

## Daily Futures Market Commentary Livestock Outlook

### THURSDAY MORNING DECEMBER 23, 2021 LIVESTOCK REPORT

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### USDA COLD STORAGE REPORT AT BOTTOM OF REPORT

### EXPORT HIGHLIGHTS AT BOTTOM OF REPORT

#### CATTLE

##### USDA FEDERAL CATTLE SLAUGHTER

DECEMBER 22, 2021	121,000
WEEK AGO	113,000
YEAR AGO	139,000
WEEK TO DATE (EST)	361,000
SAME PERIOD LAST WEEK (EST)	357,000
SAME PERIOD LAST YEAR (ACT )	349,000

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BOXED BEEF FINAL	CHOICE	SELECT
CURRENT CUTOUT VALUES:	261.86	250.83
CHANGE FROM PRIOR DAY:	0.47	0.91
CHOICE/SELECT SPREAD:		11.03
TOTAL LOAD COUNT (CUTS, TRIMMINGS, GRINDS)		138
5 DAY SIMPLE AVERAGE:	262.00	248.89

CME BOXED BEEF INDEX FOR 12/21/2021 WAS AT 258.63 UP 26 FROM PREVIOUS DAY

##### FINAL DECEMBER 22, 2021

PRIMAL RIB	408.51	368.53
PRIMAL CHUCK	217.28	214.52

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PRIMAL ROUND	216.71	218.20
PRIMAL LOIN	330.65	306.46
PRIMAL BRISKET	295.44	278.75
PRIMAL SHORT PLATE	179.60	179.60
PRIMAL FLANK	146.00	145.25

#### FINAL DECEMBER 21, 2021

PRIMAL RIB	421.51	370.56
PRIMAL CHUCK	214.39	213.10
PRIMAL ROUND	215.74	213.40
PRIMAL LOIN	327.93	307.82
PRIMAL BRISKET	293.04	283.43
PRIMAL SHORT PLATE	177.92	177.92
PRIMAL FLANK	144.05	143.84

#### FINAL NOVEMBER 23, 2021

PRIMAL RIB	476.43	420.34
PRIMAL CHUCK	227.28	220.96
PRIMAL ROUND	235.28	232.39
PRIMAL LOIN	339.22	306.78
PRIMAL BRISKET	289.92	288.28
PRIMAL SHORT PLATE	184.34	184.34
PRIMAL FLANK	147.24	144.96

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#### LOAD COUNT AND CUTOFF VALUE SUMMARY

Date	Choice	Select	Trim	Grinds	Total	CHOICE 600-900	SELECT 600-900
12/21	77	21	6	12	116	261.39	249.92
12/20	58	21	8	8	94	262.38	250.67
12/17	64	20	6	18	107	263.01	248.28
12/16	89	28	4	19	140	262.97	248.14
12/15	88	36	7	42	174	260.26	247.45

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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. CURRET VOLUME - (one load equals 40,000 pounds)

Choice Cuts	91.26 loads	3,650,316 pounds
Select Cuts	14.27 loads	570,812 pounds

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Trimblings 14.10 loads 563,854 pounds  
Ground Beef 18.22 loads 728,931 pounds

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#### DECEMBER 2021 LIVESTOCK REPORTS

DECEMBER 23, 2021 – CATTLE ON FEED REPORT - 2:00PM CENTRAL TIME

DECEMBER 23, 2021 – HOGS AND PIGS REPORT - 2:00PM CENTRAL TIME

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DELIVERY NOTICE SERVED – DECEMBER 2021 - LIVE CATTLE

SETTLEMENT: DECEMBER 22, 2021 - \$135.75

OLDEST LONG: 02/08/21 SETTLEMENT AT \$123.72

NO DELIVERIES

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Not even average net beef export sales with 17,100 metric tons. No country was a big buyer but China keeps taking about the same week after week.

Choice primal rib and Select rib sections are dragging down boxed beef. A month ago Choice rib sections were \$476.43, on Tuesday \$421.51 and Wednesday morning \$408.51 down \$67.92 in a month and \$13.00 from Tuesday.

Normally, beef declines in January and with global concerns about inflation and the winter increases with COVID in 2022, it is hard to see anything even close to steady but more downside for beef.

China also has been counting on a big winter Olympics in 2022 but over past two weeks countries have been cancelling and fewer visitors because of COVID. Also, don't be surprised to see more counties across the northern hemisphere with several countries already starting to lock down people visiting and restaurants closing.

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A slow trading day on Live Cattle Wednesday. Spreaders continue to bear spread ahead of Thursday's Cattle on Feed Report.

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U.S. November cattle marketings seen up 4.4% from year ago -analysts - Reuters News

U.S. CATTLE ON FEED ESTIMATES FOR DECEMBER 23, 2021 REPORT

	AVERAGE OF ESTIMATES	RANGE OF ESTIMATES
CATTLE ON FEED - December	99.8	98.6-103.1
PLACED DURING - November	103.2	96.4-106.7
MARKETED DURING -November	104.4	104.3-105.0

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**DECEMBER 21, 2021** dressed steer and heifer weights were 898.4 pounds compared to previous week at 898.8 pounds down .4 pounds.

The grading percent also was up at 81.5% percent compared to a week ago at 81.3% percent.

[https://www.ams.usda.gov/mnreports/ams\\_2700.pdf](https://www.ams.usda.gov/mnreports/ams_2700.pdf)

Very small change in weights from December 14<sup>th</sup> to December 21<sup>st</sup> .4 pounds. A year ago dressed steers and heifers averaged 895.5 pounds and grading percent average was 81.9%.

