

Daily Futures Market Commentary Livestock Outlook

WEDNESDAY MORNING JULY 26, 2023 LIVESTOCK REPORT

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COLD STORAGE REPORT ON LAST PAGE

CATTLE

JULY 25, 2023	125,000
WEEK AGO	127,000
YEAR AGO	125,000
WEEK TO DATE	247,000
SAME PERIOD LAST WEEK	247,000
SAME PERIOD LAST YEAR (ACT)	248,000

****REVISED MONDAY CATTLE SLAUGHTER.. 122,000** PREVIOUS ETIMATE 126,000**

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2:00 PM JULY 25, 2023

BOXED BEEF	CHOICE	SELECT
CURRENT CUTOUT VALUES:	304.22	277.55
CHANGE FROM PRIOR DAY:	0.06	0.56
CHOICE/SELECT SPREAD:	26.67	
TOTAL LOAD COUNT (CUTS, TRIMMINGS, GRINDS)	149	
5 DAY SIMPLE AVERAGE:	303.55	276.20

CME BOXED BEEF INDEX ON 07/24/2023 WAS 295.40 DOWN 79 CENTS FROM PREVIOUS DAY

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2:00 PM JULY 25, 2023

PRIMAL RIB	458.66	374.53
PRIMAL CHUCK	249.46	247.28
PRIMAL ROUND	236.03	235.34
PRIMAL LOIN	418.59	348.67
PRIMAL BRISKET	245.03	240.24
PRIMAL SHORT PLATE	235.04	235.04
PRIMAL FLANK	225.36	190.34

2:00 PM JULY 24, 2023

PRIMAL RIB	447.66	373.05
PRIMAL CHUCK	248.46	247.56
PRIMAL ROUND	234.00	233.54
PRIMAL LOIN	427.37	348.18
PRIMAL BRISKET	245.44	239.73
PRIMAL SHORT PLATE	235.53	235.53
PRIMAL FLANK	226.22	190.86

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LOAD COUNT AND CUTOFF VALUE SUMMARY

Date	Choice	Select	Trim	Grinds	Total	600-900	600-900
07/24	37	38	8	16	99	304.16	276.99
07/21	56	18	7	23	103 FRIDAY	302.74	276.73 FRIDAY
07/20	102	31	3	16	152	302.56	274.71
07/19	70	30	9	14	123	303.59	275.96
07/18	77	26	6	13	123	304.68	276.61

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.

Choice Cuts	91.07 loads	3,642,809 pounds
Select Cuts	28.49 loads	1,139,728 pounds
Trimming	9.29 loads	371,585 pounds
Ground Beef	20.55 loads	821,932 pounds

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****WEEKLY FUTURES PRICE CHANGE**

	07/21/2023	07/28/2023
AUGUST 2023 LIVE CATTLE	180.02	
OCTOBER 2023 LIVE CATTLE	181.90	
DECEMBER 2023 LIVE CATTLE	185.17	
FEBRUARY 2024 LIVE CATTLE	188.32	

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APRIL 2024 LIVE CATTLE	190.52
JUNE 2024 LIVE CATTLE	183.47

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Usually a good indicator why boxed beef may be turning around is the current price 304.22 is above the simple 5 day average at \$303.55. Choice rib primals are also the leader. Friday, Choice rib primals were priced at \$437.89 and Tuesday the price was \$458.66, but loins dropped \$8.78 Tuesday. It is too early to say if beef has come to a resting point or if it is going to turn higher. Need to watch going into August Live Cattle delivery.

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August Live Cattle on Tuesday settled at \$178.30. The 5 day negotiated steer price is \$186.24. Normally, futures and cash close the price between the two prices as market nears first notice day, but with August 2023 Live Cattle having first notice on August 7, 2023, there plenty of time to have it happen.

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BRAZIL CONTINUES TO MAKE EXPORT GAINS AND SET NEW RECORDS FOR BEEF, PORK, AND CHICKEN MEAT

Brazil beef exports are revised 1 percent higher to 3.1 million tons on greater production and firm China demand. Brazil cattle prices have declined significantly compared to main competitors — Uruguay and Argentina — and lower beef prices support shipments to Southeast Asia, South America, and Middle East markets.

