



ADM Investor
Services, Inc.

Daily Futures Market Commentary Livestock Outlook

TUESDAY MORNING MAY 4, 2021 LIVESTOCK REPORT

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CATTLE

USDA FEDERAL CATTLE SLAUGHTER

MAY 3, 2021	114,000
WEEK AGO	117,000
YEAR AGO	78,000

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	CHOICE	SELECT
BOXED BEEF FINAL	299.30	283.79
PRIOR DAY	2.80	0.74
CHOICE/SELECT SPREAD:	15.51	
TOTAL LOAD COUNT (CUTS, TRIMMINGS, GRINDS):	77	
5 DAY SIMPLE AVERAGE:	291.79	279.14
BOXED BEEF FINAL FRIDAY 04/30/2021	296.50	283.05

CME BOXED BEEF INDEX FOR 04/30/2021 WAS AT 289.57 UP 2.02 FROM PREVIOUS DAY

FINAL MAY 3, 2021

PRIMAL RIB	516.92	444.53
PRIMAL CHUCK	218.00	215.57
PRIMAL ROUND	206.90	205.95
PRIMAL LOIN	451.03	421.49
PRIMAL BRISKET	289.98	288.45
PRIMAL SHORT PLATE	202.77	202.77
PRIMAL FLANK	148.64	149.50

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FINAL APRIL 30, 2021

PRIMAL RIB	511.42	446.03
PRIMAL CHUCK	217.14	216.35
PRIMAL ROUND	206.88	204.55
PRIMAL LOIN	443.49	420.75
PRIMAL BRISKET	286.39	278.87
PRIMAL SHORT PLATE	201.56	201.56
PRIMAL FLANK	147.20	146.18

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LOAD COUNT AND CUTOUT VALUE SUMMARY

Date	Choice	Select	Trim	Grinds	Total	CHOICE 600-900	SELECT 600-900
04/30	46	11	11	9	78	296.50	283.05
04/29	93	12	7	13	125	293.76	279.79
04/28	78	25	13	14	130	292.50	279.00
04/27	63	13	16	14	105	290.99	279.53
04/26	57	13	9	8	87	285.20	274.35
04/23	79	11	14	20	124	283.77	272.13

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	43.18 loads	1,727,045 pounds
Select Cuts	9.40 loads	375,956 pounds
Trimmings	16.41 loads	656,447 pounds
Ground Beef	8.50 loads	340,179 pounds

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Lean Hogs and Live Cattle – Be Prepared

It seems like there should be a riddle about livestock futures: What happens when beef prices rally, and pork prices go down? The answer: Cattle futures drop, and lean hogs go up. But it isn't a riddle because it is what is happening. Currently, markets are implying cattle prices will be lower in June and lean hog futures will be higher. Whether it is fundamental or technical/formula reasons, there are traders saying yes and no because every buyer has a seller, and every seller has a buyer. But when it all boils down, money moves markets and as the close on May 3rd, big money likes to be short cattle and long hogs. On May 4th, it may be the opposite.

There are indicators that can be argued that will change market direction. There are indicators arguing markets will maintain direction. However, few will argue that live cattle, feeder cattle and lean hogs have had big moves. Don't fight the trend or be a contrarian. It is

easier to be prepared for possible reversals when markets decide to change the trend. If you don't already use options to cover futures, it's never too late to learn.

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Last week by Thursday packers were finished buying cattle in the Southwest and Friday they lowered prices by a \$1.00 in the Midwest. Average weights are dropping and feedlots especially in the Southwest are current and in the Midwest most heavy cattle are now cleaned up. At this point with feed costs there won't be the heavy cattle even for feedlots that have feed bought and contracted with concerns not only about feed costs now but availability of feed for new feeders being placed through the summer.

Boxed Beef market is moving higher but since it is May and June is far enough away, higher beef doesn't have to reflect in futures prices. However, if beef prices were to drop, I would bet futures would react negatively.

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As of APRIL 27, 2021 dressed steer and heifer weights were 869.1 compared to previous week at 866.1, up 3 pounds for the week . Grading percent was 83.1 down .2% compared to previous week at 83.3%.

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USDA POSTED NEGOTIATED CATTLE PRICES ON 05/03/2021

IA/MN – CASH – 117.00 on 158 head
DRESSED No Reportable Trade.

NE – CASH 117.50 - 118.00 Heifers at 117.50 - 119.00 weighing 1319 -1369 on 2524 head
DRESSED - No Reportable Trade.

KS – CASH No Reportable Trade
DRESSED No Reportable Trade.

