



DAILY LIVESTOCK COMMENTARY

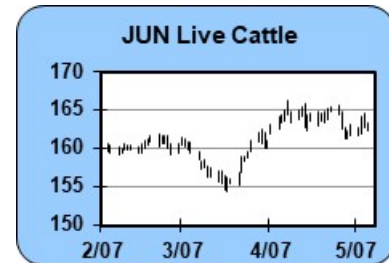
Friday May 12, 2023

DAILY CATTLE COMMENTARY

5/12/2023

In position to see tight supply ahead; June discount

The outlook for tighter beef supply ahead plus the discount of June cattle to the cash market are factors that should provide solid support to the market on breaks. June cattle closed slightly lower yesterday after choppy and two-sided trade. The market fell sharply on Wednesday on ideas beef demand is struggling and that cash cattle and beef markets were weaker. However, June is still trading at a larger than normal discount to the cash market, which provides underlying support. Cash live cattle trade is running a bit lower this week. The five-day, five-area weighted average price as of Thursday afternoon was \$172.95, down from \$173.81 last week. The USDA boxed beef cutout was down 83 cents at mid-session yesterday and closed \$1.15 lower at \$305.72. This was down from \$309.52 the previous week and was the lowest it had been since April 14.



The USDA estimated cattle slaughter came in at 126,000 head yesterday. This brings the total for the week so far to 506,000 head, up from 496,000 last week and 489,000 a year ago. US beef export sales for the week ending May 4 came in at 16,617 tonnes, down from 20,141 the previous week and slightly above the four-week average of 16,340. The previous week's number was the highest since February 9. Cumulative sales for 2023 have reached 433,500 tonnes, down from 570,500 a year ago and the lowest for this point in the year since 2020. The five-year average is 480,300. The largest buyer this week was South Korea at 4,445 tonnes, followed by Japan at 3,697 and 3,080. South Korea has the most commitments for 2023 at 119,500 tonnes, followed by Japan at 100,000 and China at 68,600.

TODAY'S MARKET IDEAS:

Low weights plus the discount to the cash should support the market on corrections. June cattle support comes in at 162.50 and 161.75, with 163.72 and 164.32 as resistance. Key support for December cattle is at 167.92, with resistance at 170.45 and 171.02.

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) 05/12/2023: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The next upside target is 162.170. The next area of resistance is around 161.400 and 162.170, while 1st support hits today at 160.200 and

below there at 159.750.

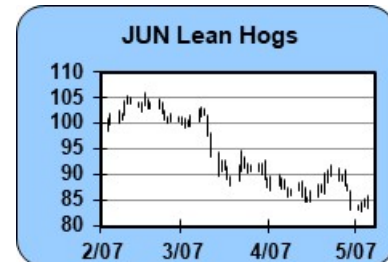
FEEDER CATTLE (AUG) 05/12/2023: A bullish signal was given with an upside crossover of the daily stochastics. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 228.618. The next area of resistance is around 227.312 and 228.618, while 1st support hits today at 224.838 and below there at 223.669.

DAILY HOGS COMMENTARY

5/12/2023

Key reversal and seasonal decline in production

The technical action in the hog market is bearish, but it faces a seasonal decline in pork supply in the next few months. This, along with a recovery in pork values late this week may turn the market trend up sometime soon. June hogs closed lower yesterday with an outside day down. The market is still operating under the positive technical influence of the key reversal on Tuesday, with support coming in at 83.30. Weakness in the pork product market earlier this week and concerns that production will be higher than expected due to liquidation of breeding stock had been a source of pressure. The USDA pork cutout, released after the close yesterday, came in at \$82.06, up \$2.56 from Wednesday and up from \$78.66 the previous week. The CME Lean Hog Index as of May 9 was 75.07, up from 74.64 the previous session and 73.78 the previous week.



The USDA estimated hog slaughter came in at 468,000 head yesterday. This brings the total for the week so far to 1.852 million head, down from 1.857 million last week and 1.882 million a year ago. US pork export sales for the week ending May 4 came in at 30,043 tonnes, down from 48,994 the previous week and below the four-week average at 42,300. Cumulative sales for 2023 have reached 850,600 tonnes, up from 737,600 a year ago but below the five-year average of 869,900. The largest buyer this week was Japan at 9,905 tonnes, followed by China at 5,624 and Mexico at 5,469. Mexico has the most commitments for 2023 at 306,000 tonnes, followed by Japan at 115,300 and China at 112,800.

TODAY'S MARKET IDEAS:

June hog close-in support is at 83.30, with 86.27 and 87.35 as resistance. There is still no technical sign of a low for December hogs.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

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) 05/12/2023: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is negative as the close remains below the 9-day moving average. A negative signal was given by the outside day down. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 81.770. The next area of resistance is around 85.120 and 86.750,

while 1st support hits today at 82.650 and below there at 81.770.

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	160.800	44.61	46.99	27.63	31.08	160.90	160.63	162.05	160.46	160.27
FCQ23	226.075	52.14	54.01	34.89	36.00	225.11	224.98	227.18	222.17	219.71
LHM23	83.870	34.66	36.60	25.68	17.04	83.94	86.04	86.90	90.06	93.10

Calculations based on previous session. Data collected 05/11/2023

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	159.720	160.170	160.950	161.400	162.170
FCQ23	Feeder Cattle	223.668	224.837	226.143	227.312	228.618
LHM23	Lean Hogs	81.750	82.620	84.250	85.120	86.750

Calculations based on previous session. Data collected 05/11/2023

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