



DAILY LIVESTOCK REPORT

By Dennis Smith

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Huge Pork Export Sales Driven by China

LEAN HOGS:

Weekly pork export sales were huge, astonishingly huge. Weekly pork sales were reported at 90,700 MT and China took 77,700 of the sale. South Korea, Chile, Japan and Canada rounded out the sales. Mexico, our largest buyer was not even involved. Anyone that had any questions about the situation in China should take note. I calculate the Chinese portion of exports the equivalent of about 1.1 million pigs. That's about 45% of last week production. Shipments were also large at 27,500 MT, up 3% from the 4-week average. Mexico took the largest amount of pork in the shipments (paying the tariff). China took 4,000 MT and thus paid the 62% tariff as well. Nothing else really matters today. Volume on the strong close yesterday was good at 70,500 and open interest surged upward by nearly 4,600 cars. A large jump in open interest was noted in the Oct hogs. Futures, with the exception of the April, should open and remain sharply higher today.

LIVE CATTLE:

Now we see if sharply higher lean hog futures will inject some support into the live cattle market. The storm system continues to cause severe problems in NE, SD, MN and parts of IA. A lot of cattle will be impacted including momma cows and baby calves that just hit the ground. Cash was established yesterday in the south at the low price of \$1.24. Trade in the north still has work to do, fetching \$1.27 but for only a few hundred. There were 37 deliveries posted and this could weigh on the April contract today. The oldest long jumped upward to Nov 1st. Traders long April should start peeling out. Weekly beef export sales were reported at 11,800 MT, down 28% from the 4-week average. Mexico was absent from both beef and pork sales last week. Interesting to note that Hong Kong was our largest buyer of beef last week, taking 3,300 MT. Shipments were a little better at 15,100 MT. Given the storm system, given the fact that we're on the verge of seasonal beef demand and given that pork prices appear headed sharply higher, I'd look for some pretty serious buying in futures today with April LC the laggard.

For a free 30-day trial to the evening livestock wire that includes a midday pork and beef update, please send an email to: dennis.smith@archerfincials.com

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