



## DAILY LIVESTOCK REPORT

By Dennis Smith

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### LEAN HOGS

With the cutout up \$1.45 and cash higher and not lower yesterday, I'm expecting some upside recovery in lean hog futures in today's action. The trade has been pressing really hard, especially in the summer contracts. Impressively the April is gaining dramatically on the June during the Goldman Roll which ends today. Basically, this tells me that "something is brewing" in the cash hog market which no one really has a read on yet. Stability in the retail pork, now entering the sixth week, is bullish toward demand in the long term. News out of China regarding a drop in hog prices to four year lows should not be a surprise. They purchased U.S. technology when they bought Smithfield in 2013 and it's now showing up in rising Chinese pork production. Widespread talk that Chinese pork imports from the U.S. would rise dramatically when they purchased Smithfield were painfully inaccurate. U.S. pork demand continues to rise in the absence of Chinese import demand. That's the really good news, the bullish news for U.S. pork producers.

### LIVE CATTLE

The final total in the negotiated trade last week was larger than I realized at over 135,000 head. The show list is larger, estimated at 230,800 compared to 226,100 last week and 217,200 last year. Numbers are higher in the south. This is just the beginning of increasing show list numbers. The weekly kill is projected to come in at 604,000 compared to 597,000 last week. Again, this is just the start of increased weekly kills. We're looking for futures to start out weak and look for last week's lows to be taken out rather swiftly today. Our sell zone for adding to hedges starts at yesterday's high in the June contract. Most likely the market is headed lower and hedging opportunities are behind us not in front of us.

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