



ADM Investor
Services, Inc.

Daily Futures Market Commentary Livestock Outlook

WEDNESDAY MORNING MAY 26, 2021 LIVESTOCK REPORT

by Chris Lehner, Senior Livestock Analyst | 312.242.7942 | chris.lehner@admis.com

CATTLE

USDA FEDERAL CATTLE SLAUGHTER

MAY 25, 2021	121,000
WEEK AGO	120,000
YEAR AGO	107,000
WEEK TO DATE (EST)	237,000
SAME PERIOD LAST WEEK (EST)	235,000
SAME PERIOD LAST YEAR (ACT)	113,000

****Revised Monday Cattle Slaughter.116,000** Previous estimate 118,000**

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	CHOICE	SELECT
BOXED BEEF FINAL	329.92	304.26
CHANGE FROM PRIOR DAY:	2.09	0.87
CHOICE/SELECT SPREAD:		25.66
TOTAL LOAD COUNT (CUTS, TRIMMINGS, GRINDS):		93
5 DAY SIMPLE AVERAGE:	324.78	301.21

FRIDAY MAY 21, 2021

BOXED BEEF FINAL **325.17** **302.31**

FINAL MAY 25, 2021

PRIMAL RIB	535.12	441.60
PRIMAL CHUCK	241.30	242.31
PRIMAL ROUND	248.87	246.92
PRIMAL LOIN	496.99	429.03
PRIMAL BRISKET	297.64	291.57
PRIMAL SHORT PLATE	224.32	224.32
PRIMAL FLANK	166.39	163.03

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FINAL MAY 24, 2021

PRIMAL RIB	533.93	440.44
PRIMAL CHUCK	240.91	241.01
PRIMAL ROUND	246.71	245.15
PRIMAL LOIN	492.33	431.22
PRIMAL BRISKET	296.51	289.18
PRIMAL SHORT PLATE	221.71	221.71
PRIMAL FLANK	162.70	159.53

CME BOXED BEEF INDEX FOR 05/21/2021 WAS AT 316.63 UP 1.14 FROM PREVIOUS DAY

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LOAD COUNT AND CUTOFF VALUE SUMMARY

						CHOICE	SELECT
Date	Choice	Select	Trim	Grinds	Total	600-900	600-900
05/24	47	22	24	6	99	327.83	303.39
05/21	33	14	13	7	67	325.17	302.31
05/20	34	17	10	10	70	324.18	301.61
05/19	56	15	39	12	122	323.38	299.69
05/18	51	23	28	12	114	323.34	299.05
05/17	38	13	20	13	85	319.62	296.89

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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	45.27 loads	1,810,880 pounds
Select Cuts	17.09 loads	683,531 pounds
Trimming	18.45 loads	737,822 pounds
Ground Beef	12.22 loads	488,819 pounds

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Argentina, Brazil, New Zealand and Australia cattle prices and beef prices are so high, they are affecting how much their own people can buy beef. Brazil is continuing to export but Argentina and New Zealand have stop exports above agreements. Australia has trade commitments it must meet sending internal beef prices skyrocketing.

There are two weeks until June Live Cattle delivery and speculators are making the most of it.

For a short slaughter week coming up packers are paying steady this week and like the past three weeks are coming out early by Tuesday buying cattle. They need to know they have cattle.

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This week gives an indication how current cattle are now. Next week is a short week with Memorial Day eliminating one day kill and it is the start of a new month where packers can pull up their own and contract cattle. Packers have been pulling contract cattle forward out of the Southwest. On a short week, they are securing cattle for next weeks kill.

Look for packers next week to buy cattle higher. Buying cattle as aggressive as they are for next week indicates a positive direction.

The heavy cattle in the Midwest that many analysts feel are feedlots just keeping cattle too long are mostly going for orders that specifically want heavy high Choice and Prime cattle.

The second week of June is the week June Live Cattle go into delivery. June now is discount to cash, but by the second week of June, look for the cash to futures spread reverse.

There is still plenty of time for speculators especially spreaders to move markets in their desired direction.

Boxed beef has two sides to it. Rib and Loin sections are high priced, but middle and lower primal cuts are cheap in comparison.

Going forward there will be fewer cattle and lighter cattle especially in the Southwest.

There will also be less available beef for the US to import. The US is a net importer and buyers will need more US beef.

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The demand for grass feeder cattle was strong this spring. The Cattle on Feed report showed fewer light cattle on feed. As feeders are moved off grass late summer into fall, the number of feeders going into feedlots SHOULD increase. However, it appears the numbers will be fewer than a year ago.

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As of MAY 18, 2021 dressed steer and heifer weights were 865.4 compared to previous week at 863.5, up 1.9 pounds for the week . Grading percent was 82.1 down 1% compared to previous week at 83.1%.

Cattle grading less shows packers are pulling cattle ahead and the mixed of heavy cattle to lighter cattle is showing more lighter cattle going to kill. The Southwest is current to the point packers have been taking contracts about two weeks ahead of their normal weights.