TX/OK/NM – No Reportable Trade
DRESSED No Reportable Trade

CO – No Reportable Trade

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***National Daily Direct Cattle 05/3/2021

5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1437	\$119.51	23,453
Live Heifer:	1295	\$119.46	10,286
Dressed Steer:	951	\$190.68	16,814

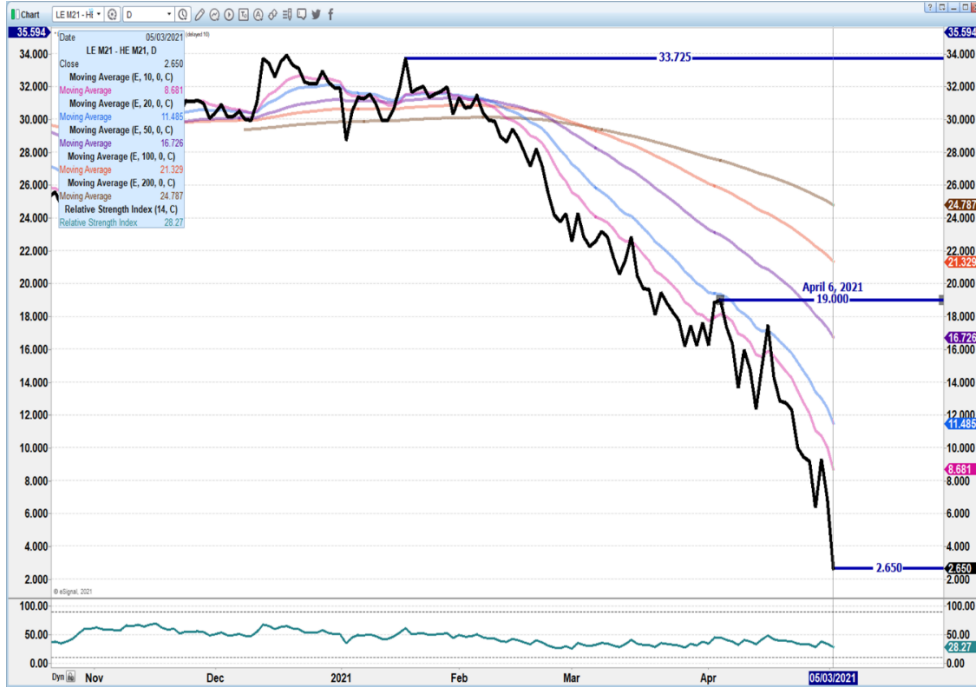
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Dressed Heifer: 846 \$191.73 4,634

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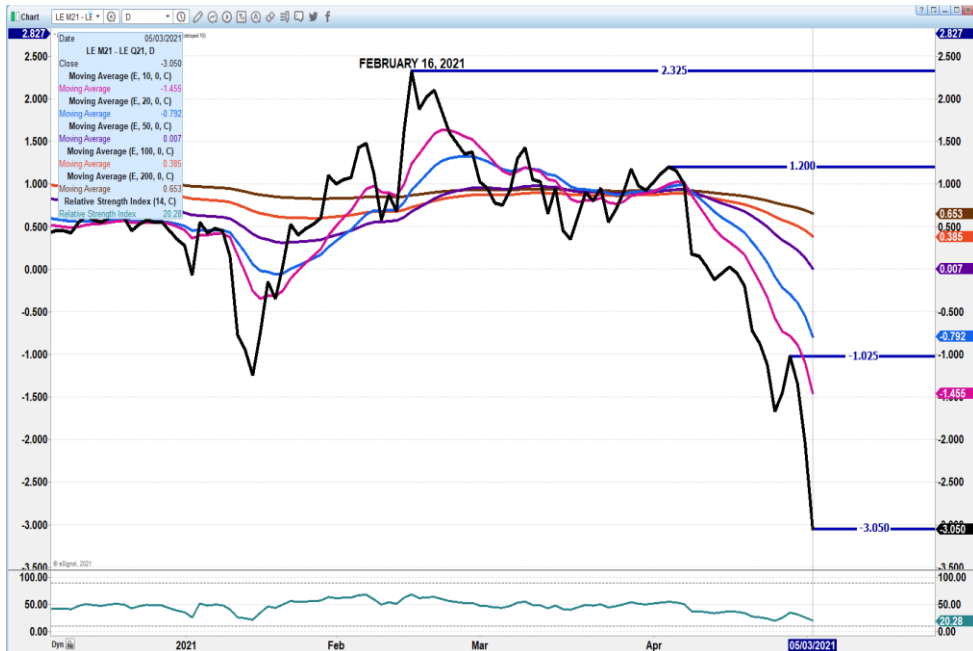
JUNE CATTLE/JUNE HOG SPREAD – SURE LOOKS LIKE SPEC SPREADERS WANT TO MOVE SPREAD TO EVEN. MANY TIMES DURING DAY THE DAILY TRADE VOLUME ON JUNE CATTLE AND JUNE HOGS NEARLY THE SAME



