



November 17, 2014 by Ryland Textor (312-242-7080 or 312-242-7575 during pit trading hours or ryland.textor@admis.com)

## CATTLE MARKET COMMENTS

Live cattle futures finished generally higher with nearby contracts posting moderate gains and closing on the higher side of the daily range on follow through buying after last week's record high cash sales. The market started firm out of the gate to reach new contract highs while bullish momentum was supported by gains in wholesale beef prices. Midday boxed beef prices were higher with choice at 254.19 +2.03 and select at 239.82 +1.53 with 87 loads trading. Cash markets remained quiet today with showlist estimates appearing mixed relative to last week with asking prices expected to surface around 174 on a live basis in the south and 270 in the north. Estimated daily slaughter was 109,000 head to start the week compared to 108,000 head last week and 119,000 head a year ago. Momentum in the cattle market continues to remain positive led by gains in near term fundamentals yet the market is moving into overbought territory which may limit upside potential in the interim. December futures finished with a bullish bias closing over the pivot and trading premium relative to the 10 day moving average with first areas of support around 17050 with 17000 below and resistance at 17145 with 17180 above on the upside.

Feeder cattle futures finished higher on the day posting a net gain on the day with November posting slight gains while follow through buying helped support triple digit gains in first quarter 2015 contracts. Buyer interest looks to continue to support deferred contracts ahead of November expiration set for Thursday November 20<sup>th</sup>. Bullish momentum was reinforced by weakness in corn futures while the market continues to remain supported by tight cattle supplies. January feeders finished with a bullish bias closing over the pivot and premium relative to the 10 day moving average with first areas of support around 23630 with 23510 below and resistance at 23850 with 23950 above on the upside. The CME index closed at 239.19 -0.64 on 11/14.

## HOG MARKET COMMENT

Lean hog futures finished mixed on a day of two sided trade on a day of narrow sluggish trade as traders focused on bull spreads and took profits on long positions. The overbought condition of the market and lack of positive momentum in cash and wholesale pork prices today looked to limit upside potential. Midday mandatory FOB plant prices were narrowly higher with carcass at 95.95 +0.02 with 162.30 loads trading with gains in hams and picnics offsetting losses in bellies and loins. Wholesale pork prices are expected to remain supported near term by increased seasonal ham demand. Estimated daily slaughter was 427,000 head to start the week compared to 423,000 head last week and 437,000 head a year ago. Hog weights



for the week ending in 11/15/14 were right on par with last week with live weights at 286 lbs. and dressed at 214 for 2,219 million head compared to 2,232 mil head a year ago. December futures finished with a bullish bias closing over the pivot and premium relative to the 10 day moving average with first areas of support around 9285 with 9240 below and resistance at 9345 with 9390 above on the upside. The CME index closed at 88.01 -0.24 on 11/14.

#### DAIRY MARKET COMMENT

Class III futures finished lower on the day with nearby contracts falling sharply from session highs after midday following continued weakness in spot block prices. The market sold off aggressively with December futures leading the break and trading at the lowest price since April 23<sup>rd</sup>. Ample market supply and anticipation for production to remain firm through the rest of the year looks to limit upside potential in the market. Spot blocks closed at 188.00 -6.25 with no loads trading. Spot barrels closed at 191.50 unchanged with no loads trading. Options trade was moderate with Jul-Dec 1450p trading 160 12 time. Jul-Dec 1500p/2000c traded 35 10 times. May 2175 straddle traded 12 17 times. Jan-Mar 1850c traded 90 39 times. Jun 1850c/1975c traded 27 10 times. May 1900c/2025c traded 22 10 times. Jun 1800c/1925c traded 33 10 times. Feb 1475p/1575p traded 27 15 times. Spot milk closed at 190.75 unchanged with no loads trading.