



ADM Investor
Services, Inc.

Daily Futures Market Commentary Livestock Outlook

WEDNESDAY MORNING SEPTEMBER 22, 2021 LIVESTOCK REPORT

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CATTLE

SEPTEMBER 21, 2021	122,000
WEEK AGO	120,000
YEAR AGO	122,000
WEEK TO DATE (EST)	241,000
SAME PERIOD LAST WEEK (EST)	234,000
SAME PERIOD LAST YEAR (ACT)	240,000

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BOXED BEEF FINAL	CHOICE	SELECT
Current Cutout Values:	311.37	278.01
CHANGE FROM PRIOR DAY:	(4.29)	(2.74)
CHOICE/SELECT SPREAD:	33.36	
TOTAL LOAD COUNT (CUTS, TRIMMINGS, GRINDS)	175	
5 DAY SIMPLE AVERAGE:	318.17	283.06

CME BOXED BEEF INDEX FOR 09/20/2021 WAS AT 309.45 DOWN 1.77 FROM PREVIOUS DAY

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FINAL SEPTEMBER 21, 2021

PRIMAL RIB	579.75	446.64
PRIMAL CHUCK	253.83	234.62
PRIMAL ROUND	242.74	239.88
PRIMAL LOIN	377.53	330.36
PRIMAL BRISKET	284.75	250.14
PRIMAL SHORT PLATE	229.64	229.64

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PRIMAL FLANK	156.96	153.36
FINAL SEPTEMBER 20, 2021		
PRIMAL RIB	613.50	459.91
PRIMAL CHUCK	252.86	238.44
PRIMAL ROUND	237.92	236.65
PRIMAL LOIN	380.48	333.04
PRIMAL BRISKET	304.50	249.38
PRIMAL SHORT PLATE	233.16	233.16
PRIMAL FLANK	155.41	154.37

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LOAD COUNT AND CUTOFF VALUE SUMMARY

Date	Choice	Select	Trim	Grinds	Total	CHOICE 600-900	SELECT 600-900
09/20	40	21	9	13	84	315.66	280.75
09/17	95	30	8	22	155	314.47	279.75
09/16	90	23	9	19	141	318.00	280.27
09/15	111	40	14	26	191	319.82	283.89
09/14	75	25	7	29	136	322.89	290.62
09/13	69	26	12	17	125	325.93	292.16
09/10	71	29	26	15	141	327.22	293.37

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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	70.50 loads	2,819,837 pounds
Select Cuts	48.29 loads	1,931,704 pounds
Trimmings	21.19 loads	847,494 pounds
Ground Beef	34.55 loads	1,382,172 pounds

SEPTEMBER 2021 LIVESTOCK REPORTS

WEDNESDAY SEPTEMBER 22, 2021 - COLD STORAGE REPORT 2:00PM CENTRAL TIME

FRIDAY SEPTEMBER 24, 2021 - HOGS AND PIGS REPORT 2:00PM CENTRAL TIME

FRIDAY SEPTEMBER 24, 2021- CATTLE ON FEED REPORT 2:00PM CENTRAL TIME

Boxed beef Choice primal rib sections have been the main reason the beef cutout has been holding the high levels of the composite. But as of Tuesday, the wind was taken out of the sail and Choice primals ribs were down from Monday \$33.75.

CONTRACT SETTLEMENT

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February -	113.00
April –	116.00
June –	122.50
August –	118.95
October - Current price	122.45

By early spring 2021, consumers were going out to eat, entertain more people at home, and going back to work having a larger percentage of disposable home income to spend on higher priced beef. As more money was spent, cattle prices moved higher. Commodity markets fluctuated with a few spikes but cash markets especially in the Southwest hit a peak and bounced along through the summer. In the cash markets there wasn't much of a rally besides some high cash premiums in the Midwest and in some could say the Southwest cash markets were a big disappointment.

With current bear spreads now through April 2022, the market is setting up for continues sideways trading. For an extended rally, US exports must increase because even if the US cattle herd shrinks the global herd is expanding along with hogs, poultry and fish farming. Cattle may continue to bounce and drop on the futures with slight peaks and valleys on the cash markets.

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Cheap Select beef is keeping a tight lid on Choice beef; on Tuesday morning 44.98 loads of Choice were moved and 26.99 loads of Select were moved. The US slaughters over 80% Choice cattle, yet beef buyers are taking more Select. As Select boxed beef prices drop and dropping faster than Choice, with an unusual wide spread of \$35.44, the US is selling close to 37.5% Select beef primal sections and 62.5% Choice primal sections. In other words, retails from restaurants to grocery stores can offer a greater amount of Select beef. Add in the cheaper beef trimmings, ground beef, cow beef from a large cow kill and imported Select grade or lower grade beef and a far greater percentage of the cheaper beef is being sold compared to Choice. With poor exports of US beef, the US also has to absorb beef that remains in the US and the US needs to export Choice beef.

