



DAILY LIVESTOCK COMMENTARY

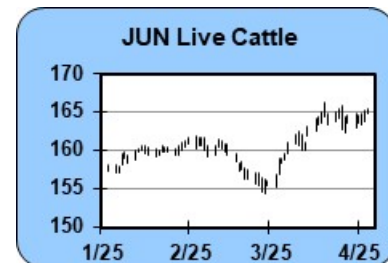
Tuesday May 02, 2023

DAILY CATTLE COMMENTARY

5/2/2023

Big discount of June to cash May help

June cattle closed moderately lower on the session yesterday after trading higher early in the session and reaching up to the highest price level since April 19. The market has corrected the overbought condition of April 13 with choppy to sideways price action since. Ideas that retail demand might struggle short-term helped to pressure. June cattle could find support from the large discount of futures to the cash market, and from the recent jump in beef prices. The USDA boxed beef cutout was down \$1.38 at mid-session yesterday and closed \$1.42 lower at \$310.02. This was up from \$307.12 the previous week.



Boxed beef cutout values traded to the highest level since September 2021 this week. Cash live cattle trade was quiet on Monday with no trades reported. The five-area weighted average steer price last week was 177.15, down from 178.57 the previous week but above 143.34 from a year ago. The USDA estimated cattle slaughter came in at 123,000 head yesterday. This was down from 124,000 last week but up from 113,000 a year ago. Friday's Commitments of Traders report showed managed money traders were net long to 107,033, not far from the biggest net long since 2019.

TODAY'S MARKET IDEAS:

Beef prices are the highest since September 2021, and June cattle still hold a larger than normal discount to the cash. Support for June cattle comes in at 163.85, with resistance at 166.27 and an upside target of 167.77. Support for December Cattle is at 171.00, with 173.77 and 174.92 as the next upside targets.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Short June Cattle 162.00 put from 192 with an objective of zero. Risk a total of 75 points from entry.

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 (AUG) 05/02/2023: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The intermediate trend has turned down with the cross over back below the 18-day moving average. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 161.550. The next area of resistance is around 163.350 and 164.320, while 1st support hits today at 161.970 and below there at 161.550.

FEEDER CATTLE (AUG) 05/02/2023: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market's close below the pivot swing number is a

mildly negative setup. The next downside objective is 228.619. The next area of resistance is around 230.962 and 232.068, while 1st support hits today at 229.238 and below there at 228.619.

DAILY HOGS COMMENTARY

5/2/2023

Big premium of June to cash but cash trend up

The market may have rallied too far, too fast but seems to have a positive tilt to the supply outlook to see a higher trending cash market short-term. June hogs opened slightly lower on the session yesterday and the market closed sharply lower on the day. Ideas that last week's rally was overdone helped to trigger some selling pressures. In addition, June is trading at a much higher than normal premium to the cash market. Pork production is at a similar level to last year in recent weeks. Estimated US pork production last week was 518.2 million pounds, up from 517.3 a year ago.

The USDA pork cutout, released after the close yesterday, came in at \$79.27, down 86 cents from Friday but up from \$77.45 the previous week. The CME Lean Hog Index as of April 27 was 71.49, up from 71.29 the previous session and 71.31 the previous week. The USDA estimated hog slaughter came in at 459,000 head yesterday. This was down from 469,000 last week and 476,000 a year ago.



TODAY'S MARKET IDEAS:

June was holding an 18.44 premium to the cash on April 27 as compared with a premium of 8.96 last year and the 5 year average at 5.35. Look for support in June hogs at 88.32 and 87.45, with resistance at 92.80 and 94.12.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

1) Short June Hog 84.00 put from 260 with an objective of zero. Risk to 220. 2) Long a June Hog 92.00 call, short a June Hog 99.00 call, and short a June Hog 80.00 put for a net premium paid of 20 points. Use an objective of +425 on the spread, and risk a total of 135 points from entry.

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (JUN) 05/02/2023: The upside crossover of the 9 and 18 bar moving average is a positive signal. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next upside target is 92.400. The next area of resistance is around 90.920 and 92.400, while 1st support hits today at 88.470 and below there at 87.470.

DAILY TECHNICAL STATISTICS

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LCQ23	162.650	49.05	53.95	63.64	54.78	163.42	163.31	163.11	160.37	160.11
FCQ23	230.100	68.70	70.36	90.69	87.18	230.84	229.82	226.87	220.51	217.54
LHM23	89.700	53.48	49.14	57.39	71.32	90.44	88.19	87.85	92.77	95.34

Calculations based on previous session. Data collected 05/01/2023

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						
LCQ23	Live Cattle	161.520	161.950	162.920	163.350	164.320
FCQ23	Feeder Cattle	228.618	229.237	230.343	230.962	232.068
LHM23	Lean Hogs	87.450	88.450	89.920	90.920	92.400

Calculations based on previous session. Data collected 05/01/2023

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