



Archer Financial
Services, Inc.

DAILY LIVESTOCK REPORT

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LEAN HOGS:

Cash is called steady. The weekly kill projection continues to rise with the Sat kill now expected to surpass 200,000 pigs. The weekly kill may come in more than 6% larger than last year. Huge production continues to stifle the product despite solid demand. Weekly pork export sales were pegged at 33,700 MT with Mexico by far the largest buyer of U.S. pork last week. China was the second largest buyer followed by Japan and Korea. The sales were up 12% from the 4-week average. Shipments were up 2% from the 4-week average at 43,500 MT with China receiving 17,500 MT of U.S. pork last week. Mexico took 10,800 followed by Japan, Korea and Canada. Obviously the ports in China are operating. Futures are not expected to rally off this report due to the excessive production continuing to enter the pipeline. Reports overnight confirm that ASF continues to spread in China and the hog herd likely continues to shrink. Of course this information is being totally lost, totally buried by the headlines from the COVID-19 situation. Look for increased Chinese buying of U.S. pork. Whether futures rally or not depends on supply in the U.S. If numbers drop off as projected on a seasonal basis we should experience a rally. Sadly, however, producers are going to have to prepare to hedge as this market likely won't perform as expected in light of recession, global recession. **We are rolling down our Jun hog 106 calls to the 96 calls for 40 points.**

LIVE CATTLE:

Weekly beef export sales were unimpressive at 12,900 MT, down 26% from the 4-week average. Shipments were 16,600 MT, down 7%. LC futures rallied yesterday as they remain in step with U.S. stocks. Guess what, stocks are looking to open sharply lower today. April LC has completed a \$20 break and recently staged a bounce consisting of just 510 points. If this consolidation is a bear flag, another \$20 break is possible. That would take prices to 8800. **ARE YOU READY FOR THAT????? WE STRONGLY RECOMMEND BUYING APRIL PUTS TODAY.** Cash traded down \$2 yesterday compared to last week and the cash may trade lower again today. The beef continues to hold and packer margins continue to improve. That's the way it will go all the way to the bottom.

- **Buy April LC 105 puts at market. (settled at 132)**
- **Buy April LC 102 puts at market. (settled at 87)**

For a free 30-day trial to the evening livestock wire that includes a midday pork and beef update, please send an email to: dennis.smith@archerfincials.com

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