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Don't expect much trading volume this week. Traders will be waiting for the Feb 24th Cattle on Feed Report and Thursday's exports.

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There is still a lot of chatter about the two cows found with Mad Cow disease in Brazil and whether China will stop beef shipments. It is a good story but it isn't realistic that it will stop exports from Brazil to China. For one, there were ships loaded with beef that was already inspected and it was shipped. Secondly, with the Mid-Autumn Festival on September 21st followed by the Golden Week Festival or also known as the National Day of the People's Republic holiday, a weeklong national holiday in China beginning October 1 -7, it is a time

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when exports normally slow. Remember, the cows were 17 years old and found before coming close to entering the food chain.

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As of *SEPTEMBER 21, 2021* dressed steer and heifer weights were 880.7 compared to previous week at 878.9 up 1.8 pounds on top of previous increase the week before of 8.2 pounds. Grading percent was 80.1% down 1.4% compared to previous week at 81.5%.

https://www.ams.usda.gov/mnreports/ams_2700.pdf

USDA POSTED SUMMARY CATTLE PRICES ON 09/21/2021

**IA/MN – CASH – NO REPORTABLE TRADE
DRESSED - NO REPORTABLE TRADE**

**NE – CASH - 124.00 AVERAGE WEIGHT 1,575.0 POUNDS ON 154 HEAD STEERS
126.50 - AVERAGE WEIGHT 1360 ON 705 HEAD OF HEIFERS
DRESSED – NO REPORTABLE TRADE.**

**KS – CASH - NO REPORTABLE TRADE
DRESSED – NO REPORTABLE TRADE.**

**TX/OK/NM – NO REPORTABLE TRADE.
DRESSED NO REPORTABLE TRADE.**

CO – **NOT REPORTED DUE TO CONFIDENTIALITY
DRESSED **NOT REPORTED DUE TO CONFIDENTIALITY****

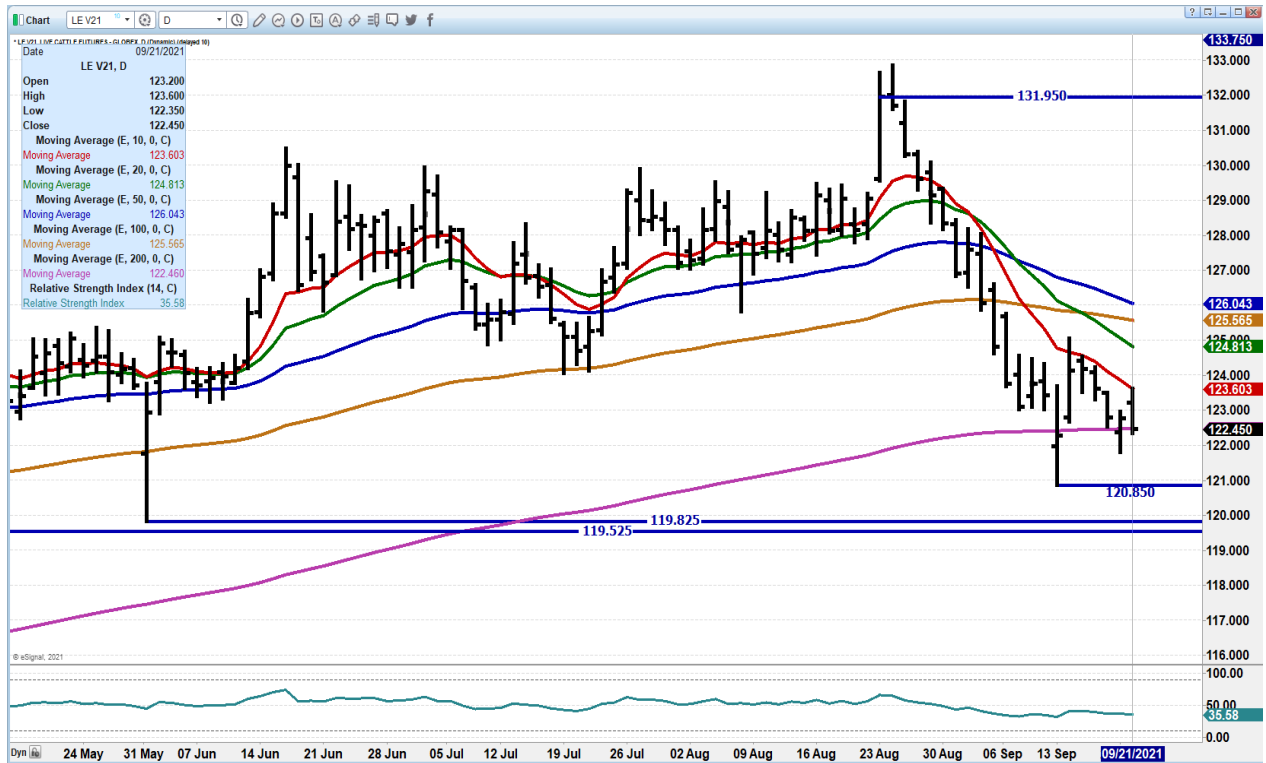
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*****National Daily Direct Cattle 09/21/21
5 day accumulated weighted avg)**

