

# CHS Hedging Livestock Comments



## Livestock Comments

Friday, August 30, 2019

### Cattle

Cattle futures remain under pressure after concerns that there would be an oversupply of fat cattle after a Tyson packing plant had a fire. The weekly slaughter has remained in line with pre fire levels, but the market doesn't seem to care. The packer has continued to have massive margins, with today's reported at \$382.15 per head. Cash cattle trade has been light volume and lower prices. Cattle in Nebraska have traded between \$105.00 and \$106.00 per cwt., and Iowa traded between \$107.00 and \$109.00 per cwt. There was reports of trade in Kansas at \$103.00 as well. This is down approximately \$3.00 to \$5.00 per cwt from the prior week. Cattle futures still have massive gaps looming above them on the chart, but it doesn't look like the market is in a rush to fill them.

Weekly export sales were 13,700 tonnes, which was below the four-week average of 16,675 tonnes. The weeks largest buyer was Japan, followed by Korea and Hong Kong. Year to date, Japan is the largest buyer followed by Korea and Hong Kong.

The feeder cattle index was reported at \$138.55 as of 8/29/2019.

Today's slaughter was estimated at 115,000 versus 115,000 last week and 119,000 last year. Weekly slaughter is estimated at 644,000 versus 654,000 last week and 645,000 last year.

### October live cattle futures chart



*Last trading day for September feeder cattle futures and options is Thursday, September 26th. Last trading day for October live cattle options is Friday, October 4th. First notice day for October live cattle futures is October 7th and last trading day is Thursday October 31st.*

This information is provided by a research analyst and should not be construed as a recommendation to buy or sell any commodity contract. The information contained in this presentation is taken from sources which we believe to be reliable, but is not guaranteed by us as to accuracy or completeness and is sent to you for information purposes only. There is a risk of loss when trading commodity futures and options. Neither the firm nor the research analyst have any positions in these products.



# CHS Hedging Livestock Comments



## Livestock Comments

Friday, August 30, 2019

### Lean Hogs

Hog futures traded higher this week, and the December contract had an outside higher day on August 28<sup>th</sup>. The December contract is now above the 20-day moving average of 63.075. Cash hog prices have struggled, with the national average price reported at 57.87 as of Thursday. The carcass cutout value is weakening as well, and bellies have plummeted almost \$50 lower over the past week. On a seasonal chart, the October contract is above the average price of about \$60.00 per cwt at this time over the past five years.

Weekly export sales were 28,500 tonnes, which was above the four-week average of 15,350 metric tonnes. The weeks largest buyer was Japan, followed by Mexico and Korea. Year to date, Mexico is the largest buyer followed by China and Korea.

The lean hog index was reported at \$71.24 as of 8/28/2019 and the fresh bacon index was reported at \$217.03 as of 8/23/2019.

Today's slaughter was 473,000 versus 476,000 last week and 455,000 last year. Weekly slaughter is estimated at 2,461,000 versus 2,528,000 last week and 2,464,000 last year.

### October lean hog futures chart



Last trading day for October lean hog futures and options is Monday, October 14th.

This information is provided by a research analyst and should not be construed as a recommendation to buy or sell any commodity contract. The information contained in this presentation is taken from sources which we believe to be reliable, but is not guaranteed by us as to accuracy or completeness and is sent to you for information purposes only. There is a risk of loss when trading commodity futures and options. Neither the firm nor the research analyst have any positions in these products.

