

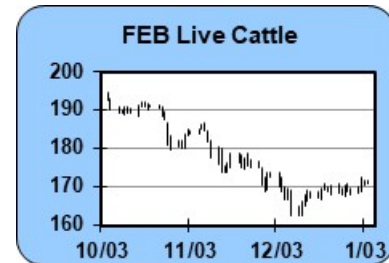


## DAILY CATTLE COMMENTARY

1/5/2024

### Heavy carcass weights and weak cutout may offer correction

February cattle had a narrow range day yesterday and the coming wintry weather seems to be priced in, unless it turns out worse than expected. Prices look to be losing a bit of momentum on the charts and with choice cutout falling, slaughter expected to increase next week, and heavy steer weights compared to last year, prices may be ready for a correction. There was some very light trade in cash cattle yesterday with 256 head sold in Iowa/Minnesota at 175 and 102 head in Nebraska at the same price. The five area, five day weighted-average is 173.78, up from 172.45 yesterday. The USDA estimated cattle slaughter came in at 126,000 head yesterday. This brings the total for the week so far to 380,000 head, up from 350,000 last week at this time but down from 386,000 a year ago. The USDA boxed beef cutout was down \$1.06 at mid-session yesterday and closed \$2.13 lower at \$275.90. This was down from \$291.28 the previous week. The previous low was \$275.67 on February 15, 2023. The previous high was \$278.03 on January 3.



### TODAY'S MARKET IDEAS:

Technically, February cattle have stalled just under resistance at 173.70. A correction may be in order if the coming wintry weather is no worse than expected. Weak choice cutout and heavier carcass weights are negative factors. Minor support now sits at the top of the consolidation at 171.00 with major support at 167.35.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### 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 (FEB) 01/05/2024:** The major trend has turned down with the cross over back below the 40-day moving average. 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. The swing indicator gave a moderately negative reading with the close below the 1st support number. The near-term upside target is at 172.400. The next area of resistance is around 171.700 and 172.400, while 1st support hits today at 170.550 and below there at 170.020.

**FEEDER CATTLE (MAR) 01/05/2024:** Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. The downside closing price reversal on the daily chart is somewhat negative. The swing indicator gave a moderately negative reading with the close below the 1st support number. The near-term upside target is at 228.274. The next area of resistance is around 226.749 and 228.274, while 1st support hits today at 224.550 and below there at 223.875.

# DAILY HOGS COMMENTARY

1/5/2024

## Oversold conditions result in technical buying

February hogs turned sharply higher yesterday as oversold technical conditions finally brought buyers to the table. Cutout values were higher. While demand remains sluggish, the impressive technical performance yesterday points to more gains to end the week. The CME Lean Hog Index as of January 2 was 65.19 up from 65.05 the previous session but down from 65.59 the previous week.

The USDA estimated hog slaughter came in at 491,000 head yesterday. This brings the total for the week so far to 1.452 million head, up from 1.429 million last week at this time but down from 1.473 million a year ago.

The USDA pork cutout, released after the close yesterday, came in at \$83.10, up \$1.30 from Wednesday and up from \$80.92 the previous week. The previous low was \$81.80 on January 3. The previous high was \$83.82 on January 2.

China's national average spot pig price as of January 5 was down 0.77% from the previous day. For the week prices are down 2.02%, down 2.02% for the month and down 2.02% year to date and down 7.79% versus a year ago. Dalian live hog futures as of January 05 were down 1.2% from the previous day. For the week prices are unchanged and down 0.36% for the month and down 0.36% year to date.

### TODAY'S MARKET IDEAS:

Despite sluggish demand and heavier weights, February prices shot higher in strong technical action yesterday. Further upside gains could be seen today as futures prices closed right on the highs yesterday. February support sits at 65.00 and look for close-in resistance at 69.62 and 70.47.

### NEW RECOMMENDATIONS:

None.

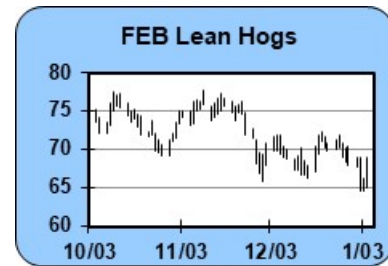
### PREVIOUS RECOMMENDATIONS:

None.

### PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (FEB) 01/05/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close above the 9-day moving average is a positive short-term indicator for trend. There could be more upside follow through since the market closed above the 2nd swing resistance. The next downside objective is now at 64.000. The next area of resistance is around 71.050 and 72.070, while 1st support hits today at 67.020 and below there at 64.000.



### 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**

LCG24	171.120	55.75	50.91	75.61	77.44	170.85	169.91	169.15	172.78	176.31
FCH24	225.650	56.13	52.00	80.74	81.21	225.56	224.79	222.81	226.02	231.35
LHG24	69.020	50.72	48.39	37.90	35.07	66.91	68.59	69.07	71.39	71.71

Calculations based on previous session. Data collected 01/04/2024

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>						
LCG24	Live Cattle	170.020	170.520	171.200	171.700	172.400
FCH24	Feeder Cattle	223.875	224.549	226.075	226.749	228.274
LHG24	Lean Hogs	63.970	67.020	68.020	71.050	72.070

Calculations based on previous session. Data collected 01/04/2024

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