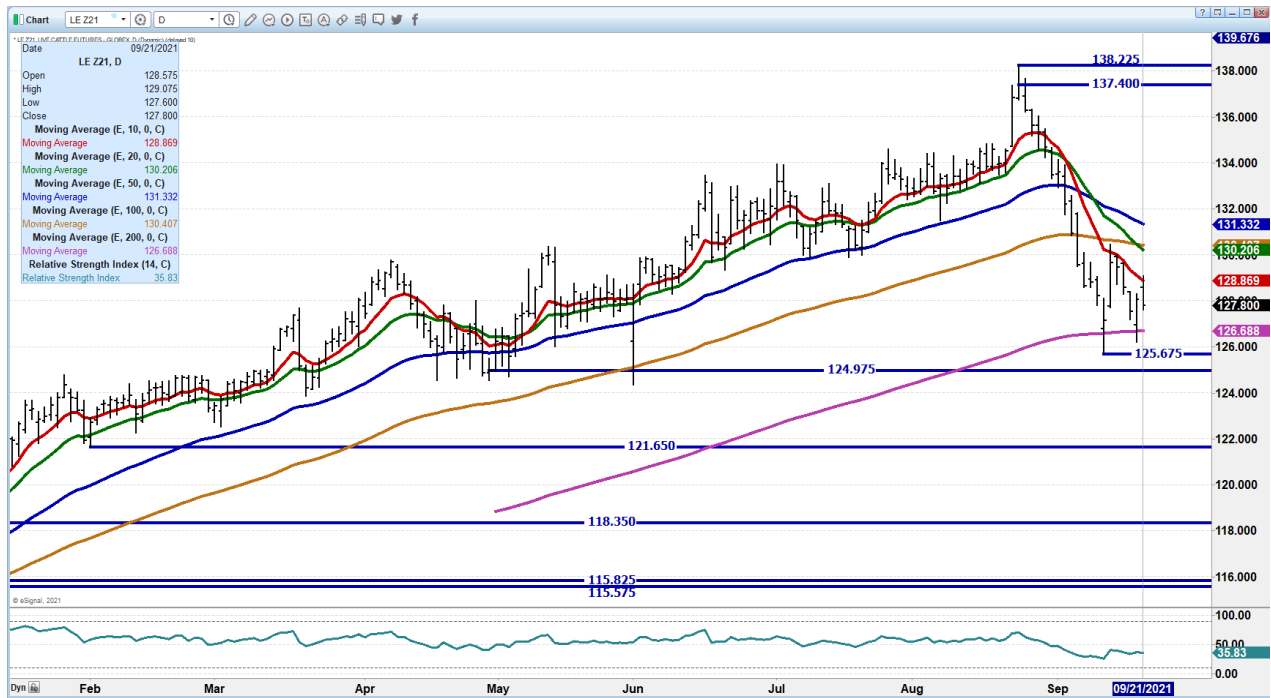
	Weight	Price	Head
Live Steer:	1482	\$124.01	19,149
Live Heifer:	1333	\$124.10	9,257
Dressed Steer:	956	\$198.58	15,194
Dressed Heifer:	845	\$198.94	5,627

https://www.ams.usda.gov/mnreports/nw_ls410.txt

OCTOBER 2021 LIVE CATTLE – Resistance at 123.60 to 124.82 Support at 122.45 to 120.85 to 119.82



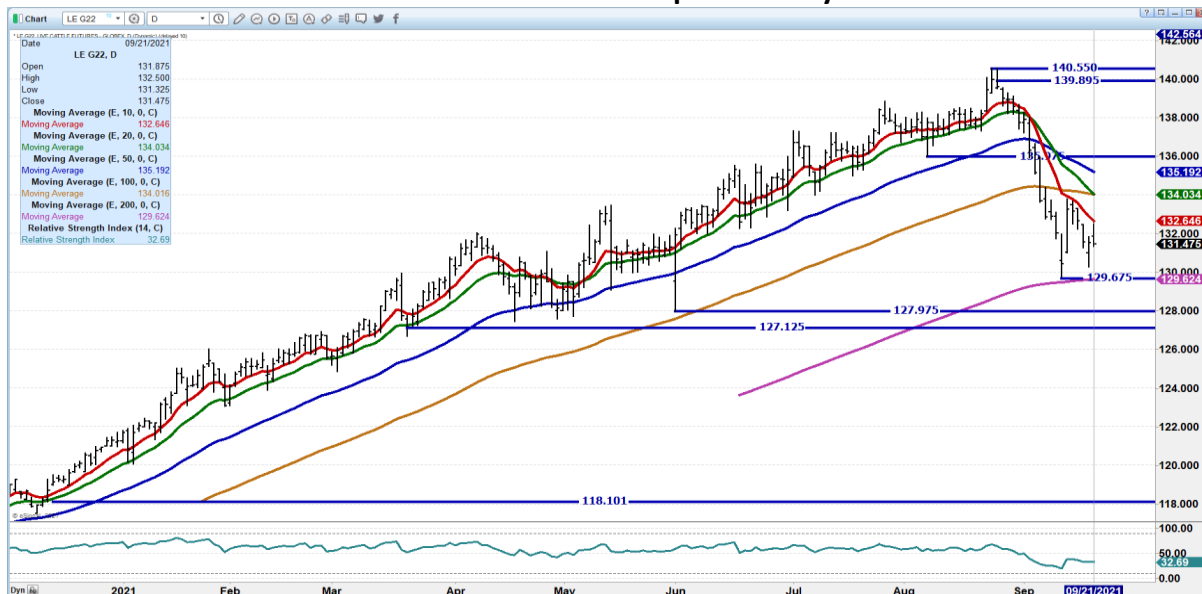
DECEMBER 2021 LIVE CATTLE – Resistance at 128.90 to 130.25 Support 125.67 to 124.97 Volume at 18162



