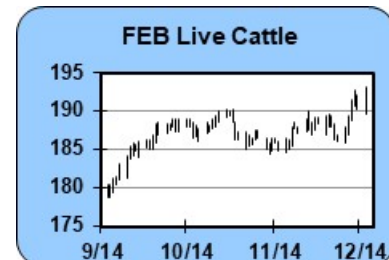


DAILY CATTLE COMMENTARY

12/17/2024

Reversal lower may spark fund long liquidation

February live cattle had a significant outside reversal down yesterday on the chart having hit its highest level since late March early in the session before closing sharply lower near the lows the day. The weak technical action is worrisome as managed money is holding their heaviest net long positions since 2019. Further weakness today could trigger aggressive fund long liquidation. Cash trade was reported in the north at 195.50, mostly steady with last week. The 5 - area, 5 - day weighted average for the week is now 194.18, up from 190.86 at the end of last week. Showlist sizes this week are expected down 4127 head in Texas to 75,785, down 3989 head in Kansas at 78,070 and down 6625 in Nebraska/Colorado to 54,283. The USDA estimated cattle slaughter came in at 118,000 head Monday. This was down from 119,000 last week and down from 123,745 a year ago. The USDA boxed beef cutout was down 72 cents at mid-session Monday and closed 98 cents higher at \$317.37. This was up from \$314.14 the previous week.



TODAY'S MARKET IDEAS:

The bull camp got a warning shot across the bow yesterday with a significant downside reversal in February live cattle. A lower close today would confirm a potential pullback is ready to begin and weaken the technical outlook. The downside reversal's significance is enhanced due to the fact managed money traders are holding a historically large net long position.

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 (FEB) 12/17/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. The outside day down is a negative signal. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next upside objective is 194.200. The next area of resistance is around 191.700 and 194.200, while 1st support hits today at 188.250 and below there at 187.270.

FEEDER CATTLE (JAN) 12/17/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 252.507. The next area of resistance is around 257.437 and 260.056, while 1st support hits today at 253.663 and below there at 252.507.

DAILY HOGS COMMENTARY

12/17/2024

Feb closes below 50-dma for 1st time since August

February hogs weakened sharply yesterday and for the 1st time since August, closed below the 50-day moving average. The previous pullback in November had a low of 82.10 and if prices weaken further below that level, the risk of fund long liquidation rises significantly. Weekly kills have been below expectations, but all-time high open interest and record fund longs could overwhelm any bullish fundamentals and push the market down for a deeper correction. CME Lean Hog Index as of December 12 was 83.90, down -0.02 for the day and up 0.17 versus a week ago. The USDA estimated hog slaughter came in at 487,000 head Monday. This was down from 489,000 last week but up from 479,223 a year ago. The USDA pork cutout, released after the close Monday, came in at \$95.56, up \$1.44 from Friday and up from \$93.10 the previous week.



TODAY'S MARKET IDEAS:

February hogs finally took out last week's moving average support level and closed below it for the 1st time in 4 months. The November low at 82.10 is now key support and the bull camp has to be worried that a move below that level could trigger heavy technical long liquidation and push prices down to longer-term support at 79.00.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (FEB) 12/17/2024: The major trend has turned down with the cross over back below the 40-day moving average. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day down is somewhat negative. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 80.170. The next area of resistance is around 85.500 and 88.020, while 1st support hits today at 81.600 and below there at 80.170.

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	189.950	56.22	56.43	68.00	69.37	191.06	189.01	188.57	187.78	187.59
FCF25	255.550	49.92	55.36	62.37	50.52	257.65	256.83	256.64	249.38	247.58
LHG25	83.520	37.96	43.31	36.41	25.14	84.50	85.46	86.01	84.65	83.31

Calculations based on previous session. Data collected 12/16/2024

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	187.250	188.220	190.720	191.700	194.200
FCF25	Feeder Cattle	252.506	253.662	256.281	257.437	260.056
LHG25	Lean Hogs	80.150	81.570	84.070	85.500	88.020

Calculations based on previous session. Data collected 12/16/2024

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