



Archer Financial Services, Inc.

LIVESTOCK REPORT

By Dennis Smith

Thursday, January 03, 2019

LEAN HOGS

Cash has been higher for three consecutive days. This is likely to be the new trend, rising cash hog prices. Look for higher cash again today as all packers are reported to be looking for pigs. Slaughter projections are being increased for this week and next week will be a full kill. While product is holding “just steady”, look for this to change next week. Pork is too cheap to stay at current prices for very long. We’ve learned that the farm hit with ASF in China, a large farm, is owned by a Danish Investment Fund. All pigs will be culled (73,000) which includes 15,000 sows. The farm was projected to raise 380,000 pigs this year and it is now gone. Look for a choppy start likely followed with a higher close.

LIVE CATTLE

Third quarter cattle contracts are flirting with contract highs. Front month cattle contracts posted new contract highs earlier in the week. Most in the trade expect another round of cash strength this week. Packer margins remain profitable mostly because the beef has vastly out-performed nearly all expectations. We are looking to bull spread the Feb/Jun but otherwise we’re looking to begin leaning into hedges for clients on strength from here forward. Detailed strategies will be penciled out in tonight’s evening wire.

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

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