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FEBRUARY 2021 LIVE CATTLE - Resistance at 132.65 to 134.10 Support at 129.67 to 127.97 RSI at 33 is not oversold but bounce before COF report is likely



Feeder Cattle

CME FEEDER INDEX ON 09/20/2021 WAS 153.77 UP 2 CENTS FROM PREVIOUS DAY -

SEPTEMBER 2021 FEEDER CATTLE FUTURES CLOSED ON SEPTEMBER 21, 2021 \$ 154.85

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NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 09/18/2021

RECEIPTS:	AUCTIONS	DIRECT	VIDEO/INTERNET	TOTAL
THIS WEEK:	182,400	44,900	36,000	263,300
LAST WEEK:	138,600	35,900	75,300	249,800
YEAR AGO:	201,200	46,700	39,800	287,700

Compared to last week, several of the large volume auctions on Monday were compared to two weeks ago coming back from Labor Day with steer and heifer calves selling in a range of mostly 5.00-10.00 lower catching up to the previous week's auctions that were lower; with other sales for the week on calves trading unevenly steady to 5.00 lower. Yearling feeders were also uneven but mostly steady to 4.00 lower. The calf market pressure is typical of autumn's arrival with increase headcounts of new crop calves and the onset of the wide spread between daytime high temperatures and overnight lows. Demand remains best on the true yearlings coming off grass but availability is running out before long.

