



ADM Investor
Services, Inc.

Daily Futures Market Commentary Livestock Outlook

TUESDAY MORNING OCTOBER 12, 2021 LIVESTOCK REPORT

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CATTLE

OCTOBER 11, 2021	121,000
WEEK AGO	120,000
YEAR AGO	118,000

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BOXED BEEF FINAL	CHOICE	SELECT
Current Cutout Values:	281.12	263.64
CHANGE FROM PRIOR DAY:	(2.15)	0.90
CHOICE/SELECT SPREAD:	17.48	
TOTAL LOAD COUNT (CUTS, TRIMMINGS, GRINDS)	107	
5 DAY SIMPLE AVERAGE:	286.41	264.60

CME BOXED BEEF INDEX FOR 10/08/2021 WAS AT 281.42 DOWN \$1.27 FROM PREVIOUS DAY

FINAL OCTOBER 11, 2021

PRIMAL RIB	472.14	392.14
PRIMAL CHUCK	228.94	232.00
PRIMAL ROUND	251.27	248.06
PRIMAL LOIN	339.09	301.13
PRIMAL BRISKET	247.82	238.53
PRIMAL SHORT PLATE	196.11	196.11
PRIMAL FLANK	152.83	152.14

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LOAD COUNT AND CUTOFF VALUE SUMMARY

Date	Choice	Select	Trim	Grinds	Total	CHOICE	SELECT
						600-900	600-900
10/08	40	24	25	16	104	283.27	262.74
10/07	118	23	13	31	185	285.30	264.44
10/06	86	28	14	29	157	286.62	262.91
10/05	93	27	18	33	171	287.71	267.78
10/04	56	18	15	14	103	289.18	265.16

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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	53.22 loads	2,128,840 pounds
Select Cuts	31.57 loads	1,262,760 pounds
Trimming	15.32 loads	612,667 pounds
Ground Beef	7.29 loads	291,482 pounds

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DELIVERY NOTICE SERVED - OCTOBER 2021 - LIVE CATTLE
DATE 10/11/21 No deliveries for October

From small country newspapers to reports by government economists and financial analysts and on all agricultural websites there is hardly a day goes by about the high cost of beef and pork plus other foods. For some reason beef prices seem to make bigger headlines except when it comes to bacon. There are two main reasons for higher beef prices. One is transportation. From local trucks to international shipping, there are clogs in transportation. It is reported shipping times can be delayed from eight to twelve weeks. Because of delays on ships, companies are using more air transportation which adds to costs. When meat arrives at destinations, trucks are often not available or meat has to go to storage and moved when transportation is available. Every delay adds to the price.

There is also increased beef consumption. In 2021 world beef consumption is likely to break a new record. The USDA has estimated world consumption to end up to 60.04 million tons, a 1.6% gain compared to 2020. Chinese beef consumption in be 10.08 million tons in carcass equivalent, a 6.3% increase compared to 9.48 million tons in 2020. The US in 2021, the largest consumer of beef, is expected to be 12.52 million tons.

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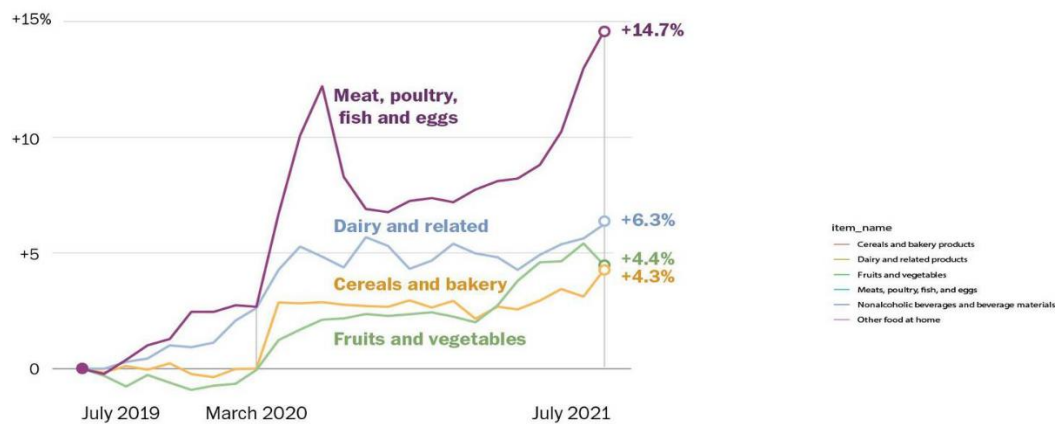
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Brazil, January through August, sold China about 60% of the beef produced as exports. When two cows were found with Mad Cow Disease, the Brazilian government voluntarily stopped sales. Sales fell in September. However, Argentina now has resumed sales to China through Marfrig Global Foods and Minerva SA and JBS SA increased sales through US companies. There may be a bigger reason Brazil stopped sales because the World Organization for Animal Health said the beef wasn't a risk to the Chinese food supply. High costs of beef in Brazil because of exports have dropped Brazilian consumption. Beef prices are up over 40% compared to 2020 and people are blaming the Brazilian president. Beef tied to increased exports and Brazil's record unemployment and super high inflation have been the main reason beef consumption has dropped to the lowest level since 1996. But the drop in beef consumption in Brazil is an exception to world consumption.