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**USDA POSTED SUMMARY CATTLE PRICES ON 12/22/2021**

**IA/MN – CASH – 135.00 ON 2821 STEERS NEGOTIATED CASH PRICE 140.00 DELEIVERED ON 31 STEERS  
137.00 - 138.00 ON 182 HEIFERS  
DRESSED - 216.00 - 217.00**

**NE – CASH - 136.00 - 137.00  
DRESSED – 216.00 - 218.00**

**KS – CASH - 135.00 ON ALL CATTLE OF VARIOUS GRADES FROM 35% LOADS TO 80% PLUS CHOICE  
LOADS  
DRESSED – 216.00 - 217.00**

**TX/OK/NM CASH – 135.00 -STEERS AND HEIFERS MIXED GRADES  
DRESSED– NO REPORTABLE TRADE.**

**CO – CASH - \*\*NOT REPORTED DUE TO CONFIDENTIALITY\*\*  
DRESSED - \*\*NOT REPORTED DUE TO CONFIDENTIALITY\*\***

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**\*\*\*National Daily Direct Cattle 12/22/21  
5 day accumulated weighted avg**

	Weight	Price	Head
Live Steer:	1458	\$136.62	23,040
Live Heifer:	1374	\$136.30	7,799
Dressed Steer:	948	\$218.13	8,210
Dressed Heifer:	847	\$218.06	3,167

[https://www.ams.usda.gov/mnreports/nw\\_ls410.txt](https://www.ams.usda.gov/mnreports/nw_ls410.txt)

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## FEBRUARY 2022 LIVE CATTLE/FEBRUARY 2022 LEAN HOG SPREAD – Cattle losing to hogs with hogs rallying. Traders looking for fewer hogs



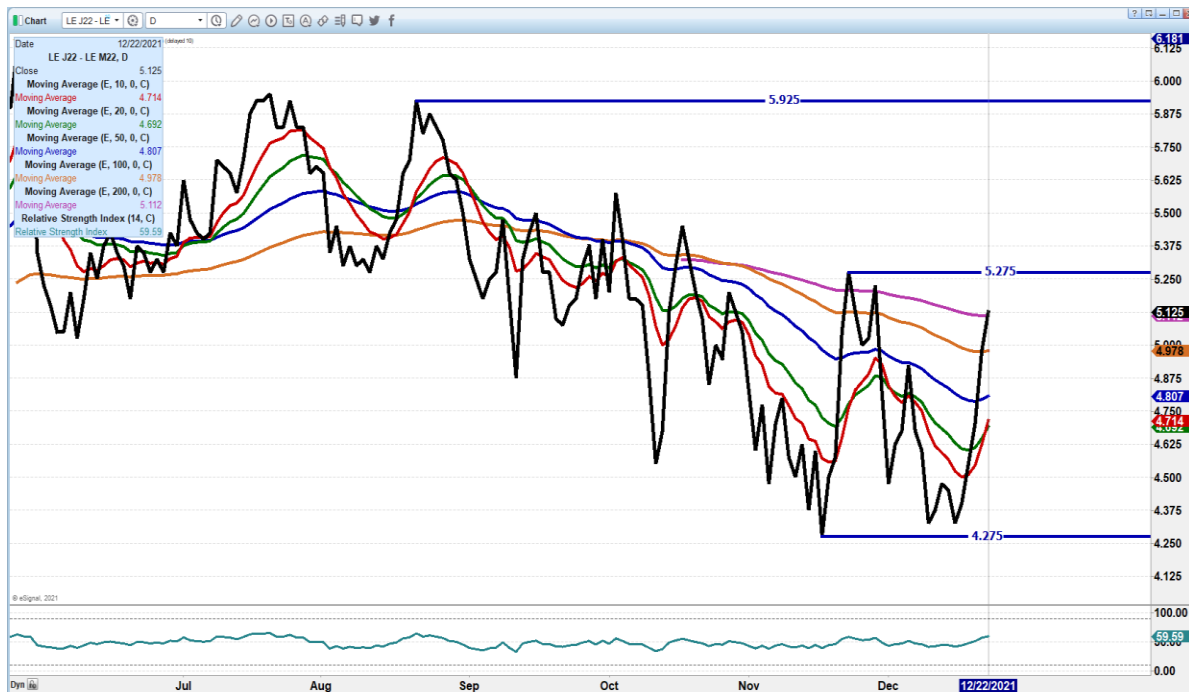
## FEBRUARY 2022 / APRIL 2022 LIVE CATTLE SPREAD - Could reverse after report



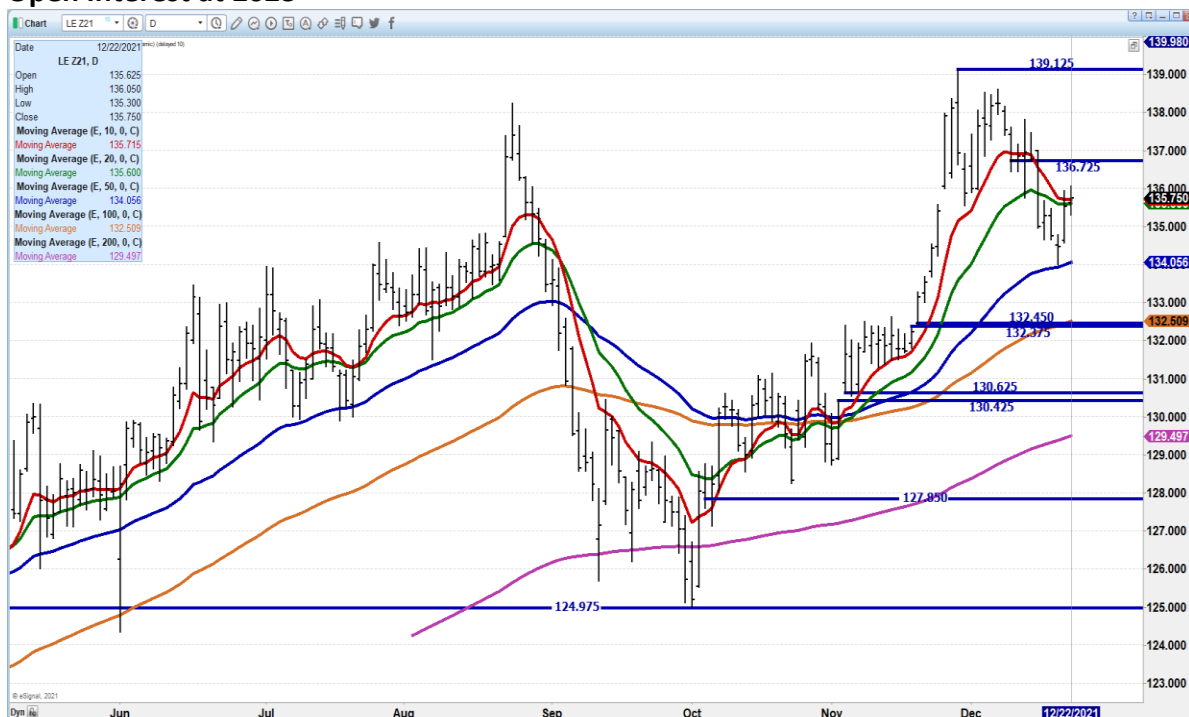
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## APRIL/JUNE 2022 LIVE CATTLE SPREAD –TRADERS LOOKING FOR MORE PLACEMENTS INTO LATE SPRING AND SUMMER



