



DAILY LIVESTOCK COMMENTARY

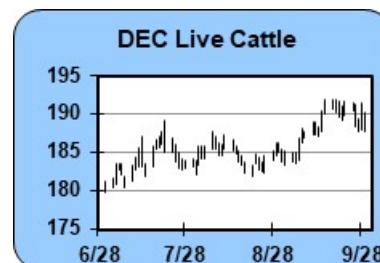
Monday October 02, 2023

DAILY CATTLE COMMENTARY

10/2/2023

Tight supply situation lends underlying support.

December cattle were lower on Friday in a reversal of Thursday's strong action, and they were back near the bottom of a two-week trading range. The market may have seen spillover pressure from sharp declines in the hog and grain markets. The USDA estimated cattle slaughter came in at 96,000 head Friday and 11,000 head for Saturday. This brought the total for last week to 612,000 head, down from 625,000 the previous week and 667,000 a year ago. The estimated average dressed cattle weight last week was 827 pounds, up from 826 the previous week but down from 831 a year ago. The 5-year average weight for that week is 832 pounds. Estimated beef production last week was 505.1 million pounds, down from 553.2 million a year ago. The USDA boxed beef cutout was up 90 cents at mid-session Friday but closed 73 cents lower at \$300.78. This was down from \$303.33 the previous week. Cash live cattle traded about \$1 lower last week. As of Friday afternoon, the five-day, five-area weighted average price was at \$183.56, down from \$184.59 the previous week. Friday's Commitments of Traders report showed managed money traders were net sellers of 1,141 contracts of live cattle for the week ending September 26, reducing their net long to 101,860. This is near the upper end of the historic range, which leaves the market vulnerable to heavy selling if support levels are taken out.



TODAY'S MARKET IDEAS:

There has been no top indicator, but RSI and stochastics suggest a loss in upside momentum on the recent move to contract highs. A break below 187.725 in December cattle would leave the next support at 186.975, followed by 185.775. A move above 191.90 would put the next resistance at 193.075.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 9/19/2023 - 9/26/2023						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Livestock						
Feeder Cattle	11,859	-3,687	-2,818	+722	-9,041	+2,965
Cattle	126,103	-3,688	-101,613	+4,612	-24,491	-925

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 (DEC) 10/02/2023: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is 186.150. The next area of resistance is around 189.070 and 190.770, while 1st support hits today at 186.770 and below there at 186.150.

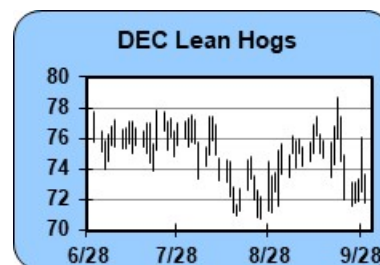
FEEDER CATTLE (NOV) 10/02/2023: The close under the 60-day moving average indicates the longer-term trend could be turning down. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The close below the 1st swing support could weigh on the market. The next downside target is 252.500. The next area of resistance is around 256.375 and 258.399, while 1st support hits today at 253.425 and below there at 252.500.

DAILY HOGS COMMENTARY

10/2/2023

More fallout from Hog and Pigs report?

December hogs sold off on Friday in the wake of a bearish Hogs and Pigs report Thursday afternoon, leaving the market vulnerable to a test of support at the August low at 70.77. The report showed September 1 supply came 100.3% of last year versus an average trade expectation of 99.2% and a range of expectations from 98.1% to 99.8%. Kept for breeding came in at 98.8% versus 98.7% expected, and market hogs came in at 100.4% versus 99.3% expected. The June-August pig crop was 100.4% of last year versus 98.6% expected. The report did confirm a reduction in the breeding herd, which is still supportive long-term, but the overall supply showed a larger supply than last year instead of smaller. The CME Lean Hog Index as of September 27 was 86.14, unchanged from the previous session and down from 87.17 the previous week. The USDA estimated hog slaughter came in at 473,000 head Friday and 208,000 head for Saturday. This brought the total for last week to 2.604 million head, up from 2.537 million the previous week and 2.485 million a year ago. Estimated US pork production last week was 539.4 million pounds, up from 523.2 million the previous week and 528.1 million a year ago. The USDA pork cutout, released after the close Friday, came in at \$96.55, up 4 cents from Thursday but down from \$96.86 the previous week. Friday's Commitments of Traders report showed managed money traders were net sellers of 8,527 contracts of lean hogs for the week ending September 26, reducing their net long to 32,458. The net long is roughly one-third of the way to the record 98,000, which indicates the market is far from overbought.



TODAY'S MARKET IDEAS:

A break below 70.77 in December hogs would leave the next downside target at 67.32. Look for resistance at 75.00 and 76.10.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 9/19/2023 - 9/26/2023						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Livestock						
Hogs	34,058	-6,503	-30,705	+3,295	-3,353	+3,207

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (DEC) 10/02/2023: The close under the 60-day moving average indicates the longer-term trend could be turning down. Daily stochastics are trending lower but have declined into oversold territory. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is 70.370. The next area of resistance is around 72.700 and 74.120, while 1st support hits today at 70.850 and below there at 70.370.

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										
LCZ23	187.920	45.42	49.32	64.18	49.45	188.75	189.90	189.35	186.53	186.07
FCX23	254.900	35.93	41.72	37.85	21.40	256.06	260.42	261.58	256.93	255.36
LHZ23	71.770	41.04	43.28	28.83	21.79	73.11	74.01	74.60	74.37	74.79

Calculations based on previous session. Data collected 09/29/2023

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						
LCZ23	Live Cattle	186.120	186.750	188.450	189.070	190.770
FCX23	Feeder Cattle	252.499	253.424	255.450	256.375	258.399
LHZ23	Lean Hogs	70.350	70.820	72.250	72.700	74.120

Calculations based on previous session. Data collected 09/29/2023

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