Transportation problems or increasing world consumption, beef demand is strong.

Meat prices spike above other food categories

Percent change in Consumer Price Index since July 2019, seasonally adjusted



Source: Labor Department

ALYSSA FOWERS/THE WASHINGTON POST

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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

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USDA POSTED SUMMARY CATTLE PRICES ON 10/11/2021

IA/MN – CASH – NO REPORTABLE TRADE.

DRESSED - NO REPORTABLE TRADE.

NE – CASH - NO REPORTABLE TRADE.

DRESSED – NO REPORTABLE TRADE.

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

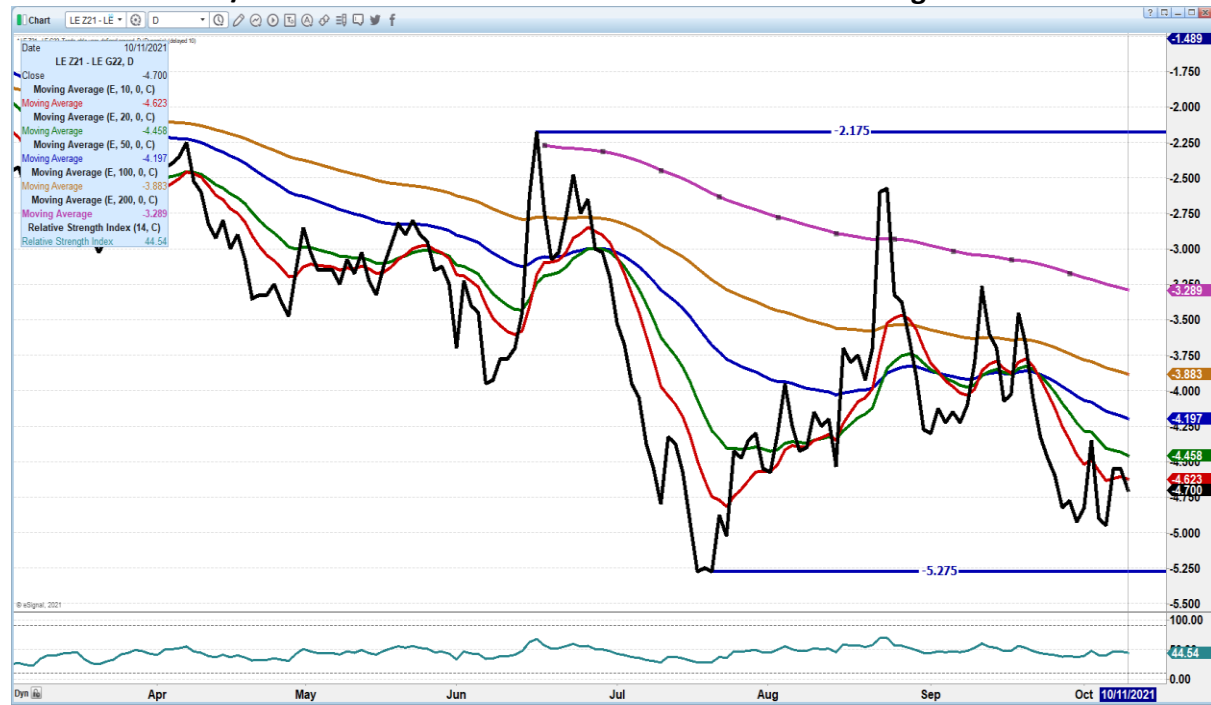
TX/OK/NM – NO REPORTABLE TRADE.
 DRESSED NO REPORTABLE TRADE.