**DECEMBER 2021 LIVE CATTLE – Resistance at 136.72 Support at 134.00 Volume at 628 Open Interest at 2623**

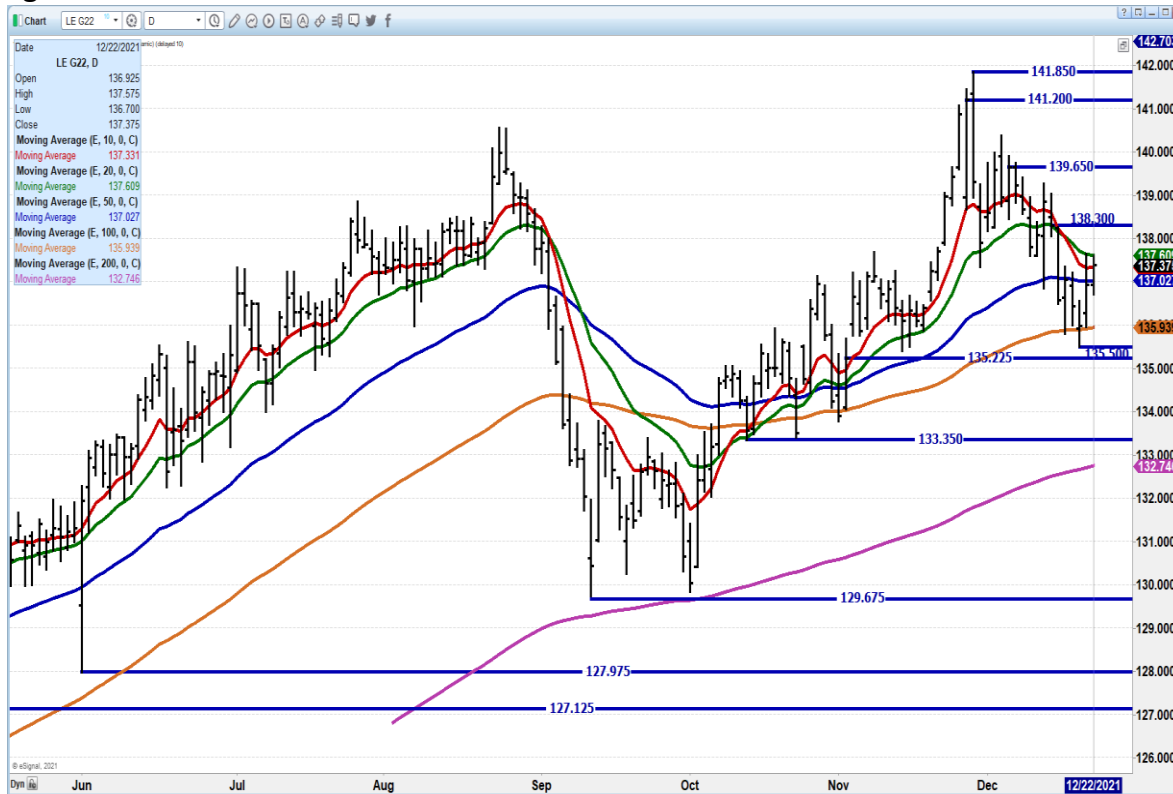


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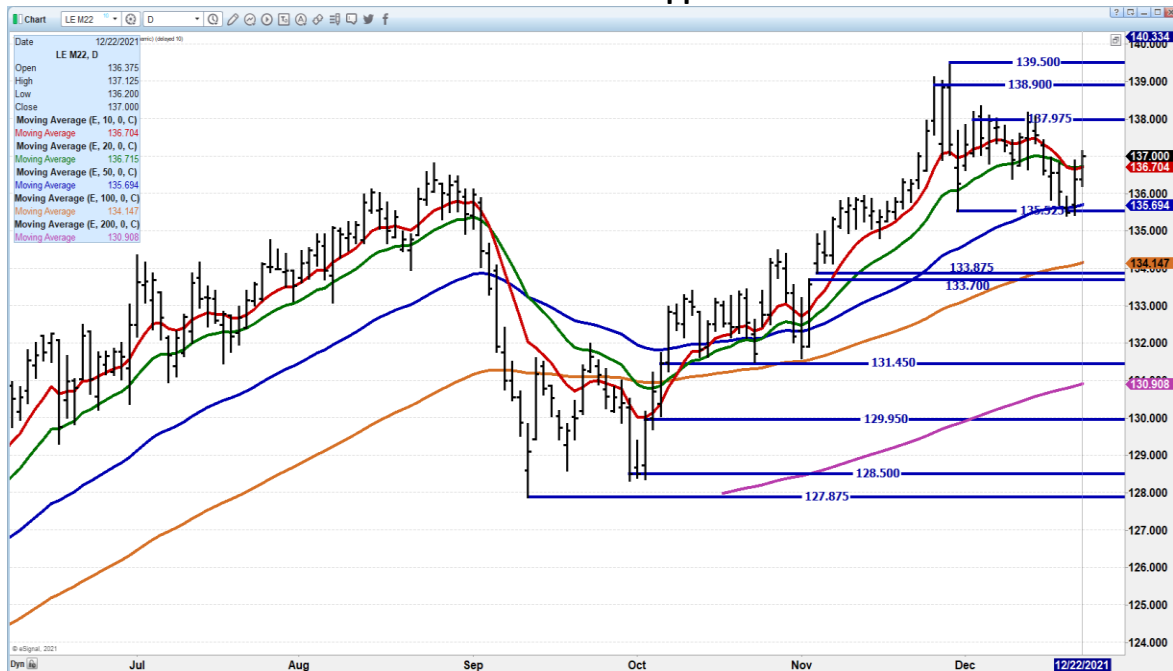
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## FEB 2021 LIVE CATTLE - Resistance at 137.62 to 138.30 Support at 135.95 to 135.22 Volume light at 13095



