



Archer Financial Services, Inc.

LIVESTOCK REPORT

By Dennis Smith

Thursday June 7, 2018

LEAN HOGS

Cash hogs were up nearly \$1.00 yesterday and called firm to higher again today. Tight supplies and reduced hog weights are the two factors contributing to the higher cash performance. Margins continue to suffer with calculated packer processing margins currently the worst in three years. That's going to work for only a short period of time. Weekly pork export sales were awful, at 8,600 MT they were at a marketing year low and down 57% from the 4-week average. Shipments were not much better, at 19,300 they were down 15%. Monthly data was just released. I don't have the table yet but April pork exports were outstanding, up 18% from last year. This is looking backwards, however, and looking forward it would appear that exports are going to slow. I read the non-manufacturing ISM report overnight and it talks of bottlenecks and shortages which will constrain economic activity. This indicates inflation which will trigger higher interest rates. A peaking U.S. economy in the face of slow export sales while production continues to rise into record high territory is not the recipe for rising hog prices. July futures touched limit up yesterday. Strongly advise to use the round of strength, over the next thirty days to secure hedges.

LIVE CATTLE

Nice rally in LC futures yesterday but prices pulled back off the highs into the close. There's still no handle on the cash steer trade for this week. Bids and offers appear far apart. The weekly kill will be huge as will be the case for several weeks. Short covering was the driver yesterday. Wholesale beef will likely top and start dropping. Weekly beef export sales were poor, down 2% with shipments down 16%. However, monthly beef exports for April were excellent, up 15%. Look for a near term high to be established and likely was established yesterday.

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

Interested in opening an account with Dennis Smith? Go to our interactive New Account application at <https://newaccount.admis.com/OnlineApp.aspx?office=969>. It is fast, saves on postage and green.

 Follow me on Twitter [@denniscattle](https://twitter.com/denniscattle)

The risk of loss in trading futures and options on futures can be substantial. The author does not guarantee the accuracy of the above information, although it is believed that the sources are reliable and the information accurate. The author assumes no liability or responsibility for direct or indirect, special, consequential or incidental damages or for any other damages relating or arising out of any action taken as a result of any information or advice contained in this commentary. The author disclaims any express or implied liability or responsibility for any action taken, which is solely at the liability and responsibility of the user. In addition, the author of this piece currently trades for his own account and may have financial interest in the following derivative products: (corn, soybeans, soybean meal, soybean oil, lean hogs, live cattle, feeder cattle). Copyright © ADM Investor Services, Inc.