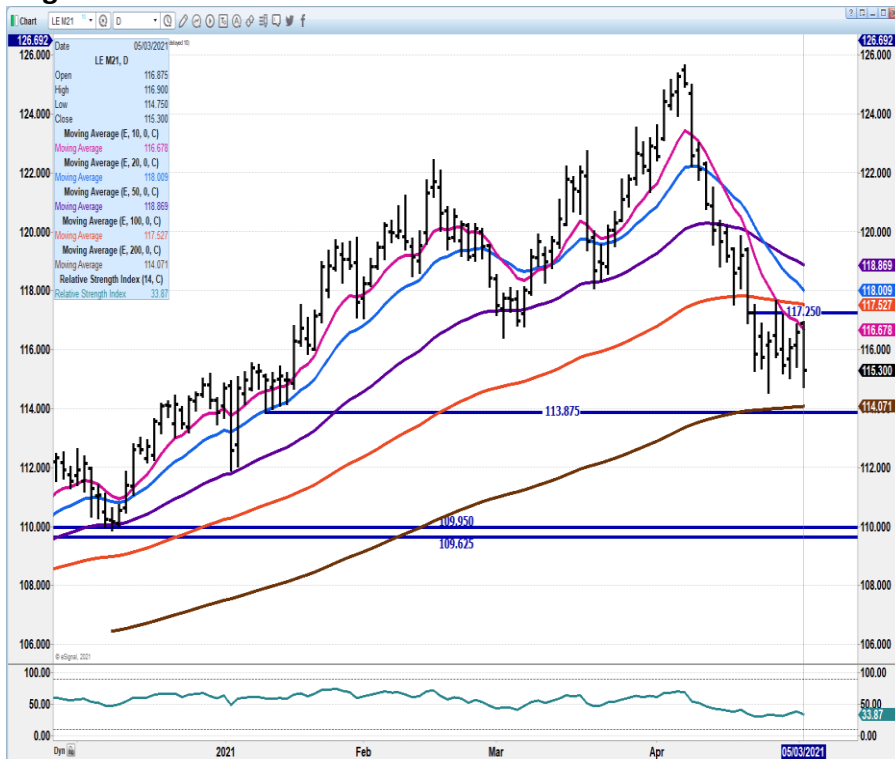
JUNE /AUGUST LIVE CATTLE SPREAD - BULL SPREADING JUNE \$3 UNDER AUGUST IS ABOUT NORMAL. MOVING THE SPREAD WIDER IS OPPRTUNITY TO SELL AUGUST.

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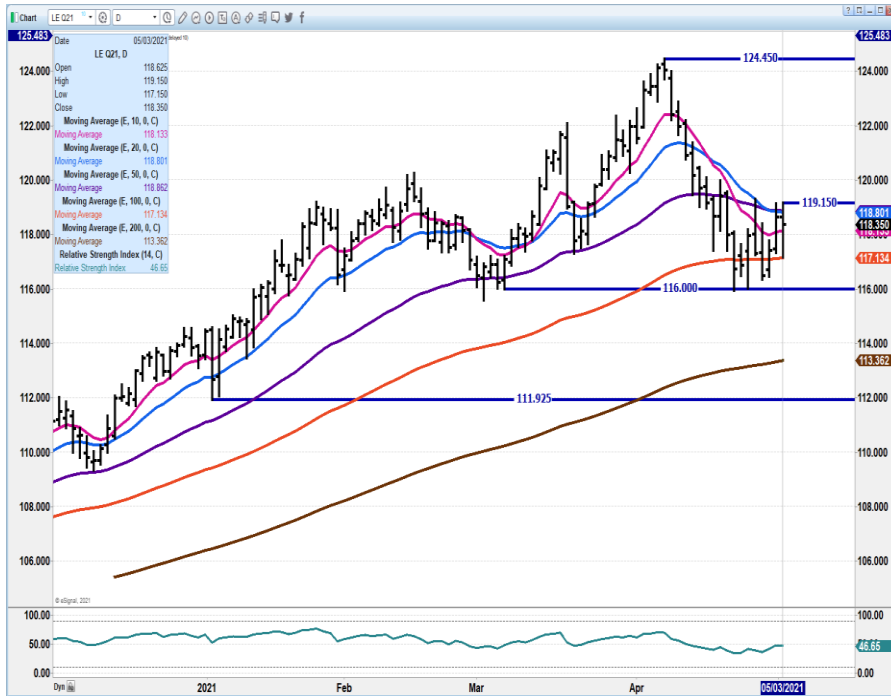
JUNE 2021 CATTLE – 10 DAY MOVING AVERAGE IS RESISTANCE. Next resistance at 118.00 Support at 114.05/113.87 RSI at 34 is not oversold Traders have begun to roll out of June to August



