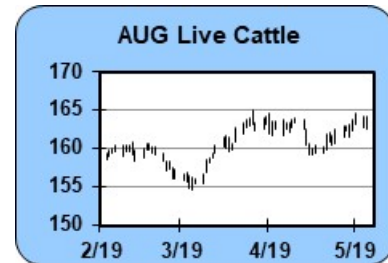




**DAILY CATTLE COMMENTARY**  
5/24/2023

**Weak technical action and quiet cash market**

The technical action turned a bit negative with the market rejecting new contract highs on Friday, and then experiencing fairly aggressive selling yesterday. June cattle closed moderately lower on the session after an early rally above Monday's high. The discount of June cattle to the cash market has helped provide support while short-term consumer demand concerns have limited the buying support. The USDA boxed beef cutout was up 18 cents at mid-session yesterday and closed \$3.16 lower at \$300.74. This was up from \$299.47 the previous week. The USDA estimated cattle slaughter came in at 126,000 head yesterday. This brings the total for the week so far to 251,000 head, down from 253,000 last week at this time but unchanged from a year ago.



**TODAY'S MARKET IDEAS:**

June cattle support is at 163.75 and 163.15, with 166.27 and 168.20 as next targets. Support for December cattle is at 171.05 and 170.47, 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 17. Risk a total of 75 points from entry.

**CATTLE COMPLEX TECHNICAL OUTLOOK:**

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**LIVE CATTLE (AUG) 05/24/2023:** Rising stochastics at overbought levels warrant some caution for bulls. A negative signal for trend short-term was given on a close under the 9-bar moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The near-term upside objective is at 164.570. The next area of resistance is around 163.370 and 164.570, while 1st support hits today at 161.770 and below there at 161.350.

**FEEDER CATTLE (AUG) 05/24/2023:** Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal down puts the market on the defensive. The close below the 1st swing support could weigh on the market. The next upside target is 235.725. The next area of resistance is around 234.400 and 235.725, while 1st support hits today at 232.550 and below there at 232.025.

# DAILY HOGS COMMENTARY

5/24/2023

## Technical action remains weak, producers current with marketing's

The market continues to probe for a short-term low and June hogs sliced through support, and pushed through 81.45 which was the previous target. Given recent weight data, producers appear current with marketing's. Pork production for the third quarter this year is expected to be up 1.1% from last year. Pork production for the third quarter is expected to be down 35 million pounds from the second quarter. Production normally increases 50 million to 150 million pounds so the 35 million pound decline is considered a supportive development. June hogs opened steady on the session yesterday and closed sharply lower on the day, and even traded below 80.00. The market has posted contract lows for the second day in a row.



A sluggish tone for pork movement domestically, and on the export market, has traders fearful of continued weak demand, and the supply flow remains normal. The 2-day CME Lean Index has pushed up to 79.57 this week, so June has lost its big premium it was holding to the cash market. This is up from 76.50 a week ago. The USDA pork cutout, released after the close yesterday, came in at \$82.10, down 94 cents from Monday but up from \$81.85 the previous week. The USDA estimated hog slaughter came in at 481,000 head yesterday. This brings the total for the week so far to 954,000 head, up from 934,000 last week at this time and up from 938,000 a year ago.

### TODAY'S MARKET IDEAS:

The market is technically oversold and there is no sign of a short-term low. July hogs have posted new contract lows for four sessions in a row. Close in resistance is at 84.22 and 85.30. If there has been some liquidation of breeding stock, December hogs may find support first. Look for a bounce to resistance at 72.75 and 73.65.

### 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) 05/24/2023: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. The close below the 1st swing support could weigh on the market. The next downside target is now at 78.450. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 81.850 and 83.200, while 1st support hits today at 79.470 and below there at 78.450.

### 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	162.570	50.91	52.43	73.51	75.21	163.53	162.86	161.91	161.49	160.75
FCQ23	233.475	65.41	64.63	84.31	89.07	234.49	231.86	228.68	225.18	222.76
LHM23	80.650	29.44	33.22	18.84	13.14	82.71	84.11	85.51	87.59	90.51

Calculations based on previous session. Data collected 05/23/2023

Data sources can & do produce bad ticks. Verify before use.

**DAILY SWING STATISTICS**

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>MEAT COMPLEX</b>						
LCQ23	Live Cattle	161.320	161.750	162.950	163.370	164.570
FCQ23	Feeder Cattle	232.024	232.549	233.875	234.400	235.725
LHM23	Lean Hogs	78.400	79.450	80.800	81.850	83.200

Calculations based on previous session. Data collected 05/23/2023

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