



Archer Financial Services, Inc.

LIVESTOCK REPORT

By Dennis Smith

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LEAN HOGS

Weekly export sales were 21,800 MT, down 46% from the 4-week average. China and Mexico were not buyers of pork last week. Shipments were strong at 27,000 MT, up 6% from the 4-week average. Mexico, China, Japan and S. Korea all took large shipments of pork. Cash was up .50 yesterday and not lower as the packer desired. The cutout was down .73 but so far this week the pork carcass has gained \$2.93. A new outbreak of ASF has been reported in the southern part of Vietnam, hitting two provinces that represent the largest pork producing provinces in the country (2.5 million pigs). One-fourth of Vietnam's pork production is on small courtyard farms. Most likely many of these producers have been wiped out. That would represent about 7 million pigs. Now the disease has been confirmed in some of the larger farms. In China the CPI soared to a six month high, reported rising 2.5% YOY with pork prices up over 14% compared to last year. This is just the beginning of the food price rises in China. Lean hog futures volume yesterday was 86,000 with open interest down 4,800. What do hog futures do today? In the face of the trade negotiations, frankly, I have no idea.

LIVE CATTLE

About the only bit of good news in the cattle market is contained in the weekly export figures this morning. Beef export sales were excellent at 24,200 MT, up 30% from the 4-week average. Shipments were also strong at 23,900 MT, up 78% from the 4-week average. South Korea was a big player in both sales (11,800 MT) and shipments (8,200 MT). That's where the good news ends for cattle. Cash steer prices continued to decline yesterday with packers posting a lower bid only to see feedlots willing sellers. The wholesale beef was lower to sharply lower. LC volume was 115,000 with open interest dropping by 2,500. We believe the funds have liquidated over 60,000 contracts of recent. So excellent export sales and an extremely oversold status is the positive side with lower cash steer prices, lower wholesale beef and a bearish chart pattern on the other side. We are working orders to sell a slight bounce using both futures and options.

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