



## DAILY LIVESTOCK COMMENTARY

Thursday March 30, 2017

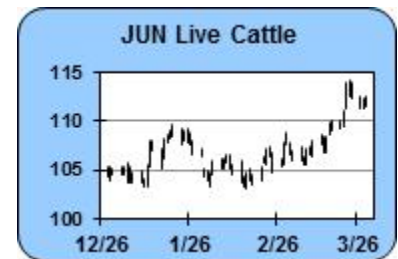
### DAILY CATTLE COMMENTARY

03/30/17

#### More and more supply ahead to absorb; beef trend down

The supply outlook in the weeks ahead should continue to weigh on beef and cash cattle markets but the trade is still attempting to deal with a massive discount of futures to the cash market. Given the supply outlook, rallies still look like selling opportunities. The market pushed moderately higher on the day going into the midsession yesterday as traders see cash markets only slightly lower this week, which might boost short-covering support given the massive discount of futures to the cash market. There were 3,963 head of cattle offered at the Fed Cattle Exchange this week. Only 1,898 head sold at an average price of \$131.17. Some cattle sold in Texas and Kansas this week at \$123-\$126 from \$130 last week.

Packer bids are at \$126 with offers at \$133. Talk that packers have plenty of contracted cattle to draw on into next week might keep packer demand slow for new inventory. USDA boxed beef cutout values were down 50 cents at mid-session yesterday and closed \$2.65 lower at \$216.92. This was down from \$223.00 the prior week. The USDA estimated cattle slaughter came in at 114,000 head yesterday. This brings the total for the week so far to 345,000 head, down from 348,000 last week at this time but up from 321,000 a year ago.



#### TODAY'S MARKET IDEAS:

The trend is turning down and traders await to see just how fast the cash market comes down. Beef prices are trending lower and reached the lowest level since March 9th. Resistance for June cattle comes in at 112.72 and 113.07. June cattle looks vulnerable to a significant break over the near-term. Support is at 109.97 and 108.67. Sell rallies.

#### NEW RECOMMENDATIONS:

\* Sell June cattle 113.00 call at 307 with an objective of zero. Risk 105 points from entry.

#### 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 (JUN) 03/30/2017:** Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The close over the pivot swing is a somewhat positive setup. The next downside objective is now at 110.950. The next area of resistance is around 112.350 and 113.020, while 1st support hits today at 111.320 and below there at 110.950.

**FEEDER CATTLE (MAY) 03/30/2017:** Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The market's short-term trend is positive on the close above the 9-day moving average. There could be more upside follow through since the market closed above the 2nd swing resistance. The next downside objective is 130.632. The next area of resistance is around 134.412 and

135.381, while 1st support hits today at 132.038 and below there at 130.632.

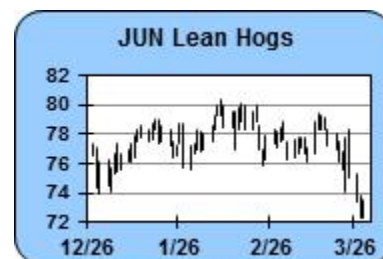
## DAILY HOGS COMMENTARY

03/30/17

### USDA update today should set short-term direction

With the oversold technical condition, the market could see a bounce but the overall trend looks to remain down given the large short-term supply issue. The export pace may be a key price variable over the near-term. For the USDA Hogs and Pigs report today, traders see March 1st supply at 103.9% of last year (range of 102.6-105) with Kept for Breeding supply at 101.8% (range of 101.4-102.3) and Kept for Market supply at 104% of last year (range of 102.7-105.1).

Nearby contracts saw choppy trade without much change on the session yesterday, but deferred contracts came under heavy selling pressure with December hogs breaking below the February lows and pushing down to the lowest since December. The market experienced a strong bounce early in the session and tested Tuesday's highs, but the market lacked new buying interest and sold off to trade lower. The cash market trend is down and average weekly weight data was a bit negative.



Weekly average weights for Iowa-Southern Minnesota as of March 25 came in at 282.4 pounds, up from 281.6 the previous week and down from 283.5 pounds last year. USDA pork cutout values, released after the close yesterday, came in at \$75.83, down \$1.20 from Tuesday and down from \$78.58 the previous week. This is the lowest pork value since December 14th. The CME Lean Hog Index as of March 27th was 69.78 down 46 cents from the previous session and down from 71.48 the previous week. The USDA estimated hog slaughter came in at 442,000 head yesterday. This brings the total for the week so far to 1.328 million head, up from 1.326 million last week at this time and up from 1.168 million a year ago.

### TODAY'S MARKET IDEAS:

The market remains in a steep downtrend but the results of the Hogs and Pigs report today should set the short-term price direction. April hogs had closed lower in nine of the previous ten sessions before the higher close yesterday. June hog support is at 71.67 with close-in resistance at 74.52 and 75.25.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

Long June Hog 74.00 put from 237 and short the June hog 70.00 put from 170 points.

### PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (JUN) 03/30/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal up is a positive indicator that could support higher prices. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 71.600. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 73.350 and 74.020, while 1st support hits today at 72.150 and below there at 71.600.

## 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
<b>MEAT COMPLEX</b>										
LCM7	111.850	63.54	63.30	79.21	73.83	111.94	111.65	109.44	107.20	107.14
FCK7	133.225	66.29	65.37	80.56	75.73	132.49	132.49	128.85	125.38	125.60
LHM7	72.750	28.73	33.06	23.16	11.77	73.62	75.43	76.64	77.53	77.54

Calculations based on previous session. Data collected 03/29/2017

Data sources can & do produce bad ticks. Verify before use.

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>MEAT COMPLEX</b>						
LCM7	Live Cattle	110.900	111.300	111.950	112.350	113.020
FCK7	Feeder Cattle	130.631	132.037	133.006	134.412	135.381
LHM7	Lean Hogs	71.570	72.120	72.800	73.350	74.020

Calculations based on previous session. Data collected 03/29/2017

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