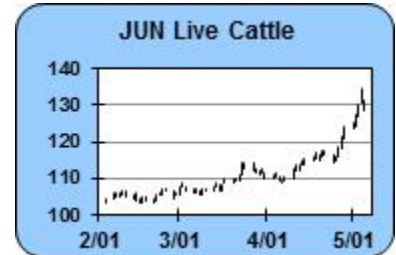




DAILY CATTLE COMMENTARY
05/08/17

Still overbought and showing long liquidation trend in COT



Follow-through selling helped to confirm Thursday's high. June cattle closed down 300 points for the session Friday and this left the market up 427 points for the week. June and August cattle were limit down 300 points into the mid-day with October sharply lower. Ideas that the cash market may have peaked last week and talk that the run higher in beef prices to the highest since September of 2015 might slow consumer demand for beef at the same time that supply is on the rise helped to pressure. The key feedlot region looks to get hit with more rains on Tuesday and Wednesday which could help hold weights down as muddy conditions persist. 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 612,000 head, down from 624,000 the previous week but up 4.4% from last year. Beef production for the week was up 2.9% from last year.

USDA boxed beef cutout values were up \$2.19 at mid-session Friday and closed \$3.29 higher at \$238.87. This was up from \$221.78 the prior week and is the highest beef price since September of 2015. The surge in beef prices could slow consumer demand for beef. The Commitments of Traders reports as of May 2nd showed Non-Commercial traders were net long 155,719 contracts, a decrease of 4,155 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 121,900 contracts, down 1,789 contracts for the week. The long liquidation selling trend is bearish, especially with specs holding a hefty net long position. Commodity Index traders held a net long position of 125,742 contracts. This represents an increase of 2,902 contracts in the net long position held by these traders. With a stochastic crossover from above 90, the market overbought condition is at an extreme.

TODAY'S MARKET IDEAS:

August cattle should see stiff resistance at 123.90, with 118.90 and 116.87 as support. Aggressive short-term traders might consider selling out-of-money calls on a bounce. The contract high and lower close (key reversal) for October cattle is a sign of a top. Resistance for October cattle is at 120.00 with 115.42 and 113.97 as support.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/25/2017 - 5/2/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Livestock						
Feeder Cattle	20,767	-1,259	-4,102	+1,003	-16,664	+256
Cattle	155,719	-4,155	-121,900	+1,789	-33,819	+2,366

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) 05/08/2017: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. The close below the 1st swing support could weigh on the market. The next downside objective is now at 126.020. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 129.800 and 132.100, while 1st support hits today at 126.800 and below there at 126.020.

FEEDER CATTLE (MAY) 05/08/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 140.157. The next area of resistance is around 146.187 and 149.806, while 1st support hits today at 141.363 and below there at 140.157.

DAILY HOGS COMMENTARY
05/08/17

10 day rally and still not taken out previous day low; overbought

The lower close after the recent strong gains could have signaled a short-term peak on Friday. June hogs closed 15 lower on the session and this left the market up 232 points for the week. Early buying pushed the market up to the highest level since March 24th as a jump in pork cut-out values late Thursday and news of strong exports for March added to the positive tone. Talk of the overbought condition of technical indicators and of the basis plus a limit-down move in cattle helped to pull the market off of the early highs. The CME Lean Hog Index as of May 3rd was 62.24, up 1.10 from the previous session and up from 59.71 the previous week. This leaves June hogs at a 14.15 cent premium to the cash market which is about 7 cents wider than normal and leaves the market a bit overbought. Pork exports for the month of March hit a record high 523.8 million pounds, up 15.6% from last year.



The USDA estimated hog slaughter came in at 424,000 head Friday and 117,000 head for Saturday. This brought the total for last week to 2.262 million head, down from 2.290 million the previous week but up 2% from last year. Pork production for the week was up 1.8% from last year. USDA pork cutout values, released after the close Friday, came in at \$77.49, up \$1.11 from Thursday and up from \$74.03 the previous week. This is the highest pork value since March 27th. The Commitments of Traders reports as of May 2nd showed Non-Commercial traders were net long 18,429 contracts, an increase of 5,318 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 5,543 contracts, up 4,564 contracts for the week.

TODAY'S MARKET IDEAS:

The rally is impressive but leaves the market in a short-term overbought status. Basis is too wide and technical indicators are also a bit overbought. New buyers might want to wait for a set-back in June hogs to key support at 74.07 or 73.55. Close-in resistance is at 76.57.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/25/2017 - 5/2/2017							
	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Net Position	Weekly Net Change	Net Position	Weekly Net Change
Livestock							

Hogs	18,429	+5,318	-5,543	-4,564	-12,886	-754
------	--------	--------	--------	--------	---------	------

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) 05/08/2017: 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. The daily closing price reversal down is a negative indicator for prices. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 77.620. The next area of resistance is around 76.920 and 77.620, while 1st support hits today at 75.720 and below there at 75.200.

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	128.300	74.32	75.28	89.78	82.77	129.18	124.53	119.93	113.79	111.73
FCK7	143.775	50.79	55.87	75.66	61.47	148.74	146.61	142.78	134.88	131.92
LHM7	76.320	67.57	60.81	82.46	91.54	75.63	73.91	72.46	74.33	75.31

Calculations based on previous session. Data collected 05/05/2017

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	126.020	126.770	129.050	129.800	132.100
FCK7	Feeder Cattle	140.156	141.362	144.981	146.187	149.806
LHM7	Lean Hogs	75.170	75.700	76.400	76.920	77.620

Calculations based on previous session. Data collected 05/05/2017

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.