



Archer Financial Services, Inc.

LIVESTOCK REPORT

By Dennis Smith

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LEAN HOGS

Pork exports in June were up 1.3% from June of last year (muscle cuts). January through June pork exports are up 2% compared to the first half of last year. Despite the tariff on U.S. pork, China still holds as our 5th largest customer taking 23.8 mm lbs of pork. While this was down 37% from last year, my point is that China is still importing U.S. pork. Exports to Mexico were down 4%. Pork trade with Japan was up 4%, up 28% to S. Korea, up 5% to Canada and soared by 78% to Colombia. While the tariff induced slowdown is not good I contend it's not a disaster. You'd never know that by looking at the futures market and by witnessing the carnage in the cash market of recent. In my opinion the market has over-baked the fear of declining exports.

LIVE CATTLE

I have not seen the show list published yet but I'm hearing that it is smaller in all direct trade areas except CO. The USDA reported that 3600 head traded yesterday in NE at 112.50. That's on the backside of Friday's trade in NE which saw more than 50,000 head trade. The argument that packers won't need cattle this week because they got their arms around large numbers last week simply does not hold water. Processing margins are highly profitable. The beef was higher. Look for futures to move higher today pretty much across the board. We're heavily involved in the Aug/Oct bull spread which closed into a new recent high yesterday. There were zero deliveries posted on FND with the oldest long way back to Sep 22 of 2017. Beef exports in June were outstanding, up 15% compared to June of last year. Beef demand is smoking hot. Exports during the first six months are up 9% compared to last year. I'm expecting a solidly higher performance today.

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