



DAILY LIVESTOCK COMMENTARY

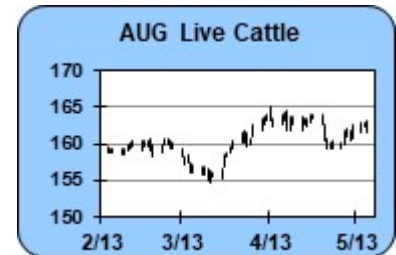
Thursday May 18, 2023

DAILY CATTLE COMMENTARY

5/18/2023

Bullish technical action and June big discount

June cattle experienced bullish technical action yesterday after holding minor support. Sellers were active early as beef prices have been sloppy and fell to the lowest level since April 12 this week. The market may have also felt pressure early in the session from weaker hog prices and the steep selloffs in the grains in the wake of the extension of the Black Sea shipping deal. The USDA boxed beef cutout was up 64 cents at mid-session yesterday and closed \$1.32 lower at \$298.15. This was down from \$306.87 the previous week and was the lowest it had been since April 11. Cash live cattle trade was a little more active on Wednesday at prices that were mixed with volume likely too light for an adequate test. There were 632 head reported in Kansas at 176 versus a range of 169-170 last week, and there were 500 head reported in Nebraska at 173.50 versus 173-177 last week.



The USDA estimated cattle slaughter came in at 126,000 head yesterday. This brings the total for the week so far to 379,000 head, down from 380,000 last week but up from 373,000 a year ago. For the monthly USDA cattle on feed report, traders expect to see placements for the month of April down 3.8% from a year ago, range -0.4% to -8.2%. April marketing's are expected down 10% from a year ago, -9.5% to -11% range. This would leave Cattle on Feed supply as of May 1 at 3.5% below a year ago, -2.3% to -.5% range.

TODAY'S MARKET IDEAS:

June cattle support comes in at 163.75, with 166.27 and 168.20 as resistance. Key support for December cattle is at 170.47, with resistance at 172.90 and 174.75 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:

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) 05/18/2023: 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 outside day up and close above the previous day's high is a positive signal. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside objective is 164.400. The next area of resistance is around 163.950 and 164.400, while 1st support hits today at 162.300 and below there at 161.070.

FEEDER CATTLE (AUG) 05/18/2023: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily

closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside objective is 232.893. The next area of resistance is around 232.012 and 232.893, while 1st support hits today at 230.288 and below there at 229.444.

DAILY HOGS COMMENTARY

5/18/2023

Premium of June to cash too much to handle

The huge premium of June hogs to the cash market was just too much for the market to handle and sellers turned active. After opening higher, June hogs reversed and sold off sharply. June hogs have been trading at significant premium to the cash market, which left them vulnerable to a selloff. The trade may have been disappointed with a decline in the pork cutout on Tuesday, which ended the day down \$1.50 at \$81.05. The USDA pork cutout, released after the close yesterday, came in at \$82.08, up 23 cents from Tuesday and up from \$79.50 the previous week.



The average hog weight for Iowa-Southern Minnesota as of May 13 was 285.0 pounds, down from 285.6 pounds the previous week and down from 288.9 a year ago. The 5-year average is 287.9 pounds. The CME Lean Hog Index as of May 15 was 77.17, up from 76.50 the previous session and 74.64 the previous week. The USDA estimated hog slaughter came in at 466,000 head yesterday. This brings the total for the week so far to 1.400 million head, up from 1.384 million last week at this time but down from 1.418 million a year ago.

TODAY'S MARKET IDEAS:

June hog close-in resistance is at 85.87, with some support at 84.67. A close under support would turn the charts bearish.

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) 05/18/2023: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The outside day down and close below the previous day's low is a negative signal. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The near-term upside objective is at 88.950. The next area of resistance is around 86.600 and 88.950, while 1st support hits today at 83.120 and below there at 82.000.

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	163.120	61.74	58.34	53.01	66.77	162.70	161.54	161.88	160.85	160.51
FCQ23	231.150	66.31	63.99	62.90	78.30	230.66	227.17	227.75	223.42	221.21
LHM23	84.870	43.22	42.43	26.78	28.83	85.58	84.65	86.84	88.61	91.88

Calculations based on previous session. Data collected 05/17/2023

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	161.050	162.270	162.720	163.950	164.400
FCQ23	Feeder Cattle	229.443	230.287	231.168	232.012	232.893
LHM23	Lean Hogs	81.950	83.100	85.450	86.600	88.950

Calculations based on previous session. Data collected 05/17/2023

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