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USDA POSTED SUMMARY CATTLE PRICES ON 05/25/2021

IA/MN – CASH – 118.00 - 120.00

DRESSED - 188.00 - 191.00

TOTAL 3,489 HEAD

NE – CASH 120.00 – 123.00

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DRESSED – 188.00 - 192.00

KS – CASH 119.00 - 120.00

DRESSED – 191.00 - 191.00

CASH SALES FOR ALL GRADES FROM CHOICE TO SELECT

TX/OK/NM – 120.00

DRESSED 189.00

CO – No Reportable Trade

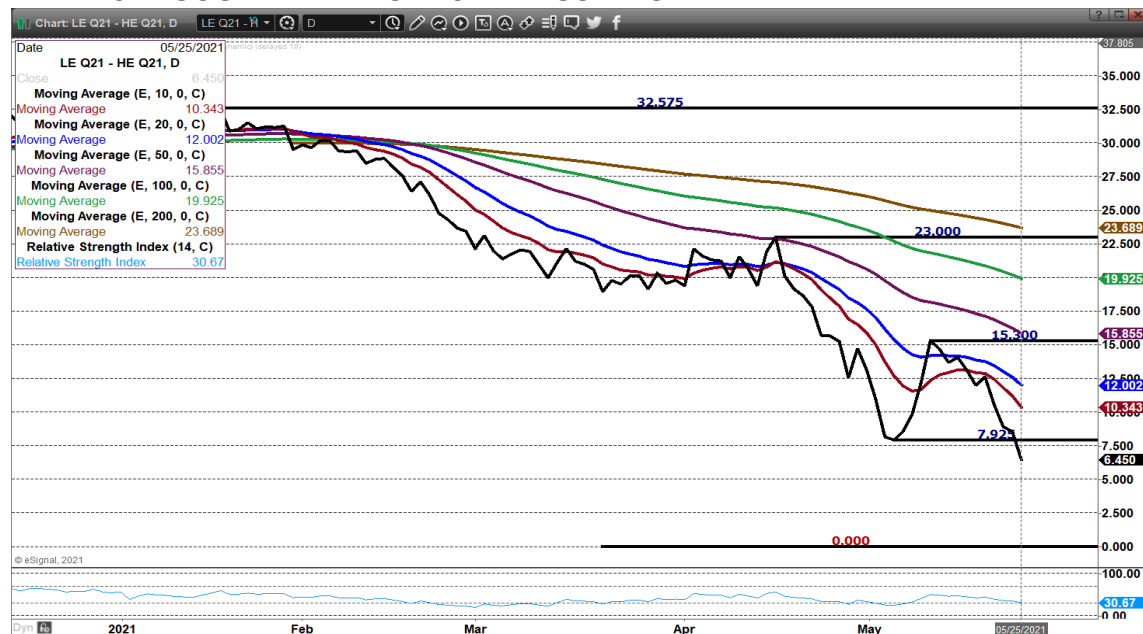
DRESSED No Reportable Trade

***National Daily Direct Cattle 05/25/2021

5 day accumulated weighted avg)

	Weight	Price	Head
Live Steer:	1450	\$119.73	29,744
Live Heifer:	1291	\$119.62	11,286
Dressed Steer:	930	\$190.63	16,666
Dressed Heifer:	845	\$190.76	3,726

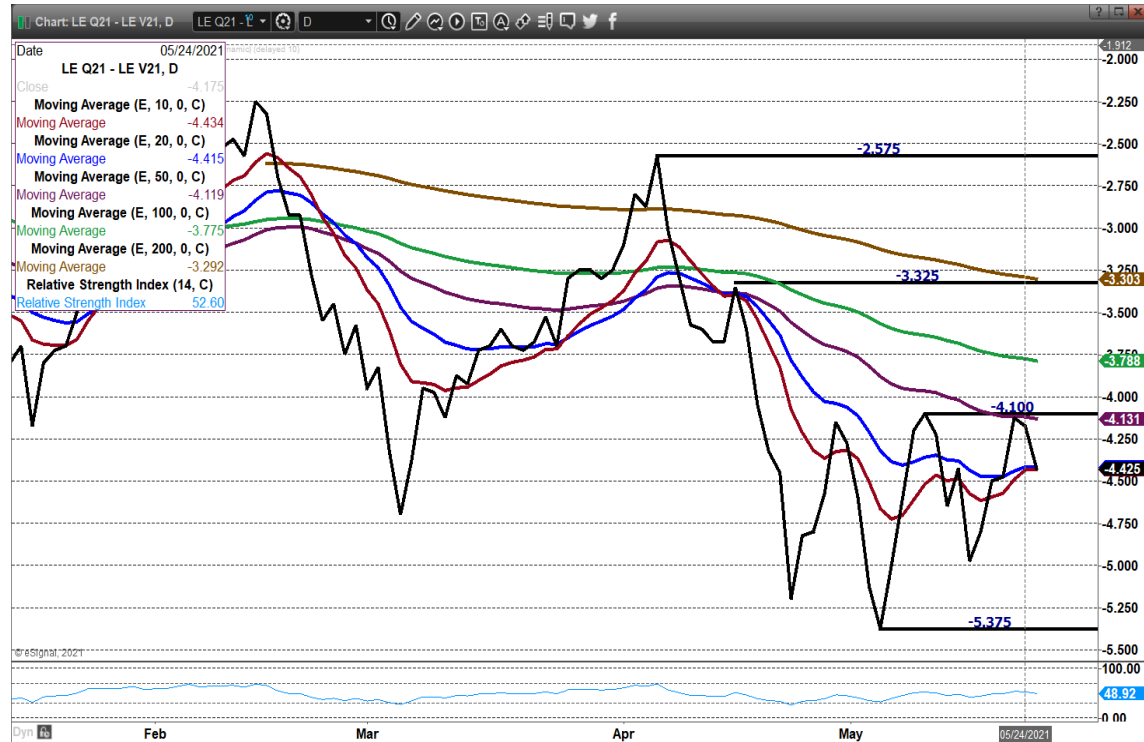
AUGUST LIVE CATTLE/AUGUST LEAN HOGS – LOOKS LIKE TRADERS WANT TO MOVE TO EVEN.
THERE IS ENOUGH TIME BEFORE CATTLE GO INTO DELIVERY