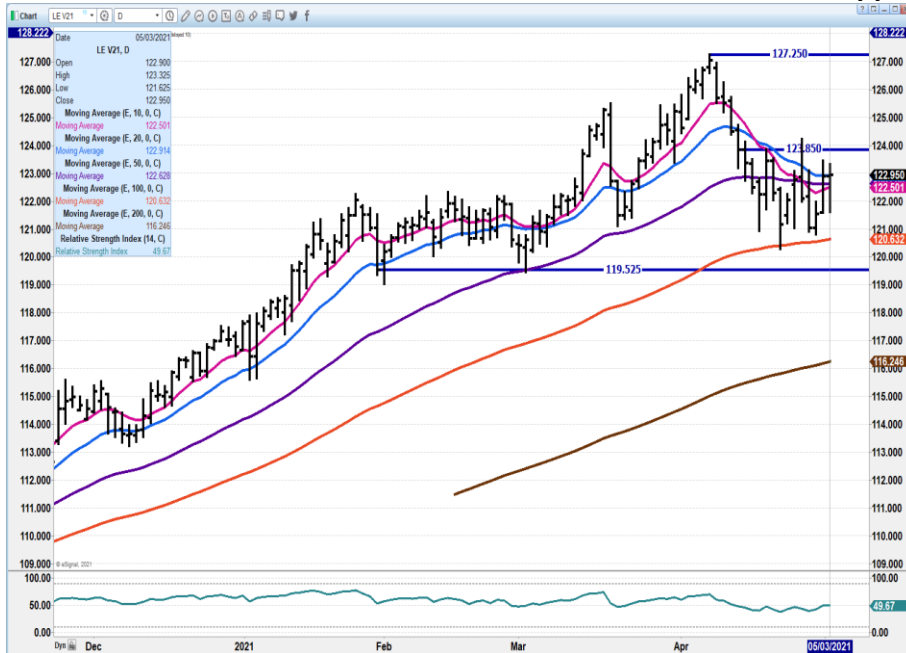
AUGUST LIVE CATTLE - Resistance is 119.15 Support is 117.10 to 116.00

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OCTOBER 2021 LIVE CATTLE – Resistance is 123.45 to 123.87 Support at 120.60 to 119.52



Feeder Cattle

THE CME FEEDER INDEX ON 04/30/2021 WAS 132.63 DOWN 1.50 FROM PREVIOUS DAY – MAY 2021 FEEDER CATTLE FUTURES SETTLED ON MAY 3, 2021 AT \$133.05

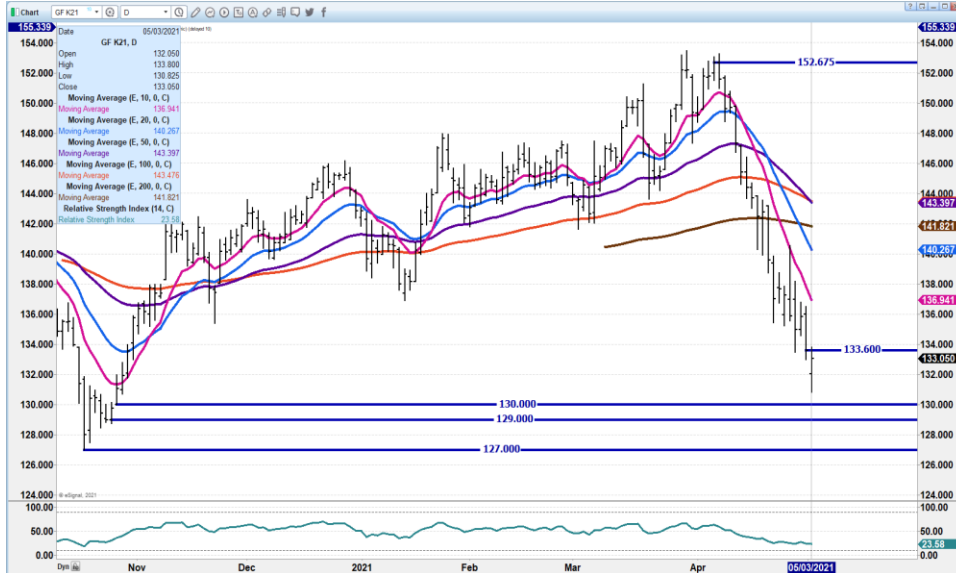
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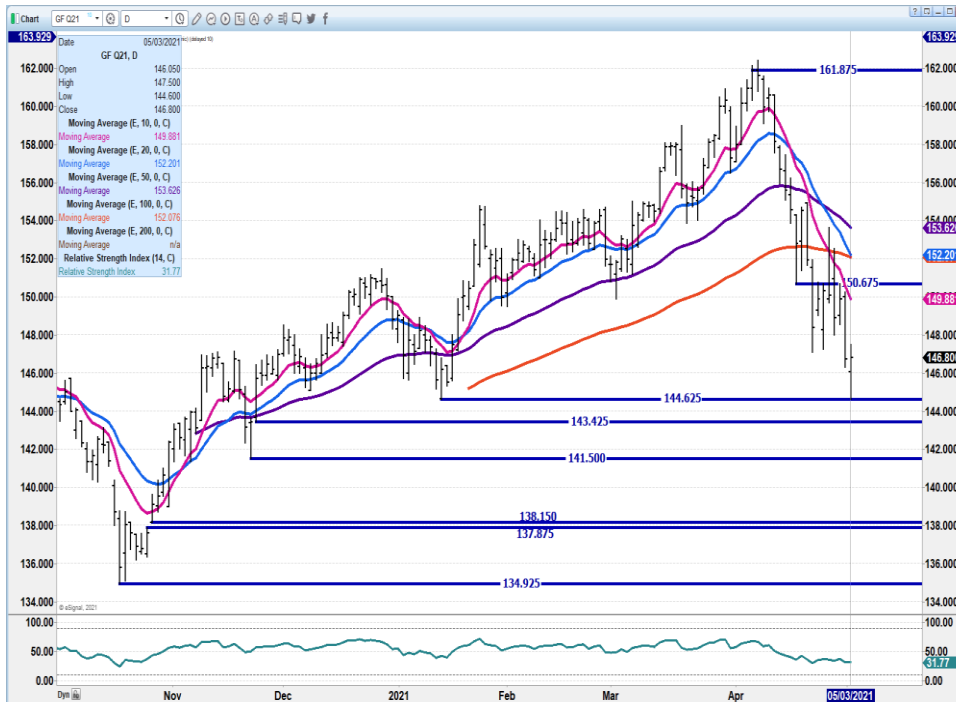
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CORN HIGHER AND CATTLE LOWER IS AN EQUATION FOR LOWER PRICED FEEDERS. HOWEVER, SHOULD SEE FEWER CATTLE AVAILABLE FOR FALL AND SPREADS BETWEEN MAY AND AUGUST WILL REMAIN WIDE