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

***National Daily Direct Cattle 10/11/21
 5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1495	\$123.00	33,277
Live Heifer:	1303	\$123.51	14,465
Dressed Steer:	962	\$195.32	16,807
Dressed Heifer:	861	\$195.75	4,743

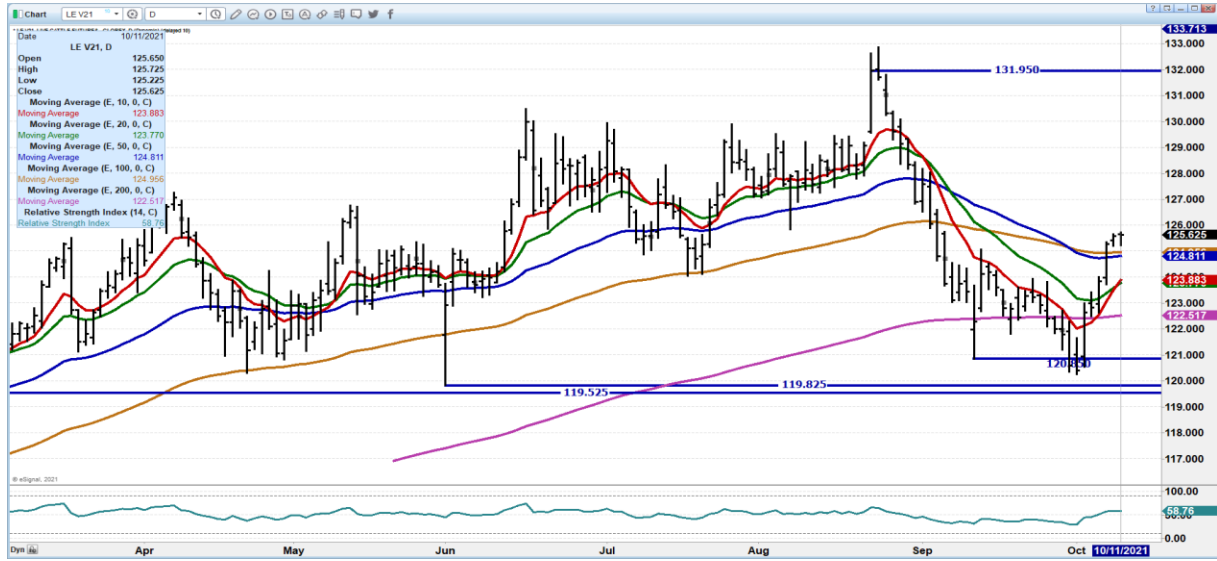
DECEMBER 2021/FEBRUARY 2022 LIVE CATTLE SPREAD – Dec losing to Feb is bearish.



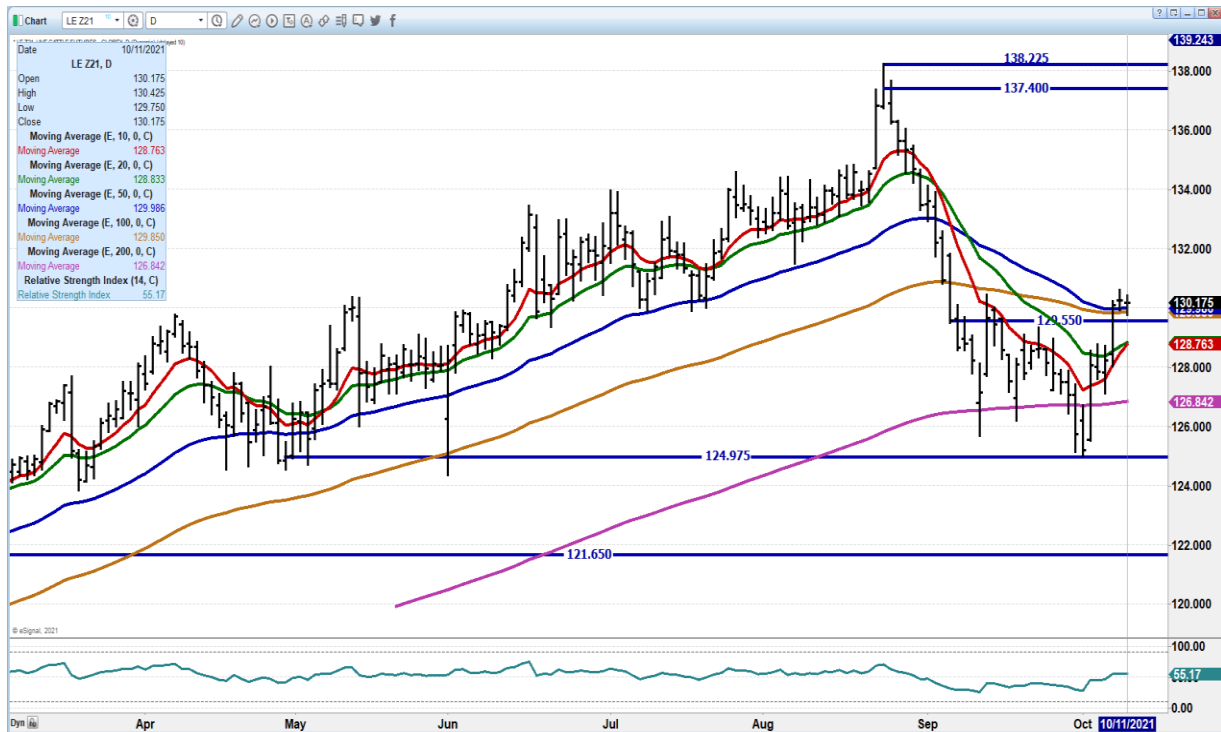
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OCTOBER 2021 LIVE CATTLE – Packers need cattle Resistance at 126.37 Support at 124.80 to 123.87



