 2021	495,000
WEEK AGO	472,000
YEAR AGO	496,000
WEEK TO DATE (EST)	1,474,000
SAME PERIOD LAST WEEK (EST)	1,413,000
SAME PERIOD LAST YEAR (ACT)	1,490,000

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CME CASH HOG INDEX 01/04/2020 AT 61.47 UP 85 CENTS FROM PREVIOUS DAY

CME CASH PORK CUTOUT INDEX 01/05/2021 AT 75.87 UP 1.62 CENTS FROM PREVIOUS DAY

CME CASH FRESH BACON INDEX ON 01/01/2021 WAS 123.79 COMPARED TO 12/25/2020 WAS 117.08

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Pork cutout on the 5 day average gained \$1.06 from Tuesday to Wednesday. Loins gained about 50 cents and hams were down a few cents higher. The average as of Wednesday was 99 cents above the CME Index. Pork is cheap and is selling but it is being bought on what buyers are willing to pay.

Hog weights are up from last week a little over 2 pounds.

Packers are making money and want to kill hogs but are going to buy at their price. They are going to pay up unless they must and with current weights it appears they have enough hogs for needs. Ham prices are dropping which indicates exports may be slipping and that is not what US pork needs. Big allocations of funds money drove up prices and allocations may go on for a few more days.

Specs are driving lean hog markets and higher prices are hedging opportunities.

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Watching individual pork primal cuts day to day will give false/ positive indicators. Trade the 5 day average and compare to previous week's change. If you give too much credence to individual cuts from one day to the next, it is like being on a teeter totter.





## 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

JANUARY 06, 2021

LOADS OF PORK CUTS: 375.86

LOADS TRIM/PROCESSED PORK: 45.45

### FINAL

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
01/06/2021	421.31	77.65	71.57	70.75	45.23	148.40	66.58	124.61
Change		0.02	-3.17	-3.36	2.67	2.09	2.43	-0.44
Five Day Average --		76.86	73.23	73.13	46.50	145.34	66.42	116.10

### FINAL

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
01/05/2021	458.33	77.63	74.74	74.11	42.56	146.31	64.15	125.05
Change		-0.14	0.67	0.95	-2.26	1.20	-4.28	5.17
Five Day Average --		75.80	72.79	73.37	48.34	144.34	64.25	112.41

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

Slaughter Data for January 06, 2021

Average live weight - 289.31

Average carcass - 217.47

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DAILY DIRECT HOGS PLANT DELIVERED AS OF 1:30 PM

NATIONAL NEGOTIATED PURCHASE BASE CARCASS PRICES

Carcass Base Price:

Weighted Average:

Change from Prior Day:

HOGS SOLD

SWINE OR PORK MARKET FORMULA PURCHASE (Including Packer Sold)

PRICE RANGE:

Weighted Average:

Previous Day:

HOGS SOLD:

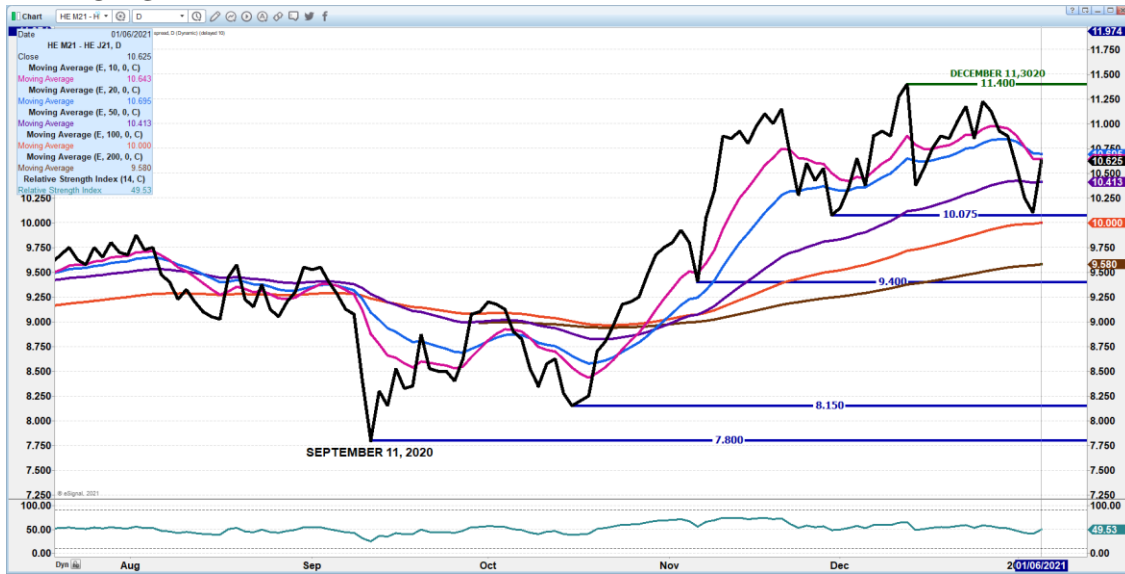
[https://www.ams.usda.gov/mnreports/lm\\_hq203.txt](https://www.ams.usda.gov/mnreports/lm_hq203.txt)



