

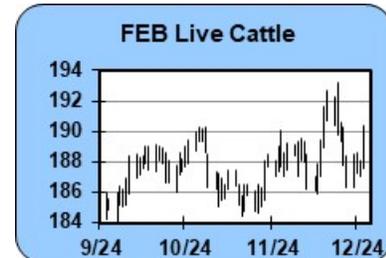
DAILY CATTLE COMMENTARY

12/27/2024

China launches beef import probe after prices hit a 5-year low

Cattle traders came back from the Christmas break in a bullish mood and prices were surprisingly strong yesterday in live cattle and feeder cattle. February live cattle nearly touched the 61.8% retracement to the mid-December highs which stands at 190.57. A move above that level would suggest a challenge of the highs at 193.22. Weekly export sales this morning were well below guesses. China said they are launching a probe into beef imports, which mainly come from Brazil, Argentina and Australia, due to China's beef prices hitting a 5-year low this week.

Cash trade has been light so far this holiday week and additional cash business is expected sometime today. Packer bids yesterday in the north were \$190, down \$1 on the week, but those bids were mostly passed, although there was some trade reported in Kansas at that price. The 5 - area, 5 - day weighted average the week now stands at 194.23, down from 194.39 the end of last week. The USDA estimated cattle slaughter came in at 119,000 head Thursday. This brings the total for the week so far to 275,000 head, down from 485,000 last week at this time and down from 341,506 a year ago. The USDA boxed beef cutout was up \$3.84 at mid-session Thursday and closed \$4.41 higher at \$320.39. This was up from \$315.63 the previous week.



U.S. beef export sales for the week ending December 19 came in at 1,100 tonnes, down 81% from the average of the previous four weeks. Cumulative sales have reached 850,600 tonnes, up 1.8% versus last year's pace.

TODAY'S MARKET IDEAS:

Aggressive buying from the get-go was the feature yesterday in the cattle markets. Managed Money defended their heavy long positions after the small break earlier this week. Until February live cattle prices break support at 186.27, funds are likely to continue to hold and even add to their long positions. Look for prices to test the close-in retracement target of 190.57 today.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CATTLE COMPLEX TECHNICAL OUTLOOK:

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LIVE CATTLE (FEB) 12/27/2024: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. The daily stochastics gave a bullish indicator with a crossover up. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside target is at 192.350. The next area of resistance is around 191.500 and 192.350, while 1st support hits today at 188.700 and below there at 186.720.

FEEDER CATTLE (JAN) 12/27/2024: The daily stochastics have crossed over up which is a bullish indication. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The intermediate trend could be turning up with the close back above the 18-day moving average. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside target is at 262.443. The next area of resistance is around 261.187 and 262.443, while 1st support hits today at 257.413 and below there at 254.894.

DAILY HOGS COMMENTARY

12/27/2024

Weekly export sales well below guesses

Unlike live cattle and feeders, hog prices yesterday traded like it was a holiday week and featured very low trading volume and a small trading range. February hog prices remain range-bound between the key mid-December low at 82.67 and the highs earlier this week at 86.07. If prices fall below the lower boundary, fund liquidation could be a significant bearish factor. If traders can push the market above this week's highs a test of the late November high of 89.60 would be possible. Weekly export sales this morning were well below the average of the past month and may put some pressure on this morning's opening. The USDA estimated hog slaughter came in at 490,000 head Thursday. This brings the total for the week so far to 1.151 million head, down from 1.950 million last week at this time and down from 1.423 million a year ago. The USDA pork cutout, released after the close Thursday, came in at \$95.03, up \$1.20 from Monday and up from \$94.17 the previous week. The previous low was \$93.83 on December 23. The previous high was \$96.92 on December 20.



U.S. pork export sales for the week ending December 19 came in at 7,100 tonnes compared with the average of the previous four weeks of 35,100 tonnes. Cumulative sales for the 2024 marketing year have reached 1,747,300 tonnes, down 3.0% versus last year's pace.

TODAY'S MARKET IDEAS:

February hog prices remain inside Monday's trading range and a breakout above Monday's high or a drop below the mid-December low will dictate the direction of the next price leg. Monday's high this week of 86.07 touched the 50% retracement resistance to the November high. But until the market falls below the 82.67 low set 10 days ago, funds are not likely to bail out of any significant portion of their near record net longs.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (FEB) 12/27/2024: 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. The market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 85.200. The next area of resistance is around 84.700 and 85.200, while 1st support hits today at 83.720 and below there at 83.220.

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	190.070	57.75	56.11	37.45	37.51	188.33	188.88	188.67	187.85	187.91
FCF25	259.300	62.35	61.36	40.55	47.95	256.84	256.61	256.88	251.20	249.69
LHG25	84.200	45.56	47.29	28.23	29.86	84.72	84.28	85.24	85.11	84.02

Calculations based on previous session. Data collected 12/26/2024

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	186.700	188.670	189.520	191.500	192.350
FCF25	Feeder Cattle	254.893	257.412	258.668	261.187	262.443
LHG25	Lean Hogs	83.200	83.700	84.200	84.700	85.200

Calculations based on previous session. Data collected 12/26/2024

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