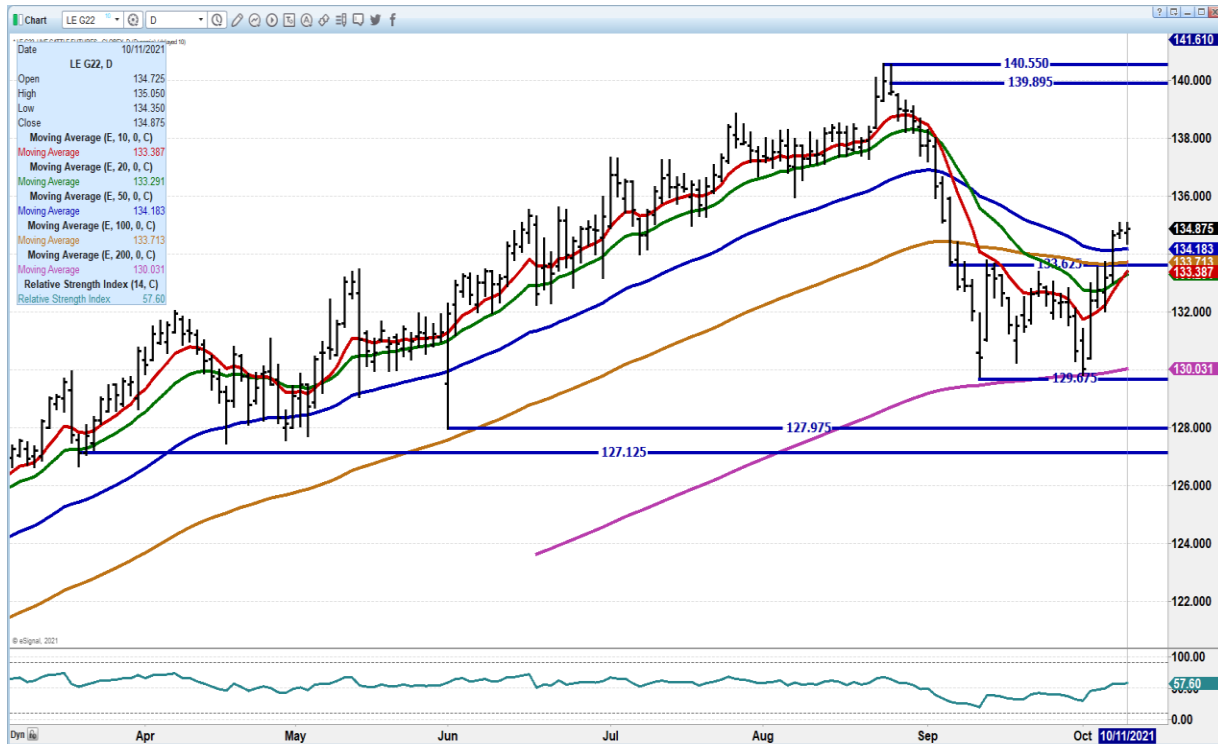
DECEMBER 2021 LIVE CATTLE – support at 129.85 to strong support at 128.75 Resistance at 130.65



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FEBRUARY 2021 LIVE CATTLE - Feb premium to Dec Strong support at 133.37 Resistance 135.05



