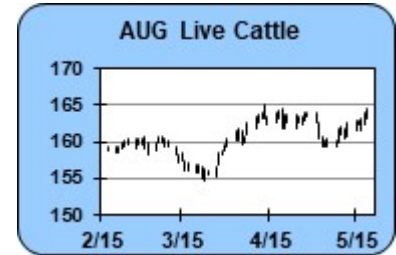




DAILY CATTLE COMMENTARY
5/22/2023

Neutral USDA report and June still discount to cash

June cattle approached the contract high on Friday but failed to punch through that level. Traders appeared reluctant to push the market too hard ahead of the Cattle on Feed report. The market has been on a bullish trend lately, and the discount of June futures to the cash market has provided underlying support. The USDA Cattle on Feed Report showed placements for the month of April at 95.8% of last year versus an average trade expectation of 96.2%. April marketings came in at 89.9% of last year versus an average expectation of 90%. On feed supply as of May 1 came in at 96.6% of last year versus 96.5% expected (range 95.5% to 97.2%). The report was not very exciting, as the numbers generally came near expectations. The placements number was a little bit supportive for the deferred contracts. The USDA boxed beef cutout was up \$2.88 at mid-session Friday and closed \$2.79 higher at \$301.10. This was down from \$304.61 the previous week. Cash cattle firmed a bit last week.



As of Friday afternoon, the five-day, five-area weighted average price was 174.42, up from 173.40 the previous week. The USDA estimated cattle slaughter came in at 122,000 head Friday and 16,000 head for Saturday. This brought the total for last week to 642,000 head, down from 646,000 the previous week and 677,000 a year ago. The estimated average dressed cattle weight last week was 817 pounds, down from 819 the previous week and 818 a year ago. Estimated beef production last week was 526.5 million pounds, down just 1% from a year ago which is a bit higher than expected. Friday's Commitments of Traders showed managed money traders were net buyers of 4,993 contracts of live cattle for the week ending May 16, increasing their net long to 100,272. Non-commercial & non-reportable traders were net buyers of 2,221, increasing their net long to 113,717.

TODAY'S MARKET IDEAS:

June cattle support is at 164.35, with 166.27 and 168.20 as next targets. Support for December cattle is at 171.05, with 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.

Commitment of Traders - Futures and Options - 5/9/2023 - 5/16/2023						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Livestock						
Feeder Cattle	13,739	+1,594	-1,533	+328	-12,205	-1,920
Cattle	129,392	+4,340	-113,718	-2,221	-15,675	-2,119

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) 05/22/2023: Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 165.500. The next area of resistance is around 165.000 and 165.500, while 1st support hits today at 163.600 and below there at 162.670.

FEEDER CATTLE (AUG) 05/22/2023: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 237.568. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 236.537 and 237.568, while 1st support hits today at 233.663 and below there at 231.819.

DAILY HOGS COMMENTARY

5/22/2023

Still no sign of low but oversold

June hogs were lower again Friday and closed near contract lows. Producers may be current with marketings, but June hogs are trading roughly 8.00 higher than the cash market, which leaves the futures vulnerable to heavy selling if cash prices slip. The CME Lean Hog Index as of May 17 was 78.42, up from 77.80 the previous session and 75.40 the previous week. The USDA pork cutout, released after the close Friday, came in at \$82.47, up 34 cents from Thursday and up from \$82.29 the previous week. The USDA estimated hog slaughter came in at 469,000 head Friday and 69,000 head for Saturday. This brought the total for last week to 2.408 million head, up from 2.368 million the previous week and 2.403 million a year ago. Estimated US pork production last week was 521.4 million pounds, up from 513.5 million the previous week but down from 522.6 a year ago. Friday's Commitments of Traders showed managed money traders were net sellers of 1,728 contracts of lean hogs for the week ending May 16, increasing their net short to 19,398. Non-commercial & non-reportable traders were net buyers of 914 contracts, reducing their net short to 16,429.



TODAY'S MARKET IDEAS:

The market is oversold and probing for a short-term low. If a new contract low; 81.45 is next target. Look for resistance for June hogs near 84.67.

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 - 5/9/2023 - 5/16/2023						
	Non-Commercial		Commercial	Non-Reportable		
	Net Position	Weekly Net Change		Net Position	Weekly Net Change	
Livestock						
Hogs	-20,012	+993	16,429	-914	3,583	-79

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (JUN) 05/22/2023: A crossover down in the daily stochastics is a bearish signal. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is 81.370. The next area of resistance is around 84.070 and 85.520, while 1st support hits today at 82.000 and below there at 81.370.

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	164.300	69.07	63.49	67.93	82.57	163.38	162.47	161.97	161.18	160.64
FCQ23	235.100	75.27	70.64	77.12	89.92	233.06	229.96	228.35	224.33	222.02
LHM23	83.020	36.57	38.21	25.38	21.05	85.10	84.79	86.50	88.09	91.23

Calculations based on previous session. Data collected 05/19/2023

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	162.650	163.570	164.070	165.000	165.500
FCQ23	Feeder Cattle	231.818	233.662	234.693	236.537	237.568
LHM23	Lean Hogs	81.350	81.970	83.450	84.070	85.520

Calculations based on previous session. Data collected 05/19/2023

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