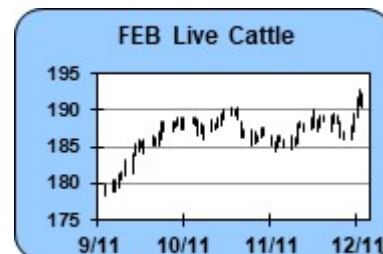


DAILY CATTLE COMMENTARY

12/16/2024

USDA says border agreement in place, waiting on inspection pens

Friday morning we mentioned the US/Mexico border was reopening based on a prominent Mexico City daily newspaper, La Jornada, publishing an article indicating the US and Mexico had made an agreement on inspection protocols. USDA confirmed the agreement Friday but said they are waiting for USDA-approved holding pens to be set up for inspectors to check and treat Mexican cattle for screwworm before they cross the border into the US. The US Ag Undersecretary said US cattle imports were likely to resume before the holidays, but those comments have been walked back this morning and the USDA chief veterinarian now says it will likely be the 1st of the year before border crossings start again. Live cattle focused on the strong cash trade last week and the bullish technical breakout and February live cattle closed at its highest since March 21. Further gains to the upside look likely. CFTC data showed Managed Money net longs in live cattle hit a 5-year high and a 13-year high in feeders as of Tuesday of last week. Cash cattle trade Friday was in line with trade earlier in the week and the 5 - area, 5 - day weighted average for the week ended strong at 194.03, up from 190.86 the previous week. The estimated average dressed cattle weight for the week ending December 14 is 868 pounds, unchanged from 868 the previous week and up from 850 a year ago. The 5-year average weight for that week is 839 pounds. Estimated beef production last week was 527.2 million pounds, down from 548.7 million a year ago. The USDA estimated cattle slaughter came in at 115,000 head Friday and 5,000 head for Saturday. This brought the total for last week to 609,000 head, down from 614,000 the previous week and down from 647,172 a year ago. The USDA boxed beef cutout was up 66 cents at mid-session Friday and closed \$1.15 higher at \$316.39.



The Commitments of Traders report for the week ending December 10th showed Cattle Managed Money traders net bought 3,908 contracts and are now net long 126,308 contracts. CIT traders are net long 90,526 contracts after net buying 397 contracts. Non-Commercial No CIT traders added 5,324 contracts to their already long position and are now net long 98,306. Non-Commercial & Non-Reportable traders net bought 5,440 contracts and are now net long 108,241 contracts.

TODAY'S MARKET IDEAS:

The announcement of a border agreement with Mexico to control the screwworm infection pushed feeders down Friday while strong cash cattle prices sent live cattle higher. The technical outlook on February live cattle remains positive after last week's strong close and further gains are likely. Next significant resistance is 194.85.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 12/3/2024 - 12/10/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Livestock						
Feeder Cattle	18,358	-78	-6,683	+124	-11,675	-45
Cattle	144,122	+5,152	-108,241	-5,441	-35,881	+288

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) 12/16/2024: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal up on the daily chart is somewhat positive. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 193.520. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 192.950 and 193.520, while 1st support hits today at 191.100 and below there at 189.800.

FEEDER CATTLE (JAN) 12/16/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The next downside target is 254.994. The next area of resistance is around 258.987 and 260.343, while 1st support hits today at 256.313 and below there at 254.994.

DAILY HOGS COMMENTARY

12/16/2024

US pork production down 4.8% year-to-date

February hogs rallied Friday and closed strong, after bouncing off moving average support last week. CFTC data showed funds reduced their record net longs by slightly less than 3000 contracts as of Tuesday of last week, indicating there has not been significant long liquidation yet, despite the recent pullback of the last 2 weeks. Support at 83.75 is the key level the market must hold to avoid further fund long liquidation. CME Lean Hog Index as of December 11 was 83.92, up 0.31 for the day and down -0.01 versus a week ago. This is the highest since December 6. The USDA estimated hog slaughter came in at 474,000 head Friday and 163,000 head for Saturday. This brought the total for last week to 2.573 million head, down from 2.602 million the previous week and down from 2.695 million a year ago. Estimated US pork production for the week ending December 14 is 554.6 million pounds, down from 559.5 the previous week and down from 582.8 a year ago. The USDA pork cutout, released after the close Friday, came in at \$94.12, up \$2.32 from Thursday and up from \$90.37 the previous week.



The December 10th Commitments of Traders report showed Hogs Managed Money traders reduced their net long position by 2,748 contracts to a net long 130,759 contracts. CIT traders added 3,722 contracts to their already long position and are now net long 118,444. Non-Commercial No CIT traders were net long 91,719 contracts after increasing their already long position by 176 contracts. Non-Commercial & Non-Reportable traders are net long 128,136 contracts after net selling 2,950 contracts.

TODAY'S MARKET IDEAS:

February hogs held key support last week and may be headed for another test of the contract highs at 89.60. Minor resistance at the 50% retracement to the contract highs made in late November is 86.67 with 0.618% at 87.35. Managed Money traders continue to hold their record net long and until prices breach support and trigger aggressive long liquidation, the bull camp retains the edge.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 12/3/2024 - 12/10/2024

Non-Commercial

Commercial

Non-Reportable

	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Livestock						
Hogs	150,192	-1,374	-128,136	+2,950	-22,056	-1,576

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 (FEB) 12/16/2024: The market now above the 40-day moving average suggests the longer-term trend has turned up. A negative indicator was given with the downside crossover of the 9 and 18 bar moving average. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day up and close above the previous day's high is a positive signal. Market positioning is positive with the close over the 1st swing resistance. The next downside objective is now at 83.020. The next area of resistance is around 86.750 and 87.650, while 1st support hits today at 84.450 and below there at 83.020.

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										
LCG25	192.020	70.47	66.11	67.32	77.72	190.82	188.91	188.46	187.74	187.49
FCF25	257.649	59.88	61.90	68.29	63.10	258.09	257.24	256.44	249.19	247.27
LHG25	85.600	49.50	51.50	42.04	32.02	84.76	85.93	85.97	84.60	83.21

Calculations based on previous session. Data collected 12/13/2024

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						
LCG25	Live Cattle	189.770	191.070	191.650	192.950	193.520
FCF25	Feeder Cattle	254.993	256.312	257.668	258.987	260.343
LHG25	Lean Hogs	83.020	84.420	85.320	86.750	87.650

Calculations based on previous session. Data collected 12/13/2024

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.