Feeder Cattle

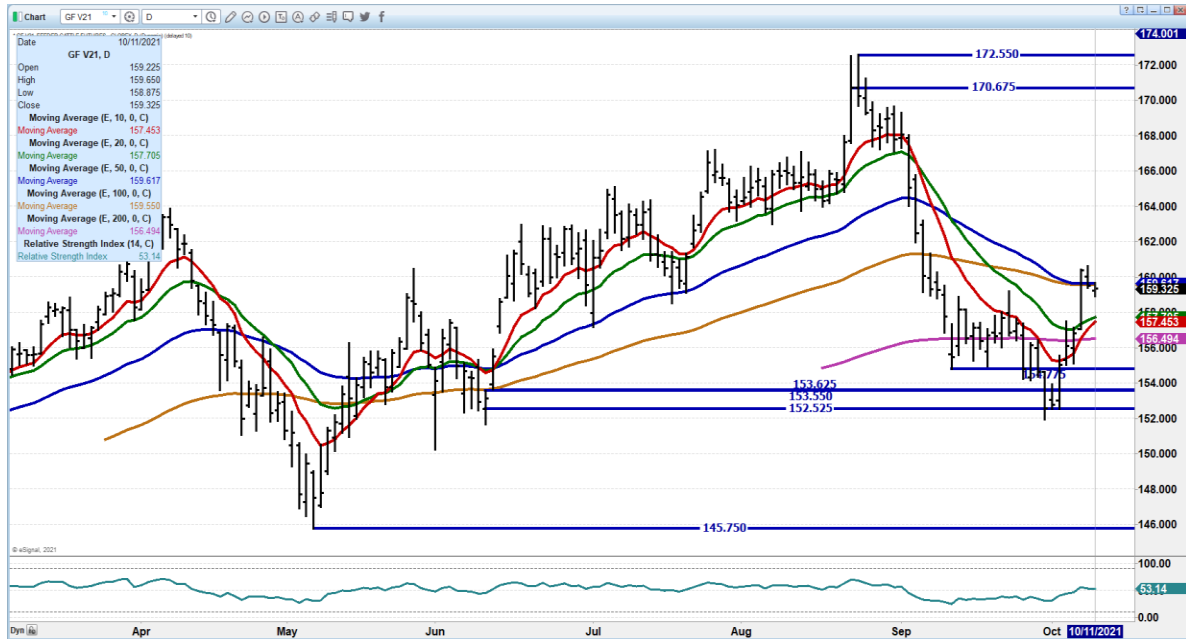
CME FEEDER INDEX ON 10/08/2021 WAS 153.62 DOWN 95 CENTS FROM PREVIOUS DAY -

OCTOBER 2021 FEEDER CATTLE FUTURES CLOSED ON OCTOBER 11, 2021 \$159.42

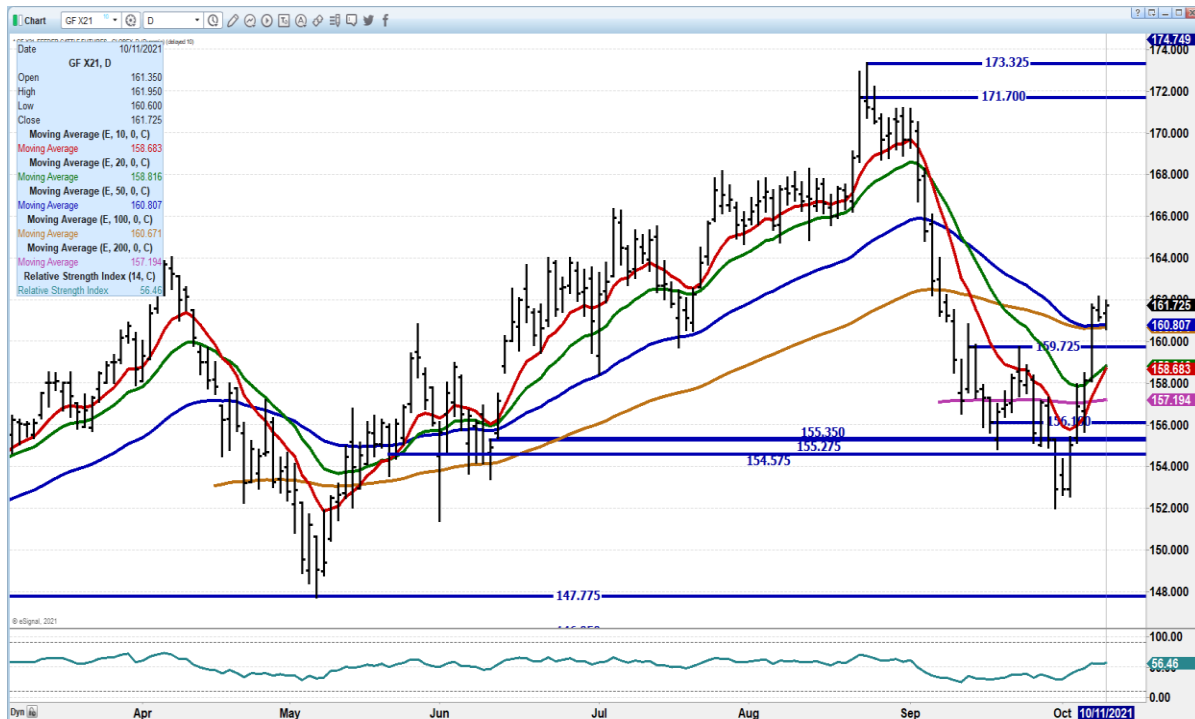
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OCTOBER 2021 FEEDER CATTLE – DROPPED BELOW SUPPORT AT 159.65 NOW RESISTANCE SUPPORT AT 157.70