Agro Perspectiva
July 24, 2023

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USDA CATTLE ON FEED REPORT **JULY 21, 2023**

	RANGE	AVERAGE	ACTUAL	ACTUAL HEAD	ESTIMATE
HEAD					
ON FEED JULY 1	97-98.9	97.7	98.0	11,204	11,079
PLACEMENTS IN JUNE	96.2-102.7	98.4	103	1,678	1,603
MARKETINGS IN JUNE	94-96	95.1	95	1,957	1,960

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CATTLE INVENTORY

JULY 1 CATTLE INVENTORY DOWN 3 PERCENT

All cattle and calves in the United States on July 1, 2023 totaled 95.9 million head, 3 percent below the 98.6 million head on July 1, 2022.

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All cows and heifers that have calved totaled 38.8 million head, 2 percent below the 39.6 million head on July 1, 2022. Beef cows, at 29.4 million head, down 3 percent from a year ago. Milk cows, at 9.40 million head, unchanged from previous year.

All heifers 500 pounds and over on July 1, 2023 totaled 15.0 million head, 4 percent below the 15.6 million head on July 1, 2022. Beef replacement heifers, at 4.05 million head, down 2 percent from a year ago. Milk replacement heifers, at 3.65 million head, down 3 percent from previous year. Other heifers, at 7.30 million head, 5 percent below a year earlier.

Steers 500 pounds and over on July 1, 2023 totaled 13.9 million head, down 3 percent from July 1, 2022.

Bulls 500 pounds and over on July 1, 2023 totaled 1.90 million head, down 5 percent from previous year.

Calves under 500 pounds on July 1, 2023 totaled 26.3 million head, down 3 percent from a year earlier.

Cattle and calves on feed for the slaughter market in the United States for all feedlots totaled 13.1 million head on July 1, 2023, down 2 percent from previous year. Cattle on feed in feedlots with capacity of 1,000 or more head accounted for 85.5 percent of the total cattle on feed on July 1, 2023, up slightly from previous year. The total of calves under 500 pounds and other heifers and steers over 500 pounds (outside of feedlots), at 34.4 million head, down 4 percent from the 35.7 million head on July 1, 2022.

Calf Crop Down 2 Percent

The 2023 calf crop in the United States is expected to be 33.8 million head, down 2 percent from last year. Calves born during the first half of 2023 are estimated at 24.8 million head, down 2 percent from the first half of 2022. An additional 9.00 million calves are expected to be born during the second half of 2023.

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U.S. exports are down because export buyers come to the U.S. for high Choice and Prime beef. There are plenty of countries that can supply low grade beef but export buyers up to the past couple of years could count on the US to consistently have quantities of high grading beef. Now, with increasing numbers of grain fed cattle in Brazil and Argentina and high grading "grass" cattle and grain fed cattle in Australia at a time when US numbers are down, the US is losing exports. January through May 2023 U.S. exports were down 10%

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Tuesday, July 25, 2023 it will be hotter in Bismarck, North Dakota, 100 degrees than Miami, Florida 92 degrees.

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Record high temperatures in the Southwest are not just slowing cattle, they are retarding growth. For many cattle, they will be finished with bigger frames but unless kept on feed for several months after it cools, many will have a hard time grading low Select. Fortunately, the temperatures in the Midwest haven't been hard on cattle. Weights have been increasing over the past two weeks.

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EXPORTS

For week ending July 13, 2023 beef net sale exports were 20,900 MT. It is positive to see increasing export sales, but the exports for week ending July 13th essentially picked up from the previous week's July 6th poor sales. South Korea took 7800 MT Mexico 4100 MT and China with 2900 MT

Week Ending July 6 , 2023 9900 MT

Week Ending June 29 , 2023 17,000 MT

Week Ending June 22, 2023 12,000 MT

Week Ending June 15, 2023 13,300 MT

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NATIONAL WEEKLY FED CATTLE COMPREHENSIVE REPORT JULY 25, 2023

As of July 25, 2023 dressed steer and heifer carcasses averaged 860.1 pounds up 1.9 pound from previous week at 858.2 pounds and 4.5 pounds lower at 864.6 pounds than a year ago. The grading percent as of 7/25/23 was 80.3% compared to previous week at 81.1%. A year ago the grade percent was 81.0%.