## JUNE 2022 LIVE CATTLE - Resistance at 187.97 Support at 135.52 Volume at 5537



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## Feeder Cattle

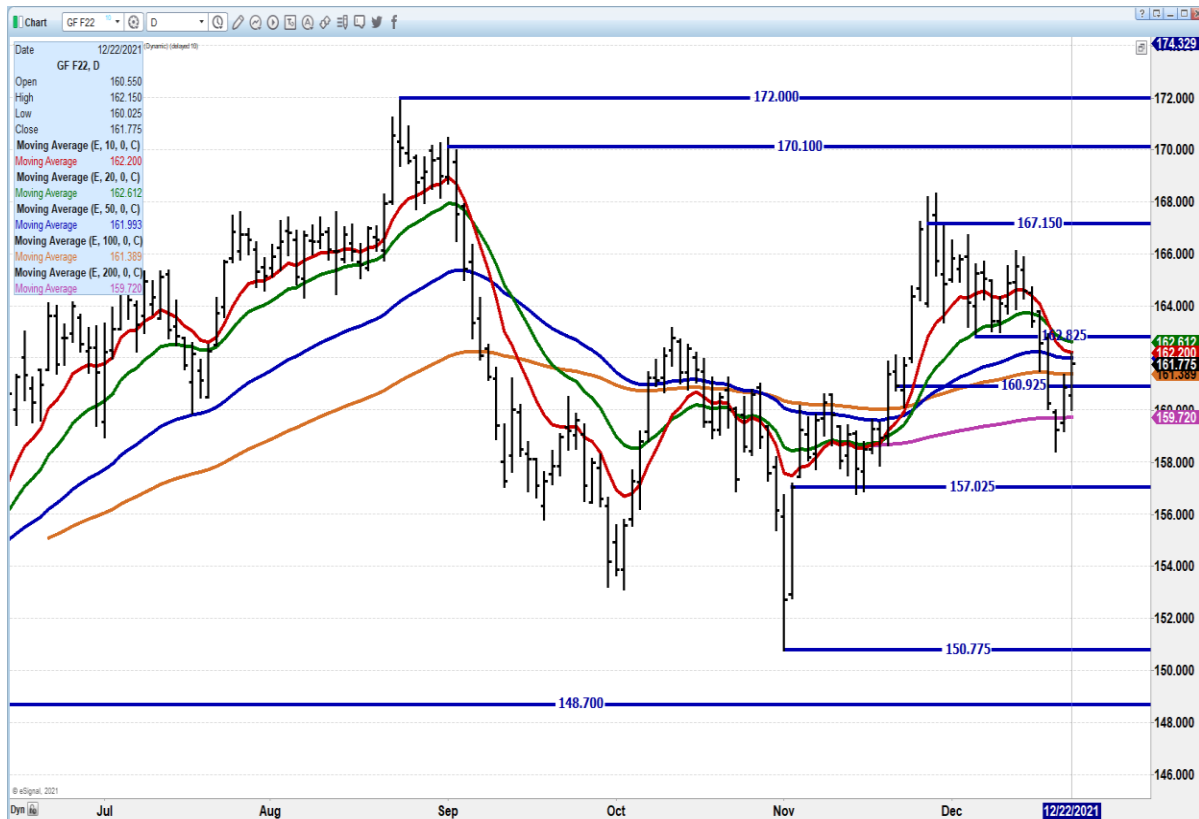
CME FEEDER INDEX ON 12/21/2021 WAS 160.25 DOWN 8 CENTS FROM PREVIOUS DAY –

JANUARY 2022 FEEDER CATTLE FUTURES SETTLED ON DECEMBER 22, 2021 AT \$161.77

JANUARY 2022 FEEDER CATTLE FUTURES TO CME FEEDER INDEX - THE INDEX IS \$1.52 UNDER JANUARY FUTURES.

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### JANUARY 2022 FEEDER CATTLE – RESISTANCE AT 162.82 SUPPORT AT 159.72