https://www.ams.usda.gov/mnreports/sj_ls850.txt

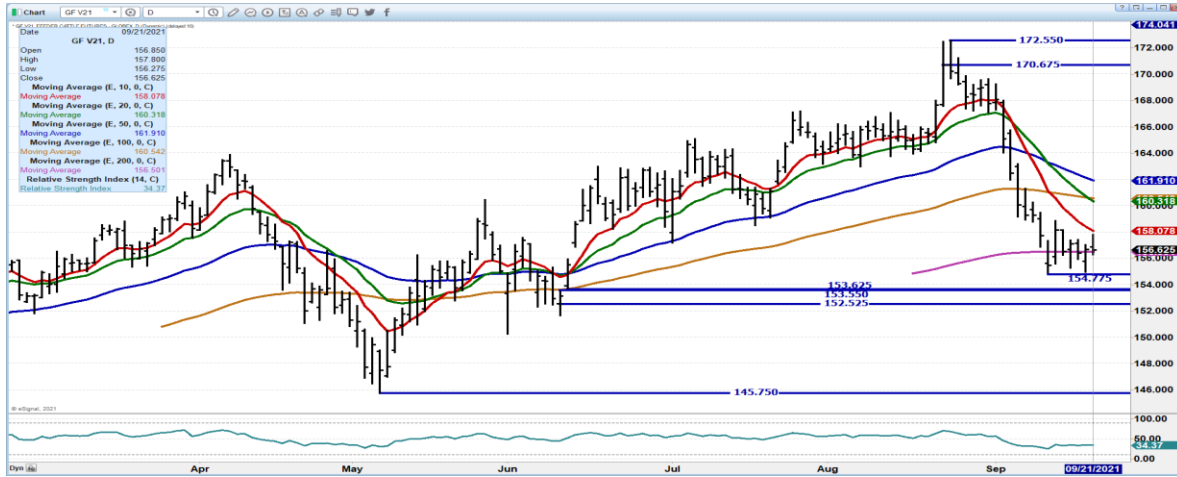
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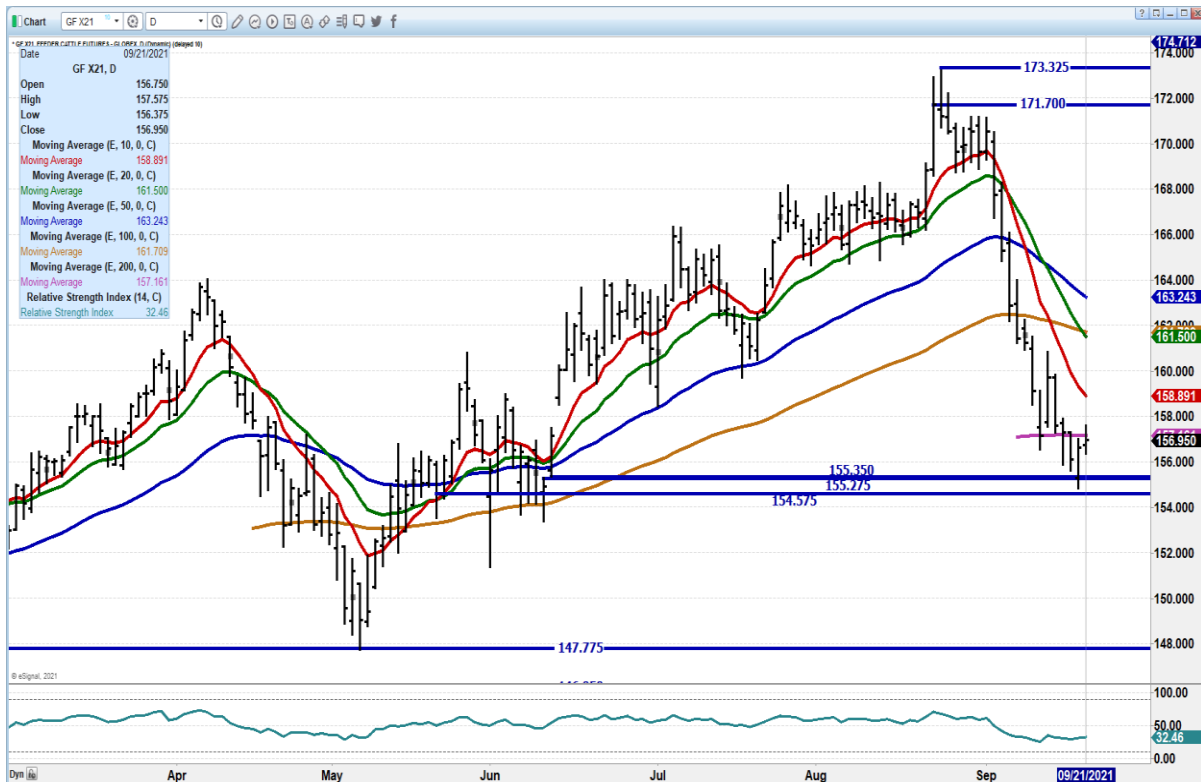
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IF SHORT FUTURES, PROTECT POSSIBLE UPSIDE. COW KILLS STILL LARGE. BUT FEED COSTS ARE HIGH. STAY SHORT BUT PROTECT THE HEDGE.

OCTOBER 2021 FEEDER CATTLE – RESISTANCE AT 158.07 SUPPORT AT 154.77 TO 153.55



NOVEMBER 2021 FEEDER CATTLE – Needs to remain above 155.27 to 154.57 Resistance at 158.90



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LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

SEPTEMBER 21, 2021	467,000
WEEK AGO	481,000
YEAR AGO	486,000
WEEK TO DATE (EST)	930,000
SAME PERIOD LAST WEEK (EST)	952,000
SAME PERIOD LAST YEAR (ACT)	965,000

****REVISED MONDAY HOG SLAUGHTER..463,000** PREVIOUS ESTIMATE 478,000**

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CME CASH LEAN HOG INDEX 09/17/2021 AT \$94.04 DOWN .22 CENTS FROM PREVIOUS DAY

CME CASH PORK CUTOUT INDEX 09/20/2021 AT \$ 105.06 UP 36 CENTS FROM PREVIOUS DAY

CME CASH FRESH BACON INDEX ON 9/17/2021 WAS 210.24 COMPARED TO 9/10/2021 WAS 209.76

CME PORK INDEX TO CME LEAN HOG INDEX plus 11.02

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The World Organization for Animal Health confirmed an outbreak of African swine fever (ASF) on the island of Haiti on Sept. 20. It shouldn't be a surprise with Haiti at the west end of the same island of the Dominican Republic. And it should be a surprise with 1000s of people from Haiti coming to the US, Central America and South America with the closeness to Cuba, that it will be hard to keep from ASF first getting to the wild hogs in the US in Florida and Texas and then eventually to commercial herds similar to how it spread last year in Germany.

There are some vaccinations but so far nothing that is feasible for total vaccination as of yet, but you can bet there are studies on vaccinations being done 24 hours a day. Wonder if all hog producers will vaccinate?

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CME Lean Hog Index is \$94.04. October futures settled on Tuesday at \$84.37. Cash negotiated hogs on Tuesday had a weighted average of \$78.34. The outlook is down.