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

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***NATIONAL DAILY DIRECT CATTLE 07/25/2023

5 DAY ACCUMULATED WEIGHTED AVG

	WEIGHT	PRICE	HEAD
LIVE STEER:	1450	\$186.33	36,133
LIVE HEIFER:	1295	\$186.16	14,815
DRESSED STEER	921	\$295.28	9,190
DRESSED HEIFER:	830	\$294.42	2,338

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USDA POSTED SUMMARY CATTLE PRICES ON 07/25/2023

IA/MN – CASH FOB – NO REPORTABLE TRADE.

DRESSED - NO REPORTABLE TRADE

LIVE DELIVERED – NO REPORTABLE TRADE.

NE – CASH FOB – NO REPORTABLE TRADE.

DRESSED – NO REPORTABLE TRADE.

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KS – CASH – NO REPORTABLE TRADE.
LIVE DELIVERED: NO REPORTABLE TRADE.
DRESSED - NO REPORTABLE TRADE.

TX/OK/NM CASH – NO REPORTABLE TRADE.

CO - **NOT REPORTED DUE TO CONFIDENTIALITY**

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NO CHARTS POSTED

OCTOBER 2023 LIVE CATTLE/OCTOBER 2023 LEAN HOGS –
OCTOBER/DECEMBER 2023 LIVE CATTLE SPREAD –
AUGUST 2023 LIVE CATTLE –
OCTOBER 2023 LIVE CATTLE –
DECEMBER 2023 LIVE CATTLE -

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FEEDER CATTLE

CME FEEDER INDEX ON 07/24/2023 WAS 241.62 DOWN 31 CENTS FROM PREVIOUS DAY –

AUGUST 2023 FEEDER CATTLE FUTURES SETTLED ON 07/25/2023 AT \$243.22

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NATIONAL FEEDER & STOCKER CATTLE SUMMARY - WEEK ENDING 07/22/2023

RECEIPTS:	AUCTIONS	DIRECT	VIDEO/INTERNET	TOTAL
THIS WEEK:	121,500	37,900	9,900	169,300
LAST WEEK:	177,600	90,300	422,700	690,600
YEAR AGO:	142,300	52,100	135,200	329,600

COMPARED TO A WEEK AGO, STEERS SOLD 1.00 LOWER TO 5.00 HIGHER WITH THE EXCEPTION OF 600 TO 700 LBS STEERS IN THE NORTH CENTRAL REGION SELLING 13.00 LOWER. HEIFERS SOLD STEADY TO 6.00 HIGHER WITH THE EXCEPTION OF 600 TO 800 LBS HEIFERS IN THE NORTH CENTRAL REGION SELLING 4.00 LOWER. DEMAND WAS MODERATE TO GOOD WITH BUYERS DISCOUNTING CALVES WITH HIGH HEALTH RISKS WHICH AREN'T EXPECTED TO PERFORM WELL IN THE SUMMER HEAT

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WEEKLY FUTURES PRICE CHANGE

	07/21/2023	07/28/2023
AUGUST 2023 FEEDER CATTLE	245.92	
SEPTEMBER 2023 FEEDER CATTLE	249.27	
OCTOBER 2023 FEEDER CATTLE	251.00	
NOVEMBER 2023 FEEDER CATTLE	251.25	
JANUARY 2024 FEEDER CATTLE	249.40	
MARCH 2024 FEEDER CATTLE	249.85	
APRIL 2024 FEEDER CATTLE	252.42	
MAY 2024 FEEDER CATTLE	254.80	

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NO CHARTS POSTED

OCTOBER 2023 FEEDER CATTLE/NOVEMBER 2023 FEEDER CATTLE SPREAD –
AUGUST 2023 FEEDER CATTLE –
SEPTEMBER 2023 FEEDER CATTLE –

