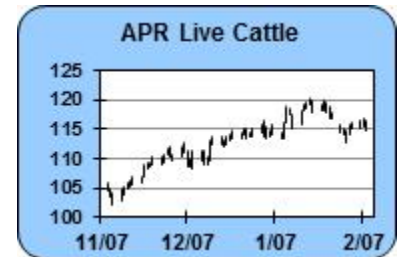




DAILY CATTLE COMMENTARY
02/09/17

June at 105 and cash at 120? Should slow selling interest

With June cattle trading near \$105, news that cash cattle in Texas and Kansas traded \$120 might be a factor to limit new selling interest. June cattle closed sharply lower on the session and experienced the lowest close since February 1st. Weakness in the beef market and more talk of the overbought condition plus ideas that the chart pattern is still bearish helped to pressure. The Fed Cattle Exchange had 6,220 head offered with 3,616 head sold at an average price of \$117.60 from near \$119 last week. USDA boxed beef cutout values were down 15 cents at mid-session yesterday and closed 53 cents lower at \$189.43. This was down from \$193.75 the prior week and the lowest beef market since January 12th. The USDA estimated cattle slaughter came in at 112,000 head yesterday. This brings the total for the week so far to 333,000 head, down from 337,000 last week at this time but up from 324,000 a year ago. First quarter beef production is expected to be down 565 million pounds from the fourth quarter which is the largest drop on record (see chart in research library in futures-research.com). The previous record drop was 2014 when April futures in 2014 rallied sharply from February to April.



TODAY'S MARKET IDEAS:

A clash of bearish and bullish forces should keep the market volatile. A cash trade at \$120 hurts packer margins but after the market became use to a base of supply for the 4th quarter of 2016, the shift to a much lower base of production has helped to support. June cattle close-in support is at 105.02 and 104.65. Another close over 106.52 and especially 107.25 leaves 112.00 as a longer-term target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CATTLE COMPLEX TECHNICAL OUTLOOK:

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

LIVE CATTLE (APR) 02/09/2017: The close below the 40-day moving average is an indication the longer-term trend has turned down. A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies trending lower at mid-range could accelerate a price break 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 113.300. The next area of resistance is around 115.650 and 116.950, while 1st support hits today at 113.850 and below there at 113.300.

FEEDER CATTLE (MAR) 02/09/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is negative as the close remains below the 9-day moving average. The defensive setup, with the close under the 2nd swing support, could cause some early weakness.

MEAT COMPLEX

LCJ7	114.750	40.81	45.40	37.07	35.82	115.63	115.33	117.06	115.10	113.66
FCH7	122.300	33.14	38.44	25.62	20.77	123.41	123.73	126.76	126.00	124.80
LHJ7	71.720	67.00	64.21	78.20	86.35	71.34	69.98	69.35	68.01	66.37

Calculations based on previous session. Data collected 02/08/2017

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						
LCJ7	Live Cattle	113.270	113.820	115.120	115.650	116.950
FCH7	Feeder Cattle	120.418	121.112	122.793	123.487	125.168
LHJ7	Lean Hogs	70.450	71.020	71.820	72.400	73.200

Calculations based on previous session. Data collected 02/08/2017

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.