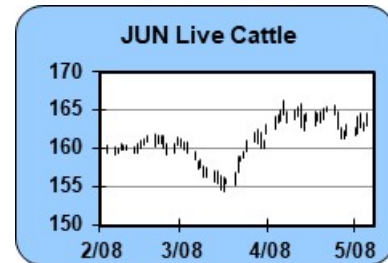




DAILY CATTLE COMMENTARY
5/16/2023

Bullish technical action for Dec cattle; 173.97 target

The market continues to hold up fairly well as June cattle remains at a significant discount to the cash market. However, futures are a bit overbought and the weakness in the beef market might keep the cash tone sluggish. With this action in the beef market, new buyers can wait for a more significant correction to get active. The USDA boxed beef cutout was down \$1.77 at mid-session yesterday and closed \$2.63 lower at \$301.98. This was down from \$308.56 the previous week and was the lowest the cutout had been since April 13. June live cattle extended Friday's rally very slightly yesterday before settling back into Friday's range. Traders may have been disappointed that the market did not make a bigger move after Friday's sharp rally.



Beef production is down nearly 6% this quarter, and the weight data suggest that producers are current with marketings. Cash live cattle trade was quiet on Monday with no trades reported. The five-area weighted average price last week was \$174.13, down from \$173.93 the previous week but above \$142.44 a year ago. The USDA estimated cattle slaughter came in at 126,000 head yesterday. This was unchanged from last week but up from 123,000 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. This is a long liquidation selling trend.

TODAY'S MARKET IDEAS:

The June contract's discount to the cash market should provide some insurance against weaker cash prices. June cattle support comes in at 163.15 and 161.75, with 165.20 and 165.75 as resistance. Key support for December cattle is at 168.87 and 167.92, with resistance at 172.90. Keep 173.97 as a longer-term target.

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) 05/16/2023: 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 next upside objective is 163.850. The next area of resistance is around 163.420 and 163.850, while 1st support hits today at 162.070 and below there at 161.120.

FEEDER CATTLE (AUG) 05/16/2023: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close above the 9-day moving average is a positive short-term indicator for trend. The market

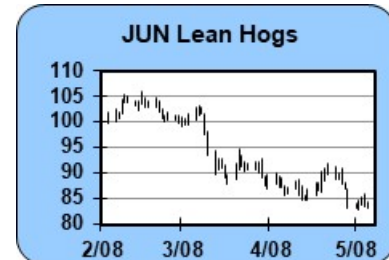
setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside target is at 232.756. The next area of resistance is around 232.162 and 232.756, while 1st support hits today at 229.938 and below there at 228.307.

DAILY HOGS COMMENTARY

5/16/2023

Break-out from last week's consolidation; more up cash

The market may see choppy to higher trade over the near-term as a seasonal decline in supply and generally good demand help to support. The premium of June to the cash market is seen as a limiting factor. The USDA pork cutout, released after the close yesterday, came in at \$83.35, up \$1.06 from Friday and up from \$80.16 the previous week. This was the highest the cutout had been since March 15. The CME Lean Hog Index as of May 11 was 75.91, up from 75.40 the previous session and 74.53 the previous week.



June hogs closed sharply higher on the session yesterday trading to the highest level since May 4 after breaking out of last week's consolidation. The USDA estimated hog slaughter came in at 469,000 head yesterday. This was up from 468,000 last week and 467,000 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 contracts.

TODAY'S MARKET IDEAS:

Pork prices have been rallying, with the USDA pork cutout reaching its highest level since March 15. The market faces a seasonal decline in pork supply in the next few months. June hog close-in support is at 84.50, with resistance at 88.70 and 90.12.

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) 05/16/2023: A bullish signal was given with an upside crossover of the daily stochastics. Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The close above the 9-day moving average is a positive short-term indicator for trend. 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 88.870. The next area of resistance is around 87.700 and 88.870, while 1st support hits today at 84.600 and below there at 82.650.

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
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MEAT COMPLEX

LCQ23	162.750	59.81	56.90	39.81	53.72	161.79	160.81	161.96	160.63	160.39
FCQ23	231.050	67.06	64.35	46.67	61.71	227.81	225.40	227.57	222.73	220.43
LHM23	86.150	49.13	45.49	22.79	23.28	84.58	84.99	86.79	89.32	92.48

Calculations based on previous session. Data collected 05/15/2023

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	161.100	162.050	162.470	163.420	163.850
FCQ23	Feeder Cattle	228.306	229.937	230.531	232.162	232.756
LHM23	Lean Hogs	82.620	84.570	85.750	87.700	88.870

Calculations based on previous session. Data collected 05/15/2023

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