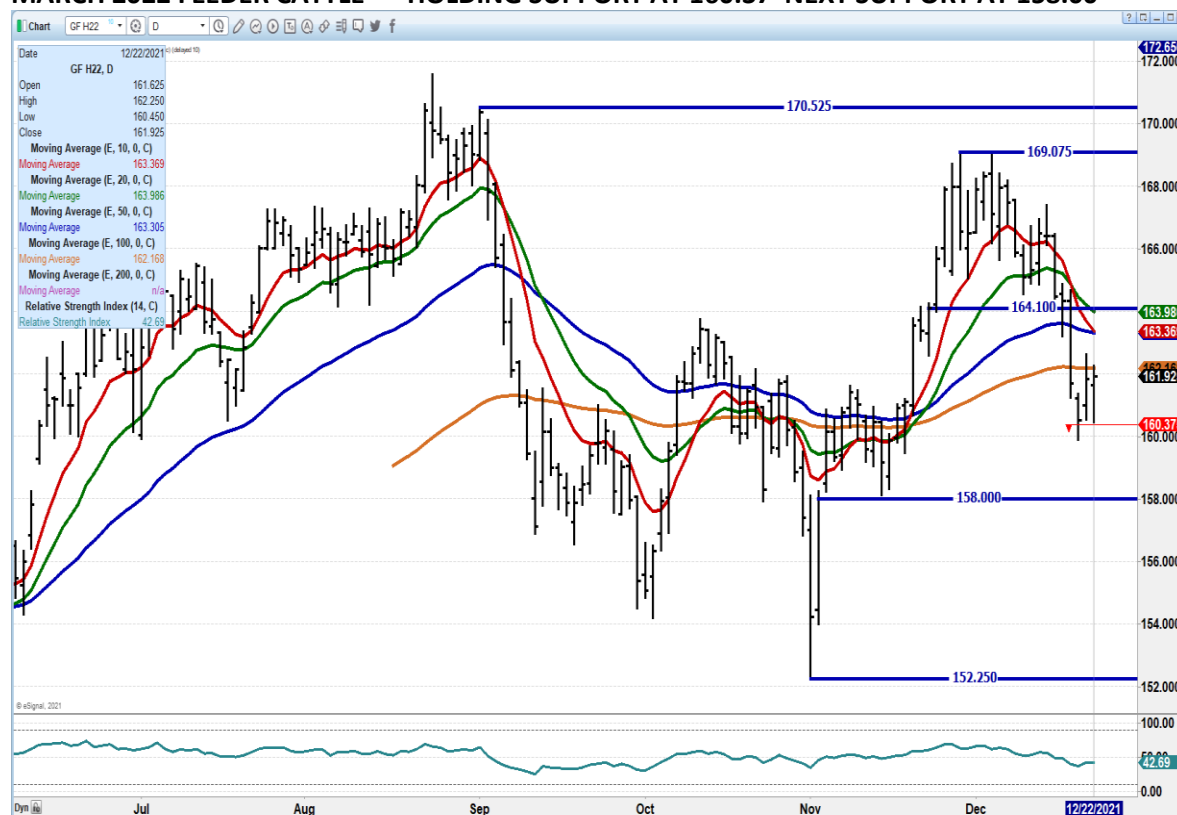


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## MARCH 2022 FEEDER CATTLE - HOLDING SUPPORT AT 160.37 NEXT SUPPORT AT 158.00



## LEAN HOGS

### USDA ESTIMATED FEDERAL HOG SLAUGHTER

DECEMBER 22, 2021	474,000
WEEK AGO	437,000
YEAR AGO	430,000
WEEK TO DATE (EST)	1,430,000
SAME PERIOD LAST WEEK (EST)	1,380,000
SAME PERIOD LAST YEAR (ACT)	1,392,000

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CME CASH LEAN HOG INDEX 12/20/2021 AT \$73.02 UP 9 CENTS FROM PREVIOUS DAY

CME PORK CUTOUT INDEX 12/21/2021 AT \$87.35 DOWN 3 CENTS FROM PREVIOUS DAY

CME CASH FRESH BACON INDEX ON 12/17/2021 WAS 172.44 COMPARED TO 12/10/2021 WAS 169.79

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**CME PORK INDEX TO CME LEAN HOG INDEX plus 14.33**

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**ESTIMATES FOR HOGS AND PIGS REPORT DECEMBER 23, 2021**

	<b>Ranges</b>	<b>Average</b>	<b>Million head</b>
<b>All hogs December 1</b>	<b>96.2-99.1</b>	<b>97.1</b>	<b>74.594</b>
<b>Kept for breeding</b>	<b>99.6-100.5</b>	<b>100.1</b>	<b>6.182</b>
<b>Kept for market</b>	<b>96-99.1</b>	<b>96.9</b>	

**Pig crop**

<b>September-November</b>	<b>96.1-99.4</b>	<b>97.1</b>
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**Weight Groups**

<b>Under 50 lbs.</b>	<b>94.2-100</b>	<b>97</b>
<b>50-119 lbs.</b>	<b>94.8-99.5</b>	<b>97.1</b>
<b>120-179 lbs.</b>	<b>94-98.1</b>	<b>96</b>
<b>Over 180 lbs.</b>	<b>95.3-98.2</b>	<b>96.8</b>

**Farrowings**

<b>September-November</b>	<b>95.8-99</b>	<b>96.</b>
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**Farrowing intentions**

<b>December-February</b>	<b>100.4-101.5</b>	<b>100.9</b>
<b>March-May</b>	<b>98.3-102.2</b>	<b>100.3</b>

**Pigs per litter**

<b>September-November</b>	<b>100-100.9</b>	<b>100.4</b>
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**Pork net sales of 31,100 were good with Mexico taking the bulk with 22,700 metric tons. China like a week ended up with a reduction of 700 metric tons**

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**As of the close Wednesday, February Lean Hogs are \$10.33 over the CME Lean Hog Index. Trade volume is light and traders buying hogs anticipating a bullish hogs and Pigs report.**

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## U.S. PORK PRODUCER TO LIMIT SALES IN CALIFORNIA OVER NEW PIG LAW

<https://www.reuters.com/article/seaboard-california-pork-idUSKBN2IW20T>

Between China increasing tariffs and the new California law prohibiting sales of pork from farms raising sows in crates, it is difficult to see how hog prices for 2022 stay near current levels.

## CHINA TO LEVY HIGHER TARIFFS ON PORK IMPORTS IN 2022 AMID SUPPLY GLUT

[HTTPS://WWW.REUTERS.COM/MARKETS/COMMODITIES/CHINA-LEVY-HIGHER-TARIFFS-PORK-IMPORTS-2022-AMID-SUPPLY-GLUT-2021-12-15/](https://www.reuters.com/markets/commodities/china-levy-higher-tariffs-pork-imports-2022-amid-supply-glut-2021-12-15/)

## 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

DECEMBER 22, 2021

LOADS OF PORK CUTS: 222.09

TRIM/PROCESSED PORK: 35.11

### FINAL

DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
12/22/2021	257.20	84.67	82.24	108.51	64.85	147.85	64.30	116.59
CHANGE:		-0.24	1.94	2.70	-4.26	2.50	2.97	-8.55
FIVE DAY AVERAGE --		86.68	80.86	105.61	69.05	144.68	69.81	123.38

### NOON

DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
12/22/2021	146.24	87.91	80.69	109.48	64.79	149.28	69.68	129.95
CHANGE:		3.00	0.39	3.67	-4.32	3.93	8.35	4.81
FIVE DAY AVERAGE --		87.32	80.55	105.81	69.03	144.97	70.89	126.05

### FINAL

DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
12/21/2021	294.83	84.91	80.30	105.81	69.11	145.35	61.33	125.14
CHANGE:		-1.58	-2.23	1.89	-1.75	1.35	-3.52	-1.22
FIVE DAY AVERAGE --		87.31	79.80	103.87	68.62	143.19	73.03	126.26

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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 December 21, 2021**