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AUGUST/OCTOBER 2021 LIVE CATTLE SPREAD – BEAR SPREAD. WANT TO SEE REVERSAL



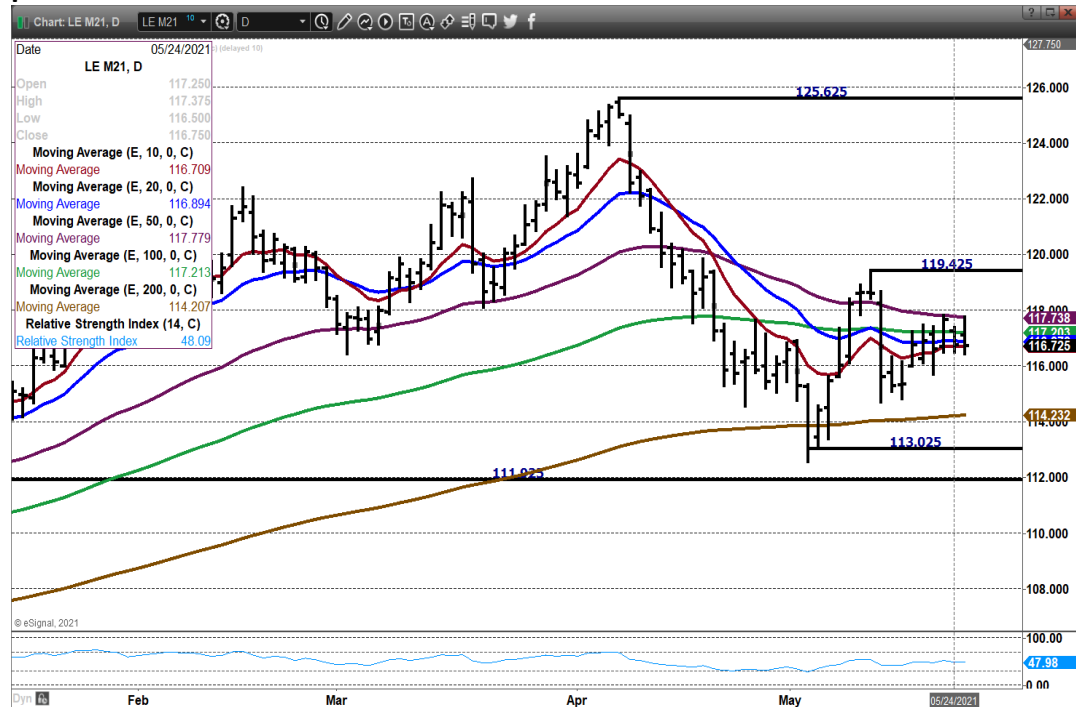
JUNE 2021 CATTLE – 119.50 is obvious resistance with current cash but traders aren't releasing short side on spreads Support at 116.72



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OCTOBER 2021 LIVE CATTLE - Resistance 117.80 to 119.42 Support at 116.72 to 114.22. Sell puts at 114.25 and risk a close on below 113.00



Feeder Cattle

THE CME FEEDER INDEX ON 05/24/2021 WAS 136.31 UP .65 CENTS FROM PREVIOUS DAY -

MAY 2021 FEEDER CATTLE FUTURES SETTLED ON MAY 25, 2021 AT \$136.62

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 05/21/2021

RECEIPTS:	AUCTIONS	DIRECT	VIDEO/INTERNET	TOTAL
THIS WEEK:	159,400	35,900	31,900	227,200
LAST WEEK:	146,300	45,000	3,500	194,800
YEAR AGO:	204,800	51,200	1,800	257,800

COMPARED TO LAST WEEK, STEERS AND HEIFERS SOLD STEADY TO 2.00 HIGHER. LIGHTER WEIGHT FEEDERS SAW GOOD DEMAND THIS WEEK, WHILE HEAVIER WEIGHT FEEDERS SOLD ON MODERATE DEMAND.

