



Archer Financial Services, Inc.

DAILY LIVESTOCK REPORT

By Dennis Smith

Thursday, September 13, 2018



Follow me on Twitter @denniscattle

LEAN HOGS:

Smoking hot is the only way to describe the cash hog market. Last Friday bids were up \$3.00 followed by \$2.00 higher on Monday, up another \$3.00 on Tuesday with prices Wednesday up \$1.00. Cash bids are expected to be up \$1.00 to \$1.50 today. Smithfield is down for the remainder of the week, squelching the daily kill by nearly 60,000 pigs. But Smithfield is not in the negotiated cash hog market on a daily basis. The kills are down, product up and the other packers are looking for hogs, aggressively looking for hogs to kill. Despite the surge in cash processing margins remain highly profitable. They're expanding the size of the Sat kill effort. Cash prices were approaching 16-year lows when the bottom arrived. Today is day-four of the Goldman Roll. Futures volume yesterday was large at 92,800 with open interest increasing nearly 2,800 cars. New longs likely entering the market. The Chinese announced they're banning the use of food waste for feed to hogs in infected provinces. There were no new cases reported yesterday. We consider the situation serious and potentially very bullish for U.S. hog prices down the road.

LIVE CATTLE:

Live cattle futures rallied sharply on very high volume of trade reported at just over 132,000 contracts. Highest volume in months. Open interest declined by 3,200 cars with all of the decline noted in the Oct LC contract. There is still no cash steer trade to report. FC also moved higher on large volume reported at 22,200 contracts with open interest up just slightly. The Oct and Dec LC are testing the upper end of the trading range whereas the deferred contracts blasted through these levels yesterday. **We are strongly recommending hedging strategies for fall/early winter beef production.** There's simply too much uncertainty in the world to not reward this move by establishing some protective hedges. The industry is very bullish which worries us. Typically when everyone is leaning the same way something totally unexpected develops.

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

Would you like to open an account with Dennis Smith? Go to our interactive New Account application at [Open An Account](#). It is fast, saves on postage and it's green.

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.