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HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

JULY 25, 2023	477,000
WEEK AGO	460,000
YEAR AGO	468,000
WEEK TO DATE	933,000
SAME PERIOD LAST WEEK	909,000
SAME PERIOD LAST YEAR (ACT)	920,000

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CME LEAN HOG INDEX ON 07/21/2023 WAS 104.60 UP 56 CENTS FROM PREVIOUS DAY

CME PORK CUTOUT INDEX 07/24/2023 AT 114.32 UP 87 CENTS FROM PREVIOUS DAY

THE CME LEAN HOG INDEX IS MINUS \$9.72 TO THE CME PORK INDEX.

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WEEKLY FUTURES PRICE CHANGE

	07/21/2023	07/28/2023
JULY 2023 LEAN HOGS	102.53	SETTLED ON 07/19/2023
AUGUST 2023 LEAN HOGS	100.67	
OCTOBER 2023 LEAN HOGS	84.25	
DECEMBER 2023 LEAN HOGS	76.82	
FEBRUARY 2023 LEAN HOGS	80.92	
APRIL 2023 LEAN HOGS	85.15	
JUNE 2024 LEAN HOGS	95.12	

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Wednesday there was a drop in daily pork prices and the 5 day pork carcass prices on large movement. Total movement was 381.57 loads with 336 loads of pork cuts and large movement of trimmings at 45.57 loads. Over the past 4 days the average movement was 233.78 loads. Bellies dropped 14.38 on the daily buy but they have gained close to \$20 in 4 days. Hams were down 5.34 but still are 100.37 on the 5 day average. Loins on the 5 day average \$101.07.

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There has been a big change on Lean Hog prices in 2 months. On May 26th August Lean Hogs made a low at \$73.47 and settled the day at \$74.05. Tuesday August 25th August LEAN Hogs made a high at \$101.97 and settled at \$101.60. From closing price on June 26th to August 25th, it was a \$27.55 move. With the end of the month nearing, it is likely to see profit taking.

August Lean Hogs settled Tuesday at \$101.65 and the current CME Lean Hog Index is \$104.60.

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Packers are taking as many hogs as they can that are of weight. Producer owned hogs have started to stabilize but packer owned hogs continue to slip lower.

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Brazil pork exports are revised 8 percent higher to 1.5 million tons on strong exports to most Asia markets, including particularly robust shipments to China and Hong Kong. Declining feed prices in Brazil are anticipated to further incentivize production and bolster price competitiveness.

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EXPORTS

For week ending July 13, 2023 pork exports were down at 19,200 MT. China was largest buyer with 5300 MT followed by Mexico at 5000 MT and Japan taking 4100MT South Korea took only 900 MT the same as Canada. Last two weeks Mexico has bought less than it had been taking and the US is losing good buyers from Japan, South Korea and Canada.

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WEEK ENDING JULY 06, 2023 NET EXPORT SALES WERE 24,500 MT
WEEK ENDING JUNE 29, 2023 NET EXPORT SALES WERE 26,000 MT
WEEK ENDING JUNE 22, 2023 NET EXPORT SALES WERE 26,700 MT
WEEK ENDING JUNE 15, 2023 NET EXPORT SALES WERE 28,700 MT

January through May 2023 pork variety meats were up 35%. This increase of variety meats adds at least \$3.00/cwt on hog prices.

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REPORT FOB PLANT - NEGOTIATED SALES

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

Loads PORK CUTS : 336.00

Loads TRIM/PROCESS PORK : 45.57

2:00 PM	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
07/25/2023	381.57	113.06	101.50	105.63	87.10	118.32	94.68	210.79
CHANGE:		-4.15	-0.21	-4.42	0.73	-0.20	-5.34	-14.38
FIVE DAY AVERAGE --		114.65	101.07	111.09	86.68	118.69	100.37	208.41

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DAILY DIRECT AFTERNOON HOG REPORT - PLANT DELIVERED PURCHASE

JULY 25, 2023

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

National Negotiated Carcass Price

Head Count: 4,685

Lowest price: 96.00

Highest price: 108.00

Weighted Average 105.73

Change from Previous Day 0.91 higher

Other Market Formula (Carcass)

