

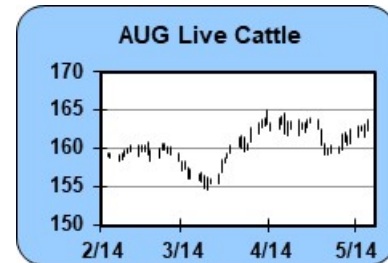


DAILY LIVESTOCK COMMENTARY Friday May 19, 2023

DAILY CATTLE COMMENTARY 5/19/2023

Bullish technical action and June big discount

June cattle trade to its highest since May 1 yesterday, coming within striking distance of the April 13 contract high of 166.27. The technical action is bullish, as the market held minor support levels yesterday and closed strong. The huge discount of June cattle to the cash market has been a supportive factor. Cash live cattle prices have been mixed so far this week, especially in Kansas, which had an average price of 170.28 last week, 174.55 on Wednesday and 169.64 on Thursday. Nebraska is averaging 177 versus an average of 176.65 last week. Texas/Oklahoma is trading at 170, steady with last week.



US beef export sales for the week ending May 11 came in at 17,430 tonnes, up from 16,617 the previous week and above the four-week average of 15,924. Cumulative sales for 2023 have reached 450,900 tonnes, down from 593,800 a year ago and the lowest for this point in the year since 2020. The five-year average is 496,100. The largest buyer this week was Japan at 4,641 tonnes, followed by South Korea at 3,459 and China at 2,905. South Korea has the most commitments for 2023 at 123,100 tonnes, followed by Japan at 104,600 and China at 71,500. The USDA estimated cattle slaughter came in at 125,000 head yesterday. This brings the total for the week so far to 504,000 head, down from 506,000 last week but up from 496,000 a year ago. The USDA boxed beef cutout was up 36 cents at mid-session yesterday and closed 16 cents higher at \$298.31. This was down from \$305.72 the previous week.

For the monthly USDA cattle on feed report this afternoon, traders are looking for April placements to come at 96.2% of last year, with expectations ranging from 91.8% to 99.6%. April marketings are expected to come in at 90% of last year (range 89%-90.5%). May 1 on feed supply is expected to come in around 96.5% (range 97.7%-99.5%).

TODAY'S MARKET IDEAS:

The market is in a bullish posture, but traders may be reluctant to take it too far ahead of this afternoon's Cattle on Feed report. June cattle resistance 165.77 and the contract high at 166.27, with support at 164.32 and 163.75. 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:

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LIVE CATTLE (AUG) 05/19/2023: The upside crossover (9 above 18) of the moving averages suggests a

developing short-term uptrend. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 164.820. The next area of resistance is around 164.320 and 164.820, while 1st support hits today at 162.900 and below there at 161.950.

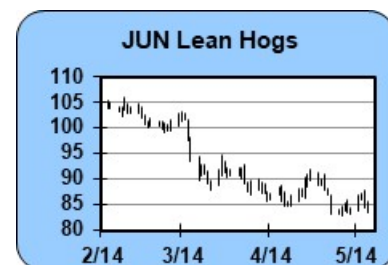
FEEDER CATTLE (AUG) 05/19/2023: The upside crossover of the 9 and 18 bar moving average is a positive signal. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside target is at 237.150. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 236.250 and 237.150, while 1st support hits today at 232.750 and below there at 230.150.

DAILY HOGS COMMENTARY

5/19/2023

Producers current but large June premium poses risk.

June hogs closed higher on Thursday after choppy and two-sided trade and a test of the May 9 contract low early in the day. Average weights are low, which suggests producers are current with marketings, and the market will be experiencing a seasonal decline in production over the near term. However, the huge premium of June hogs to the cash market could be a limiting factor. The CME Lean Hog Index as of May 16 was 77.80, up from 77.17 the previous session and 75.07 the previous week, but this compares to a June futures settlement of 85.30 yesterday. The USDA estimated hog slaughter came in at 470,000 head yesterday. This brings the total for the week so far to 1.870 million head, up from 1.852 million last week but down from 1.893 million a year ago. The USDA pork cutout, released after the close yesterday, came in at \$82.13, up 5 cents from Wednesday and up from \$82.06 the previous week.



US pork export sales for the week ending May 11 came in at 31,929 tonnes, up from 30,043 the previous week but below the four-week average at 41,246. Cumulative sales for 2023 have reached 885,559 tonnes, up from 761,700 a year ago but slightly below the five-year average of 886,100. The largest buyer this week was Mexico at 15,451 tonnes, followed by China at 5,190. Mexico has the most commitments for 2023 at 332,000 tonnes, followed by Japan at 118,000 and China at 117,900.

TODAY'S MARKET IDEAS:

Look for resistance in June hogs at 85.87, with support at 84.67 and 83.12. A close under 84.67 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) 05/19/2023: The stochastic indicators are rising from oversold levels, which is bullish and

should support higher prices. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal up on the daily chart is somewhat positive. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside objective is at 87.320. The next area of resistance is around 86.500 and 87.320, while 1st support hits today at 84.120 and below there at 82.550.

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	163.620	65.03	60.61	60.61	75.81	162.99	162.00	161.89	161.01	160.57
FCQ23	234.500	74.12	69.74	70.72	86.36	232.04	228.62	228.04	223.89	221.62
LHM23	85.270	45.52	43.92	27.55	29.08	85.88	84.82	86.73	88.32	91.57

Calculations based on previous session. Data collected 05/18/2023

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	161.920	162.870	163.370	164.320	164.820
FCQ23	Feeder Cattle	230.150	232.750	233.650	236.250	237.150
LHM23	Lean Hogs	82.520	84.100	84.920	86.500	87.320

Calculations based on previous session. Data collected 05/18/2023

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