



## DAILY LIVESTOCK COMMENTARY

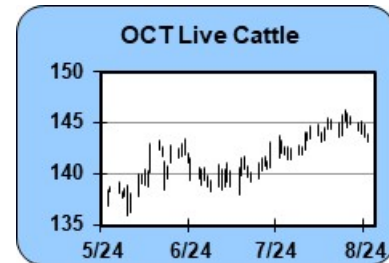
Friday August 26, 2022

### DAILY CATTLE COMMENTARY

8/26/2022

#### Somewhat ample short-term supply and sluggish cash

October cattle closed lower on the session but well up from early sharp losses. The early selling drove the market down to the lowest level since August 9. Some recent weakness in the beef market and the overbought condition of the market may have sparked some selling. The USDA estimated cattle slaughter came in at 124,000 head yesterday. This brings the total for the week so far to 499,000 head, unchanged from last week but up 7.5% from a year ago. With a sluggish cash market and uncertain seasonal demand, the market still looks vulnerable to a correction. Ideas that Labor Day beef specials have already been priced, helped to pressure.



Cash live cattle are trending softer this week. The 5-day, 5-area weighted average price as of Thursday afternoon was \$144.49, down from \$145.97 a week prior. Prices are lower in the north, steady in the south, pulling the average down overall. Kansas' discount to Nebraska has narrowed to \$3.65 from \$5.61 a week ago. The USDA boxed beef cutout was up \$1.26 at mid-session yesterday and closed 71 cents higher at \$263.54. This was down from \$264.39 the previous week.

#### TODAY'S MARKET IDEAS:

The market remains in an overbought condition and slaughter so far this week is up 7.5% from last year's pace. Production drops well below year ago levels in the 4th quarter. Resistance for October cattle is at 144.35, with 142.15 as support. December cattle resistance is at 150.32, with support at 148.80 and 147.87.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

#### 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 (OCT) 08/26/2022:** Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 142.870. The next area of resistance is around 144.020 and 144.350, while 1st support hits today at 143.300 and below there at 142.870.

**FEEDER CATTLE (OCT) 08/26/2022:** Declining momentum studies in the neutral zone will tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal up is a positive indicator that could support higher prices. With the close higher than

the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 182.038. The next area of resistance is around 186.949 and 187.737, while 1st support hits today at 184.100 and below there at 182.038.

## DAILY HOGS COMMENTARY

8/26/2022

### In position to turn higher as discount just too wide

The technical action is bearish this week with the sharp setback, as sellers were active with pork cutout values down 14.3% in just one week. However, the market is oversold basis traditional technical indicators, and also extremely oversold basis the cash/futures relationship. If October hogs were trading at the five-year average discount to the cash market, the market would be trading at 107.96 and not 91.10. In other words, the seasonal increase in supply normally triggers a break of near \$10 in the cash market, but this year traders see a \$25 break.



October hogs closed moderately higher on the session after the early selling pushed the market down to the lowest level since July 5. The sharp selloff in pork values over the past week has helped to pressure the market. The USDA pork cutout, released after the close yesterday, came in at \$101.57, up 49 cents from Wednesday but down from \$118.56 the previous week. The CME Lean Hog Index was 118.00 on August 23, down from 119.18 the previous session and 120.62 a week prior. The USDA estimated hog slaughter came in at 476,000 head yesterday. This brings the total for the week so far to 1.914 million head, up from 1.870 million last week and 1.858 million a year ago.

### TODAY'S MARKET IDEAS:

Key support for October hogs is at 90.15 and the market held this support on a closing basis yesterday. Close-in support is at 90.37, with 94.45 as resistance. December hog support is at 82.15, with 85.27 as initial resistance.

### NEW RECOMMENDATIONS:

\* Sell October Hog 87.00 put at 197 with an objective of zero. Risk a total of 65 points from entry.

### PREVIOUS RECOMMENDATIONS:

None.

### PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (OCT) 08/26/2022: Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. The upside daily closing price reversal gives the market a bullish tilt. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 89.520. The next area of resistance is around 91.770 and 92.250, while 1st support hits today at 90.420 and below there at 89.520.

## 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
<b>MEAT COMPLEX</b>										
LCV22	143.650	45.97	50.54	57.80	41.60	144.13	144.65	144.27	142.12	141.82
FCV22	185.525	48.28	51.15	46.57	34.94	185.23	186.50	186.29	183.52	181.89
LHV22	91.100	32.62	37.87	23.88	12.25	92.09	94.44	96.66	94.62	94.26

Calculations based on previous session. Data collected 08/25/2022

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>MEAT COMPLEX</b>						
LCV22	Live Cattle	142.850	143.270	143.600	144.020	144.350
FCV22	Feeder Cattle	182.037	184.099	184.887	186.949	187.737
LHV22	Lean Hogs	89.500	90.400	90.870	91.770	92.250

Calculations based on previous session. Data collected 08/25/2022

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