MAY 2021 FEEDER CATTLE - SUPPORT AT 130.00 RESISTANCE AT 136.95



AUGUST 2021 FEEDER CATTLE - Met support at Jan 13th low at 44.50 Next support at 143.42 Resistance at 149.87 to 152 .20



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LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

MAY 3, 2021	483,000
WEEK AGO	483,000
YEAR AGO	280,000

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CME CASH LEAN HOG INDEX 04/29/2020 AT 106.89 NO CHANGE FROM PREVIOUS DAY
CME CASH PORK CUTOUT INDEX 04/30/2021 AT 109.34 DOWN .17 FROM PREVIOUS DAY
CME CASH FRESH BACON INDEX ON 4/30/2021 WAS 216.16 COMPARED TO 4/23/2021 WAS 247.05

CME PORK INDEX TO CME LEAN HOG INDEX (2.45)

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Hams and loins are working higher, and it is positive to the market. As pointed out in past reports, the cutout has been unbalanced with lower cuts moving higher as loins and hams moved sideways to slightly higher. Bellies can help a market move higher but loins or hams are higher and as cheap as they are now, it is positive.

The percentage of hog slaughter compared to a year ago is the same. Pretty remarkable considering last year packers weren't killing hogs or had drastically reduced kills. Low slaughter shows hogs are very current and demand for time being should remain strong.

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U.S. pork processor seeks to delay court decision limiting slaughter speeds

<https://www.msn.com/en-us/money/companies/us-pork-processor-seeks-to-delay-court-decision-limiting-slaughter-speeds/ar-BB1gk2XE?ocid=BingNewsSearch>

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Hog weights normally this time of the year don't go down. Weather conditions without high heat and especially high humidity are ideal for growth. At this time it appears hogs are moving to slaughter as soon as they are ready. Of course high feed cost might have something to do with weight loss. Hog producers have pigs to refill barns and moving hogs a little sooner to kill, won't mean feeding barns will be empty.

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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

MAY 3, 2021

LOADS OF PORK CUTS: 261.79

LOADS TRIM/PROCESSED PORK: 27.18

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FINAL

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
05/3/2021	288.97	111.66	100.48	113.98	80.19	245.07	98.42	155.74
Change		1.20	0.36	-0.82	6.07	2.69	-1.48	1.06
Five Day Average --		109.71	98.93	111.70	75.42	240.13	97.99	156.00

NOON

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
05/03/2021	146.71	112.29	100.27	115.26	83.68	243.73	100.09	154.77
Change		1.83	0.15	0.46	9.56	1.35	0.19	0.09
Five Day Average --		109.84	98.89	111.96	76.12	239.86	98.33	155.81

FINAL

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
04/30/2021	290.92	110.46	100.12	114.80	74.12	242.38	99.90	154.68
Change		2.91	1.87	10.52	1.57	6.12	1.73	3.64
Five Day Average --		109.24	97.98	111.46	74.47	238.33	97.50	157.47

NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE

Slaughter Data for April 30 and May 1, 2021

Average live weight 284.54

Average carcass - 213.66

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A User's Guide to USDA's LMR Hog Price Reports<https://www.ams.usda.gov/sites/default/files/media/LMRswineReportingHandout.pdf>**DAILY DIRECT AFTERNOON HOG REPORT FRIDAY MAY 3, 2021****National Negotiated Carcass Price**

