

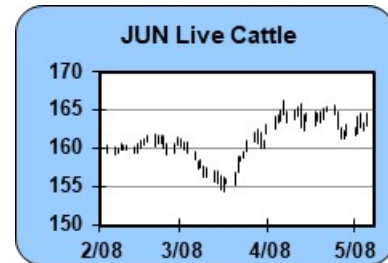


DAILY LIVESTOCK COMMENTARY
Monday May 15, 2023

DAILY CATTLE COMMENTARY
5/15/2023

A bit too overbought and sluggish beef market

June cattle closed sharply higher on the session Friday as a bounce in beef prices and the discount of June cattle to the cash market helped to support. Beef production is down near 6% this quarter and weight data suggest that producers are current with marketing's. The estimated average dressed cattle weight last week was 817 pounds, down from 818 the previous week and 818 a year ago. The 5-year average weight for that week is 814 pounds. Estimated beef production last week was 526.5 million pounds, down from 531.9 million a year ago. The USDA boxed beef cutout was up 73 cents at mid-session Friday and closed \$1.11 lower at \$304.61. This was down from \$309.19 the previous week and the lowest since April 14. There was active cash live cattle trade in Nebraska on Friday, with 13,971 head reported at \$173-\$177 with an average of \$175.80 versus an average of \$176.74 the previous week.



The five-area weighted average price last week was \$173.84 versus \$173.91 the previous week. The USDA estimated cattle slaughter came in at 124,000 head Friday and 16,000 head for Saturday. This brought the total for last week to 646,000 head, up from 623,000 the previous week but down from 651,000 a year ago. Friday's Commitments of Traders report showed managed money traders were net sellers of 12,272 contracts of live cattle for the week ending May 9, reducing their net long to 95,279. Non-commercial, no CIT traders were net sellers of 9,969, reducing their net long to 81,639.

TODAY'S MARKET IDEAS:

With sluggish beef prices and short-term production a little higher than expected, the market is still vulnerable to a correction. June cattle support comes in at 162.50 and 161.75, with 164.80 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.

Commitment of Traders - Futures and Options - 5/2/2023 - 5/9/2023						
Livestock	Non-Commercial		Commercial	Non-Reportable		
	Net Position	Weekly Net Change		Net Position	Weekly Net Change	
Feeder Cattle	12,145	-3,626	-1,861	+1,704	-10,285	+1,921
Cattle	125,052	-10,287	-111,497	+6,714	-13,556	+3,572

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.

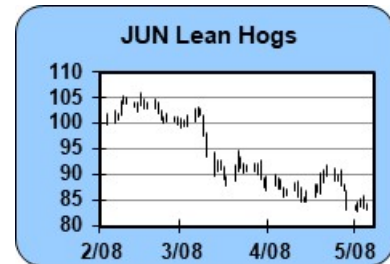
LIVE CATTLE (AUG) 05/15/2023: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next upside target is 164.000. The next area of resistance is around 163.400 and 164.000, while 1st support hits today at 161.500 and below there at 160.120.

FEEDER CATTLE (AUG) 05/15/2023: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside target is at 231.900. The next area of resistance is around 230.850 and 231.900, while 1st support hits today at 227.100 and below there at 224.400.

DAILY HOGS COMMENTARY
5/15/2023

Oversold and seasonal decline in production may support bounce

June hogs closed slightly higher on the session Friday after choppy and two-sided trade. Continued concerns that there are some producers liquidating breeding stock has helped to pressure. If so, then we might be seeing support in the deferred contracts. However, February hogs have seen contract lows in three of the last four trading sessions. The USDA pork cutout, released after the close Friday, came in at \$82.29, up 23 cents from Thursday and up from \$79.67 the previous week. The CME Lean Hog Index as of May 10 was 75.40, up from 75.07 the previous session and 74.24 the previous week. Estimated US pork production last week was 515.0 million pounds, down from 531.2 the previous week and 514.0 a year ago.



The USDA estimated hog slaughter came in at 463,000 head Friday and 60,000 head for Saturday. This brought the total for last week to 2.375 million head, down from 2.447 million the previous week but up from 2.363 million a year ago. Friday's Commitments of Traders showed managed money traders were net sellers of 10,847 contracts of lean hogs, increasing their net short to 17,670. Non-commercial, no CIT traders were net sellers of 7,146, increasing their net short to 38,092.

TODAY'S MARKET IDEAS:

The technical action in the hog market is bearish, but it faces a seasonal decline in pork supply in the next few months. June hog close-in resistance is 86.27 and 87.35. There is some support at 83.30.

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.

Commitment of Traders - Futures and Options - 5/2/2023 - 5/9/2023						
	Non-Commercial		Commercial	Non-Reportable		
	Net Position	Weekly Net Change		Weekly Net Change	Weekly Net Change	
Livestock						
Hogs	-21,005	-8,577	17,343	+6,720	3,662	+1,857

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) 05/15/2023: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 82.600. The next area of resistance is around 84.770 and 85.320, while 1st support hits today at 83.420 and below there at 82.600.

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	162.450	57.85	55.54	32.86	43.33	161.49	160.61	161.96	160.53	160.32
FCQ23	228.975	61.74	60.48	39.16	47.70	226.58	224.86	227.34	222.41	220.05
LHM23	84.100	36.27	37.54	22.55	16.28	84.14	85.41	86.80	89.69	92.76

Calculations based on previous session. Data collected 05/12/2023

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	160.100	161.450	162.050	163.400	164.000
FCQ23	Feeder Cattle	224.400	227.100	228.150	230.850	231.900
LHM23	Lean Hogs	82.570	83.400	83.950	84.770	85.320

Calculations based on previous session. Data collected 05/12/2023

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.