**FEBRUARY/APRIL 2021 LEAN HOG SPREAD – AFTER BIG FUND MONEY ENTER HOG MARKET ON MONDAY SPREAD IS GOING BACK TO WIDENING**

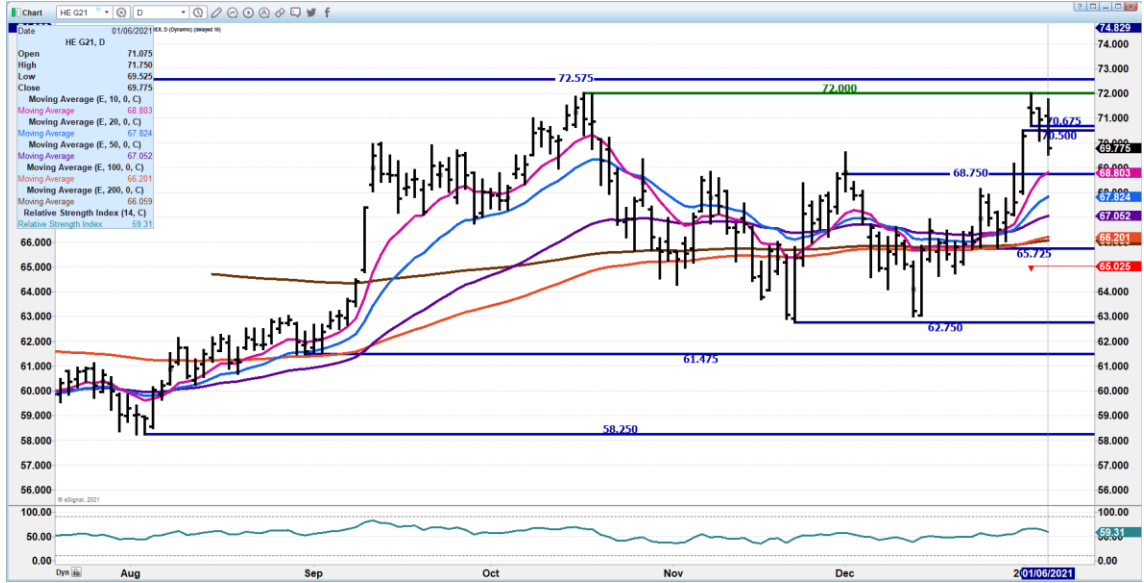


**JUNE/APRIL LEAN HOG SPREAD – SPEC TRADERS MOVING SPREAD WIDER WITH EXPECTATIONS SUMMER HOGS GAIN ON SPRING HOGS BECAUSE OF FEWER FARROWS.**