PLACEMENT NUMBERS ON THE CATTLE ON FEED REPORT WERE DOWN TO LEVELS BACK TO 2019. IF THERE A SIGNIFICANT NUMBER IN THE REPORT THIS IS IT. FEWER FEEDERS ARE

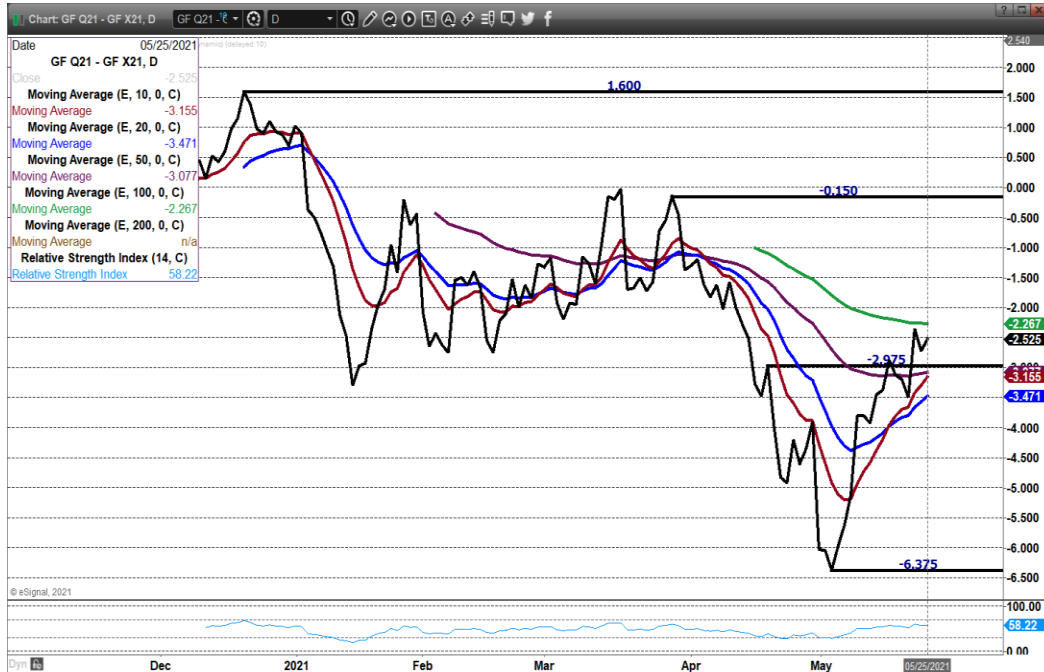
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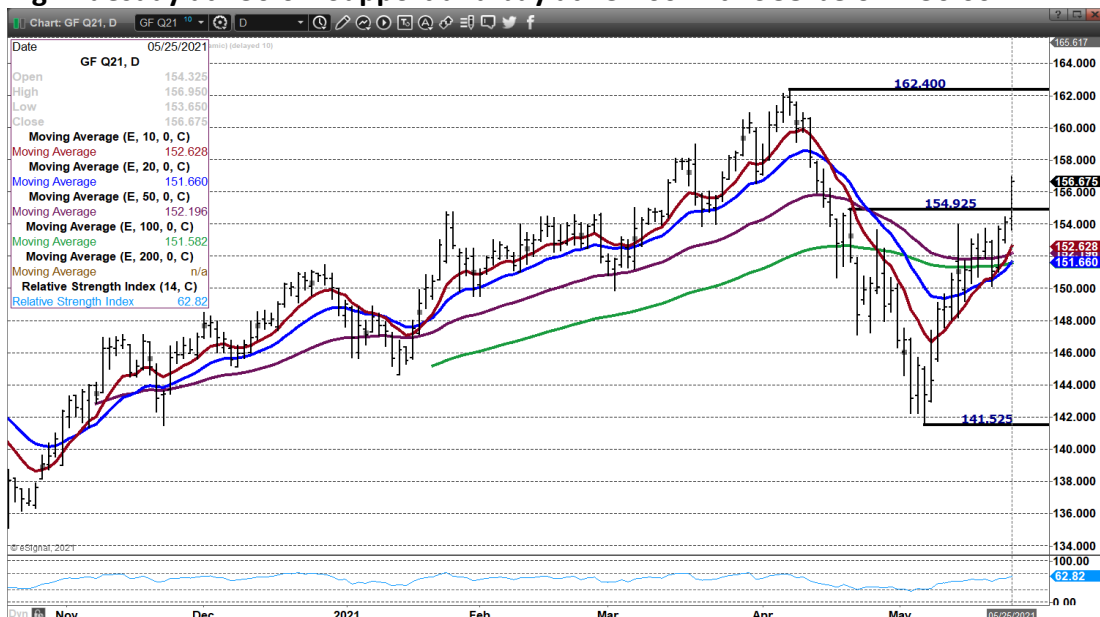
PLACED. NOW THE QUESTION WILL BE HOW WILL FUTURES REACT TO THE POSITIVE NEWS WHEN FUTURES FROM AUGUST 2021 ON OUT ARE AT LARGE PREMIUMS ALREADY.

