



# Archer Financial Services, Inc.

## DAILY LIVESTOCK REPORT

By Dennis Smith

Thursday May 10, 2018

### **LEAN HOGS**

Cash is called higher for today on the heels of a higher cash performance yesterday. It was not all clear yesterday with cash quoted down \$1.25 at noon on Wednesday. Packers would love to continue sitting on cash bids but it's not going to happen. Supplies are getting tight and processing next week will be for the surge in demand for Memorial Day. Futures volume was very large yesterday at over 84,000. In fact, this is the largest volume session this entire year. Open interest dropped hard suggesting the funds are exiting short positions. Open interest in the June dropped by over 8,200 with total open interest down almost the same amount. Today is the last day of the Goldman Roll. **Look for the higher cash from yesterday in tandem with higher cutout and the outlook for higher cash today to jump-start the June on today's open.** Weekly pork export sales were lousy, down 21% from the 4-week average with shipments down 3%.

### **LIVE CATTLE**

LC futures saw a huge volume session yesterday at 111,000, the largest volume session since the lows were established in early April. The Goldman played a big role yesterday with OI in the Jun down by over 12,000. Total open interest was near unchanged, down 857. The impressive item was the fact that June continued to gain on the Aug in the middle of this fund roll. Cash steer prices, in a trickle, are trading lower for late May or early June delivery. Packers have cattle around them. **Look for a break in the cash when it does break loose either today or Friday.** Weekly beef export sales were poor, down 41% from the 4-week average with actual shipments much better, up 8%. We'd hoped to see the Aug trade above 10500 this week to add to hedges but this appears very unlikely after yesterday's romp. Hope for a two-sided trade but expect a lower close.

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