



MORNING LIVESTOCK REPORT

Wednesday March 3, 2010

LEAN HOGS

Lean hog futures sold off yesterday with large commercial type selling coming into the market. It's my opinion this was "packer selling" mostly in response to high flat prices. The selling was greeted with willing buyers, traders evidently taking on new positions. Open interest increased by over 3,800 cars on the action yesterday. Open interest was higher in every hog contract with the exception of April (down 108). The most dramatic increase was 1,200 cars in the Oct lean hogs. Cash hogs are looking steady for today with most packers booked for the week. However, tight supplies of butchers looking out ahead will likely prevent a sharp break in the cash. The cutout was up .25 with yesterday's hog slaughter pegged at 432,000 with today's kill projected at 428,000. I'm hearing today that Russia has "re-listed" the pork plant at Waterloo, IA. I'd say the Russian news is responsible for the higher early electronic trade today. Look for the uptrend to remain intact. At this time I have no spec positions in the hogs, although I wish I was long.

LIVE CATTLE

Live cattle futures surged higher yesterday with the bull spreads turning strong yesterday when the trade was "shocked" by the sharply higher noon beef quotes. Eventually there's been some "real storytelling" by the beef packer. Packers have been complaining for two weeks that they can't move the beef at higher prices. Instead, the beef has been higher for 14 out of the last 16 business days. In times of tight supply it's not usual for beef packers to "tell stories" in an effort to contain the cash steer market. **It appears that beef demand is currently much better than what the economy would seem to bear.** The funds started buying live cattle futures on the lows in December and they continue adding to their profitable length. Open interest was up 1,799 and stands record large at 320,169. **I've been predicting a seasonal top in cattle futures and appear completely out of touch with the market. If short futures, I'm recommending to use a buy stop above the recent high in the April.** Most of our positions are long puts or put spreads designed to provide protection in the event of a top yet leave the upside open in the event the strong technical move never sets back. The cattle market is taking the look and feel it had in the spring and summer of 2008 before the wheels came off the economy. We purchased the March feeder 102 puts yesterday at 90 points for my hedge traders in the event we encounter some sort of "speed bump". Cattle futures are trading flat to lower in the early electronic trade despite the strong early trade in hogs.

Phone - 1-877-690-7303

Email - Marketing@archerfinancials.com

Follow ADMIS on Twitter, Fan us on Facebook and Join our group Commodities Daily on LinkedIn for additional Futures Related Information Daily!



Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. The views and opinions expressed in this letter are those of the author and do not reflect the views of ADM Investor Services, Inc. or its staff. The information provided is designed to assist in your analysis and evaluation of the futures and options markets. However, any decisions you may make to buy, sell or hold a futures or options position on such research are entirely your own and not in any way deemed to be endorsed by or attributed to ADMIS. Copyright © ADM Investor Services, Inc