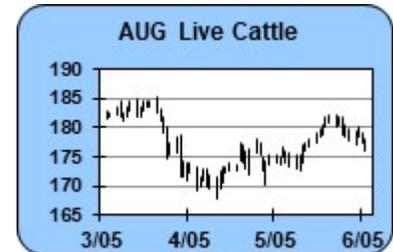




DAILY CATTLE COMMENTARY
6/7/2024

Bird flu concerns weigh on prices again

August cattle were sharply lower yesterday morning on reports of a bird flu death in Mexico and reported US dairy cattle deaths in 5 states. But prices quickly rebounded to close in the upper end of the daily range and that may be enough to result in a short covering bounce today to finish the week. The stair-step higher trend since mid-April remains intact, however, prices need to move back above 180.20 on August to resume the rally. We expect cash trade to further develop today at steady to a \$1 lower but there was trade yesterday in Kansas and Texas at \$185, with Iowa trading at \$188. The 5-day, 5-area weighted average for the week so far is 188.67. April US beef exports were 95 million tonnes, compared to 94 million last month and 97 million in April year ago. The USDA estimated cattle slaughter came in at 122,000 head yesterday. This brings the total for the week so far to 489,000 head, up from 375,000 last week at this time but down from 494,382 a year ago. The USDA boxed beef cutout was up 95 cents at mid-session yesterday and closed \$1.42 higher at \$316.21. This was up from \$314.04 the previous week.



Weekly US beef export sales for the week ending May 30 came in at 14,500 tonnes compared with the average of the previous four weeks of 16,200 tonnes. Cumulative sales for the 14.5 have reached 470,500 tonnes, up 1.0% versus last year's pace. Net sales of 14,500 MT for 2024 were down 8 percent from the previous week and 11 percent from the prior 4-week average.

TODAY'S MARKET IDEAS:

Poor weekly exports and bird flu concerns pressured prices early yesterday, but the upper range close may result in some follow through buying to end the week. Thursday's early break did not reach 50-day moving average support at 175.42, but got reasonably close, falling to 176.05. Look for resistance at 178.35 and 179.40 on August.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CATTLE COMPLEX TECHNICAL OUTLOOK:

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LIVE CATTLE (AUG) 06/07/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 175.300. The next area of resistance is around 178.450 and 179.220, while 1st support hits today at 176.500 and below there at 175.300.

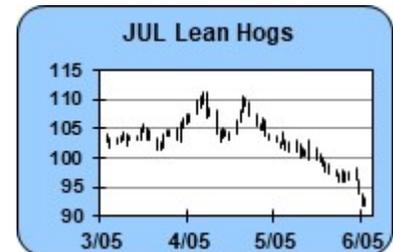
FEEDER CATTLE (AUG) 06/07/2024: A negative indicator was given with the downside crossover of the 9 and 18 bar moving average. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. The gap lower price action on the day session chart is a bearish indicator for trend. The close below the 1st swing support could weigh on the market. The next downside target is 249.538. The next area of resistance is around 254.374 and 255.637, while 1st support hits today at 251.325 and below there at 249.538.

DAILY HOGS COMMENTARY

6/7/2024

Consolidation suggests short covering bounce near

Yesterday, July hogs trading range remained inside Wednesday's price boundaries as heavy selling pressure this week finally subsided. The nearly \$20 pullback since the April highs should be about finished and we anticipate a bounce next week. July resistance is 9575 with major support down at the 2024 low at 89.87. Lower prices are encouraging some buyers as April US pork exports were 233 million tonnes, up from 219 in March and 204 in April year ago. The CME Lean Hog Index as of June 4 was 92.06, up from 91.93 the previous session and 90.79 the previous week. The USDA estimated hog slaughter came in at 470,000 head yesterday. This brings the total for the week so far to 1.916 million head, up from 1.437 million last week at this time and up from 1.852 million a year ago. The USDA pork cutout, released after the close yesterday, came in at \$99.54, up 51 cents from Wednesday but down from \$100.95 the previous week.



China's national average spot pig price as of June 7 was up 2.24% from the previous day. For the week prices are up 6.80%, up 6.80% for the month and up 29.97% year to date and up 29.25% versus a year ago. Dalian live hog futures as of June 07 were up 0.2% from the previous day. For the week prices are unchanged and down 0.03% for the month and up 6.27% year to date

US weekly pork export sales were 29,900 tonnes for the current marketing year and 32,000 tonnes for the next marketing year. Net sales of 29,900 MT for 2024 were down 33 percent from the previous week, but up 3 percent from the prior 4-week average. Increases primarily for China (8,900 MT, including decreases of 100 MT), Mexico (8,300 MT, including decreases of 300 MT), Japan (3,400 MT, including decreases of 300 MT), South Korea (2,800 MT, including decreases of 500 MT), and Canada (1,800 MT, including decreases of 600 MT), were offset by reductions for Taiwan (200 MT). Exports of 34,400 MT were down 1 percent from the previous week, but unchanged from the prior 4-week average. The destinations were primarily to Mexico (16,100 MT), Japan (5,100 MT), South Korea (3,600 MT), China (3,000 MT), and Canada (1,400 MT).

TODAY'S MARKET IDEAS:

Yesterday's consolidation trade inside Wednesday's range suggests the heavy selling pressure may be over and prices are ready for a short covering bounce. Technical indicators are deep in oversold territory. A minor rally today or Monday could give a technical buy signal and start a rebound.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (JUL) 06/07/2024: The daily stochastics gave a bullish indicator with a crossover up. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 94.200. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 93.700 and 94.200, while 1st support hits today at 92.270 and below there at 91.320.

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										
LCQ24	177.450	43.08	48.63	59.46	44.20	178.17	179.34	178.79	175.52	176.56
FCQ24	252.850	35.26	41.46	44.04	27.84	254.98	257.83	257.96	255.12	257.02
LHN24	92.970	21.67	24.72	7.74	7.80	93.84	95.50	97.66	102.42	102.85

Calculations based on previous session. Data collected 06/06/2024

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						
LCQ24	Live Cattle	175.270	176.470	177.250	178.450	179.220
FCQ24	Feeder Cattle	249.537	251.324	252.587	254.374	255.637
LHN24	Lean Hogs	91.300	92.250	92.750	93.700	94.200

Calculations based on previous session. Data collected 06/06/2024

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