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AUGUST/NOVEMBER 2021



AUGUST 2021 FEEDER CATTLE - Feeders have reacted positive to COF Report. Resistance at high Tuesday at 156.67 Support and buy at 152.60 with SCO below 150.00



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LEAN HOGS

USDA ESTIMATED FEDERAL HOG SLAUGHTER

MAY 25, 2021	485,000
WEEK AGO	466,000
YEAR AGO	415,000
WEEK TO DATE (EST)	967,000
SAME PERIOD LAST WEEK (EST)	944,000
SAME PERIOD LAST YEAR (ACT)	417,000

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CME CASH LEAN HOG INDEX 05/21/2020 AT 111.81 UP .38 FROM PREVIOUS DAY

CME CASH PORK CUTOUT INDEX 05/24/2021 AT 119.07 UP .95 FROM PREVIOUS DAY

CME CASH FRESH BACON INDEX ON 5/21/2021 WAS 214.75 COMPARED TO 5/14/2021 WAS 210.67

CME PORK INDEX TO CME LEAN HOG INDEX **7.26** *(Pork over the past week has been gaining on lean hog index. It is usually positive.)*

Pork rib primals make up 4.77% of the cutout and primal bellies are 16.14% of the cutout. Ribs are almost \$300/cwt and bellies have been trading in a range from \$170.00/cwt to \$185.00/cwt. These are the cuts that are putting the cutout at high levels. Loins make up 25.32% and hams make up 24.59%. Loins in May finally moved over \$100.00/cwt and hams have been trading from \$85.00/cwt to \$100.00/cwt.

Going forward, the hog market is going to depend on what loins and hams do. Both are cheap and look for countries like Australia, New Zealand, Mexico and even Argentinian and Brazil increase consumptions with beef prices skyrocketing.

Best thing about the price of hogs, prices are now high so there will be plenty of time to sell and won't have to worry about missing a high.

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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 25, 2021

LOADS OF PORK CUTS: 312.23

TRIM/PROCESSED PORK: 24.29

FINAL

DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
05/25/2021	336.52	124.52	119.09	156.29	81.17	295.91	88.04	178.44
CHANGE		2.31	2.11	2.22	-0.88	-2.13	0.45	6.51
FIVE DAY AVERAGE --		120.96	117.00	151.40	81.80	291.09	83.33	171.82

NOON

DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
05/25/2021	205.54	126.03	118.66	155.17	82.39	299.75	93.03	183.27
CHANGE		3.82	1.68	1.10	0.34	1.71	5.44	11.34
FIVE DAY AVERAGE --		121.27	116.91	151.18	82.04	291.86	84.33	172.78

FINAL

DATE	LOADS	CARCASS	LOIN	BUTT	PIC	RIB	HAM	BELLY
05/24/2021	226.95	122.21	116.98	154.07	82.05	298.04	87.59	171.93
CHANGE		1.35	-1.31	2.15	-1.73	8.69	6.36	-0.10
FIVE DAY AVERAGE --		119.27	115.69	148.50	81.44	289.01	81.52	169.28

NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE

Slaughter Data for May 24, 2021

Average live weight **281.18**

Average carcass - **211.38**

USDA has not updated report as of 7:00AM Central time

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 24, 2021

National Negotiated Carcass Price

Lowest price: 101.17

Highest price: 116.00

Weighted Average Price: 109.31

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Head Count: 5,856

On a National basis, compared to the previous day's weighted average 2.51 higher

Other Market Formula (Carcass)

Lowest base price: 69.52

Highest base price: 115.48

Weighted Average Price: 99.28

Head Count: 34,736

Swine/Pork Market Formula (Carcass)

Lowest base price: 81.81

Highest Base Price: 122.67

Weighted Average Price: 110.24

Head Count: 175,332

Other Purchase Arrangement (Carcass)

