



# Archer Financial Services, Inc.

## DAILY LIVESTOCK REPORT

By Dennis Smith

Thursday August 10, 2017

### LEAN HOGS

Cash hog prices were slightly lower yesterday, quoted down .50. We're looking for a firm tone to finish the week. **Weights have not started increasing yet and numbers, so far, remain below both last week and last year.** The cutout was down .37 which is meaningless. Bellies were firm and butts are moving higher again having attracted renewed demand. Hog futures closed higher yesterday on good volume of trade reported at 40,600 with open interest rising by just over 3,600 cars. The Aug settlement above 8400 is positive. The CME lean hog index stands at 8562 versus Aug futures at 8412. Clearly the direction of the cash over the next three days will drive this market. **Our guess is Aug futures expire somewhere above 8600.** By the way, weekly pork export sales, for last week, were huge at 18,900 MT and up 30% from the 4-week average. Hong Kong was the big buyer of U.S. pork last week. Shipments were unchanged.

### LIVE CATTLE

LC futures collapsed yesterday with FC posting a limit down performance. FC will trade on an expanded limit of 675 points, up or down for today. Cash is well established at \$1.15. IA is loaded with cattle and now the IA market is leading the market downward. Eventually weights will become a problem with plentiful and cheap corn on the horizon. This is also exactly what the beef packer desires; a much heavier beef carcass for processing. **Strongly recommend to refrain from selling futures at lower money today. Our downside target at 10800 in the Oct has been met, admittedly much faster than we expected.** Open interest declined by 6,700 cars on continued long liquidation. Look for a consolidation to begin, perhaps, between 10750 and 11000 basis the Oct LC. Beef export sales last week were up 31% from the 4-week average. Shipments were up 3%. Watching Aug FC closely for a close under 14000 which would be quiet bearish.

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