Lowest price: 107.05

Highest price: 120.00

Weighted Average Price: **111.67**

Head Count: 5,802

On a National basis, compared to the previous day's weighted average **0.82 lower****Other Market Formula (Carcass)**Lowest base price: **66.67**Highest base price: **113.90**Weighted Average Price: **96.63**

Head Count: 29,286

Swine/Pork Market Formula (Carcass)Lowest base price: **77.66**Highest base price: **120.93**

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Weighted Average Price: **105.60**
 Head Count: 167,889

Other Purchase Arrangement (Carcass)

Lowest base price: **68.37**
 Highest base price: **111.87**
 Weighted Average Price: **99.92**
 Head Count: 73,049

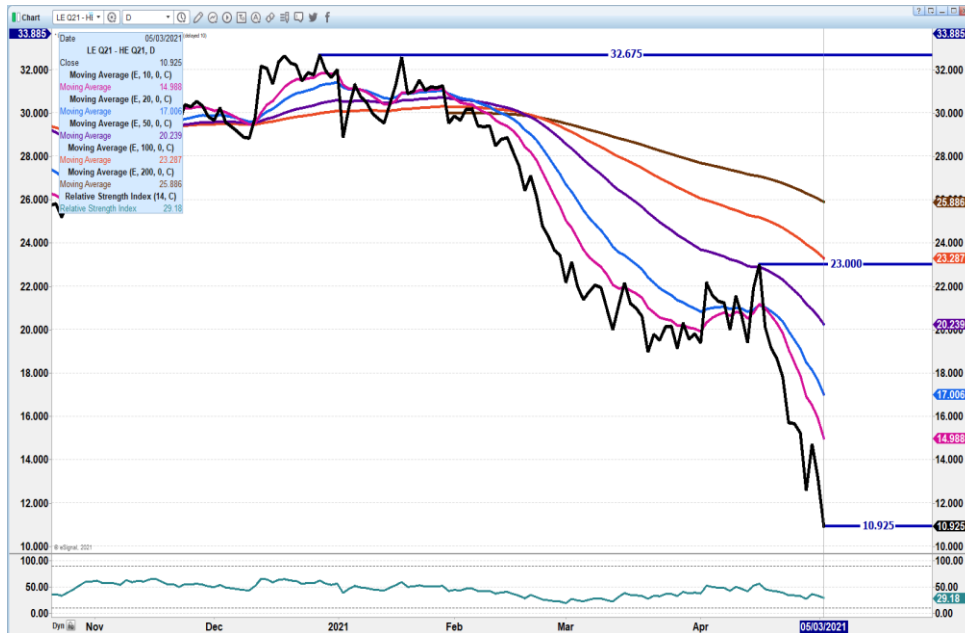
https://www.ams.usda.gov/mnreports/ams_2511.pdf

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Past Highs on Lean Hogs

Contract Month & Year	Contract High	Date
April 2014	\$128.77	April 2, 2014
June 2014	\$133.42	March 18, 2014
July 2014	\$133.90	July 15, 2014
August 2014	\$133.37	July 1, 2014
October 2014	\$118.35	July 7, 2014
December 2014	\$105.50	July 9, 2014
February 2015	\$100.00	June 22, 2014

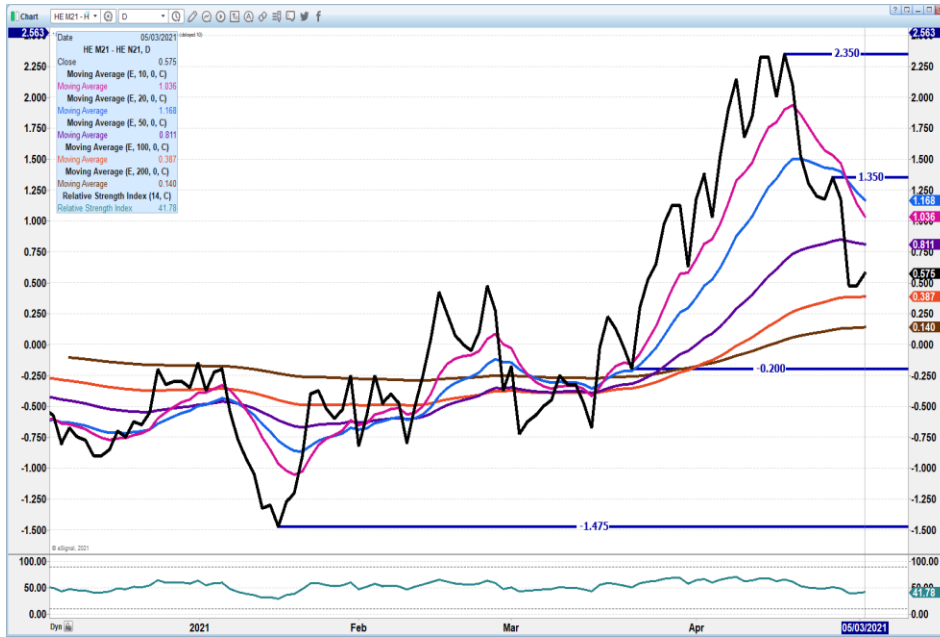
AUGUST LIVE CATTLE/AUGUST LEAN HOGS – TRADERS BUYING HOGS OVER CATTLE SPREAD IS NARROW BUT WITH TRADERS MOVING TO AUGUST