NOVEMBER 2021 FEEDER CATTLE – Needs to hold support at 160.80 Next support at 158.67 Resistance at 162.15



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LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

OCTOBER 11, 2021	477,000
WEEK AGO	464,000
YEAR AGO	474,000

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CME CASH LEAN HOG INDEX 10/07/2021 AT \$ 91.95 DOWN 64 CENTS FROM PREVIOUS DAY

CME CASH PORK CUTOUT INDEX 10/08/2021 AT \$ 110.56 DOWN 1.19 FROM PREVIOUS DAY

CME CASH FRESH BACON INDEX ON 10/08/2021 WAS 257.80 COMPARED TO 10/1/2021 WAS 239.96

CME PORK INDEX TO CME LEAN HOG INDEX plus 18.61

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

OCTOBER 11, 2021

LOADS OF PORK CUTS: 270.28

TRIM/PROCESSED PORK: 48.33

FINAL

DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
10/11/2021	318.61	108.01	108.35	110.30	76.64	131.72	68.46	208.53
CHANGE:		1.02	6.45	-4.79	3.96	1.68	-6.62	5.15
FIVE DAY AVERAGE --		109.65	105.84	112.37	76.55	132.78	79.53	204.53

FINAL - THE LAST TIME I WROTE THE LIVESTOCK REPORT FOR A PERSPECTIVE

DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
9/24/2021	258.15	113.86	114.13	111.29	78.88	129.21	103.96	179.05
CHANGE:		9.57	11.09	-1.92	-2.35	-2.73	28.74	2.32
FIVE DAY AVERAGE --		106.14	109.50	109.68	77.97	130.55	81.41	173.72

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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 Friday, October 8, 2021 and Saturday, October 9, 2021

Average live weight: 284.92

Average carcass : 213.63

Hogs are getting heavier

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

DAILY DIRECT AFTERNOON HOG REPORT OCTOBER 11, 2021

National Negotiated Carcass Price

Lowest price: 67.00

Highest price: 71.00

Weighted Average Price **68.62**

Head Count: 8,116

From Previous day **0.64 lower**

Other Market Formula (Carcass)

Lowest Base Price 58.32

Highest base price: 95.20

Weighted Average Price: 86.99

Head Count: 46,599

Pork Market Formula (Carcass)

Lowest base price: 68.32

Highest Base Price: 104.06

Weighted Average Price: 89.89

Head Count: 219,658

Other Purchase Arrangement (Carcass)

