



# ARCHER FINANCIAL SERVICES

## MORNING LIVESTOCK REPORT

Monday March 8, 2010

### **LEAN HOGS**

April lean hog futures were higher Friday and appeared ready to take out the double top on the chart when news spread of a fire at the Logansport, IN Tyson pork processing plant. This news brought sellers to the April hogs and the market never turned back higher for the session. The trade is concerned about dampened demand for hogs with a processing plant down. We thought the facility would be back in operation today but early reports suggest that's not going to be the case. Thus, in the face of a very light fundamental news morning, I have to look for some selling pressure in the hogs early this week. I have no desire to get involved (early today) as I'm currently on the sidelines. My opening call is flat to down 50.

### **LIVE CATTLE**

Live cattle futures closed mixed to slightly lower on Friday after the deferred contracts pushed their way into new recent highs off a continuation of fund buying. Open interest, once again, jumped to record high levels with total OI from Friday's action up by 1300 cars. The big fundamental news this morning is the fact that packers paid 92 cents for cattle late Friday in the S. Plains, fully steady with prices paid the previous week. I went away Friday expecting 91 cent cash. Thus, the price paid was above my expectation but it appears the volume of trade was not impressive. Cattle, for the second week have been carried over. Packers also have large contracted supplies to rely upon this month. Overall, I'm expecting a break in prices, but it's not developed yet. I have my hedge traders protected mostly through April puts and put spreads. We've extended some protection out to the June contract as well. The beef was lower on Wed, Thurs and Friday. Repeating, the big topic of conversation is the record high open interest. **In the short term, I'm expecting "a resolution" to the downside.** My opening call is flat to down 30.

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