



## DAILY LIVESTOCK COMMENTARY

Tuesday May 23, 2023

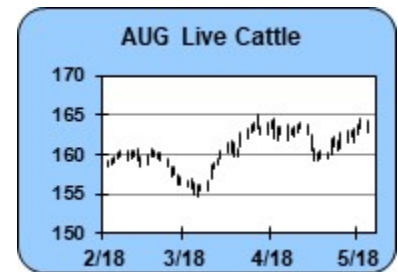
### DAILY CATTLE COMMENTARY

5/23/2023

#### June cattle is trading \$11.48 discount to cash

The five area weighted-average price in the cash market is at \$176.53, and this leaves June cattle trading at an \$11.48 discount to the cash market. The discount has helped provide underlying support, but traders remain concerned over demand issues. Beef production for the third quarter is expected to come in near 5.4% below last year. June cattle closed moderately lower on the session yesterday after a successful test of the contract highs on Friday. Talk of the short-term overbought condition of the market and some demand concerns helped to pressure.

The USDA cattle on feed report on Friday was considered neutral and this may have sparked some selling after the strong rally last week. On-feed supply as of May 1 came in at 96.6% of last year versus 96.5% expected. The USDA boxed beef cutout was up 62 cents at mid-session yesterday and closed \$2.80 higher at \$303.90. This was up from \$301.98 the previous week. This was the highest since May 12. The USDA estimated cattle slaughter came in at 125,000 head yesterday. This was down from 126,000 last week but unchanged from a year ago.



#### TODAY'S MARKET IDEAS:

Managed Money Fund traders hold a net long position of over 100,000 contracts. June cattle support is at 164.37, with 166.27 and 168.20 as next targets. Support for December cattle is at 171.05, with 174.75 as next upside 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) 05/23/2023:** Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a slightly negative indicator that the close was under the swing pivot. The next upside objective is 165.020. The next area of resistance is around 164.320 and 165.020, while 1st support hits today at 162.870 and below there at 162.100.

**FEEDER CATTLE (AUG) 05/23/2023:** Rising stochastics at overbought levels warrant some caution for bulls. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 236.912. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 236.175 and 236.912, while 1st support hits today at 233.625 and below there at 231.813.

## DAILY HOGS COMMENTARY

5/23/2023

**CME Lean Hog Index 79.13, up from 75.91 a week ago**

The market remains in a steady downtrend and is probing for a short-term low. June hogs closed sharply lower on the session yesterday and the market is trading into new contract lows. Production has come in a little higher than expected, and traders also view the demand tone as bearish. Pork production last week was up 1.5% from the previous week but still down 0.2% from last year. The USDA pork cutout, released after the close yesterday, came in at \$83.04, up 57 cents from Friday but down from \$83.35 the previous week. The CME Lean Hog Index as of May 18 was 79.13, up from 78.42 the previous session and 75.91 the previous week. The USDA estimated hog slaughter came in at 473,000 head yesterday. This was up from 464,000 last week and up from 462,000 a year ago.



### TODAY'S MARKET IDEAS:

The market is oversold and probing for a short-term low. A seasonal decline in production may continue to support the cash market. The new contract low for June Hogs leaves 81.45 is next target. Watch for a sign of a low with resistance at 84.52.

### 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) 05/23/2023: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is 80.150. The next area of resistance is around 82.870 and 84.420, while 1st support hits today at 80.750 and below there at 80.150.

### 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	163.570	60.86	58.69	72.66	82.12	163.66	162.70	161.98	161.34	160.70
FCQ23	234.900	74.04	69.89	81.93	91.53	233.91	230.93	228.57	224.76	222.41
LHM23	81.820	32.75	35.58	21.68	14.29	83.76	84.50	86.03	87.84	90.86

Calculations based on previous session. Data collected 05/22/2023

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	162.070	162.850	163.550	164.320	165.020
FCQ23	Feeder Cattle	231.812	233.625	234.362	236.175	236.912
LHM23	Lean Hogs	80.120	80.720	82.270	82.870	84.420

Calculations based on previous session. Data collected 05/22/2023

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