



DAILY LIVESTOCK COMMENTARY

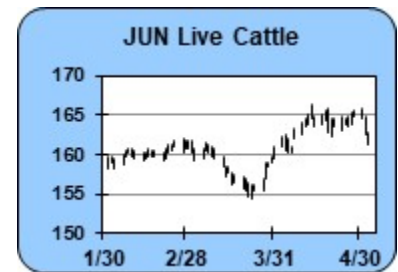
Thursday May 04, 2023

DAILY CATTLE COMMENTARY

5/4/2023

Long liquidation a threat but June already big discount

With a bearish tilt toward the economy, and the inability for the market to take out April 13 highs, the market has seen a fairly aggressive 3-day selloff to help correct the overbought condition. The market still faces tightening supply ahead, and June cattle is trading at a very large discount to the cash market. This could help to support the market on corrective breaks. Short term, the market seems vulnerable to increased long liquidation selling as speculators hold a hefty net long position. Managed money traders hold a net long position not far from the highest level since 2019. June cattle closed sharply lower on the session and the selling pushed the market down to the lowest level since April 5.



Sluggish cash market activity this week plus fears of lower consumer demand helped to trigger more long liquidation selling. Cash live cattle trade was quieter on Wednesday after a very active trade on Tuesday. Prices in general are running \$1-\$2 lower this week. The five region, 5-day average price for the cash market is at 172.85, down from an average of 176.94 for last week. The USDA estimated cattle slaughter came in at 126,000 head yesterday. This brings the total for the week so far to 376,000 head, up from 374,000 last week and 365,000 a year ago.

TODAY'S MARKET IDEAS:

June cattle resistance is at 162.92, with 160.32 support. Longer-term, breaks look like buying opportunities and the supply fundamentals suggest that the market may be in position to take out the high. August cattle close in resistance is at 161.05, with 159.00 and 158.60 as next support.

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) 05/04/2023: The close below the 60-day moving average is an indication the longer-term trend has turned down. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is now at 158.320. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 160.270 and 161.250, while 1st support hits today at 158.820 and below there at 158.320.

FEEDER CATTLE (AUG) 05/04/2023: Momentum studies trending lower at mid-range could accelerate a price

break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. The gap down on the day session chart is bearish with more selling pressure possible today. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is now at 220.757. The next area of resistance is around 225.112 and 227.106, while 1st support hits today at 221.938 and below there at 220.757.

DAILY HOGS COMMENTARY

5/4/2023

Important for June hogs to hold support at 87.47 on closing basis

The technical action turned more bearish yesterday as the early rally for June hogs failed to attract new buying interest and the market closed sharply lower on the day. The cash market is in a decent uptrend for the last few days, but the huge premium of June hogs to the cash market, and that may be a factor to limit buying support. The CME Lean Hog Index as of May 2 was 73.02, up from 72.10 the previous session and 71.20 the previous week. The USDA pork cutout, released after the close yesterday, came in at \$78.59, down \$2.46 from Tuesday but up from \$76.66 the previous week.



The average hog weight for Iowa-Southern Minnesota as of April 29 was 285.9 pounds, down from 286.9 pounds the previous week and 288.7 a year ago. The 5-year average is 286.5 pounds. Seasonally, weights have a tendency to push lower in late May but the 5-year average weights normally trend higher in early May. The data suggests that producers are current with marketings. The USDA estimated hog slaughter came in at 467,000 head yesterday. This brings the total for the week to 1.386 million head, down from 1.416 million last week and 1.436 million a year ago.

TODAY'S MARKET IDEAS:

June is holding a 16.53 premium to the cash on May 1st as compared with a premium of 9.26 last year and the 5 year average at 5.84. This could limit buying unless the cash remains in a steady uptrend. Look for support in June hogs at 87.47, with resistance at 91.75 and 92.80.

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:

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.

LEAN HOGS (JUN) 05/04/2023: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The outside day down is somewhat negative. The close below the 2nd swing support number puts the market on the defensive. The near-term upside target is at 91.900. The next area of resistance is around 89.570 and 91.900, while 1st support hits today at 86.420 and below there at 85.570.

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	159.550	29.01	38.45	45.18	25.25	161.73	162.68	163.01	160.39	160.12
FCQ23	223.525	35.96	46.16	72.66	50.06	227.63	229.08	227.31	221.04	218.09
LHM23	88.000	45.39	44.30	62.36	62.82	89.84	88.91	87.93	92.20	94.91

Calculations based on previous session. Data collected 05/03/2023

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	158.300	158.800	159.770	160.270	161.250
FCQ23	Feeder Cattle	220.756	221.937	223.931	225.112	227.106
LHM23	Lean Hogs	85.550	86.400	88.720	89.570	91.900

Calculations based on previous session. Data collected 05/03/2023

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.