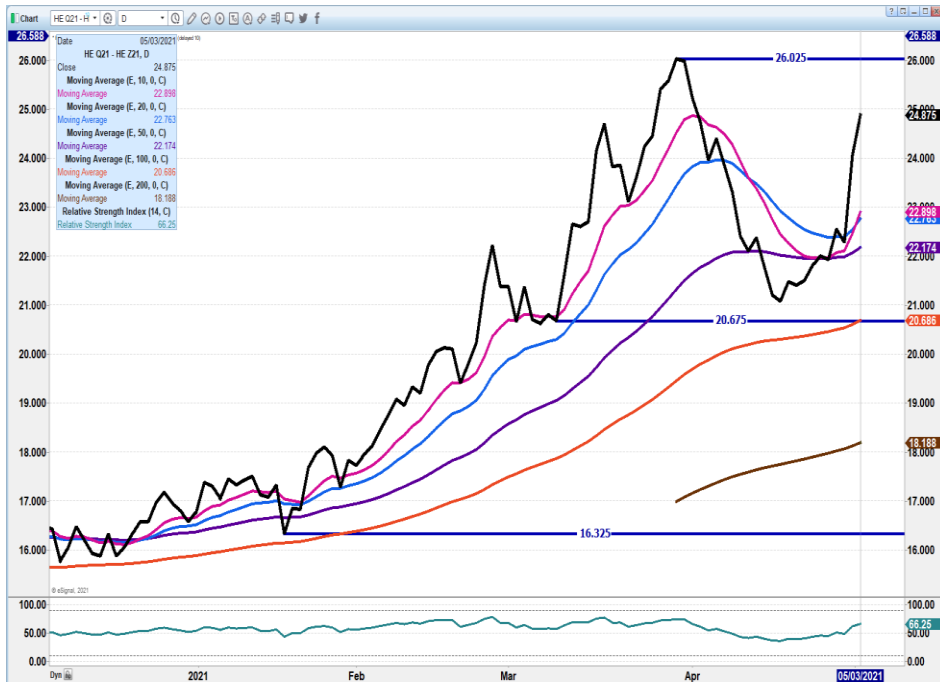
JUNE/JULY LEAN HOG SPREAD – STILL BULL SPREAD BUT TRADERS HAVE BEGUN TO MOVE SPECS TO AUGUST

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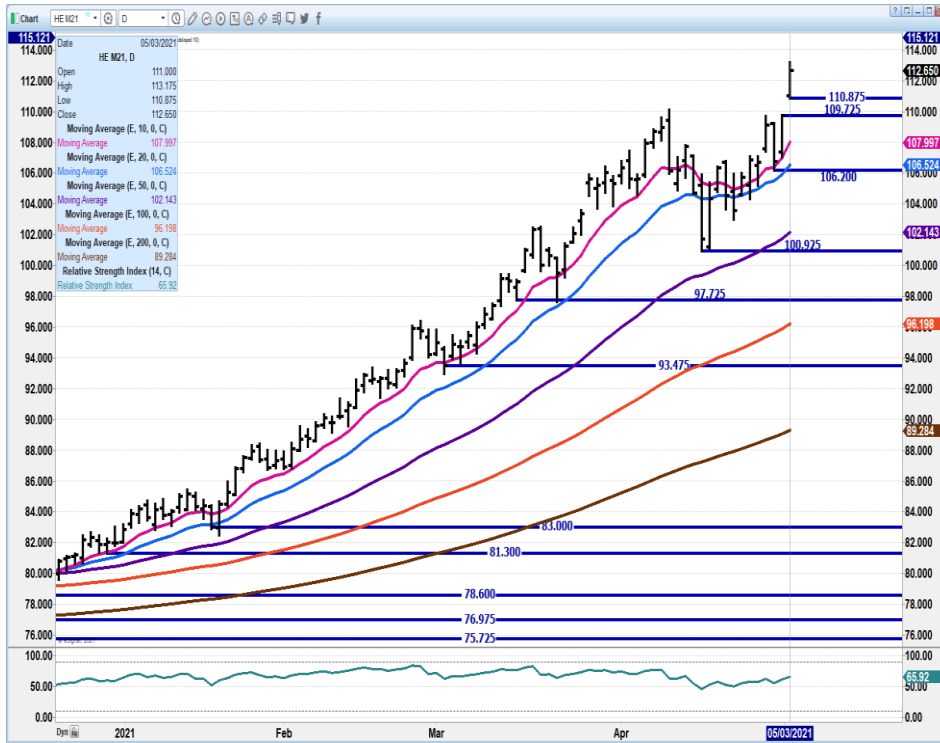
AUGUST/DECEMBER 2021 LEAN HOG SPREAD – RIDICULOUSLY WIDE. SHOWS HOW SPECS MOVE MARKETS WHEN VOLUME IS LIGHT



