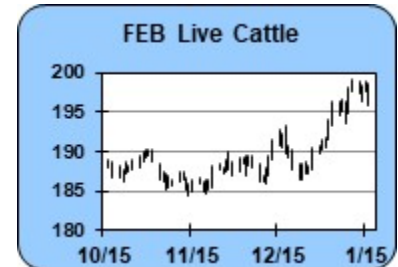


DAILY CATTLE COMMENTARY

1/17/2025

Long liquidation before inauguration and the holiday weekend

Reminder - Meat futures markets will be closed Monday for the Martin Luther King holiday. February live cattle weakened sharply yesterday, and the break may be tied to long liquidation before Trump's inauguration on Monday. Cash cattle trade was active yesterday with prices at 200 - 201 in the South and 202 - 205 in the north. The 5 - area, 5 - day weighted average for the week is now 202.76, up from 202.22 at the end of last week. CFTC data this afternoon is expected to show an increase in the already large managed money net long position, leaving the market vulnerable to bouts of long liquidation like we saw Thursday. Look for initial pullback support at 194.25 on February. The USDA estimated cattle slaughter came in at 122,000 head Thursday. This brings the total for the week so far to 488,000 head, up from 474,000 last week at this time and up from 453,912 a year ago. The USDA boxed beef cutout was down 95 cents at mid-session Thursday and closed 73 cents lower at \$333.41. This was up from \$330.78 the previous week.



TODAY'S MARKET IDEAS:

Thursday's weakness in live cattle and feeders appeared to be tied to long liquidation after prices failed to take out last week's high on Wednesday. Cash trade remains very strong, but stochastics had reached overbought levels and turned lower yesterday. Uncertainty over Trump's inauguration Monday and the 3-day holiday weekend may encourage additional long liquidation today. A short-term pullback may be starting after the strong rally of more than \$13.00 on February live cattle since December 20th.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CATTLE COMPLEX TECHNICAL OUTLOOK:

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LIVE CATTLE (APR) 01/17/2025: The daily stochastics have crossed over down which is a bearish indication. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The close below the 9-day moving average is a negative short-term indicator for trend. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is now at 195.250. The next area of resistance is around 198.950 and 200.370, while 1st support hits today at 196.400 and below there at 195.250.

FEEDER CATTLE (MAR) 01/17/2025: The daily stochastics gave a bearish indicator with a crossover down. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 263.500. Short-term indicators on the defensive. Consider selling an intraday bounce. The next area of resistance is around 269.850 and 272.000, while 1st support hits today at 265.600 and below there at 263.500.

DAILY HOGS COMMENTARY

1/17/2025

Germany expected to lift emergency foot and mouth ordinance today

The hog market will be closed on Monday for the Martin Luther King holiday. February hogs turned down yesterday on liquidation before the 3-day holiday weekend and uncertainty regarding Trump's inauguration on Monday while the market is closed. Germany says they have detected no new cases of foot and mouth disease and the emergency ordinance to stop the spread will be lifted at the end of today. This may result in some hog market pressure on the opening this morning. Look for retracement support on February hogs at 81.15. China's 2024 pork output fell 1.5% year-over-year to 57.06 million metric tonnes, the 1st yearly drop in 4 years. CME Lean Hog Index as of January 14 was 81.10, up 0.11 for the day and up 0.05 versus a week ago. The USDA estimated hog slaughter came in at 488,000 head Thursday. This brings the total for the week so far to 1.935 million head, up from 1.901 million last week at this time and up from 1.787 million a year ago. The USDA pork cutout, released after the close Thursday, came in at \$89.45, down 33 cents from Wednesday but up from \$88.97 the previous week. The previous low was \$89.04 on January 14. The previous high was \$89.78 on January 15.



TODAY'S MARKET IDEAS:

After closing weak yesterday, February hog prices may see additional pressure today before Trump's inauguration and the 3-day holiday weekend. In addition, Germany is expected to lift their emergency foot and mouth ordinance after today, reducing the chance for a bump up in US exports. CFTC data this afternoon is likely to show an increase in the already near record large managed money longs. Initial retracement support is 81.15 but an extended break could push prices down to last week's gap at 80.00.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (APR) 01/17/2025: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Rising stochastics at overbought levels warrant some caution for bulls. 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 near-term upside target is at 91.770. The next area of resistance is around 91.120 and 91.770, while 1st support hits today at 89.950 and below there at 89.400.

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										
LCJ25	197.670	58.12	60.10	87.74	85.99	198.34	197.96	195.35	192.03	191.11
FCH25	267.725	59.84	61.94	85.03	83.39	268.41	267.75	263.95	257.72	253.74

LHJ25 90.520 64.73 59.46 64.84 81.20 90.34 88.23 88.23 89.08 88.80

Calculations based on previous session. Data collected 01/16/2025

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						
LCJ25	Live Cattle	195.220	196.370	197.800	198.950	200.370
FCH25	Feeder Cattle	263.500	265.600	267.750	269.850	272.000
LHJ25	Lean Hogs	89.370	89.920	90.570	91.120	91.770

Calculations based on previous session. Data collected 01/16/2025

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