Lowest base price: 72.76

Highest base price: 103.82

Weighted Average Price: 86.41

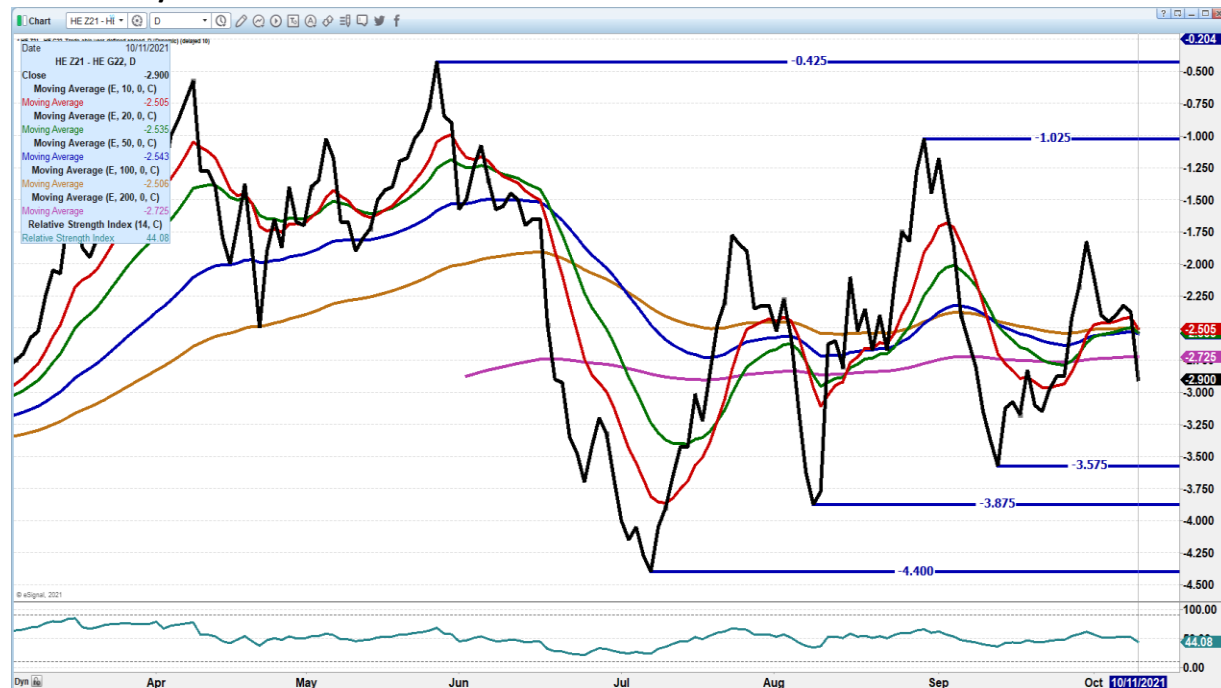
HEAD COUNT: 176,912

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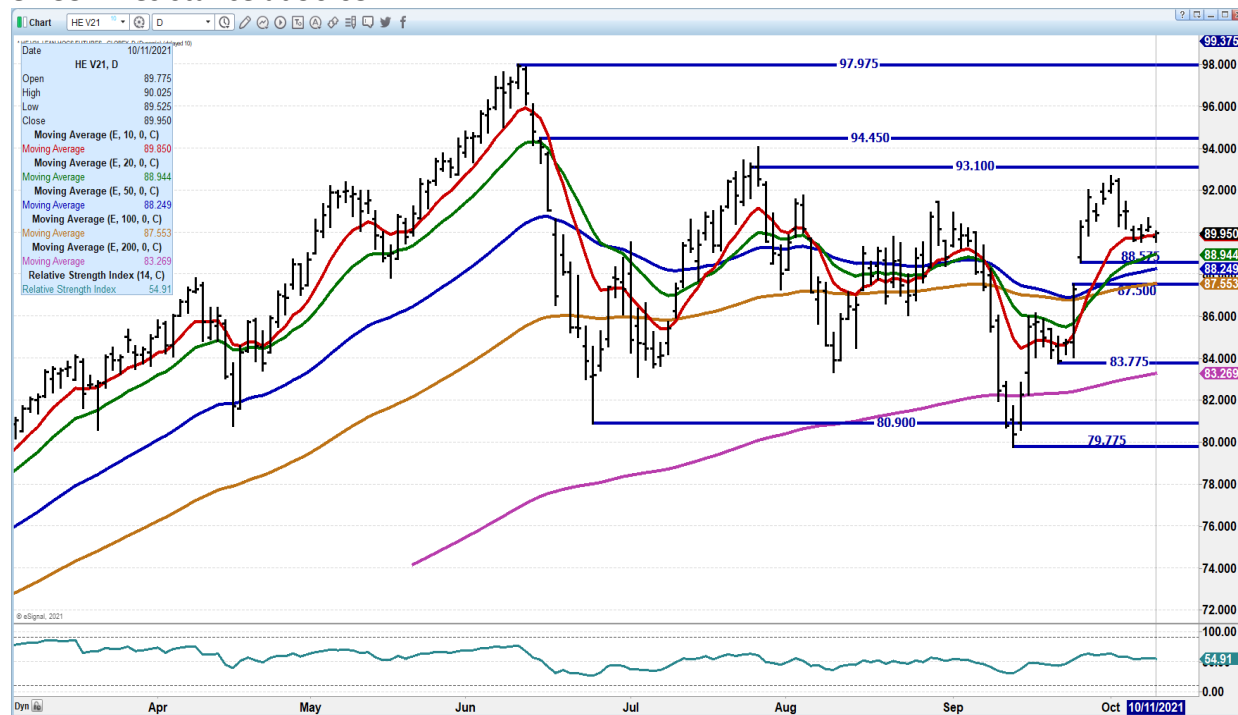
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DECEMBER/FEBRUARY LEAN HOG SPREAD –