Lowest base price: 70.98

Highest base price: 118.11

Weighted Average Price: 103.65

Head Count: 97,944

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

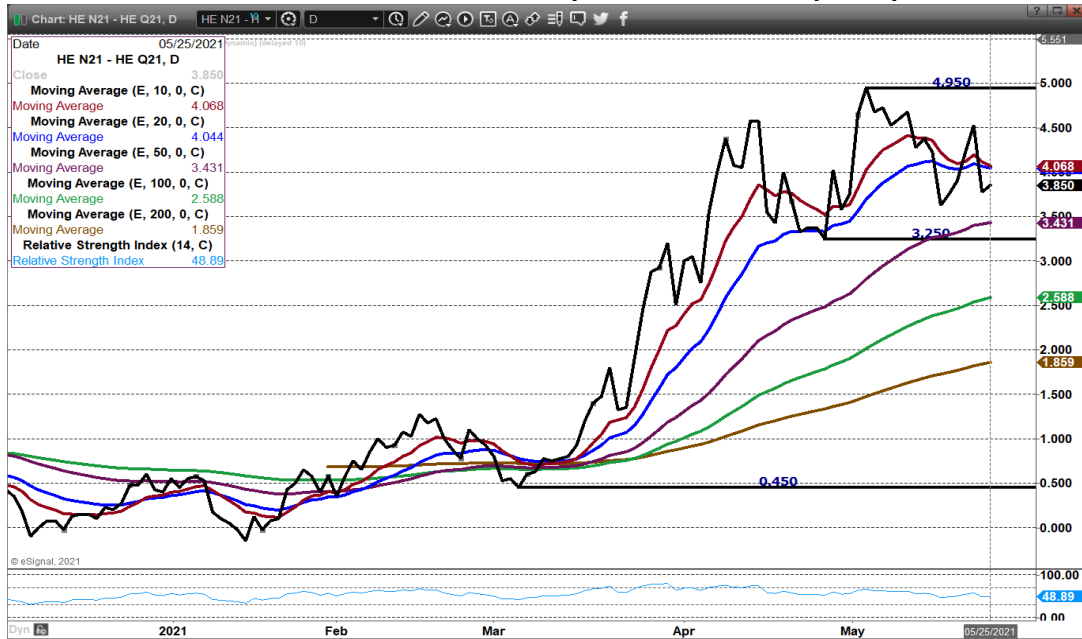
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Past Highs on Lean Hogs

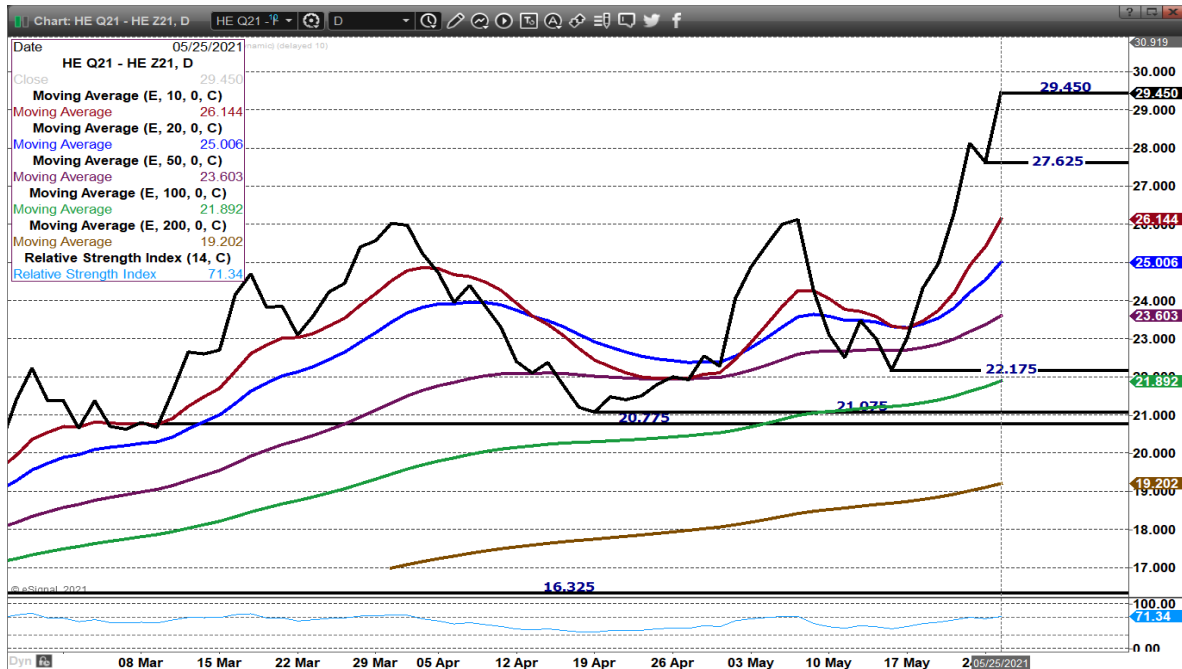
Contract Month & Year	Contract High	Date
April 2014	\$128.77	April 2, 2014
June 2014	\$133.42	March 18, 2014
July 2014	\$133.90	July 15, 2014
August 2014	\$133.37	July 1, 2014
October 2014	\$118.35	July 7, 2014
December 2014	\$105.50	July 9, 2014
February 2015	\$100.00	June 22, 2014

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JULY/AUGUST LEAN HOG SPREAD - Bull spread Have to respect spread.



