

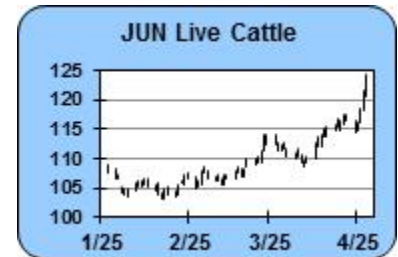


DAILY LIVESTOCK COMMENTARY
Monday May 01, 2017

DAILY CATTLE COMMENTARY
05/01/17

Cash surge has left basis too wide but top soon

Even after last week's surge, the discount of June cattle futures to the cash market remains nearly 14 cents, compared with a normal discount of 7 cents. June cattle closed 250 points higher on the session Friday, and this left the market with a gain of 732 points for the week (+6.3%). Talk that packers paid \$135-\$140 for cash versus \$130-\$133 the previous week helped to support the nearby futures. April cattle traded as high as 138.90 before expiring at 138.00. On top of the surge in cash markets, the sharp drop in cattle weights has support as well, as tonnage is lower than expected. The USDA estimated cattle slaughter came in at 115,000 head Friday and 45,000 head for Saturday. This brought the total for last week to 624,000 head, up from 595,000 the previous week and up 5.8% from last year. Beef production for the week was 501.2 million pounds, up 4.4% from last year.



USDA boxed beef cutout values were up \$1.85 at mid-session Friday and closed \$2.63 higher at \$221.78. This was up from \$217.16 the prior week. With the sharply higher cash market, packers are likely to push beef prices higher. Will the higher price begin to hit demand?

The Commitments of Traders reports as of April 25th showed non-commercial traders were net long 159,874 contracts, an increase of 3,442 contracts for the week and a new record high. Non-commercial and nonreportable traders combined held a net long position of 123,689 contracts, an increase of 3,980. Commodity index traders held a net long position of 122,840 contracts, up 1,180 for the week.

TODAY'S MARKET IDEAS:

June cattle reached another upside target of 123.55, and the market looks vulnerable to at least a short-term correction. Big placements earlier in the year will increase market-ready supply ahead. Cold, wet and snowy weather in the plains could clear out soon. There is no sign of a top, but packer needs may be filled for several weeks out, and the jump in beef prices may slow demand. Watch for a sign of a top soon.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/18/2017 - 4/25/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Livestock						
Feeder Cattle	22,026	-785	-5,105	+208	-16,920	+579
Cattle	159,874	+3,442	-123,689	-3,979	-36,185	+538

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) 05/01/2017: The rally brought the market to a new contract high. Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside objective is at 126.750. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 125.800 and 126.750, while 1st support hits today at 122.250 and below there at 119.620.

FEEDER CATTLE (MAY) 05/01/2017: The market rallied to a new contract high. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside objective is at 153.787. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 152.275 and 153.787, while 1st support hits today at 146.825 and below there at 142.888.

DAILY HOGS COMMENTARY
05/01/17

A bit overbought but trend shifting to up

June hogs closed up 117 points on the session Friday, and this left the market with a gain of 567 points or up 8.3% for the week. June hogs reached their highest level since April 3rd. Ideas that US consumer demand could see a jump in May and talk that the export demand will also stay strong lent support. Weekly slaughter levels were 4-6% from a year ago levels for much of March, but the pace has backed down to a 2-3% increase over the past few weeks. A higher cash trade for Iowa/Minnesota for late Thursday added to the positive tone on Friday. The USDA estimated hog slaughter came in at 423,000 head Friday and 102,000 head for Saturday. This brought the total for last week to 2.290 million head, up from 2.287 million the previous week and up 7.2% from last year. Pork production for the week was 487.4 million pounds, up 6.9% from last year. The CME Lean Hog Index as of April 26th was 59.71, down 22 cents from the previous session and down from 61.59 the previous week. USDA pork cutout values, released after the close Friday, came in at \$74.03, up 91 cents from Thursday but down from \$74.98 the previous week. The Commitments of Traders reports as of April 25th showed non-commercial traders were net long 13,111 contracts, a decrease of 10,729 contracts for the week. Non-Commercial and nonreportable traders combined held a net long position of 979 contracts, a decrease of 8,164. Commodity index traders held a net long position of 71,122 contracts, down 4,813.



TODAY'S MARKET IDEAS:

The market could see strong seasonal demand domestically at the same time that export demand is running strong, and this could provide further support ahead. Cumulative pork export sales for 2017 have reached 537,800 tonnes, up 8.1% from last year's pace. The USDA is projecting 2017 exports to be up 8.3% from last year. We cannot rule out short-term jump in buying from China, as their demand is improving and they are the world's largest importer. Consider buying June hogs near the 71.77-71.00 zone, with 75.55 as the next key resistance level.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/18/2017 - 4/25/2017

Non-Commercial		Commercial		Non-Reportable	
Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change

Livestock						
Hogs	13,111	-10,729	-979	+8,164	-12,132	+2,565

PORK 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.

LEAN HOGS (JUN) 05/01/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 75.150. The next area of resistance is around 74.700 and 75.150, while 1st support hits today at 73.320 and below there at 72.370.

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	124.020	86.14	81.93	89.60	94.96	119.98	117.73	115.04	111.39	109.87
FCK7	149.550	84.63	80.28	82.37	89.57	143.97	141.41	138.25	132.01	129.74
LHM7	74.000	60.44	54.40	45.51	67.21	72.35	70.82	71.79	74.62	75.63

Calculations based on previous session. Data collected 04/28/2017

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	119.600	122.220	123.170	125.800	126.750
FCK7	Feeder Cattle	142.887	146.825	148.337	152.275	153.787
LHM7	Lean Hogs	72.350	73.270	73.750	74.700	75.150

Calculations based on previous session. Data collected 04/28/2017

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

***This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.