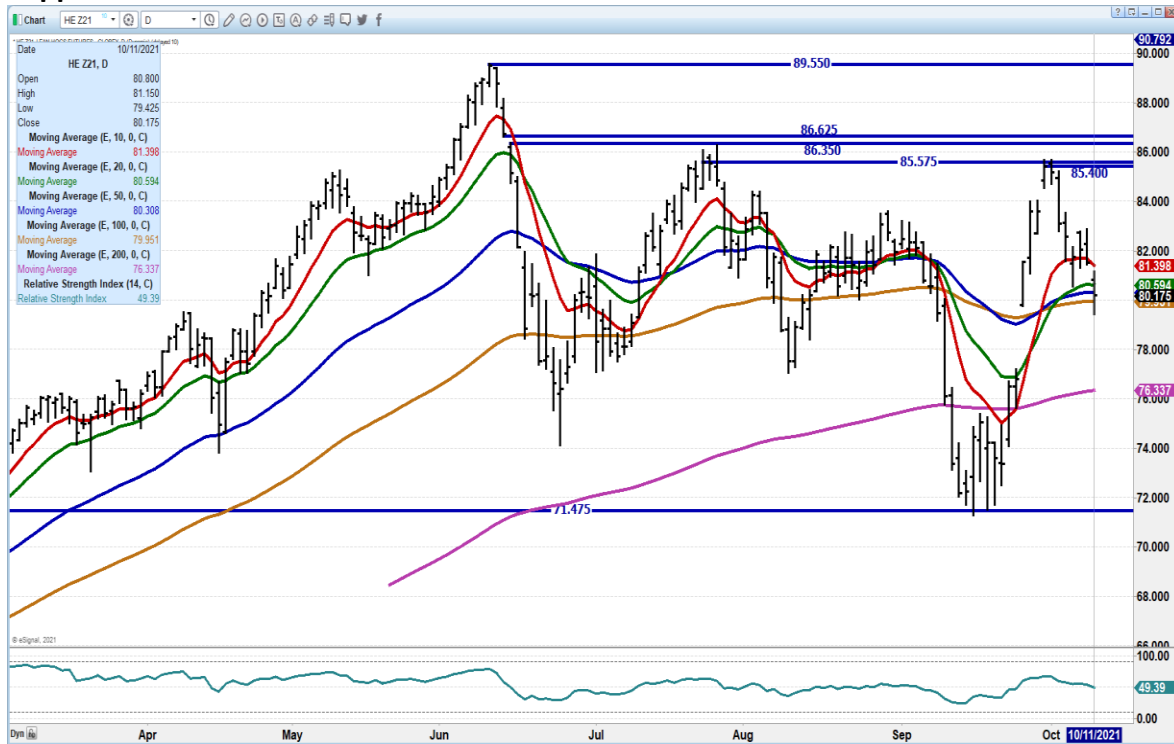
OCTOBER 2021 LEAN HOGS - Closed on 10 day average, now support at 89.85 down to 87.55. Resistance at 90.65



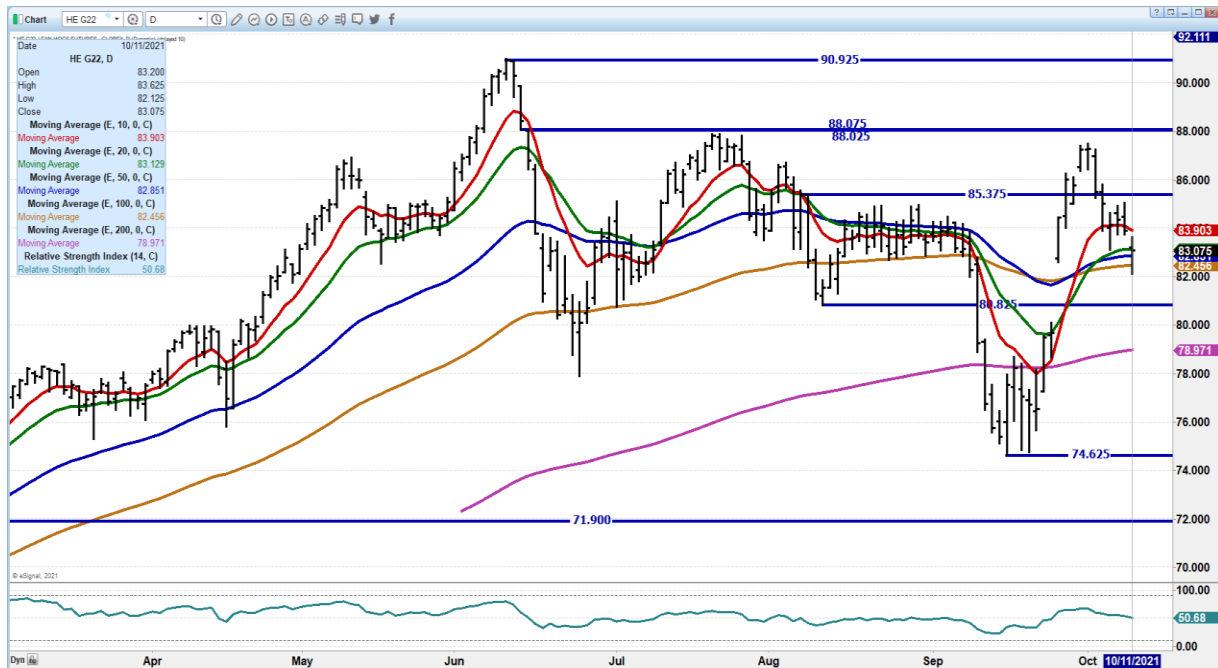
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DECEMBER 2021 LEAN HOGS – Gapped below the 10 day average at 81.40 now resistance Support at 79.87 to 76.35



FEBRUARY 2022 LEAN HOGS - Gapped lower Monday Support at 82.37 to 80.82 Resistance at 83.90 to 85.37



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