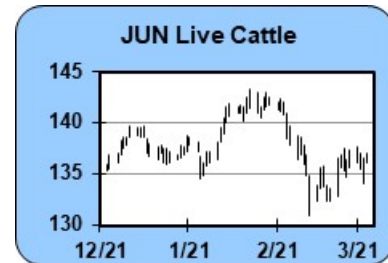




DAILY CATTLE COMMENTARY
3/28/2022

Shift down in production for 2nd quarter and record export pace

For the Cattle on Feed report released after the close, the USDA pegged placements for the month of February at 9.3% above last year as compared with trade expectations for placements near 6.5% above last year with expectations ranging from +4.5% to +9.8%. This is bearish and near the high end of estimates. Marketings for February came in at 4.9% above last year from expectations for 3.4% above last year (range -1.1% to +4.5%). This is supportive for the cash market as more cattle moved off of feedlots than traders expected. As a result, Cattle-on-Feed supply as of March 1st came in at 1.4% from expectations for 1.6% above last year with a range of +0.8% to +5.9%. The USDA report news was neutral for April and a bit bearish for the June contract. The USDA boxed beef cutout was down 32 cents at mid-session Friday but closed 23 cents higher at \$262.64. This was up from \$258.16 the previous week and was the highest the cutout had been since February 21. Cash live cattle were lower last week. As of Friday, the 5-day, 5-area average price was 138.87, down from 139.10 the previous week. June cattle closed moderately higher on the session Friday with the market challenging the March 21 highs.



It was the highest close since February 28th. Expectations for a shift lower in production for the 2nd quarter, plus a firm tone to both beef and cash cattle markets helped to support. Export demand also remains strong with cumulative sales on a record pace so far this year. Strength in hogs added to the positive tone. The USDA estimated cattle slaughter came in at 114,000 head Friday and 57,000 head for Saturday. This brought the total for last week to 659,000 head, up from 644,000 the previous week and 649,000 a year ago. The estimated average dressed cattle weight last week was 841 pounds, down from 842 the previous week but up from 828 a year ago. The 5-year average weight for that week is 817.4 pounds. Estimated beef production last week was 552.6 million pounds, up from 536.2 million a year ago. Friday's Commitments of Traders report showed managed money traders were net buyers of 1,734 contracts of live cattle for the week ending March 22, increasing their net long to 41,878. CIT traders were net sellers of 1,297 contracts, reducing their net long to 121,977.

TODAY'S MARKET IDEAS:

Keep in mind that US beef production is expected to decline 170 million pounds from the first to the second quarters. This would be only the second time since 1987 that production has fallen during that timeframe. Second quarter production is normally 200-400 million pounds higher than the first quarter. This unusual decline suggests there will be a stronger than normal seasonal increase in June Cattle prices this year. June cattle support is at 136.35 and 135.72, with 138.62 and 139.15 as resistance. A move above 138.32 in August Cattle would turn that chart bullish and support a test of the Feb 10th highs of 141.82.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Livestock						
Feeder Cattle	-523	+1,180	7,829	-1,278	-7,306	+99
Cattle	63,899	+1,586	-49,265	-956	-14,634	-630

CATTLE COMPLEX TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

LIVE CATTLE (APR) 03/28/2022: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. A positive setup occurred with the close over the 1st swing resistance. The next upside objective is 140.970. The next area of resistance is around 140.800 and 140.970, while 1st support hits today at 140.150 and below there at 139.650.

FEEDER CATTLE (APR) 03/28/2022: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The outside day down is a negative signal. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next upside target is 163.968. The next area of resistance is around 162.612 and 163.968, while 1st support hits today at 160.538 and below there at 159.819.

DAILY HOGS COMMENTARY 3/28/2022

June hog big premium and overbought but no sign of peak

June hogs closed sharply higher on the session Friday and into new contract highs as traders see seasonally strong pork values as a reason to suspect higher cash markets over the near term. The lean index rallied again Friday, and traders remain concerned with a strong inflationary tilt to most agricultural markets. The CME Lean Hog Index as of March 23 was \$101.50, up from \$101.21 the previous session and up from \$100.77 a week prior. This leaves June hogs trading at a premium of 24.35 to the cash market versus a 5-year average premium of 12.60. In other words, if June hogs were following the five-year average basis, the market would be trading down at 114.10. The market is pricing in a much stronger than normal cash market rally over the near term.



The USDA pork cutout, released after the close Friday, came in at \$108.15, up \$2.13 from Thursday and up from \$103.13 the previous week. This was the highest the cutout had been since February 28. The USDA estimated hog slaughter came in at 460,000 head Friday and 57,000 head for Saturday. This brought the total for last week to 2.419 million head, down from 2.430 million the previous week and 2.547 million a year ago. Estimated US pork production last week was 527.6 million pounds, down from 529.5 the previous week and down from 552.8 a year ago. Friday's Commitments of Traders report showed managed money traders were net sellers of 911 contracts of lean hogs for the week ending March 22, reducing their net long to 62,434. Non-commercial, no CIT traders were net sellers of 1,607, reducing their net long to 27,534.

TODAY'S MARKET IDEAS:

While the futures market is pricing in a much stronger than normal seasonal advance for June hogs, the cash fundamentals do not appear to be strong enough to support this move. There is still no technical sign of a top for June hogs. Support is at 121.55, with 126.27 as next resistance. April hog support is at 105.67, with 112.20 as next resistance.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/15/2022 - 3/22/2022						
	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Livestock						
Hogs	65,569	-2,180	-55,427	+2,568	-10,142	-387

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (APR) 03/28/2022: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The gap upmove on the day session chart is a bullish indicator for trend. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside target is at 110.620. The next area of resistance is around 109.550 and 110.620, while 1st support hits today at 105.400 and below there at 102.300.

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										
LCJ22	140.450	53.56	49.68	67.95	73.45	139.75	139.91	138.97	142.31	142.35
FCJ22	161.575	48.22	46.41	62.86	66.33	161.66	161.83	160.78	165.47	166.72
LHJ22	107.470	68.91	63.14	42.35	62.52	103.26	102.02	102.20	101.94	98.39

Calculations based on previous session. Data collected 03/25/2022

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						
LCJ22	Live Cattle	139.620	140.120	140.300	140.800	140.970
FCJ22	Feeder Cattle	159.818	160.537	161.893	162.612	163.968
LHJ22	Lean Hogs	102.270	105.370	106.450	109.550	110.620

Calculations based on previous session. Data collected 03/25/2022

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