Head Count: 22,453

Lowest Base Price: 75.08

Highest Base Price: 110.52

Weighted Average Price: 97.29

Swine/Pork Market Formula (Carcass)

Head Count 142,598

Lowest base price: 94.27

Highest Base Price: 110.09

Weighted Average Price 104.54

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Other Purchase Arrangement (Carcass)

HEAD COUNT: 70,259

Lowest base price: 87.27

Highest base price: 113.86

Weighted Average Price: 104.28

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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 - JULY 24, 2023

****PRODUCER SOLD:**

HEAD COUNT 210,158

AVERAGE LIVE WEIGHT 276.80

AVERAGE CARCASS WEIGHT 207.14

PACKER SOLD:

HEAD COUNT 28,447

AVERAGE LIVE WEIGHT 283.38

AVERAGE CARCASS WEIGHT 212.37

PACKER OWNED:

HEAD COUNT 175,180

AVERAGE LIVE WEIGHT 276.99

AVERAGE CARCASS WEIGHT 209.47

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NO CHARTS POSTED

OCTOBER /DECEMBER LEAN HOG SPREAD –

DECEMBER/FEBRUARY LEAN HOG SPREAD –

AUGUST 2023 LEAN HOGS –

OCTOBER 2023 LEAN HOGS –

DECEMBER 2023 LEAN HOGS –

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**COLD STORAGE
JUNE 2023 HIGHLIGHTS**

TOTAL RED MEAT SUPPLIES IN FREEZERS WERE DOWN 6 PERCENT FROM THE PREVIOUS MONTH AND DOWN 14 PERCENT FROM LAST YEAR.

TOTAL POUNDS OF BEEF IN FREEZERS WERE DOWN 3 PERCENT FROM THE PREVIOUS MONTH AND DOWN 20 PERCENT FROM LAST YEAR

FROZEN PORK SUPPLIES WERE DOWN 8 PERCENT FROM THE PREVIOUS MONTH AND DOWN 9 PERCENT FROM LAST YEAR.

STOCKS OF PORK BELLIES WERE DOWN 14 PERCENT FROM LAST MONTH BUT UP 33 PERCENT FROM LAST YEAR.

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POSITIVE REPORT FOR BOTH BEEF AND PORK. THERE WERE NO NEW RECORDS, LOWS OR HIGHS, MADE EXCEPT FOR A RECORD LOW FOR PORK CLASSIFIED AS "OTHER" WHICH INCLUDES PIGS FEET, TAILS AND NECK BONES AND THAT GOES ALONG WITH STRONG EXPORTS TIED TO VARIETY MEATS.

BEEF BEING DOWN FROM LAST YEAR WITH YEAR TO DATE SLAUGHTER DOWN AROUND 3.6% AND THE STRONG U.S. DEMAND FOR BEEF THIS YEAR IS TO BE EXPECTED. PORK SALES HAVE BEEN GOOD IN THE US AND IN JUNE SAW SUBSTANTIAL PRICE GAIN SINCE MAY 2023 COMPETING WITH HIGH PRICED BEEF. PORK EXPORTS ARE UP FOR THE YEAR.

THE REPORT SOLIDIFIES THAT BEEF AND PORK SALES HAVE BEEN GOOD OVER THE PAST YEAR. BELLY PRICES STARTED RAPIDLY CLIMBING HIGHER IN JUNE AND TO SEE STOCKS DOWN FROM THE MONTH OF MAY IS NO SURPRISE. THE REPORT SHOULD BE BENEFICIAL FOR PRICES FOR CATTLE AND HOGS WEDNESDAY BUT WITH OTHER FACTORS FROM WEATHER AND GRADE FOR CATTLE, TO LOWER HOG WEIGHTS AND BECAUSE THE DATA IS CLOSE TO A MONTH OLD, SUFFICE TO SAY IT IS POSITIVE.

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CHARTS FROM ESIGNAL INTERACTIVE, INC.

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