



DAILY LIVESTOCK COMMENTARY

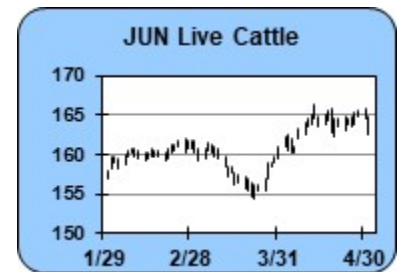
Wednesday May 03, 2023

DAILY CATTLE COMMENTARY

5/3/2023

Outside forces have traders concerned with demand outlook

The technical action turned bearish as traders see the potential for a weakening US and global economy as a factor which will hurt demand. Speculators are already holding a hefty net long position, and the market has failed to make a new high for the move since the key reversal on April 13. This leaves the market vulnerable to more long liquidation selling short-term. However, the market still faces tightening supply ahead and June is trading at a discount to the cash market. Cash markets were down nearly \$4 this week but June remains near a \$10 discount to the cash market. Cash live cattle trade was active but weaker on Tuesday, with 21,712 head reported across all five regions at an average price of 172.85, down from an average of 176.94 for last week.



The USDA boxed beef cutout was down \$1.20 at mid-session yesterday and closed 78 cents lower at \$309.24. This was up from \$307.63 the previous week. June cattle closed sharply lower on the session. The market experienced follow-through selling after yesterday's technical weakness. A more bearish tilt toward consumer spending plus a setback in beef prices may have sparked some selling. The discount to the cash market may provide support on a correction. The USDA estimated cattle slaughter came in at 127,000 head yesterday. This brings the total for the week so far to 250,000 head, down from 252,000 last week but up from 239,000 a year ago.

TODAY'S MARKET IDEAS:

The short-term technical action is bearish with resistance for June cattle at 163.77 and 164.15, with support at 161.75 and 160.32. Support for August cattle comes in at 159.85 and 158.60.

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:

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LIVE CATTLE (AUG) 05/03/2023: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. 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. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is 159.200. The next area of resistance is around 161.950 and 163.300, while 1st support hits today at 159.920 and below there at 159.200.

FEEDER CATTLE (AUG) 05/03/2023: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The intermediate trend has turned down with the cross

over back below the 18-day moving average. The close below the 2nd swing support number puts the market on the defensive. The next downside target is 223.307. The next area of resistance is around 228.062 and 230.856, while 1st support hits today at 224.288 and below there at 223.307.

DAILY HOGS COMMENTARY

5/3/2023

Huge premium of June to cash market but pork values trending up

June hogs closed higher on the session yesterday after choppy and two-sided trade early. Buyers are reluctant given the big premium of June futures to the cash market. It looks like the cash market should be in position to rally over the near term, but given the basis, traders are taking a wait and see attitude. The CME Lean Hog Index as of April 28 was 72.10, up from 71.49 the previous session and 71.18 the previous week. The USDA pork cutout, released after the close yesterday, came in at \$81.05, up \$1.78 from Monday and up from \$77.04 the previous week. This was the highest the cutout had been since March 16. This would suggest a continued uptrend for the cash market over the near-term. The USDA estimated hog slaughter came in at 459,000 head yesterday. This brings the total for the week so far to 908,000 head, down from 939,000 last week and 957,000 a year ago.



TODAY'S MARKET IDEAS:

June was holding a 19.58 premium to the cash on April 28 as compared with a premium of 8.32 last year and the 5 year average at 6.27. 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) 05/03/2023: 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. 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 near-term upside target is at 91.100. The next area of resistance is around 90.650 and 91.100, while 1st support hits today at 89.250 and below there at 88.270.

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										
LCQ23	160.950	36.11	44.45	55.15	38.16	162.81	163.11	163.16	160.40	160.13

FCQ23	226.175	45.28	53.97	83.95	70.47	229.64	229.75	227.25	220.81	217.85
LHM23	89.950	54.55	49.91	62.13	71.62	90.36	88.59	87.94	92.50	95.12

Calculations based on previous session. Data collected 05/02/2023

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	159.170	159.900	161.250	161.950	163.300
FCQ23	Feeder Cattle	223.306	224.287	227.081	228.062	230.856
LHM23	Lean Hogs	88.250	89.220	89.670	90.650	91.100

Calculations based on previous session. Data collected 05/02/2023

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