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Weather is conducive for optimum growth so should start to see higher rates of gain. But feed is high priced and any producer that can control the time when hogs are moved to slaughter is going to move as soon as they are ready.

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The Hogs and Pigs report is on September 24th. Look for slow volume trade before it.

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

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NATIONAL DAILY PORK REPORT FOB PLANT - NEGOTIATED SALES

SEPTEMBER 20, 2021

LOADS OF PORK CUTS: 430.66

TRIM/PROCESSED PORK: 35.48

FINAL

DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
09/20/2021	466.14	102.76	110.87	105.61	75.61	130.47	71.68	169.56
CHANGE		-0.13	-0.01	-3.47	-4.45	1.02	2.81	-2.59
FIVE DAY AVERAGE --		104.55	111.85	110.33	79.92	126.02	75.66	168.57

FINAL

DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
09/20/2021	317.20	102.89	110.88	109.08	80.06	129.45	68.87	172.15
CHANGE		-2.52	-1.14	-3.63	0.53	5.90	-11.47	6.71
FIVE DAY AVERAGE --		105.03	112.77	111.93	81.20	126.39	76.67	166.74

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NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE

[HTTPS://WWW.AMS.USDA.GOV/MNREPORTS/AMS_2511.PDF](https://www.ams.usda.gov/mnreports/AMS_2511.PDF)

Slaughter Data for September 20, 2021

Average live weight: 280.57

Average carcass : 210.58

Weights are increasing.

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<https://www.ams.usda.gov/sites/default/files/media/LMRswineReportingHandout.pdf>

DAILY DIRECT AFTERNOON HOG REPORT SEPTEMBER 21, 2021

National Negotiated Carcass Price

Lowest price: 76.00

Highest price: 81.00

Weighted Average Price: 78.14

(Average price broke \$80.00)

Head Count: 6,870

From Previous day 1.18 lower

Other Market Formula (Carcass)

Lowest Base Price 58.32

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Highest base price: 106.09
 Weighted Average Price: **81.23**
 Head Count: 29,888

Pork Market Formula (Carcass)

Lowest base price: 79.31
 Highest Base Price: 106.99
 Weighted Average Price: **90.31**
 Head Count: 155,201

Other Purchase Arrangement (Carcass)

Lowest base price: 72.70
 Highest base price: 125.77
 Weighted Average Price: **90.41**
 HEAD COUNT: 64,541

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OCTOBER 2021/DECEMBER 2021 LEAN HOG SPREAD – . Oct to Dec is bull spread. But with little open interest now on October, spread is not being traded by funds now

SPREAD SETTLED

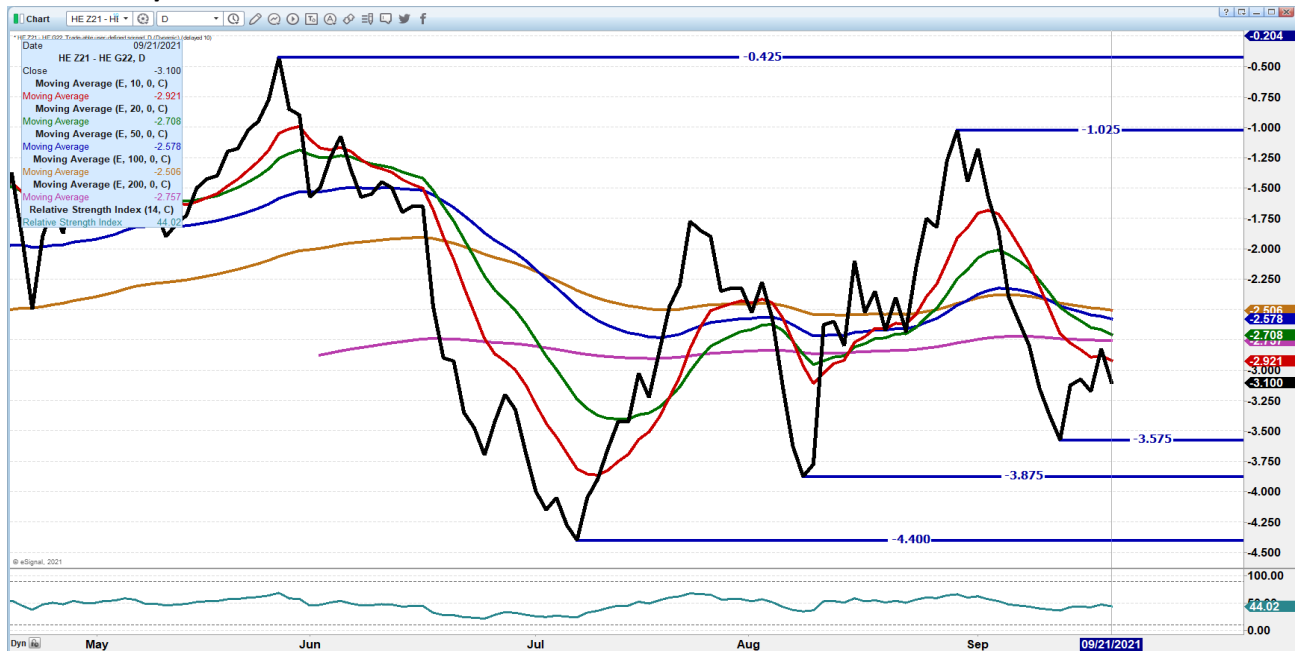
2017 **-\$1.80**
2018 **+\$13.25 HIGH ON 10/11/2018 \$14.25**
2018 **-\$6.05**
2020 **+10.00 HIGH ON 10/17/2020 \$12.30**
2021 **CURRENT 10.77**



