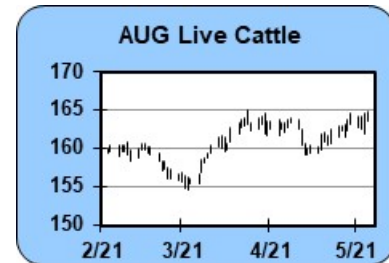




**DAILY CATTLE COMMENTARY**  
5/26/2023

**Gradual uptrend in cash continues and supply tightening**

June cattle closed moderately higher on the session yesterday and into new contract highs. The discount of futures to the cash market plus the outlook for tight supply has helped to support. The USDA boxed beef cutout was up 64 cents at mid-session yesterday and closed \$1.64 higher at \$299.94. This was up from \$298.31 the previous week. Cattle weights are light and suggest producers are current with marketing's. Cash cattle trade was quiet yesterday after active trade on Wednesday. The five area five day weighted-average price is now \$177.38. U.S. beef export sales for the week ending May 18 came in at 18,300 tonnes compared with the average of the previous four weeks of 15,900 tonnes. Cumulative sales have reached 469,200 tonnes, down 6.2% versus last year's pace. The USDA estimated cattle slaughter came in at 125,000 head yesterday. This brings the total for the week so far to 498,000 head, down from 504,000 last week at this time but up from 497,000 a year ago. 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.



**TODAY'S MARKET IDEAS:**

June cattle support is at 165.07, with 168.20 as next target. Support for December cattle is at 171.50, with 174.75 as a next 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) 05/26/2023:** Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 165.670. The next area of resistance is around 165.350 and 165.670, while 1st support hits today at 164.200 and below there at 163.350.

**FEEDER CATTLE (AUG) 05/26/2023:** Momentum studies are trending higher but have entered overbought levels. 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 237.162. The next area of resistance is around 236.075 and 237.162, while 1st support hits today at 233.325 and below there at 231.663.

## DAILY HOGS COMMENTARY

5/26/2023

### Mixed fundamentals but technical action bearish

July and August hogs closed sharply lower on the session yesterday and July has posted new contract lows for 5 of the past 6 trading sessions. Sluggish export sales news plus talk that wholesalers are having difficult time moving pork to retailers helped to pressure. In addition, a bearish monthly cold storage report and continued concerns for some contraction in the industry (liquidation of breeding stock due to production losses) has helped to pressure. The market is extremely oversold technically, and July hogs are now trading \$3.67 discount to the cash market as compared with the 5 year average discount of \$7.67. The USDA pork cutout, released after the close yesterday, came in at \$79.67, up 30 cents from Wednesday but down from \$82.13 the previous week.



The CME Lean Hog Index as of May 23 was 80.67 up from 80.09 the previous session and up from 77.80 the previous week. The USDA estimated hog slaughter came in at 477,000 head yesterday. This brings the total for the week so far to 1.903 million head, up from 1.870 million last week at this time and up from 1.886 million a year ago. U.S. pork export sales for the week ending May 18 came in at 29,200 tonnes compared with the average of the previous four weeks of 41,200 tonnes. Cumulative sales for the 2023 marketing year have reached 911,800 tonnes, up 3.1% versus last year's pace. 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.

### TODAY'S MARKET IDEAS:

Production normally increases 50 million to 150 million pounds from the 2nd quarter to the 3rd quarter, so the 35 million pound decline is considered a supportive development. July hogs are still probing for a short-term low. Resistance is at 81.47 and 82.87. 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 (JUL) 05/26/2023: Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day moving average. More selling pressure is likely given yesterday's gap lower price action on the day session chart. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 74.800. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 78.820 and 81.120, while 1st support hits today at 75.670 and below there at 74.800.

## 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
<b>MEAT COMPLEX</b>										
LCQ23	164.770	65.17	62.01	79.50	86.85	163.77	163.48	162.05	161.87	160.90
FCQ23	234.700	68.97	66.96	87.81	91.02	234.40	233.43	229.14	226.06	223.49
LHN23	77.250	17.44	23.10	12.12	7.99	80.30	83.46	85.21	89.01	91.79

Calculations based on previous session. Data collected 05/25/2023

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	163.320	164.170	164.500	165.350	165.670
FCQ23	Feeder Cattle	231.662	233.325	234.412	236.075	237.162
LHN23	Lean Hogs	74.770	75.650	77.950	78.820	81.120

Calculations based on previous session. Data collected 05/25/2023

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