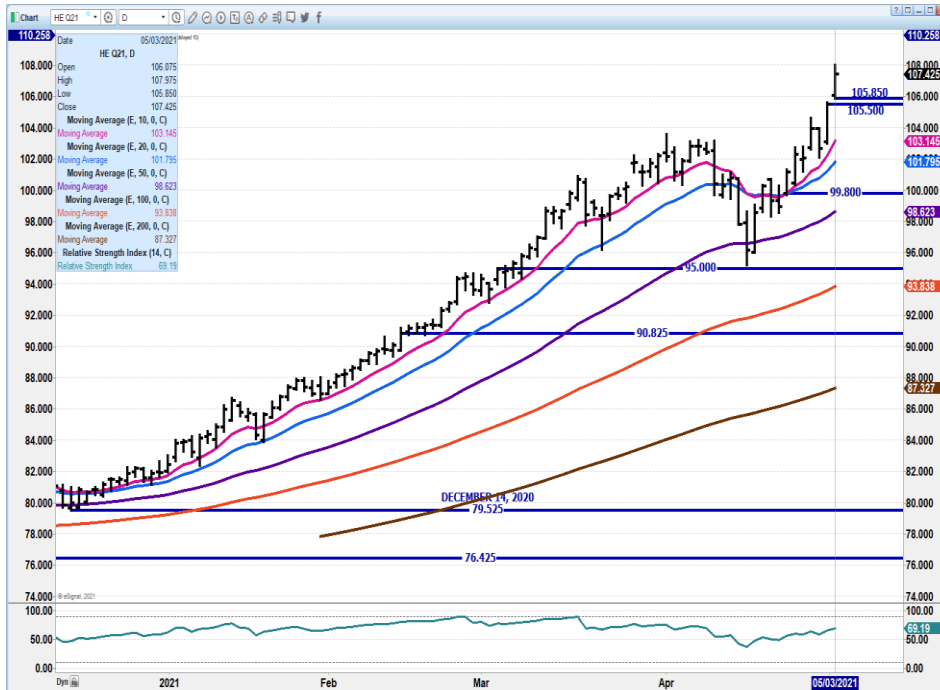
JUNE 2021 LEAN HOGS - GAPPED OPEN RSI AT ONLY 65 SO FAR FROM OVERBOUGHT. RESISTANCE 115.37 SUPPORT AT 109.72 TO 107.97

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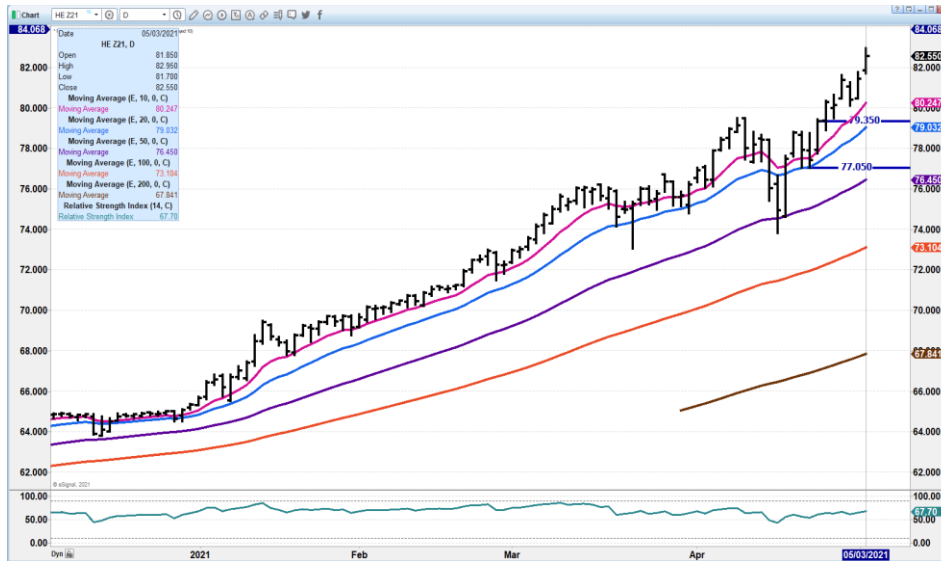
AUGUST 2021 LEAN HOGS – GAP AT 105.50 SUPPORT TO 103.15 RESISTANCE AT 109.37



DECEMBER 2021 LEAN HOGS - RESISTANCE AT 85.7 SUPPORT AT 80.25

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