

CHS Hedging Livestock Comments



Livestock Comments

Friday, July 05, 2019

Live Cattle

Live cattle futures traded higher over the past week while the cash trade has been inching lower. August live cattle futures closed above their 50-day moving average of \$106.70 per cwt. This week the cash trade has been between \$109 and \$112, but bids in the south have been as low as \$107 and Texas saw cattle trade at \$108. The Southern Plains had cash trade at \$109 and the Corn Belt had a range of \$111 to \$113. The Fed Cattle Exchange had 53 head sell in Kansas with an average price of \$109. The boxed beef choice select spread has widened out considerably, reaching a spread of \$24. This indicates a strong demand for high quality beef as the choice has been holding its value while the select values have slipped.

Weekly export sales were 18,700 metric tonnes, which was up from the previous week and above the four-week average of 16,550 metric tonnes. Korea was the largest buyer, followed by Japan and Hong Kong.

AM Boxed Beef							PM Boxed Beef						
Date	Load Count	Choice	Change	Selects	Change	Spread	Date	Load Count	Choice	Change	Selects	Change	Spread
5-Jul	78	\$ 218.16	\$ (1.09)	\$195.15	\$ (0.21)	23.01							
3-Jul	103	\$ 219.36	\$ (1.11)	\$195.58	\$ (0.41)	23.78	3-Jul	150	219.25	-1.22	195.36	-0.63	23.89
2-Jul	93	\$ 220.25	\$ 0.53	\$196.56	\$ 0.92	23.69	2-Jul	142.00	\$ 220.47	\$ 0.75	\$ 195.99	\$ 0.35	\$ 24.48
1-Jul	71.00	\$ 220.28	\$ 0.62	\$196.22	\$ 0.66	\$ 24.06	1-Jul	139.00	\$ 219.72	\$ 0.06	\$ 195.64	\$ 0.08	\$ 24.08
28-Jun	76.00	\$ 219.92	\$ 0.89	\$196.07	\$ (0.83)	\$ 23.85	28-Jun	126.00	\$ 219.66	\$ 0.63	\$ 195.56	\$ (1.34)	\$ 24.10

August live cattle futures chart



First notice day for August live cattle futures is Friday, August 2nd. Last trading day for August live cattle options is Friday, August 2nd. Last trading day for August live cattle futures is August 30th.

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Feeder Cattle

Feeder cattle futures have been highly volatile as they follow the corn market in a choppy trade pattern. August feeders have been closing above their 20-day moving average this week, using that moving average as support.

The feeder cattle index was at 133.21 as of July 4th.

August feeder cattle futures chart



Last trading day for August feeder cattle futures and options is on August 29th.

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Lean Hogs

Last Thursday the Quarterly Hog and Pig report was released. The total U.S. inventory was 75.5 million head, which was the highest June 1st inventory since 1964. Breeding inventory was 6.41 million head, up 1% from last year, market hog inventory was 69.1 million, up 4% from last year and the highest market hog inventory since 1964. The March May pig crop was 34.2 million head, the largest since 1970. Overall, this report was bearish to the market since it showed ample hog supplies. In keeping up with the large hog crop, the slaughter has been running higher than last year, and the carcass cutout values have slipped lower. The market has an ample supply of pork. Lean hog futures finished the week nearly unchanged. Futures started the week stronger and finished weaker.

PM Values																	
Date	Load Count	Pork Cuts Loads	Trim/Process Pork	Carcass Cutout	Change	Loin	Change	Butt	Change	Pic	Change	Rib	Change	Ham	Change	Belly	Change
3-Jul	407.32	374.34	32.99	71.48	-1.73	73.06	-1.73	91.17	-0.83	52.2	-1.59	104.34	-4.09	58.61	-1.94	99.07	-1.24
2-Jul	402.58	367.19	35.4	\$ 73.21	\$ (0.07)	\$ 75.14	\$ (1.21)	\$ 92.00	\$ (3.37)	\$ 53.79	\$ (3.22)	\$ 108.43	\$ 1.94	\$ 60.55	\$ (0.18)	\$ 100.31	\$ 5.28
1-Jul	355.78	319.91	35.86	\$ 73.28	\$ (0.56)	\$ 76.35	\$ 0.63	\$ 95.37	\$ 1.41	\$ 57.01	\$ 2.56	\$ 106.49	\$ 6.98	\$ 60.73	\$ 0.17	\$ 95.03	\$ (8.91)
28-Jun	297.49	255.63	41.86	\$ 73.84	\$ (0.35)	\$ 75.72	\$ (0.29)	\$ 93.96	\$ (2.30)	\$ 54.45	\$ (2.39)	\$ 99.51	\$ (1.22)	\$ 60.56	\$ (0.69)	\$ 103.94	\$ 2.21
27-Jun	340.16	310.94	29.23	\$ 74.19	\$ 0.22	\$ 76.01	\$ 0.53	\$ 96.26	\$ (0.56)	\$ 56.84	\$ 0.43	\$ 100.73	\$ (7.14)	\$ 61.25	\$ (1.56)	\$ 101.73	\$ 4.74

Weekly export sales were 23,500 metric tonnes, down from the previous week and below the four-week average of 26,575. The weeks largest buyer was Mexico, followed by Australia and Korea. The CME lean hog index was 73.22 on July 2nd.

August lean hogs futures chart



Last trading day for July lean hogs futures and options is July 15^h.

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