



DAILY LIVESTOCK COMMENTARY

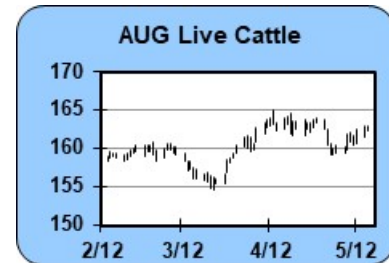
Wednesday May 17, 2023

DAILY CATTLE COMMENTARY

5/17/2023

With discount, stability for beef and cash may support

June cattle closed lower on the session yesterday and experienced choppy trade inside of Monday's range. The market is trading at a significant discount to the cash cattle, which provides some insurance against cash market declines, but it is also somewhat overbought, and cash cattle prices have been trending lower in recent weeks. Boxed beef prices have been trending lower as well. The USDA boxed beef cutout was down \$1.81 at mid-session yesterday and closed \$2.51 lower at \$299.47. This was down from \$307.38 the previous week and was the lowest it had been since April 12.



As of Tuesday, no trades had been reported in cash live cattle for this week. The five-area weighted average steer price last week was 173.40 versus 173.91 the previous week. The USDA estimated cattle slaughter came in at 127,000 head yesterday. This brings the total for the week so far to 253,000 head, down from 254,000 last week but up from 250,000 a year ago.

TODAY'S MARKET IDEAS:

June cattle support comes in at 163.15, with 165.20 and 165.75 as resistance. Key support for December cattle is at 170.47, with resistance at 172.90 and 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) 05/17/2023: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The market could take on a defensive posture with the daily closing price reversal down. It is a slightly negative indicator that the close was under the swing pivot. The next upside objective is 163.220. The next area of resistance is around 162.820 and 163.220, while 1st support hits today at 162.150 and below there at 161.850.

FEEDER CATTLE (AUG) 05/17/2023: Momentum studies are trending higher but have entered overbought levels. 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 target is at 232.387. The next area of resistance is around 231.974 and 232.387, while 1st support hits today at 230.975 and below there at 230.388.

DAILY HOGS COMMENTARY

5/17/2023

Premium of June to cash may limit buying

The market continues to push higher as a seasonal decline in supply and decent demand help to support. The premium of June to the cash market is seen as a limiting factor. The CME Lean Hog Index as of May 12 was 76.50, up from 75.91 the previous session and 74.42 the previous week. June hogs (as of May 12) were holding a premium of 7.63 to the cash market as compared with a discount of 0.69 last year and a 5 year average premium of 1.84. June hogs were higher yesterday with mild follow-through buying from Monday's breakout rally. The market traded to its highest level since May 4, and it closed a gap from that day. Strength in pork prices is lending support.

The USDA pork cutout reached its highest level since March 15 on Monday. The USDA pork cutout, released after the close yesterday, came in at \$81.85, down \$1.50 from Monday but up from \$81.01 the previous week. The USDA estimated hog slaughter came in at 470,000 head yesterday. This brings the total for the week so far to 934,000 head, up from 919,000 last week but down from 943,000 a year ago. China's national average spot pig price as of May 17 was down 1.39% from the previous day. For the week prices are down 1.59%, down 3.60% for the month and down 16.86% year to date.



TODAY'S MARKET IDEAS:

The market faces a seasonal decline in pork supply in the next few months, but the June premium is significant and may limit the advance. June hog close-in support is at 85.05, with resistance at 88.45 and 88.70.

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) 05/17/2023: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 88.220. The next area of resistance is around 87.820 and 88.220, while 1st support hits today at 86.570 and below there at 85.700.

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	57.07	55.23	46.13	58.77	162.12	161.13	161.91	160.72	160.45

FCQ23	231.475	68.08	65.11	55.21	72.27	229.39	226.28	227.68	223.07	220.83
LHM23	87.200	54.43	49.07	25.76	31.69	85.33	84.90	86.91	88.98	92.22

Calculations based on previous session. Data collected 05/16/2023

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	161.820	162.120	162.520	162.820	163.220
FCQ23	Feeder Cattle	230.387	230.974	231.387	231.974	232.387
LHM23	Lean Hogs	85.670	86.550	86.950	87.820	88.220

Calculations based on previous session. Data collected 05/16/2023

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