



DAILY LIVESTOCK COMMENTARY

Monday May 08, 2023

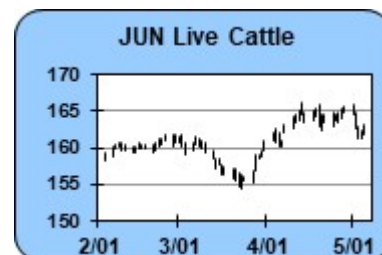
DAILY CATTLE COMMENTARY

5/8/2023

Beef production last week down 6.5% from a year ago

June cattle closed higher on the session Friday but more than 130 points off of the early highs. While the cash market was lower last week, June cattle remain at a stiff premium to the cash market and this may have helped support the early strong gains. A more positive tilt to outside market forces and ideas that beef production will continue to tighten helped to support. Estimated beef production last week was 508.5 million pounds, down 6.5% from a year ago.

Cash live cattle traded in moderate volume on Friday at prices consistent with where they traded earlier in the week. As of Friday afternoon the five-day, five-area weighted average price was 173.91, down from 176.94 the previous week. This leaves June cattle trading at a discount of \$12.00 as compared with the 5-year average discount for this time of the year of \$9.84.



The estimated average dressed cattle weight last week was 818 pounds, down from 821 the previous week and 824 a year ago. The USDA boxed beef cutout was up 22 cents at mid-session Friday and closed 33 cents lower at \$309.19. This was down from \$311.44 the previous week. The USDA estimated cattle slaughter came in at 117,000 head Friday and 10,000 head for Saturday. This brought the total for last week to 623,000 head, down from 624,000 the previous week and 661,000 a year ago. Friday's Commitments of Traders report showed managed money traders were net buyers of 518 contracts of live cattle for the week ending May 2, increasing their net long to 107,551.

TODAY'S MARKET IDEAS:

June cattle support is at 160.32, a 50% correction of the March 22nd to April 13th rally. Breaks look like buying opportunities and the supply fundamentals suggest that the market may be in position to take out the high. August cattle support is at 158.60.

NEW RECOMMENDATIONS:

Buy June Cattle at 160.35 with an objective of 168.47. Risk to 158.37.

PREVIOUS RECOMMENDATIONS:

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

Commitment of Traders - Futures and Options - 4/25/2023 - 5/2/2023						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Livestock						
Feeder Cattle	15,771	+550	-3,565	-792	-12,206	+241
Cattle	135,339	+2,423	-118,211	-692	-17,128	-1,731

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) 05/08/2023: Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 158.650. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 160.020 and 160.800, while 1st support hits today at 158.950 and below there at 158.650.

FEEDER CATTLE (AUG) 05/08/2023: The close under the 40-day moving average indicates the longer-term trend could be turning down. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. A negative signal was given by the outside day down. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 218.850. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 223.100 and 225.550, while 1st support hits today at 219.750 and below there at 218.850.

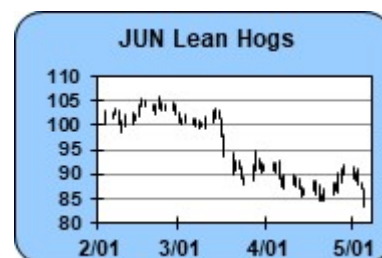
DAILY HOGS COMMENTARY

5/8/2023

New contract lows hit Friday; 81.80 next downside target

June hogs closed sharply lower on the session and into new contract lows. The massive premium of June hogs to the cash market is helping to pressure even though the cash market remains in a short-term uptrend. Talk that the extended period of losses for pork producers might be causing some liquidation in the industry helped to pressure. Estimated US pork production last week was 531.2 million pounds, up from 518.2 the previous week and up just 0.95% from a year ago. The USDA pork cutout, released after the close Friday, came in at \$79.67, up \$1.01 from Thursday but down from \$80.13 the previous week. The CME Lean Hog Index as of May 3 was 74.24, up from 73.78 the previous session and 71.29 the previous week.

The USDA estimated hog slaughter came in at 454,000 head Friday and 136,000 head for Saturday. This brought the total for last week to 2.447 million head, up from 2.387 million the previous week and 2.405 million a year ago. Friday's Commitments of Traders report showed managed money traders were net buyers of 13,840 contracts of lean hogs for the week ending May 2, reducing their net short to 6,823. Non-commercial, no CIT traders were net buyers of 10,865, reducing their net short to 30,946. March pork exports came in at 608.12 million pounds, up 11.8% from a year ago. This was the highest monthly exports since May of 2021. Exports to China remain sluggish but exports to Mexico and South Korea were strong.



TODAY'S MARKET IDEAS:

June was holding a 13.91 premium to the cash on May 3rd as compared with a premium of 3.93 last year and the 5 year average at 6.14. This could limit buying unless the cash remains in a strong uptrend. The technical action is bearish as June hogs failed to hold support at the April lows. This leaves 81.80 as next downside target. Resistance is at 86.50.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

1) * Hit stop on short June Hog 84.00 put for a gain of 40 points. 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.

Commitment of Traders - Futures and Options - 4/25/2023 - 5/2/2023						
	Non-Commercial			Commercial		Non-Reportable
	Weekly			Weekly		Weekly
	Net Position	Net Change	Net Position	Net Change	Net Position	Net Change
Livestock						

Hogs	-12,428	+11,724	10,623	-8,533	1,805	-3,191
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PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (JUN) 05/08/2023: 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 close below the 2nd swing support number puts the market on the defensive. The next downside objective is 80.750. The next area of resistance is around 85.620 and 88.120, while 1st support hits today at 81.950 and below there at 80.750.

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	159.500	29.38	38.46	28.10	12.66	159.86	161.78	162.61	160.40	160.14
FCQ23	221.425	29.91	40.80	47.75	22.90	223.57	227.46	227.15	221.47	218.57
LHM23	83.770	31.30	34.66	51.35	35.45	87.22	88.63	87.59	91.52	94.38

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

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	158.620	158.920	159.700	160.020	160.800
FCQ23	Feeder Cattle	218.850	219.750	222.200	223.100	225.550
LHM23	Lean Hogs	80.720	81.900	84.420	85.620	88.120

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

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