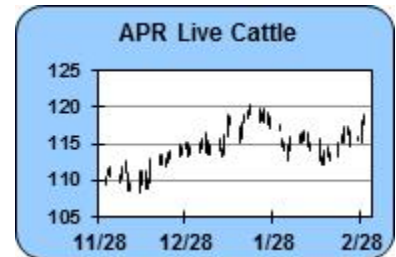




DAILY CATTLE COMMENTARY
03/02/17

Cash tone could stay strong for several more weeks; firm

The weak close might attract some technical selling short-term as the showlist is higher this week and traders see bigger supply hitting the market in the April-June time frame. However, the stiff discount of futures to cash could limit the downside. The shift in production into the second quarter is a potential bearish force but the market should see tight supply well into March as the market is seeing the largest drop in production on record from the 4th quarter to the 1st quarter production. USDA boxed beef cutout values were up \$2.02 at mid-session yesterday and closed \$1.85 higher at \$206.58. This was up from \$194.53 the prior week and up to the highest level since July 11th. The USDA estimated cattle slaughter came in at 115,000 head yesterday. This brings the total for the week so far to 346,000 head, up from 331,000 last week at this time and up from 319,000 a year ago.



April cattle closed moderately lower on the session yesterday and down 170 points from the early highs. The outlook for relatively tight market-ready supply in the weeks ahead plus economic news which is near ideal for consumer beef demand helped to support the early rally to the highest level since January 25th. The Consumer Confidence Index in February hit 114.8 which is the highest reading since July of 2001. Consumer confidence is a big factor for high-end beef cut demand and for restaurant sales. The Fed Cattle Exchange showed 2,855 head sold yesterday at an average price of \$124.99. Cash cattle in the plains last week sold at \$124-\$125.

TODAY'S MARKET IDEAS:

The relatively tight supply of market-ready animals for March plus improving demand readings are positive forces. April cattle short-term support levels come in at 116.32 and 115.55 with resistance at 118.15. Consider buying April cattle with 120.32 and maybe 123.47 as next upside targets.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Short April cattle 114.00 put from 197 with an objective of zero. Risk to 265.

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) 03/02/2017: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal down puts the market on the defensive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 119.350. The next area of resistance is around 118.300 and 119.350, while 1st support hits today at 116.850 and below there at 116.420.

FEEDER CATTLE (MAR) 03/02/2017: 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 downside closing price reversal on the daily chart is somewhat negative. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside target is at 126.381. The next area of resistance is around 125.287 and 126.381, while 1st support hits today at 123.713 and below there at 123.232.

DAILY HOGS COMMENTARY

03/02/17

Technical recovery bounces possible but supply news negative

The market is oversold and the basis is very wide and this may attract some short-term buying. However, the supply fundamentals look bearish ahead. April hogs closed moderately higher on the session yesterday and managed the highest close since February 21st. USDA pork cutout values, released after the close yesterday, came in at \$80.77, down 90 cents from Tuesday but up from \$79.76 the previous week. Weekly average weights for Iowa-Southern Minnesota as of February 25th came in at 281.2 pounds, down from 281.3 the previous week and down from 284.7 pounds last year. Weights suggest that producers are current. The oversold technical condition was also seen as a positive short-term force. The CME Lean Hog Index as of February 27th was 75.89, down 83 cents from the previous session and down from 77.24 the previous week. The USDA estimated hog slaughter came in at 443,000 head yesterday. This brings the total for the week so far to 1.326 million head, up from 1.319 million last week at this time and up from 1.278 million a year ago. The drop-off in production from the 1st quarter to the second quarter is expected to be just 55 million pounds which is the smallest decline since 2002 and compares with a drop of 268 million pounds last year. June 2002 hogs posted a contract high in early February at 68.20 and hit a contract low in late May at 45.65.



TODAY'S MARKET IDEAS:

The big discounts might suggest that traders wait for technical recovery bounces to sell. April hog resistance is at 69.35 and 70.12. Key support levels are back at 65.95 and 63.85. June resistance is at 78.67.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

1) Short June hog 84.00 call from 220 with an objective of zero. Risk to 225. 2) Long June Hog 74.00 put from 237, and short the June hog 70.00 put from 170 points. Look to buy back short June 70.00 put at 77.

PORK 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.

LEAN HOGS (APR) 03/02/2017: The cross over and close above the 60-day moving average indicates the longer-term trend has turned up. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside target is now at 66.950. The next area of resistance is around 69.100 and 69.670, while 1st support hits today at 67.750 and below there at 66.950.

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										
LCJ7	117.570	62.34	58.53	67.30	76.78	116.49	115.78	115.13	115.93	114.98
FCH7	124.500	51.32	49.89	63.68	69.32	123.78	124.20	123.74	125.69	125.42
LHJ7	68.400	46.13	47.57	32.57	30.97	68.04	68.61	69.80	68.90	68.19

Calculations based on previous session. Data collected 03/01/2017

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	116.400	116.820	117.870	118.300	119.350
FCH7	Feeder Cattle	123.231	123.712	124.806	125.287	126.381
LHJ7	Lean Hogs	66.920	67.720	68.300	69.100	69.670

Calculations based on previous session. Data collected 03/01/2017

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.