**Average live weight: 287.31**

**Average carcass 215.08**

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

**DAILY DIRECT AFTERNOON HOG REPORT DECEMBER 2, 2021**

**National Negotiated Carcass Price**

**Lowest price: 59.00**

**Highest price: 64.00**

**Weighted Average Price 61.09**

**Head Count: 5,841**

**From Previous day 0.55 higher**

**Other Market Formula (Carcass)**

**Lowest Base Price: 54.67**

**Highest base price: 97.72**

**Weighted Average Price: 78.23**

**Head Count: 28,304**

**Pork Market Formula (Carcass)**

**Lowest base price: 57.86**

**Highest Base Price: 80.60**

**Weighted Average Price: 71.42**

**Head Count: 128,946**

**Other Purchase Arrangement (Carcass)**

**Lowest base price: 62.41**

**Highest base price: 96.98**

**Weighted Average Price: 77.20**

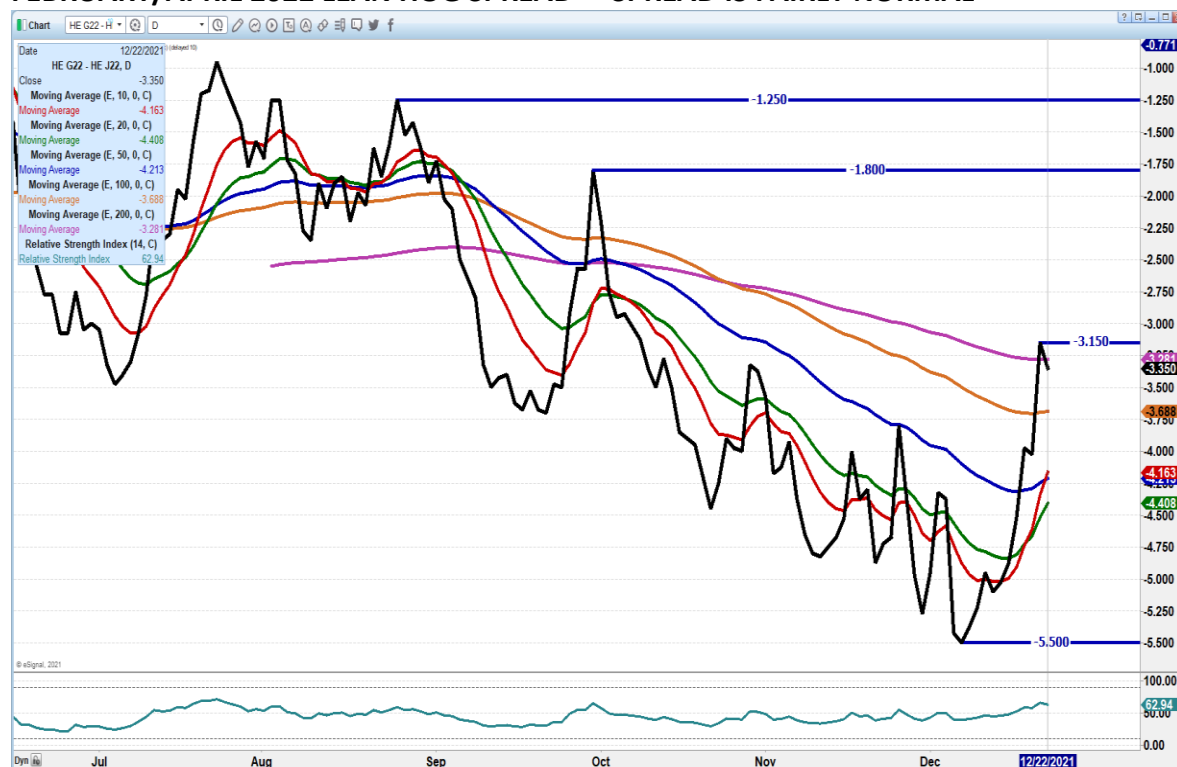
**HEAD COUNT: 64,505**

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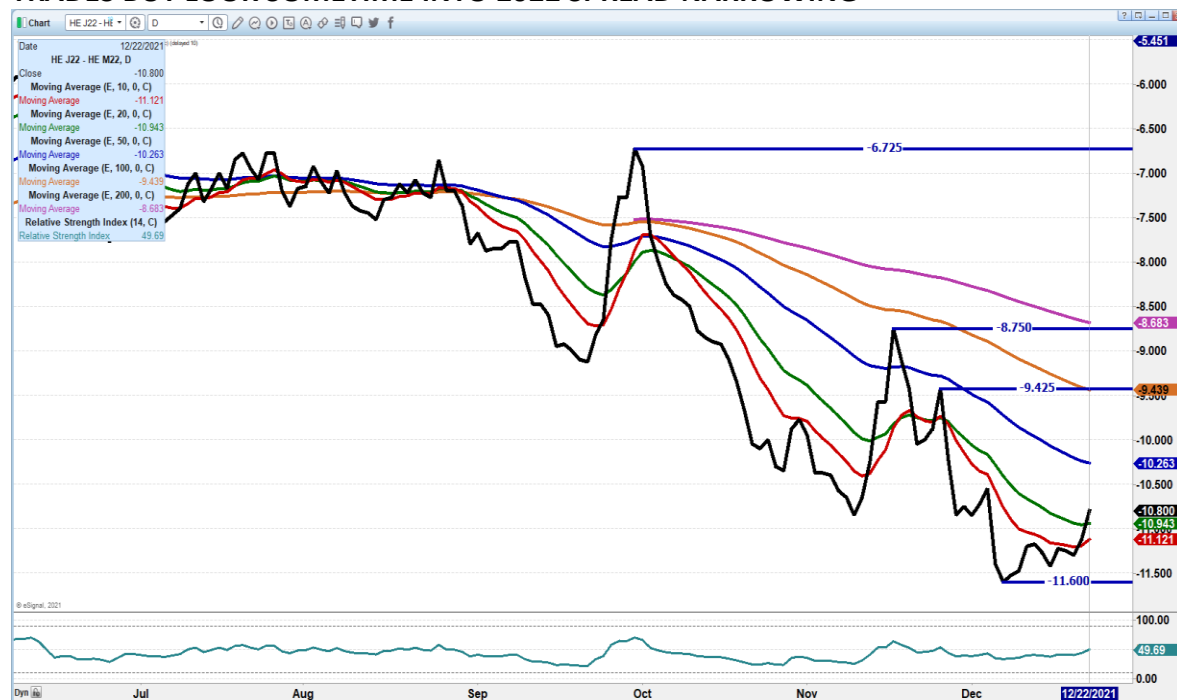
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## FEBRUARY/APRIL 2022 LEAN HOG SPREAD – SPREAD IS FAIRLY NORMAL



