



DAILY LIVESTOCK COMMENTARY

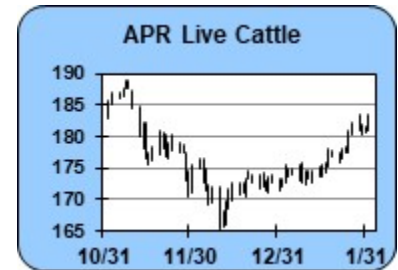
Friday February 02, 2024

DAILY CATTLE COMMENTARY

2/2/2024

Cash cattle firmer as herd gets smaller.

April cattle rallied to their highest level since Monday yesterday, but they came up short of taking out that day's 2 1/2 month high. The USDA cattle inventory report this week showed US cattle supply on January 1 was the lowest since 1951, which was as expected, but it also confirmed that the US cattle herd is shrinking. Better soil moisture in Texas and Oklahoma relative to a year ago make for better grazing for raising cattle, but as of this week, much of Kansas and a good portion of Nebraska were still experiencing moderate to severe drought. Cash live cattle trade volume picked up on Thursday, and prices were higher across the board. The 5-area weighted average price was \$177.39, up from an average of \$175.28 last week. The USDA estimated cattle slaughter came in at 126,000 head yesterday. This brings the total for the week so far to 505,000 head, up from 492,000 last week and 496,068 a year ago. The USDA boxed beef cutout was down 61 cents at mid-session yesterday but closed 40 cents higher at \$294.94. This was down from \$298.68 the previous week. The export sales report showed US beef sales for the week ending January 25 at 16,691 tonnes, down from 22,363 the previous week and below the four-week average of 18,200. Cumulative sales for 2024 have reached 192,600 tonnes, down from 224,700 a year ago and the lowest for this point in the year since 2019. The largest buyer was Japan at 5,196 tonnes, followed by China at 3,340.



TODAY'S MARKET IDEAS:

Firmer cash cattle prices this week could support a move through yesterday's high. Look for resistance at the 200-day moving average at 184.10. The next upside target is 186.70. Look for initial support at 181.75.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CATTLE COMPLEX TECHNICAL OUTLOOK:

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LIVE CATTLE (APR) 02/02/2024: A bullish signal was given with an upside crossover of the daily stochastics. Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside target is 185.200. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 184.450 and 185.200, while 1st support hits today at 181.900 and below there at 180.070.

FEEDER CATTLE (MAR) 02/02/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance.

The near-term upside objective is at 248.800. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 247.250 and 248.800, while 1st support hits today at 242.500 and below there at 239.300.

DAILY HOGS COMMENTARY

2/2/2024

Back and fill after 20% rally.

April hogs sold off sharply yesterday and gave back all their gains from the big run up on Tuesday. However, they did close well off the lows of the day, which gives the market a wide range to chop around. Yesterday's weekly export sales report was strong, but with prices up 20% since the start of the year, the market had gotten top-heavy. The report showed US pork sales for the week ending January 25 at 42,941 tonnes, up from 24,127 the previous week and the highest since December 21. Cumulative sales for 2024 have reached 354,500 tonnes, up from 318,400 a year ago but below the five-year average of 450,500. The largest buyer was Mexico at 13,443 tonnes, followed by China at 12,638. Perhaps traders were expecting China to be a bigger buyer ahead of the Lunar New Year, especially with the jump in their domestic pig prices earlier this week. Those prices have slipped the past couple of days, and the national average spot price was down 4.6% today, cutting the gains for the week to 5.3%. Prices are up 8.8% so far this year. China has allowed imports of breeding pigs from Ireland effective February 1, which seems to run counter to ideas that China's pig sector will see more liquidation. The CME Lean Hog Index as of January 30 was 72.38, up from 71.48 the previous session and 69.39 the previous week. The USDA estimated hog slaughter came in at 482,000 head. This brings the total for the week so far to 1.955 million, up from 1.935 million last week and 1.937 million a year ago. The USDA pork cutout, released after the close yesterday, came in at \$87.92, up \$1.04 from Wednesday but down from \$88.14 the previous week.



TODAY'S MARKET IDEAS:

Look for choppy action in April hogs to close out the week, as the market comes to term with a 20% rally in January that has met stiff resistance. Key support comes in at 81.80, with initial support at 82.82.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (APR) 02/02/2024: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. 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 81.470. The next area of resistance is around 84.970 and 86.350, while 1st support hits today at 82.550 and below there at 81.470.

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	183.170	76.77	70.85	86.83	87.25	181.71	180.26	177.62	174.41	175.34
FCH24	244.875	81.67	75.57	90.21	92.43	241.24	237.95	233.10	226.05	227.07
LHJ24	83.750	69.42	66.44	88.65	85.26	84.23	82.52	80.42	77.77	78.34
Calculations based on previous session. Data collected 02/01/2024										
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	180.050	181.870	182.620	184.450	185.200
FCH24	Feeder Cattle	239.300	242.500	244.050	247.250	248.800
LHJ24	Lean Hogs	81.450	82.520	83.900	84.970	86.350
Calculations based on previous session. Data collected 02/01/2024						
Data sources can & do produce bad ticks. Verify before use.						

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