

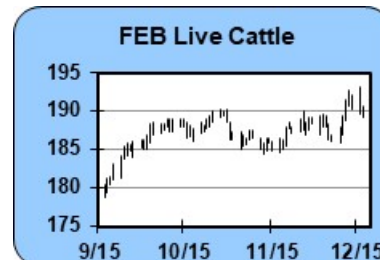
DAILY CATTLE COMMENTARY

12/18/2024

Downside reversal suspect due to low trading volume

February live cattle closed slightly lower yesterday after the significant reversal down on Monday. We are a bit suspicious of the reversal down since yesterday's volume was relatively weak and did not show any acceleration of fund liquidation. However, for now, with end of the year approaching and very heavy fund net longs, rallies may run into significant resistance. China's customs says November beef imports were 260,000 tonnes, up 10.4% year-over-year with year-to-date beef imports now at 4.3% above a year ago at 2.6 million tonnes. USDA's cattle on feed report will be released Friday afternoon and the pre-report estimates have On Feed at 99.9% (range of 99.4% to 100.6%) versus last year at 102.4%. Placement average estimate is 96.1% (range of 92.6% to 98.9%) versus last year at 98.1%. The average estimate for Marketings is 98.1% with a range of 96.6% to 98.7%. Last year at this time was 92.5%. There was 1 less weekday this November than a year ago.

Packers will be buying for a short Christmas week. USDA reported light cash trade in Kansas yesterday steady with last week at 190 - 191.5. The 5 - area, 5 - day weighted average for the week is now 194.50, up from 194.03 at the end of last week. USDA estimated cattle slaughter came in at 123,000 head Tuesday. This brings the total for the week so far to 241,000 head, up from 239,000 last week at this time but down from 247,465 a year ago. The USDA boxed beef cutout was up 43 cents at mid-session Tuesday and closed \$1.74 lower at \$315.63. This was up from \$311.73 the previous week.



TODAY'S MARKET IDEAS:

Yesterday's lower close did technically confirm Monday's downside reversal but trading volume was the lowest in the last 12 sessions, which gives less credence to the bearish signal. Even so, technical traders are likely to be looking to exit positions on a bounce which could cap rallies until Friday afternoon's cattle on feed report.

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) 12/18/2024: The daily stochastics have crossed over down which is a bearish indication. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is positive on the close above the 9-day moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 188.570. The next area of resistance is around 190.400 and 191.150, while 1st support hits today at 189.120 and below there at 188.570.

FEEDER CATTLE (JAN) 12/18/2024: The downside crossover of the 9 and 18 bar moving average is a negative signal. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The intermediate trend could be turning up with the close back above the 18-day moving average. 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 next downside objective is 254.125. The next area of resistance is around 258.850 and 259.625, while 1st support hits today at 256.100 and below there at 254.125.

DAILY HOGS COMMENTARY

12/18/2024

China's year-to-date pork imports down 32.7% year-over-year

February hogs yesterday remained inside Monday's large trading range but closed slightly weaker. This marks the 2nd close below the 50-day moving average but 82.10, the November low, remains critical support. A drop below that level would significantly weaken the outlook. China's November pork imports were 90,000 tonnes, according to Chinese customs data, down 1.2% year-over-year and year-to-date imports are down 32.7% from year ago to 980,000 tonnes. CME Lean Hog Index as of December 13 was 83.84, down -0.06 for the day and up 0.38 versus a week ago. The USDA estimated hog slaughter came in at 488,000 head Tuesday. This brings the total for the week so far to 975,000 head, down from 977,000 last week at this time but up from 967,808 a year ago. The USDA pork cutout, released after the close Tuesday, came in at \$94.17, down \$1.14 from Monday but up from \$92.56 the previous week.



TODAY'S MARKET IDEAS:

The market is putting the bull camp to the test with recent weak technical action. But so far, February Hogs are holding the November low key support at 82.10. A drop below that level could trigger heavy technical long liquidation and push prices down to longer-term support at 79.00. Initial resistance now stands at 85.75.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (FEB) 12/18/2024: The close below the 60-day moving average is an indication the longer-term trend has turned down. 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 market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 81.750. The next area of resistance is around 84.020 and 85.020, while 1st support hits today at 82.400 and below there at 81.750.

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 | 189.750 | 54.85 | 55.47 | 66.43 | 63.29 | 190.65 | 189.17 | 188.67 | 187.80 | 187.68 |
| FCF25 | 257.475 | 57.25 | 59.57 | 57.81 | 48.68 | 257.26 | 256.88 | 256.92 | 249.60 | 247.91 |

LHG25 83.200 36.33 42.08 30.62 19.04 84.21 85.11 85.94 84.72 83.39

Calculations based on previous session. Data collected 12/17/2024

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 | 188.550 | 189.100 | 189.850 | 190.400 | 191.150 |
| FCF25 | Feeder Cattle | 254.125 | 256.100 | 256.875 | 258.850 | 259.625 |
| LHG25 | Lean Hogs | 81.720 | 82.370 | 83.370 | 84.020 | 85.020 |

Calculations based on previous session. Data collected 12/17/2024

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