



DAILY LIVESTOCK COMMENTARY

Thursday February 01, 2024

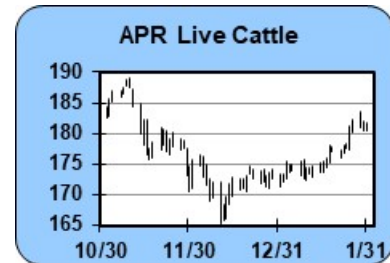
DAILY CATTLE COMMENTARY

2/1/2024

Cattle supply lowest since 1951.

While it was not a surprise, yesterday's USDA cattle inventory report could spark a resumption of the uptrend, as it confirmed that the US cattle herd continues to decline. The report showed the total number cattle of in the US as of January 1 at 87.2 million head, down 1.9% from a year ago and its lowest it has been since 1951. The number was right on the average expectation from a Bloomberg survey. The number of cows and heifers that had calved fell 2% from a year ago, and beef cow supply was down 2.5% at 28.2 million head, the lowest since 1961. The 2023 calf crop was 35.593 million head, down 2.5% from a year ago.

The USDA estimated cattle slaughter came in at 127,000 head yesterday. This brings the total for the week so far to 379,000 head, up from 366,000 last week and 372,119 a year ago. The USDA boxed beef cutout was \$1.53 lower at \$294.54 yesterday, down from \$299.50 the previous week. Cash live cattle have traded higher in Kansas this week but in light volume. There was a total of 1,013 head reported on Tuesday and Wednesday at \$176 versus a range of \$174-\$175 last week.



TODAY'S MARKET IDEAS:

The cattle inventory report came in as expected, but it also confirmed expectations of lower supply. A move through Monday's high in April cattle at 183.45 would leave additional upside targets at 184.05 and 186.675. Look for support at 176.00.

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 (APR) 02/01/2024: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is now at 179.820. The next area of resistance is around 181.250 and 182.000, while 1st support hits today at 180.170 and below there at 179.820.

FEEDER CATTLE (MAR) 02/01/2024: 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 market's close below the pivot swing number is a mildly negative setup. The near-term upside target is at 242.350. The market is becoming somewhat overbought now that the RSI is over 70. The next

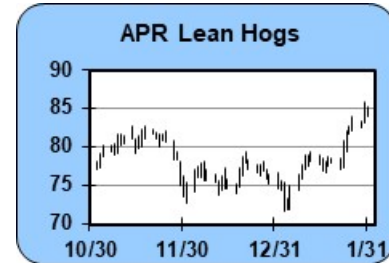
area of resistance is around 241.150 and 242.350, while 1st support hits today at 239.150 and below there at 238.350.

DAILY HOGS COMMENTARY

2/1/2024

Lofty prices but no top indicator.

April hogs held Tuesday's big gains yesterday, which is bullish technical action. Tuesday's big rally took the market to its highest level since September 20, and prices have rallied 20% off the contract low from January 2. This could leave the market vulnerable to a correction, especially if cash markets start to slip. China's national average spot pig price was down 0.7% overnight after seeing strong gains this week. Prices are up 10.4% for the week and 14% year-to-date. The stronger prices may have been due to packer buying ahead of the Lunar New Year holidays, but it also was counter to expectations for more herd culling in China. In the US, the average hog weight for Iowa-Southern Minnesota as of January 27 was 291.8 pounds, down from 292.1 the previous week but up from 286.8 a year ago. The 5-year average is 288.3 pounds. Hog weights tend to decline this time of year. The CME Lean Hog Index as of January 29 was 71.48, up from 70.60 the previous session and 68.75 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 1.473 million head, up from 1.455 million last week and 1.443 million a year ago. The USDA pork cutout, released after the close yesterday, came in at \$86.88, down 73 cents from Tuesday and down from \$88.07 the previous week.



TODAY'S MARKET IDEAS:

The steady increase in open interest on the recent rally is bullish and there has been no indicator of a top. However, the market is technically overbought after its 20% rally. April hogs have fixed their focus on 84.00, the 0.618 retracement of the decline from the contract high in 2022 to the contract low on last month. A break below there could spark some profit taking. Look for support at 81.80 and 80.50, with resistance at 86.05 and 86.52.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

PORK 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.

LEAN HOGS (APR) 02/01/2024: A bearish signal was triggered on a crossover down in the daily stochastics. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is now at 83.520. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 85.450 and 86.000, while 1st support hits today at 84.220 and below there at 83.520.

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	180.700	68.58	64.93	86.63	82.25	181.34	179.61	177.08	174.14	175.41
FCH24	240.150	74.92	70.17	89.11	90.04	239.95	236.51	231.95	225.41	227.03
LHJ24	84.820	80.66	72.76	90.34	89.95	84.10	81.90	80.01	77.54	78.29

Calculations based on previous session. Data collected 01/31/2024
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	179.800	180.150	180.900	181.250	182.000
FCH24	Feeder Cattle	238.350	239.150	240.350	241.150	242.350
LHJ24	Lean Hogs	83.500	84.200	84.750	85.450	86.000

Calculations based on previous session. Data collected 01/31/2024
Data sources can & do produce bad ticks. Verify before use.

***This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.