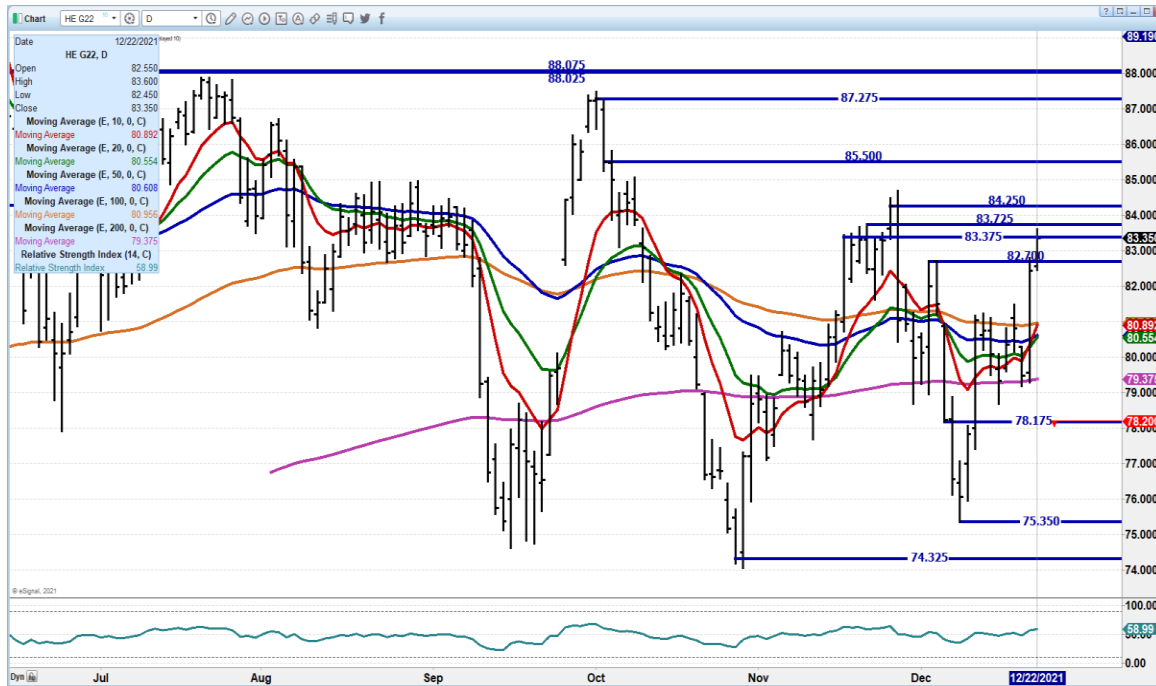
## APRIL/JUNE 2022 LEAN HOGS - FOR THIS TIME SPREAD IS NORMAL TO WHERE IT USUALLY TRADES BUT LOOK SOMETIME INTO 2022 SPREAD NARROWING



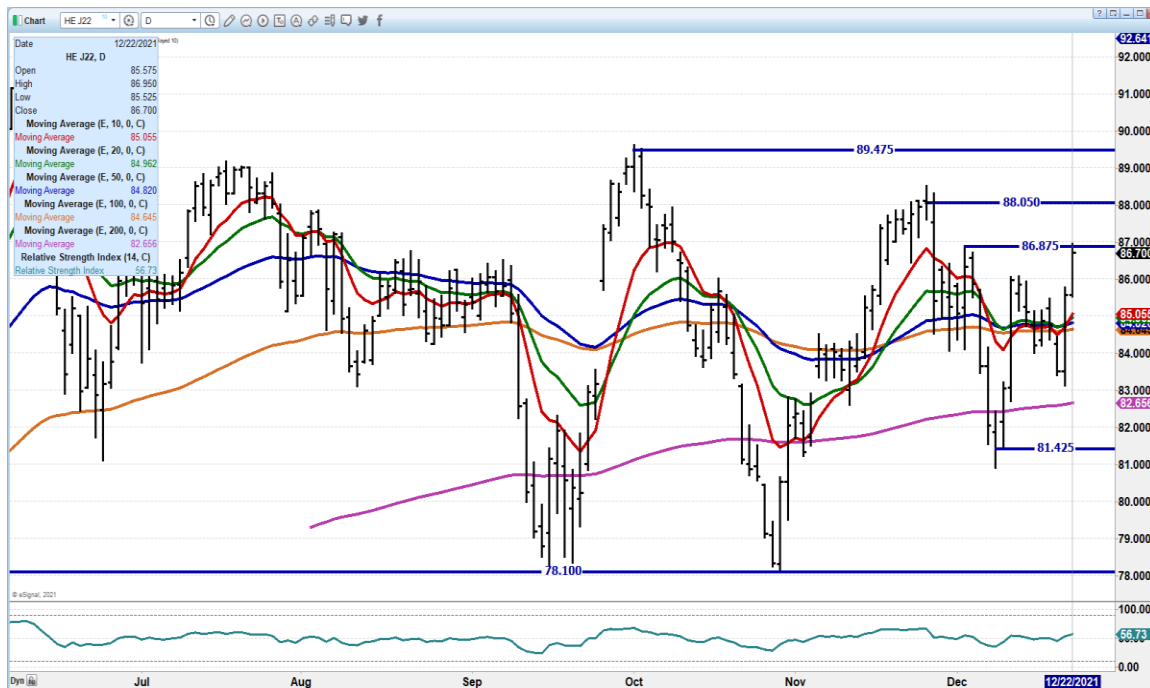
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## FEB 2022 LEAN HOGS - VOLUME AT 17570 RESISTANCE AT 84.25 SUPPORT AT 80.90 TO 79.37



