



DAILY LIVESTOCK COMMENTARY

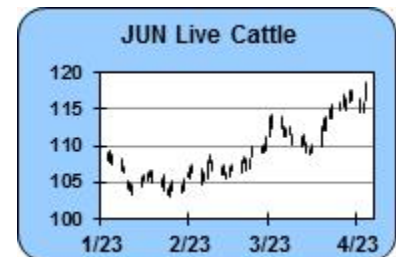
Thursday April 27, 2017

DAILY CATTLE COMMENTARY

04/27/17

Firm beef prices and massive shift in basis may support

The market remains in a strong uptrend after seeing a shaky start this week, and the surge to new highs for the move and record open interest are positive short-term forces. Getting the bulls to exit futures with June cattle holding a massive discount to the cash market may be a difficult task. June cattle were trading near limit-up late in the session on Wednesday, and they closed 270 higher on the day. The Fed Cattle Exchange offered 5,400 head, and 1,945 head were sold. For 1-9 day delivery, the average price was \$131.68; for delivery up to 17 days, the average price was \$129.89; and for up to 30 days, it was \$125.42. June cattle took out last week's highs on the rally. Higher beef prices and talk of strong seasonal retail demand ahead also lent support.



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 near \$118. The USDA estimated cattle slaughter came in at 116,000 head yesterday. This brings the total for the week so far to 347,000 head, up from 339,000 last week at this time and up from 335,000 a year ago. USDA boxed beef cutout values were up 42 cents at mid-session yesterday and closed 17 cents higher at \$219.18. This was up from \$215.17 the previous week and was the highest cutout values since March 28th.

TODAY'S MARKET IDEAS:

The swing objective on the upside breakout was 118.77, but the firm beef market and discount to cash should provide for a further rally ahead. The cash and beef markets are likely to trend lower into June, but the short-term trend is up. Another full leg higher would count all the way to 123.32, but this seems unlikely. For now, look for a further advance, with 117.57 as support.

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) 04/27/2017: The market made a new contract high on the rally. A bullish signal was given with an upside crossover of the daily stochastics. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. A positive signal for trend short-term was given on a close over the 9-bar moving average. The gap up on the day session chart gave a bullish indicator and more follow through could be seen this session. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside target is 120.450. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 119.770 and 120.450, while 1st support hits today at 117.270 and below there at 115.420.

FEEDER CATTLE (MAY) 04/27/2017: A bullish signal was given with an upside crossover of the daily stochastics. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next upside target is 145.462. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 144.299 and 145.462, while 1st support hits today at 139.850 and below there at 136.563.

DAILY HOGS COMMENTARY

04/27/17

Jump in weights, weakness in pork to spark some selling

On top of bearish short-term cash forces like weaker pork product prices and the jump in hog weights, news that the Administration is close to withdrawing from NAFTA was enough to spark a turn lower on the day yesterday, and rightfully so. Mexico is the number-two market for US pork and Canada is number four, so a disruption in exports could have a significant impact on pork prices. June hogs closed sharply lower on the session yesterday in the wake of the NAFTA story. The market had traded slightly higher on the session and had even pushed above Tuesday's highs early in the day in spite of some bearish cash market signals. With the higher than expected slaughter for much of March and early April, 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 at this time. This was the highest weight since the week of January 16th, 2016. USDA pork cutout values, released after the close yesterday, came in at \$72.84, down 45 cents from Tuesday and down from \$74.55 the previous week. This was the lowest cutout since December 2nd. The CME Lean Hog Index as of April 24th was 60.16, down 33 cents from the previous session and down from 62.12 the previous week. The USDA estimated hog slaughter came in at 442,000 head yesterday. This brings the total for the week so far to 1.323 million head, up from 1.185 million last week at this time and up from 1.287 million a year ago.



TODAY'S MARKET IDEAS:

Even if NAFTA is renegotiated, a new agreement is unlikely to change pork trade with Mexico or Canada very much. The weakness in pork combined with the jump in weights could spark some back and fill action. Consider buying June hogs near the 69.55-68.47 zone, with 73.57 and 74.92 as key resistance levels.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (JUN) 04/27/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. The market could take on a defensive posture with the daily closing price reversal down. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside target is at 72.950. The next area of resistance is around 71.650 and 72.950, while 1st support hits today at 69.850 and below there at 69.320.

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	118.520	75.78	73.01	84.14	87.55	116.48	116.03	113.71	110.67	109.25
FCK7	142.075	73.21	70.96	75.74	76.60	139.11	139.46	136.50	130.97	128.84
LHM7	70.750	44.59	42.55	26.00	37.54	70.11	70.60	71.77	74.78	75.77

Calculations based on previous session. Data collected 04/26/2017

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	115.400	117.250	117.920	119.770	120.450
FCK7	Feeder Cattle	136.562	139.849	141.012	144.299	145.462
LHM7	Lean Hogs	69.300	69.820	71.120	71.650	72.950

Calculations based on previous session. Data collected 04/26/2017

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