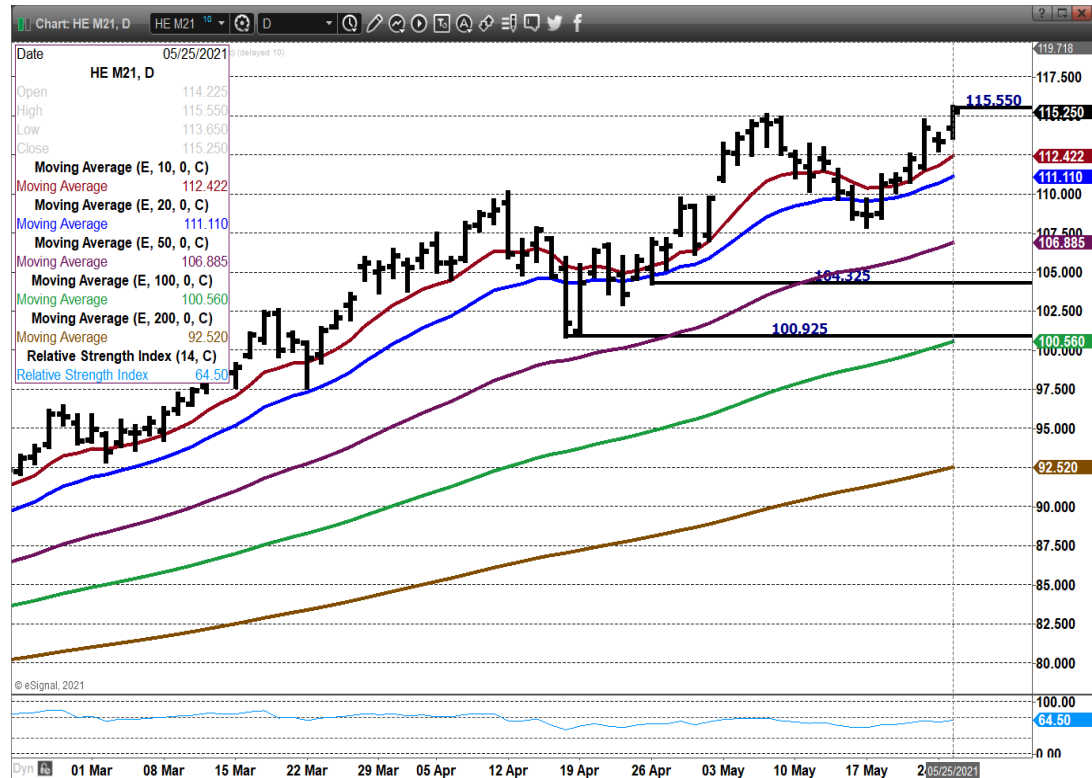
AUGUST/DECEMBER 2021 LEAN HOG SPREAD – 10 DAY AVERAGE AT 26.10 COULD BACK OFF AND HAS TO CLOSE BELOW 23.00 TO CONFIRM REVERSAL



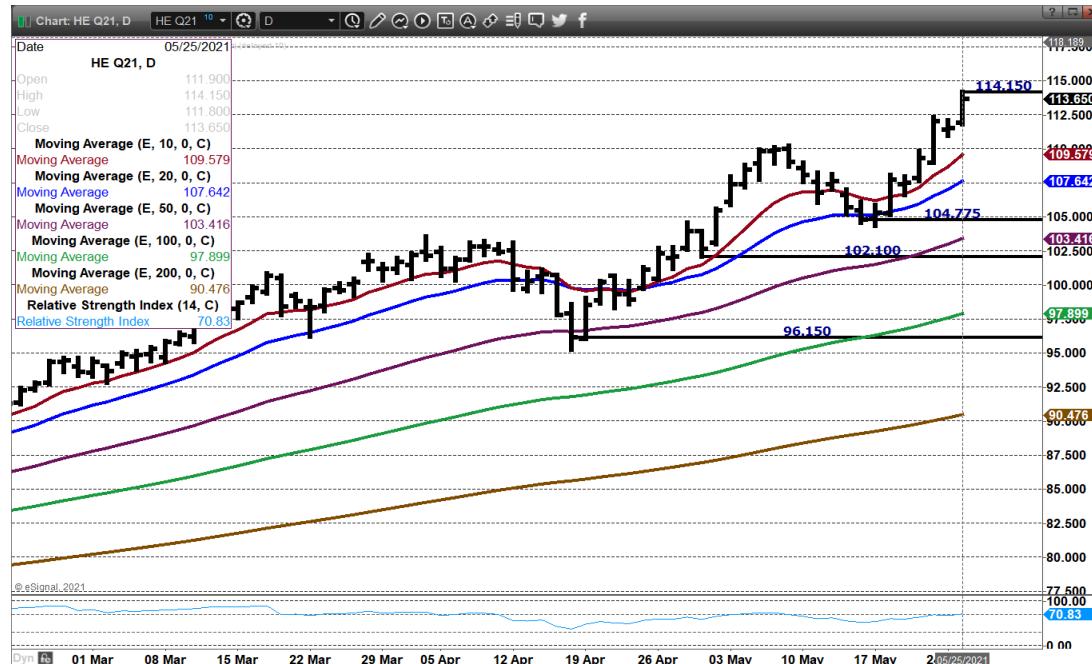
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JUNE 2021 LEAN HOGS - OVER CME INDEX AND COULD BACK OFF TO 20 DAY AVERAGE SUPPORT AT 111.10 RESISTANCE AT 120.00 TO OLD HIGH BACK TO 2014 AT 133.42



