



DAILY LIVESTOCK COMMENTARY

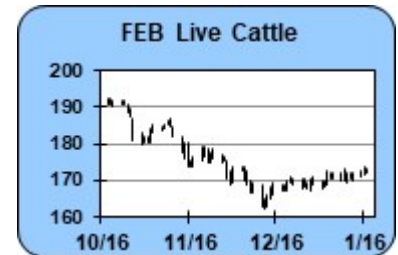
Thursday January 18, 2024

DAILY CATTLE COMMENTARY

1/18/2024

Snow and cold weather linger.

February live cattle are trading under the bullish influence of their first close above the 50-day moving average since October on Tuesday. There are still concerns that the snow and extreme cold are slowing weight gain. Some locations ranging from Nebraska to Michigan have more than a foot of snow on the ground. Sub-zero temperatures are expected to linger through the weekend across the northern half of the plains and the upper Midwest. The USDA estimated cattle slaughter came in at 118,000 head yesterday. This brings the total for the week so far to 341,000 head, up from 304,000 last week but down from 375,131 a year ago. The USDA boxed beef cutout came in at \$298.45 yesterday, up \$3.46 on the day and up from \$283.07 the previous week. This was the highest it had been since November 30. Cash live cattle trade was quiet yesterday. No trade has been reported so far this week. For Friday's Cattle on Feed Report, a Bloomberg survey shows an average trade expectation for December placements at 95.5% of last year, with a range of expectations from 91.5% to 98%. Marketings are expected at 99.3% (range 98.2%-100.7%) and January 1 on feed supply at 102% (range 101.4%-102.5%).



TODAY'S MARKET IDEAS:

Snow and extreme cold may continue to affect weight gain, and the move above the 50-day moving average this week is a bullish technical signal that leaves the next upside target at 175.45. However, trade expectations for a sharp decline in December placement in Friday afternoon's Cattle on Feed report could be setting the market up for a big surprise. Look for support at 171.80 and 170.45.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CATTLE COMPLEX TECHNICAL OUTLOOK:

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LIVE CATTLE (APR) 01/18/2024: 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. The close over the pivot swing is a somewhat positive setup. The next upside objective is 176.970. The next area of resistance is around 176.400 and 176.970, while 1st support hits today at 174.820 and below there at 173.800.

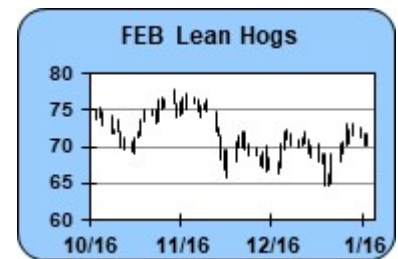
FEEDER CATTLE (MAR) 01/18/2024: Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 231.512. The next area of resistance is around 230.875 and 231.512, while 1st support hits today at 228.675 and below there at 227.113.

DAILY HOGS COMMENTARY

1/18/2024

Cold weather, strong pork market supportive short-term.

February hogs fell right to the 21-day moving average yesterday and bounced off that level with a moderate gain on the day, and this is bullish short-term action that could set the market on a path to test last week's high at 73.05 and the 100-day moving average, which it has not closed above since September. The rally off the cold weather had put the market in a short-term overbought condition, but the ongoing cold and snowy conditions could continue to provide support. The average hog weight for Iowa-Southern Minnesota as of January 13 was 291.3 pounds, down from 293.1 the previous week but up from 290 a year ago and above the five-year average at 289.9 pounds. Weights have a seasonal tendency to decline from now to mid-summer. The CME Lean Hog Index as of January 15 was 66.85, up from 66.55 the previous session and 65.83 the previous week. The USDA estimated hog slaughter came in at 489,000 head yesterday. This brings the total for the week so far to 1.321 million head, up from 1.319 million last week but down from 1.393 million a year ago. The USDA pork cutout, released after the close yesterday, came in at \$86.68, up 12 cents from Tuesday and up from \$85.30 the previous week. This was the highest it had been since November 27. China produced 57.94 million tonnes of pork in 2023, the third increase in a row and the highest in nine years. Hog prices fell last year due to lower demand and burdensome supplies, and this encouraged herd liquidation, which boosted pork production. The herd liquidation is expected to continue during the first part of this year. China's national average spot pig price was up 4.7% today, but it is down 1.6% for the month and down 6.3% from a year ago. China's economy grew 5.3% in 2023, which was above the official target. China's pork imports in December totaled 90,000 tonnes, down 54.3% from December 2022. Total imports for 2023 reached 1.55 million tonnes, which was down 11.7% from the previous year. Philippines has banned poultry imports from Japan due to an outbreak of avian flu.



TODAY'S MARKET IDEAS:

Pork market gains and cold weather in the Midwest provide near term support, but US pork production is expected to see a small but contra-seasonal increase in the first quarter, and Chinese herd liquidation could keep US export prospects down. First retracement support in February hogs comes in at 69.80, followed by 68.80. Important resistance comes in at last week's high of 73.05, followed by the 100-day moving average, currently around 73.52.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (APR) 01/18/2024: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal up is a positive indicator that could support higher prices. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 79.050. The next area of resistance is around 78.650 and 79.050, while 1st support hits today at 77.300 and below there at 76.320.

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										
LCJ24	175.620	63.94	56.25	71.20	79.28	174.89	174.17	173.66	173.76	176.48
FCH24	229.775	69.17	60.30	78.76	85.52	228.43	226.62	225.71	224.08	227.69
LHJ24	77.970	56.32	53.93	77.54	81.76	78.31	77.73	76.53	77.28	77.74

Calculations based on previous session. Data collected 01/17/2024

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						
LCJ24	Live Cattle	173.770	174.800	175.370	176.400	176.970
FCH24	Feeder Cattle	227.112	228.674	229.312	230.875	231.512
LHJ24	Lean Hogs	76.300	77.270	77.670	78.650	79.050

Calculations based on previous session. Data collected 01/17/2024

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