

CHS Hedging Livestock Comments



Livestock Comments

Friday, August 16, 2019

Cattle

The cattle markets had a wild week after a Tyson packing plant in Holcomb, KS closed its doors due to a fire. The plant was responsible for approximately 5% of the U.S. kill, slaughtering between 5,000 and 6,000 head per week. The closure is temporary, but there has not been a definitive date that the plant will reopen. The market used this event as an excuse for a major sell off, and the October contract lost approximately \$8.70 per cwt over the week. The contract also broke below the \$100.00 per cwt. Feeder cattle were impacted by this as well, but they rebounded moderately later in the week. Packer margins jumped significantly this week, with Friday's margins reaching to \$344.80 versus \$153.20 from last week. The jump was aided by the sharp rise in boxed beef values. The afternoon boxed beef values skyrocketed \$20.00 over the week.

Weekly export sales were 16,200 tonnes, which was above the weekly average of 15,675 metric tonnes. The largest buyer this week was Japan, followed by Mexico and Taiwan. Year to date the largest buyer is Japan.

Today's slaughter was estimated to be 114,000 versus 118,000 last week and 118,000 last year. Weekly slaughter is estimated to be 651,000 versus 642,000 last week and 659,000 last year. The uptick in this week's slaughter comes from a higher kill estimate for Saturday of 74,000 head.

The feeder cattle index was \$137.90 as of 8/15/2019.

PM Boxed Beef						
Date	Load Count	Choice	Change	Selects	Change	Spread
16-Aug	100.00	\$ 238.69	\$ 2.57	\$ 213.26	\$ 2.59	\$ 25.43
15-Aug	79.00	\$ 236.12	\$ 3.78	\$ 210.67	\$ 4.75	\$ 25.45
14-Aug	162.00	\$ 232.34	\$ 5.98	\$ 205.92	\$ 5.34	\$ 26.42
13-Aug	173.00	\$ 226.36	\$ 7.74	\$ 200.58	\$ 2.79	\$ 25.78
12-Aug	151.00	\$ 218.62	\$ 2.25	\$ 197.79	\$ 3.98	\$ 20.83
9-Aug	100.00	\$ 216.37	\$ (0.51)	\$ 193.81	\$ 1.44	\$ 22.56

Last trading day for August feeder cattle futures and options is Thursday, August 29th. Last trading day for October live cattle options is Friday, October 4th. First notice day for October live cattle futures is October 7th and last trading day is Thursday October 31st.

This information is provided by a research analyst and should not be construed as a recommendation to buy or sell any commodity contract. The information contained in this presentation is taken from sources which we believe to be reliable, but is not guaranteed by us as to accuracy or completeness and is sent to you for information purposes only. There is a risk of loss when trading commodity futures and options. Neither the firm nor the research analyst have any positions in these products.



CHS Hedging Livestock Comments



Livestock Comments

Friday, August 16, 2019

Lean Hogs

Hog futures were under pressure this week, taking cues from the cattle market. Late in the session Friday, the market turned lower and finished limit down in both October and December futures. Fundamentally there wasn't a shift in the market to justify the turn, and it was likely the managed money crowd. The carcass cut out values have remained strong, holding above \$85.00 per cwt.

Weekly export sales were 20,400 tonnes, which was above the four-week average of 16,325 tonnes. The largest buyer this week was China, followed by Japan and Mexico. Year to date the largest buyer is Mexico.

Today's slaughter was estimated to be 454,000 head of hogs versus 451,000 last week and 444,000 last year. Weekly slaughter is estimated to be 2,497,000 head versus 2,354,000 last week and 2,459,000 last year.

The lean hog index was \$79.34 as of 8/14/2019 and the fresh bacon index was \$199.32 as of 8/9/2019.

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
16-Aug	352.21	321.85	30.37	\$ 86.26	\$ (1.97)	\$ 74.46	\$ 0.42	\$ 91.95	\$ 0.18	\$ 50.82	\$ (0.75)	\$ 112.92	\$ 2.12	\$ 69.30	\$ (4.23)	\$ 169.81	\$ (5.72)
15-Aug	253.33	232.61	20.72	\$ 88.23	\$ (0.67)	\$ 74.04	\$ (1.17)	\$ 91.77	\$ (0.98)	\$ 51.57	\$ (2.08)	\$ 110.80	\$ 1.36	\$ 73.53	\$ (0.78)	\$ 175.53	\$ 0.48
14-Aug	263.54	234.08	29.64	\$ 88.90	\$ (0.31)	\$ 75.21	\$ 0.34	\$ 92.75	\$ 0.11	\$ 53.65	\$ 1.39	\$ 109.44	\$ (1.16)	\$ 74.31	\$ (5.46)	\$ 175.05	\$ 5.36
13-Aug	403.38	371.54	31.84	\$ 89.21	\$ (0.98)	\$ 74.87	\$ (0.83)	\$ 92.64	\$ 0.40	\$ 52.26	\$ (1.00)	\$ 110.60	\$ 0.12	\$ 79.77	\$ (3.87)	\$ 169.69	\$ (1.58)
12-Aug	267.38	243.97	23.41	\$ 90.19	\$ (0.25)	\$ 75.70	\$ 1.35	\$ 92.24	\$ 1.57	\$ 53.26	\$ (0.30)	\$ 110.48	\$ 0.10	\$ 83.64	\$ (1.73)	\$ 171.27	\$ 1.18
9-Aug	304.73	279.7	25.03	\$ 90.44	\$ 1.75	\$ 74.35	\$ (1.34)	\$ 90.67	\$ (1.29)	\$ 53.56	\$ 0.44	\$ 110.38	\$ (0.48)	\$ 85.37	\$ 3.26	\$ 170.09	\$ 8.85

Last trading day for October lean hog futures and options is Monday, October 14th.

This information is provided by a research analyst and should not be construed as a recommendation to buy or sell any commodity contract. The information contained in this presentation is taken from sources which we believe to be reliable, but is not guaranteed by us as to accuracy or completeness and is sent to you for information purposes only. There is a risk of loss when trading commodity futures and options. Neither the firm nor the research analyst have any positions in these products.

