



DAILY LIVESTOCK COMMENTARY

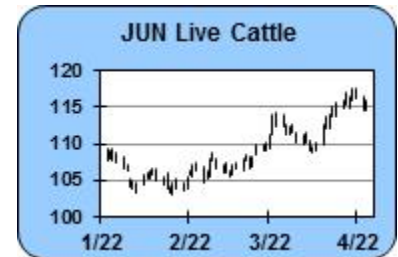
Wednesday April 26, 2017

DAILY CATTLE COMMENTARY

04/26/17

May see another swing up to 118.77 before finding top

While the short-term technical signals are somewhat bearish with the gap down from the uptrend channel, the turn down from overbought readings and the slow stochastics sell-signal, the massive discount of the futures to the cash market may be just too wide, and finding aggressive new sellers may be difficult for now. Perhaps sideways action will help correct overbought readings and give the cash market some time to catch up. June cattle closed sharply higher on the session yesterday and up near the highs, but they remained inside of Monday's range. A bounce in the beef market late Monday and the huge discount of futures to the cash market is lending support as well. Strong packer margins plus a bullish USDA Cold Storage report were also seen as supportive. The market gapped the uptrend channel Monday, which is a bearish force that could attract new selling interest if Monday's lows are taken out. The USDA estimated cattle slaughter came in at 116,000 head yesterday. This brings the total for the week so far to 231,000 head, up from 224,000 last week at this time and up from 224,000 a year ago. USDA boxed beef cutout values were down 20 cents at mid-session yesterday but closed 34 cents higher at \$219.01. This was up from \$215.99 the previous week and was the highest the cutout had been since March 28th.



TODAY'S MARKET IDEAS:

With cash cattle trading at \$132-\$133 last week, it is hard to find new interested sellers of the futures with the June contract trading down at \$115.82. Look for choppy to sideways trade short-term or else watch for another swing higher. Close-in support for June cattle comes in at 114.20, with 118.77 as the next stiff resistance if last week's highs give way.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CATTLE COMPLEX TECHNICAL OUTLOOK:

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

LIVE CATTLE (JUN) 04/26/2017: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is now at 114.250. The next area of resistance is around 116.470 and 116.870, while 1st support hits today at 115.170 and below there at 114.250.

FEEDER CATTLE (MAY) 04/26/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The close over the pivot swing is a somewhat positive setup. The next downside target is now at

135.750. The next area of resistance is around 138.650 and 139.650, while 1st support hits today at 136.700 and below there at 135.750.

DAILY HOGS COMMENTARY

04/26/17

Jump in weights and weakness in pork to spark back and fill

Rationalizing the 442-point, 6.5% surge off of Friday's lows may be difficult given the drop in pork cutout values to their lowest level since December 2nd and the jump in weekly average weights to a 15-month high. With the mild weather and cheap corn, it is difficult to determine if producers are current with marketings. News of the smallest March stocks on record for pork bellies and hopes that China demand for US pork is on the rise seem to be the key supportive factors for the run higher last week. In addition, the slaughter pace seems to be slowing after a six-week period in which slaughter was well above expectations. With the aggressive marketings pace, traders may have expected lower weights. However, average weights from Iowa/Minnesota for the week ending April 22nd jumped to 284.9 pounds, up from 283.8 pounds the previous week and up from 284 pounds last year. This was the highest weight since the week of January 16, 2016. June hogs closed sharply higher on the session yesterday and pushed up to a 5-session high. Talk of better export demand ahead and the supply flow slowdown were seen as positive forces.



Slaughter has been running 4-8% over a year ago for since early March, and it was up 2.4% from a year ago last week. Talk of a turn higher in cash markets and ideas that domestic and export demand could improve in the weeks ahead had lent support. The market was also considered oversold basis traditional technical indicators.

The CME Lean Hog Index as of April 21st was 60.49, down 61 cents from the previous session and down from 62.59 the previous week. The USDA estimated hog slaughter came in at 439,000 head yesterday. This brings the total for the week so far to 881,000 head, up from 743,000 last week at this time and up 3.1% from last year. USDA pork cutout values, released after the close yesterday, came in at \$73.29, down 65 cents from Monday and down from \$75.07 the previous week. This was the lowest cutout since December 2nd.

TODAY'S MARKET IDEAS:

The weakness in pork combined with the jump in weights could spark some short-term selling pressures. Consider buying June hogs near 68.47, with 73.57 and 74.92 as key resistance. Close-in resistance is at 72.20. Watch for back and fill action short-term.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (JUN) 04/26/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside objective is 74.100. The next area of resistance is around 73.200 and 74.100, while 1st support hits today at 70.450 and below there at 68.520.

DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
MEAT COMPLEX										
LCM7	115.820	64.97	65.51	82.44	81.13	115.96	115.56	113.29	110.39	109.02
FCK7	137.675	57.46	61.25	75.32	68.98	138.53	138.99	135.91	130.58	128.51
LHM7	71.820	50.25	46.13	20.23	32.56	69.59	70.77	71.97	74.96	75.87

Calculations based on previous session. Data collected 04/25/2017

Data sources can & do produce bad ticks. Verify before use.

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
MEAT COMPLEX						
LCM7	Live Cattle	114.220	115.150	115.550	116.470	116.870
FCK7	Feeder Cattle	135.750	136.700	137.700	138.650	139.650
LHM7	Lean Hogs	68.500	70.400	71.300	73.200	74.100

Calculations based on previous session. Data collected 04/25/2017

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