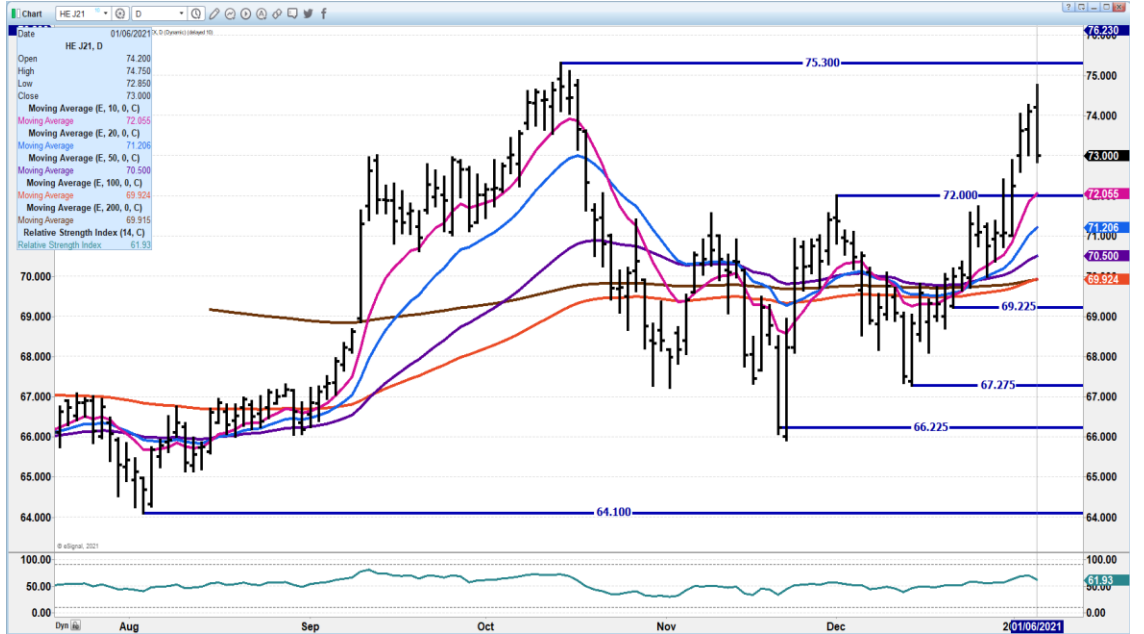




**FEB 2021 LEAN HOGS – SUPPORT AT 68.75 TO 67.05 RESISANCE AT 72.00 TO 72.57**



**APRIL 2021 LEAN HOGS – SUPPORT AT 72.05 TO 71.20**





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**U.S. EXPORT SALES WEEK ENDING DECEMBER 31, 2020**

**BEEF: NET SALES REDUCTIONS OF 1,200 MT FOR 2020 RESULTING IN INCREASES FOR SOUTH KOREA (100 MT), WERE MORE THAN OFFSET BY REDUCTIONS PRIMARILY FOR JAPAN (1,100 MT). OUTSTANDING SALES ON DECEMBER 31ST TOTALED 98,000 MT AND WERE CARRIED OVER TO 2021. EXPORTS OF 12,100 MT WERE PRIMARILY TO JAPAN (3,700 MT), SOUTH KOREA (3,200 MT), MEXICO (1,400 MT), CHINA (1,200 MT), AND TAIWAN (800 MT). ACCUMULATED EXPORTS FOR 2020 TOTALED 851,800 MT, UP 3 PERCENT FROM THE 823,500 MT EXPORTED IN 2019.**

**PORK: NET SALES REDUCTIONS OF 8,600 MT FOR 2020, RESULTING IN INCREASES FOR MEXICO (3,500 MT) AND SOUTH KOREA (500 MT), WERE MORE THAN OFFSET BY REDUCTIONS PRIMARILY FOR CHINA (11,300 MT) AND JAPAN (700 MT). OUTSTANDING SALES ON DECEMBER 31ST TOTALED 158,000 MT AND WERE CARRIED OVER TO 2021. EXPORTS OF 26,700 MT WERE PRIMARILY TO CHINA (9,400 MT), MEXICO (7,000 MT), JAPAN (3,500 MT), SOUTH KOREA (1,700 MT), AND AUSTRALIA (1,100 MT). ACCUMULATED EXPORTS FOR 2020 TOTALED 1,938,000 MT, UP 16 PERCENT FROM THE 1,624,000 MT EXPORTED IN 2019.**

**CME PRICE LIMITS LIVESTOCK - [HTTPS://WWW.CMEGROUP.COM/TRADING/PRICE-LIMITS.HTML](https://www.cmegroup.com/trading/price-limits.html)**

**LIVE CATTLE - \$4.00  
FEEDER CATTLE - \$5.00  
LEAN HOGS - \$3.00**

***CHARTS FROM ESIGNAL INTERACTIVE, INC.***