



# Archer Financial Services, Inc.

## LIVESTOCK REPORT

By Dennis Smith

Thursday, February 7, 2019

### **LEAN HOGS**

Packers want to buy hogs lower today but old man winter might be a factor that will prevent lower cash bids from being successful. Tough weather is reported in the western Corn Belt. Cash was down .50 yesterday along with the cutout value dropping .61 to \$65.61. This equals the lows of the hog carcass last year. We contend the downside in the pork is limited from these historically low levels. Hams are trading 21 cents lower than this time last year and at ten year lows. Loins and butts are cheap with loins hovering at historical lows. We noticed in last night's closing pork report the volume of trade in hams was huge, the largest I've ever seen. In addition, we noticed the volume in the bellies on the closing pork nearly tripled from the noon report and belly prices increased 10 cents from noon to the closing report. We accumulated some additional June hog calls yesterday.

### **LIVE CATTLE**

Both LC and FC futures worked lower yesterday but there was nothing significant in the technical action. One week ago the market scored a key reversal in the April and June whereas the Feb etched out an outside day lower close. Those top patterns remain in place. Despite the technical top most in cattle country remain bullish. The talk is the cash trade will be steady to up \$1.00 from \$1.24 paid last week. Additional deliveries were posted against the Feb LC contract. Last night a total of 46 deliveries including 6 retendered certificates. The oldest long is partly through June 21<sup>st</sup>. My sources are hinting that the beef will work lower into next week. Other than about 1200 head in NE at \$1.24 there has not been any cash steer trade yet this week. Mixed to lower is the opening call.

If you would like a free 30-day trial to the evening livestock wire please send us an email to [dennis.smith@archerfinancials.com](mailto:dennis.smith@archerfinancials.com).

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