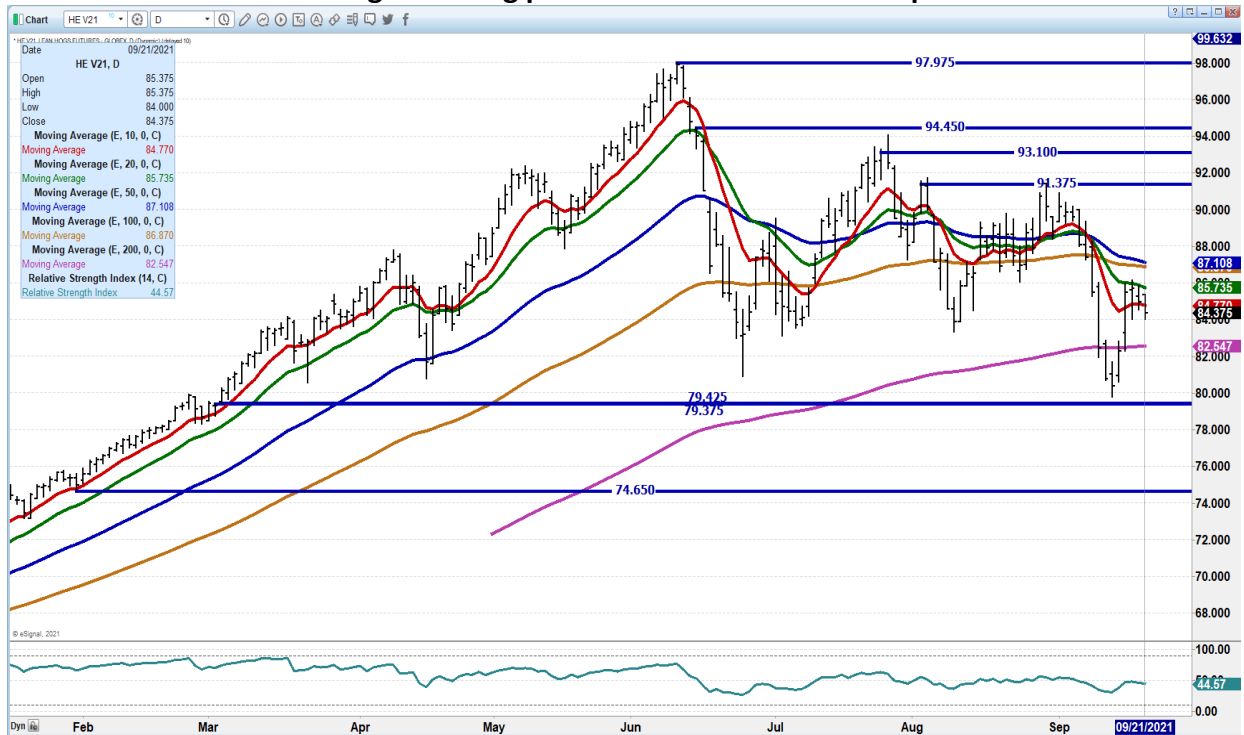
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DECEMBER/FEBRUARY LEAN HOG SPREAD -



