

The afternoon negotiated Choice boxed beef cutout has rallied 19 straight trading sessions before sputtering in Monday's afternoon trade. The day over day gains have been incredible at times, adding more than \$3 per cwt in 6 different sessions, the largest was \$5.82 on April 5th over the previous day. These large gains have helped pull cash cattle prices up, but in Friday and Monday's futures trading session, there was a little bit of weakness forming in the front end contracts.

Middle meats have led the cutout higher. On a weekly basis, Friday's gained helped push the rib primal over \$450 per cwt. This is only the second week over \$400 during the last 5 week rally.

Choice rib primal values have only elevated over \$400 per cwt on a weekly basis on a handful of occasions back to 2004. The first was December 2014 and only lasted two weeks, followed by June 2017 lasting 6 weeks, one week in December 2017, 6 weeks in November 2018, one week in August 2019, and seven weeks in May/June of 2020. The fourth quarter of 2020 persisted 6 weeks. Most of these rallies built over several weeks, showing week-over-week gains for about 13 weeks before the market broke. The shortest was 7 weeks. The current rally has been climbing week-over-week for 5 weeks. The drop from \$400+ rib primals usually occurs swiftly, averaging more than an 8% drop week-over-week when the break does occur.

Other primals have recently increased to high levels as well. Weekly averages for Chuck and Brisket were both over \$200 per cwt. The Loin was over \$350 per cwt. These levels are more common than the high rib primal value. The chuck as been over \$200 on 82 weeks, and the brisket has on 72 since 2004. More rare is the loin reaching \$350 per cwt, which has happened only 25 weeks back to 2004.

Seven of those weeks were last spring. The longest stretch was in 2015, where loin values were above \$350 for nine weeks. The other two occurrences were a handful of weeks in 2016 (3 weeks) and 2017 (2 weeks).

March was largely ahead of the pandemic storm that sent cutout to \$400 per cwt last year, but did see an uptick in values. This year March on a monthly basis saw Prime cutout values outshine last year, and is perhaps a signpost for restaurant demand and optimism.

April looks like it will post a stronger month over the first couple of weeks, but the last half of April will see year over year declines when compared to the surging cutout of last year. That's not to say the cutout might not be strong.

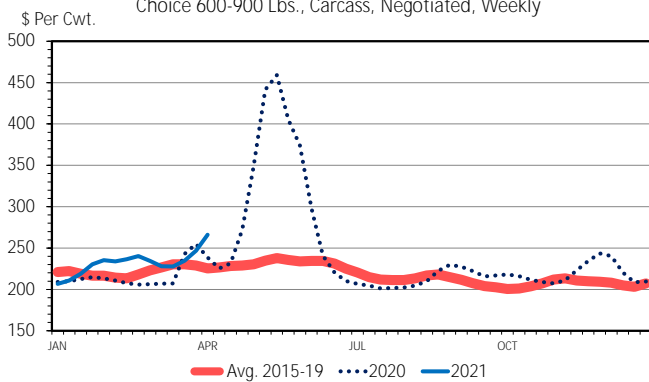
This current rally is ahead of traditional Memorial Day holiday buying but could speak to the uncertainty of buying forward earlier in the year. It may mean that many buyers will need to go to the spot market for their supply needs, supporting a strong but potentially volatile cutout.

Monday's daily negotiated value was \$271.41 per cwt, 76 cents lower than Friday's. The rib primal continued to post gains as did flank primal values. Short plate lost the most ground on Monday, down \$3 from Friday, followed by brisket values down \$1.81 per cwt. The chuck and loin both lost similar amounts to the overall cutout value.

Live cattle contracts for 2021 were down most of Monday, and ended with another second day of losses after Friday. The daily 5 area live steer price did not take a breather, and climbed to \$124.12 across all grades, and is the highest since January 2020.

BOXED BEEF CUTOUT VALUE

Choice 600-900 Lbs., Carcass, Negotiated, Weekly

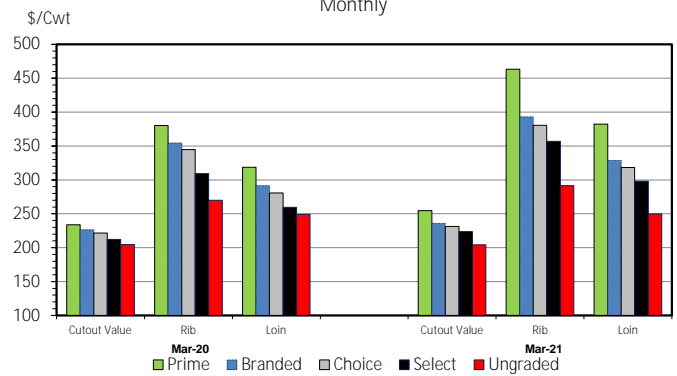


Data Source: USDA-AMS
Livestock Marketing Information Center

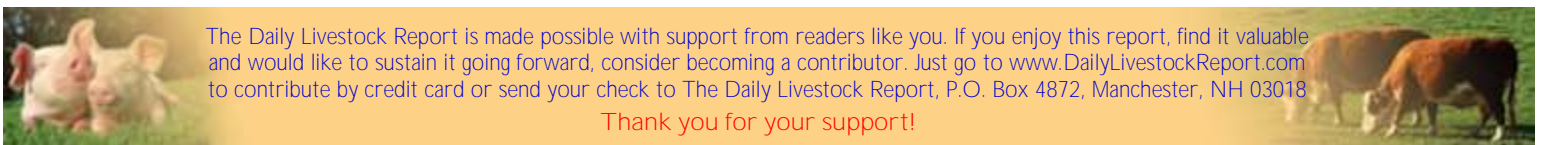
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PRIMAL VALUE

Monthly



Data Source: USDA-AMS, Compiled by LMIC
Livestock Marketing Information Center



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