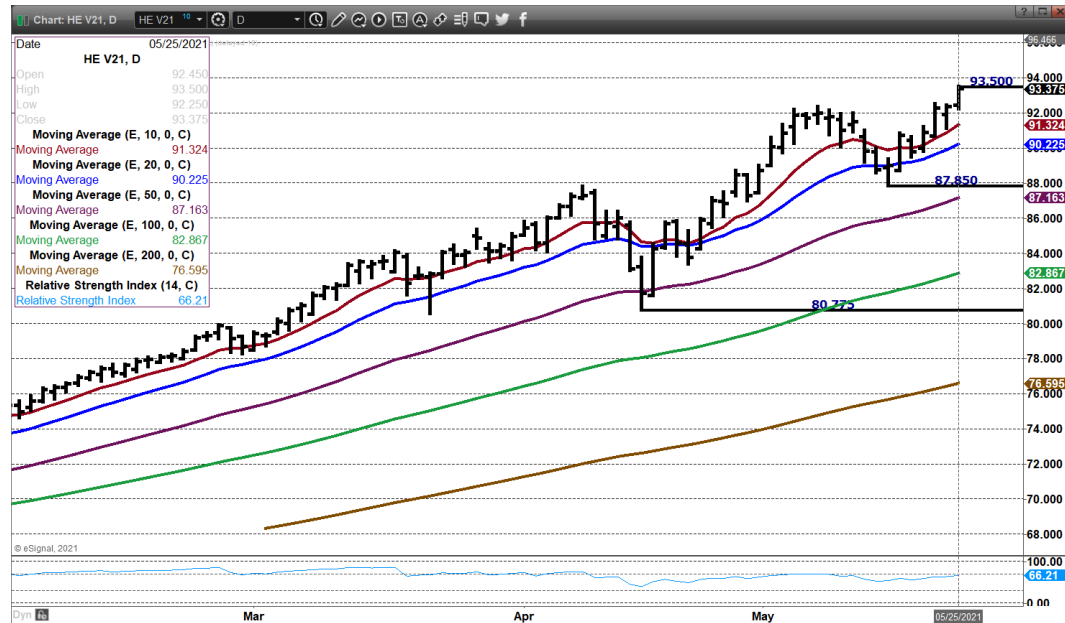
AUGUST 2021 LEAN HOGS – RSI AT 70 IS NOT OVERBOUGHT BUT COULD SEE PROFIT TAKING AHEAD OF END OF MONTH. SUPPORT AT 109.75 TO 107.60 RESISTANCE AT 117.00



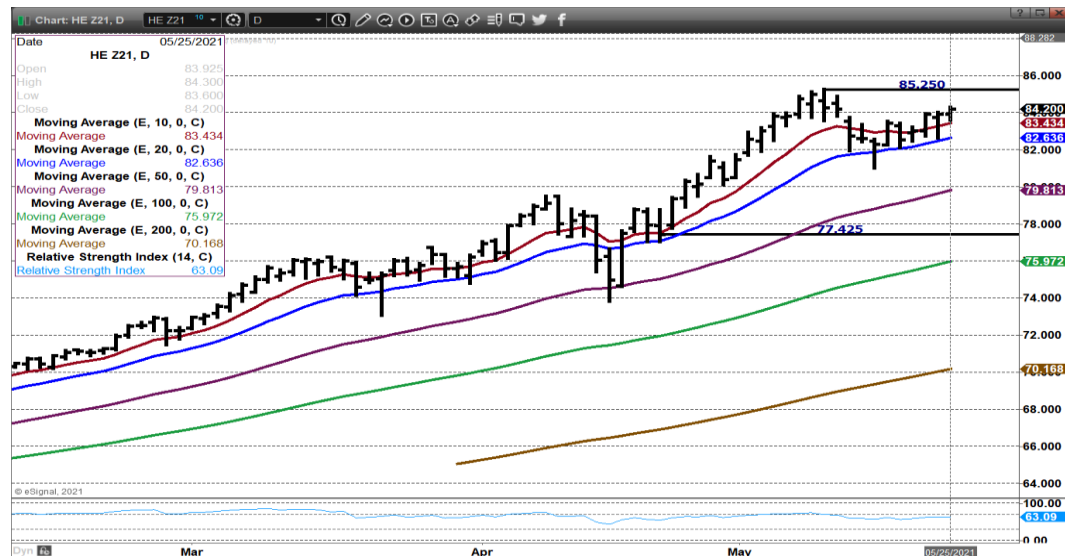
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OCTOBER 2021 LEAN HOGS - \$21 BELOW AUGUST RESISTANCE 94.87 SUPPORT AT 91.35 TO 90.20 BUY AT 90.37 WITH SCO BELOW 87.00



DECEMBER 2021 LEAN HOGS - ALMOST \$9.00 UNDER OCTOBER. RSI AT 63 IS FAR FROM OVERBOUGHT 85.25 RESISTANCE SUPPORT AT 83.45 TO 82.65 BUY AT 83.45 WITH SCO BELOW 81.10



CHARTS FROM ESIGNAL INTERACTIVE, INC.

Christopher Lehner chris.lehner@admis.com 312 242 7942
913.787.6804

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