## APRIL 2022 LEAN HOGS – VOLUME AT 7695 RESISTANCE AT 86.95 TO 88.05 SUPPORT AT 84.62 TO 82.65

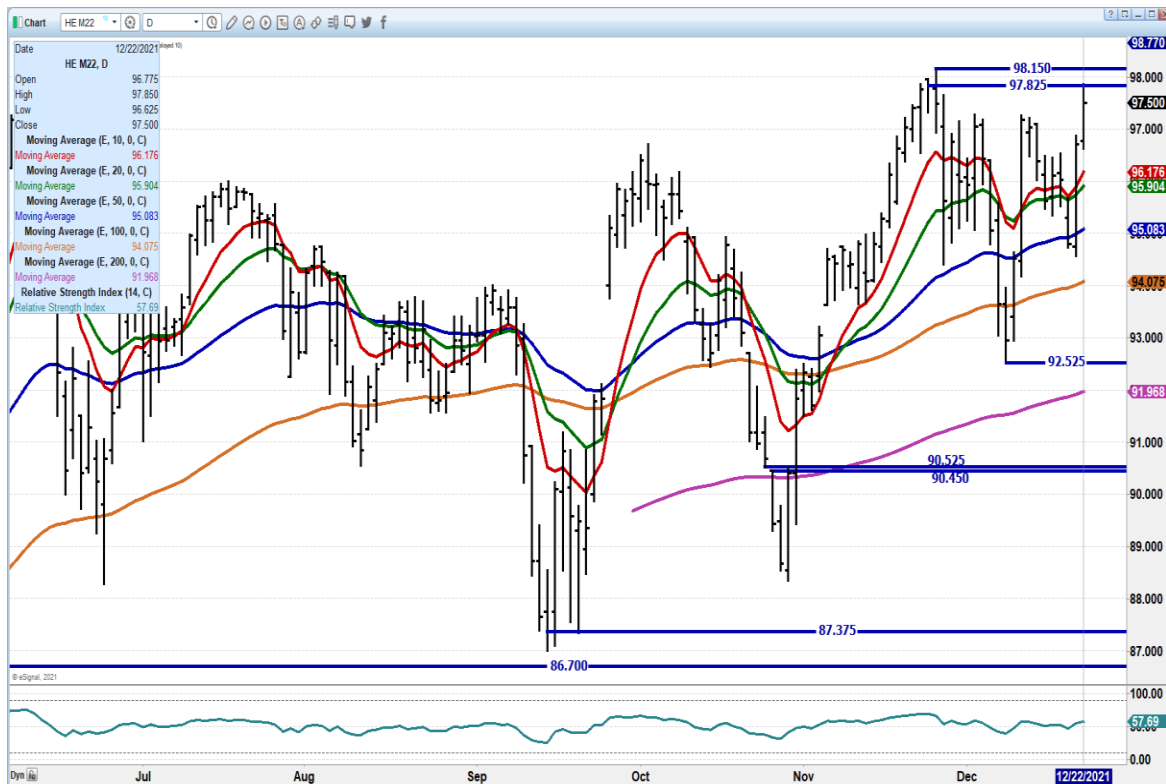


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**JUNE 2022 LEAN HOGS – VOLUME 3763 MOVED TO OLD CONTRACT HIGH NOW RESISTANCE AT 97.82 TO 98.15 SUPPORT AT 96.15 TO 95.00**



**Beef:** Net sales of 17,100 MT for 2021 were up noticeably from the previous week, but down 3 percent from the prior 4-week average. Increases primarily for Japan (4,700 MT, including decreases of 300 MT), South Korea (4,500 MT, including decreases of 600 MT), China (3,700 MT, including decreases of 100 MT), Canada (1,400 MT, including decreases of 100 MT), and Taiwan (800 MT, including decreases of 300 MT), were offset by reductions for Vietnam (200 MT). Net sales of 5,700 MT for 2022 were primarily for China (1,500 MT), South Korea (1,400 MT), Japan (1,000 MT), and Mexico (900 MT). Exports of 18,500 MT were up 11 percent from the previous week and 6 percent from the prior 4-week average. The destinations were primarily to South Korea (5,200 MT), Japan (4,400 MT), China (3,000 MT), Canada (1,700 MT), and Taiwan (1,600 MT).

**Pork:** Net sales of 31,100 MT for 2021 were up 58 percent from the previous week and 20 percent from the prior 4-week average. Increases primarily for Mexico (22,700 MT, including decreases of 600 MT), Canada (2,700 MT, including decreases of 400 MT), Japan (2,100 MT, including decreases of 500 MT), South Korea (1,800 MT, including decreases of 1,100 MT), and Colombia (1,300 MT, including decreases of 400 MT), were offset by reductions for China (700 MT), Australia (600 MT), and Nicaragua (200 MT). Net sales of 5,800 MT for 2022 were primarily for Mexico (2,500 MT), Japan (800 MT), China (700 MT), Australia (500 MT), and Colombia (500 MT). Exports of 30,100 MT were down 10 percent from the previous week and from the prior 4-week average. The destinations were primarily

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to Mexico (14,500 MT), China (4,200 MT), Japan (3,200 MT), South Korea (2,800 MT), and Canada (1,700 MT).

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**Cold Storage November 2021 Highlights**  
**December 22, 2021**

**Total red meat supplies in freezers were down 2 percent from the previous month and down 4 percent from last year.**

**Total pounds of beef in freezers were up 4 percent from the previous month but down 4 percent from last year.**

**Frozen pork supplies were down 8 percent from the previous month and down 3 percent from last year.**

**Stocks of pork bellies were up 117 percent from last month and up 8 percent from last year.**

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**Beef inventory was up in November due to pull back on consumers buying beef for the holidays including Thanksgiving and retailers contracting for December. As the poultry report shows, November turkey inventory was considerably lower for monthly and yearly supplies. Beef on the year being down is good news. Federal slaughter was nearly 3% higher than a year ago and reducing supplies on a larger slaughter is friendly. With beef exports up close to 20% it is no surprise.**

**Pork is cheap and it shouldn't shock anyone inventory is less. Plus federal slaughter is down over 2% on the year. Exports are close to the same as they were a year ago because of strong export buying.**

**Bellies up 117% on the month and 8% above a year ago was due to the high cost of bellies compared to other pork products. Most bellies go to the trimming market and sold as percent protein to lean and what bellies are left surged for available bacon. By November 2021 consumers were buying less bacon with concerns about inflation. Bellies likely had their heyday a year ago.**

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**A month has passed since the November data was collected. The report is friendly to beef for what happened in November but throughout December beef prices have dropped and consumers have begun to buy cheaper cuts. Thursday look for slow trading as they wait for the afternoon Cattle on Feed Report. I don't see the cold storage report doing much of anything to Live Cattle futures on Thursday.**

**Pork inventory is down mainly because of fewer hogs killed and strong exports. Hogs have rallied over the past week with February up \$2.55 and over \$10.00 above the CME**

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**Pork Index. Like cattle, traders are going to wait for afternoon Hogs and Pigs report out after the close on Thursday. Inventory down should have been expected.**

**CHARTS FROM ESIGNAL INTERACTIVE, INC.**

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