

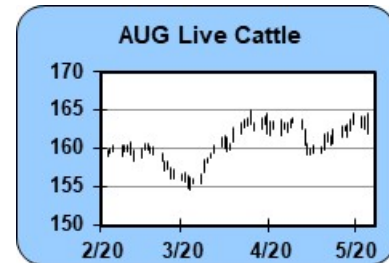


DAILY LIVESTOCK COMMENTARY Thursday May 25, 2023

DAILY CATTLE COMMENTARY 5/25/2023

Cold Storage report bullish and June still discount

The technical action is bullish and the market is still holding a significant discount to the cash. June cattle closed sharply higher on the session yesterday after an early break down to the lowest level since May 17. The buying pushed the market to a new contract high. The discount of futures to the cash market has been a factor to help support the uptrend. Cattle weights are light and suggest producers are current with marketing's. Cash cattle trade turn much more active with 5,353 head traded in Kansas at an average price of \$171.24. There was 2,538 head traded in Nebraska with an average price of \$180.91, the highest since April 21. There was 3,599 head traded in Texas at \$170.88. The five area five day weighted-average price is now \$174.56. This leaves June cattle trading near \$8.50 discount to the cash market even after the strong gains yesterday.



For the USDA Monthly Cold Storage report, frozen beef stocks came in at 447.9 million pounds, down 15.8% from last year and down 6.2% from last month. Stocks normally declines 2% for the month so the 6.2% drop is a bullish development. The USDA boxed beef cutout was down \$1.37 at mid-session yesterday and closed \$2.44 lower at \$298.30. This was up from \$298.15 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 377,000 head, down from 379,000 last week at this time but up from 375,000 a year ago.

TODAY'S MARKET IDEAS:

June cattle support is at 164.30, with 168.20 as next target. Support for December cattle is at 171.50, with 174.75 as a longer-term target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

* Hit objective on short June Cattle 162.00 put position for a gain of 172 points.

CATTLE COMPLEX TECHNICAL OUTLOOK:

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LIVE CATTLE (AUG) 05/25/2023: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal up on the daily chart is somewhat positive. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 166.370. The next area of resistance is around 165.470 and 166.370, while 1st support hits today at 162.770 and below there at 160.950.

FEEDER CATTLE (AUG) 05/25/2023: Daily stochastics have risen into overbought territory which will tend to

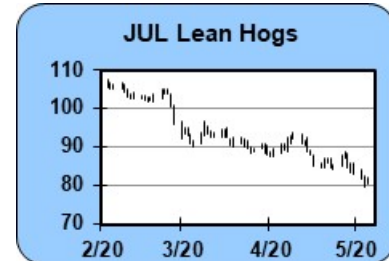
support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. The upside daily closing price reversal gives the market a bullish tilt. Market positioning is positive with the close over the 1st swing resistance. The next upside objective is 237.200. The next area of resistance is around 236.200 and 237.200, while 1st support hits today at 232.850 and below there at 230.500.

DAILY HOGS COMMENTARY

5/25/2023

Still probing for short-term low; weights supportive

The CME Lean Hog Index as of May 22 was 80.09 up from 79.57 the previous session and up from 77.17 the previous week. June hogs are now discount to the cash market and moved to a new contract low for the third session in a row yesterday. Average weight data was supportive showing a further significant decline this week, but the focus is on the short term demand forces. The average hog weight for lowa-Southern Minnesota as of May 20 was 284.0 pounds, down from 285 pounds the previous week and down from 286.4 a year ago. The 5-year average is 286.6 pounds. Talk that the movement of pork is still slow even with the recent lower price has helped to keep sellers active. July hogs also closed lower with an inside day and posted contract lows the previous four sessions. The USDA pork cutout, released after the close yesterday, came in at \$79.37, down \$2.73 from Tuesday and down from \$82.08 the previous week. This is the lowest since May 4.



For the Monthly USDA Cold Storage report, frozen pork stocks came in at 565.5 million pounds, up 6% from last year and up 5.9% from one month ago. Stocks normally increase 4.4% for the month so the 5.9% increase is considered a bearish development. The USDA estimated hog slaughter came in at 472,000 head yesterday. This brings the total for the week so far to 1.426 million head, up from 1.400 million last week at this time and up from 1.411 million a year ago. 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.

TODAY'S MARKET IDEAS:

The market is oversold and there is still no sign of a short-term low. July hog support is at 79.77, with 84.22 and 85.30 as resistance. 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:

None.

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (JUN) 05/25/2023: Daily stochastics are trending lower but have declined into oversold territory. The market's short-term trend is negative as the close remains below the 9-day moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 78.050. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 80.820 and 82.170, while 1st support hits today at 78.770 and below there at 78.050.

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	164.120	61.60	59.47	75.83	80.46	163.65	163.23	161.93	161.67	160.81
FCQ23	234.525	68.46	66.63	86.21	90.00	234.50	232.79	228.89	225.61	223.12
LHM23	79.770	27.09	31.51	16.03	10.42	81.33	83.66	84.85	87.33	90.14

Calculations based on previous session. Data collected 05/24/2023

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	160.920	162.750	163.650	165.470	166.370
FCQ23	Feeder Cattle	230.500	232.850	233.850	236.200	237.200
LHM23	Lean Hogs	78.020	78.750	80.100	80.820	82.170

Calculations based on previous session. Data collected 05/24/2023

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