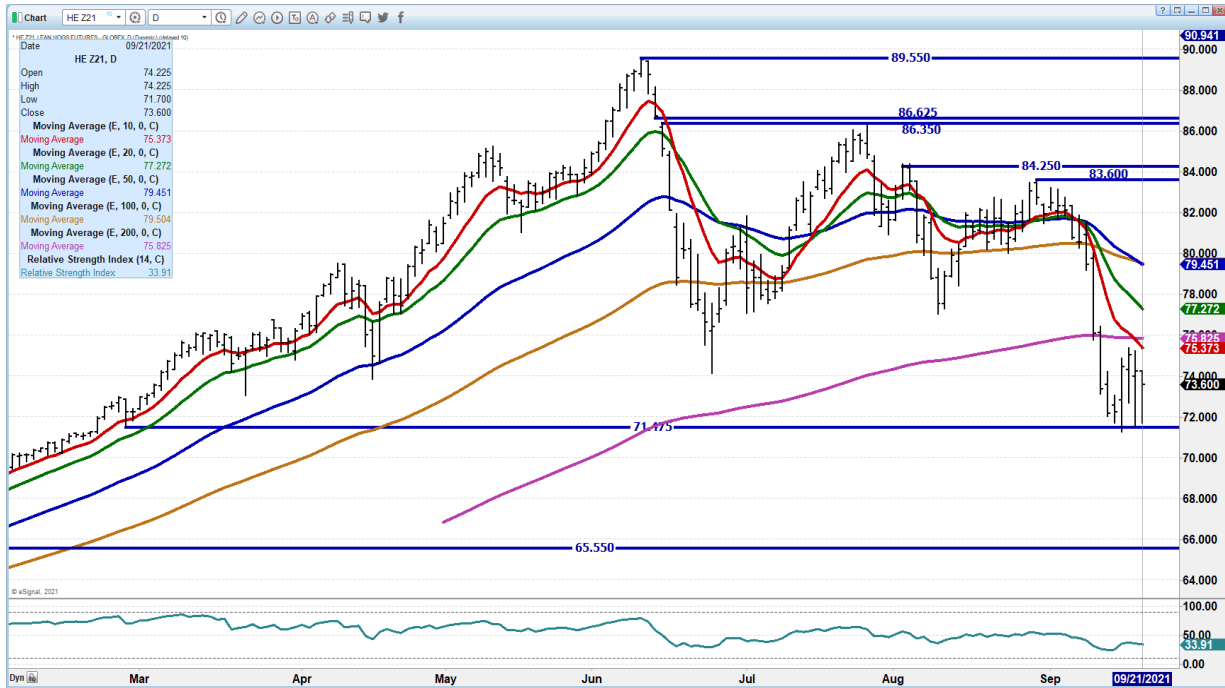
**OCTOBER 2021 LEAN HOGS - Resistance at 85.75 to 87.10 Support at 82.52 to 79.37
Volume at 7408 Short hedges holding positions and no reason to liquidate**



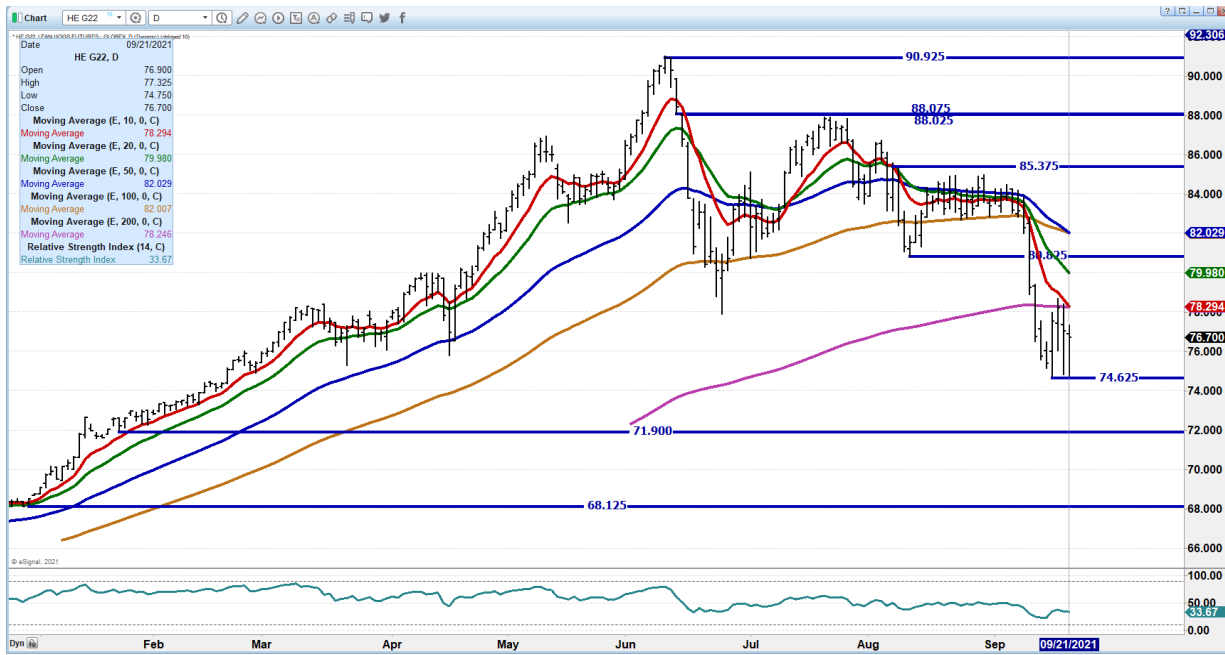
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DECEMBER 2021 LEAN HOGS – Support at 71.47 needs to hold. A close below puts next support at 65.55 Resistance at 75.37 to 77.27 Volume on Tuesday at 17516 RSI at 34 is not oversold



FEBRUARY 2022 LEAN HOGS - Strong resistance 78.30 Next resistance at 80.00 Support at 74.62 to 71.90 RSI at 33 far from oversold



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