



DAILY LIVESTOCK COMMENTARY

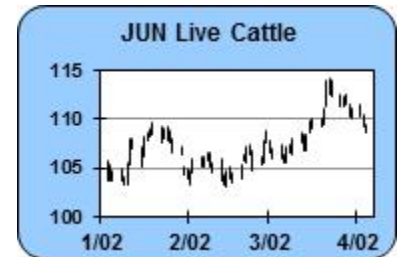
Thursday April 06, 2017

DAILY CATTLE COMMENTARY

04/06/17

Cash should trade sharply lower this week; June futures?

With last week's cash at \$128, a technical bounce from under \$109 for June cattle is possible but the upside seems limited with cash and beef markets trending lower. USDA boxed beef cutout values were down \$1.44 at mid-session yesterday and closed \$1.98 lower at \$209.71. This was down from \$216.92 the prior week and the lowest beef market since March 6th. Beef is trending down and June cattle closed at 106.27 on March 6th. The market pushed lower on the session yesterday but the selling dried up and June cattle managed to close slightly higher on the day. The market remains in a steady downtrend but the stiff discount of futures to the cash market may have slowed the selling interest. A general perception that the cash market could drop sharply this week as packer margins are weak and they also have plenty of contracted April cattle to draw on helped to spark some new selling early in the day.



Nebraska cash bids are at \$124-\$122 with Kansas bids still at \$125. There are more cattle for sale this week and packer margins are weak. In fact, there was a lack of cattle sold at the weekly Fed Cattle Exchange which adds to the negative tone for the cash market. The selling pushed June cattle down to the lowest level since March 16th before the bounce to close higher. The USDA estimated cattle slaughter came in at 115,000 head yesterday. This brings the total for the week so far to 338,000 head, down from 345,000 last week at this time but up from 330,000 a year ago. US beef exports for February were reported at 205.5 million pounds which was down from 211.3 million in January but up 19% from last year. Trend following fund traders held a historically high net long position of 109,829 contracts in the last COT update and this leaves the market vulnerable to increased selling if support is violated.

TODAY'S MARKET IDEAS:

Cash markets should trade sharply lower this week but with the massive discount, it is questionable if the lower cash will pressure futures. Selling resistance for June cattle comes in at 110.77 and 111.42, with support at 109.02 and 108.67. With the big discount, new sellers can wait for a strong recovery bounce.

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 (JUN) 04/06/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The daily closing price reversal up on the daily chart is somewhat positive. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 108.420. The next area of resistance is around 109.820 and 110.100, while 1st support hits today at 109.020 and

below there at 108.420.

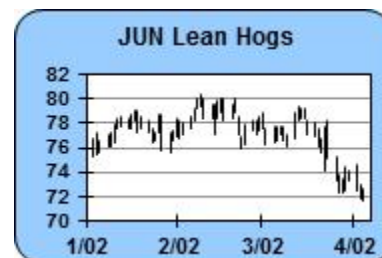
FEEDER CATTLE (MAY) 04/06/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. The upside daily closing price reversal gives the market a bullish tilt. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 128.482. The next area of resistance is around 131.262 and 131.831, while 1st support hits today at 129.588 and below there at 128.482.

DAILY HOGS COMMENTARY

04/06/17

Weak cash market news to keep cash market trend down for now

While a bit oversold technically, the market continues to receive bearish short-term cash market news and if pork values are sliding, it is difficult to conclude that exports are picking up steam. Without help from exports, the large supply ahead will be difficult to absorb without lower prices. USDA pork cutout values, released after the close yesterday, came in at \$74.34, down 73 cents from Tuesday and down from \$75.83 the previous week. This is the lowest pork value since December 6th! The market saw a nice bounce off of the early lows but could not hold onto the gains and the August and deferred contracts closed moderately lower on the day. The early weakness pushed the market down to the lowest level since October 27th. Higher average weights, continued hefty flow of pork to the market and sluggish exports in February were all seen as forces to push the market lower early.



Pork exports for the month of February came in at 450.2 million pounds which was down from the November peak of 509.9 million pounds but still up 16.4% from last year. Mexico imports were 147 million, down from the December peak of 182 million and exports to Canada were weak. Weekly average weights for Iowa-Southern Minnesota as of April 1 came in at 283.3 pounds, up from 282.4 the previous week and down from 284.2 pounds last year. Cheap feed and good weather has helped pull hogs forward. The CME Lean Hog Index as of April 3rd was 67.07, down 52 cents from the previous session and down from 69.78 the previous week. The USDA estimated hog slaughter came in at 441,000 head yesterday. This brings the total for the week so far to 1.333 million head, unchanged from last week at this time but up from 1.299 million a year ago.

TODAY'S MARKET IDEAS:

With pork values at the lowest level since December, it is difficult to suspect a strong export flow. Without stronger exports, it may take a lower price to clear the market. June hog resistance is at 73.15 and the downside break-out this week leaves 71.37 as next downside target.

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:

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 (JUN) 04/06/2017: Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 71.150. The next area of resistance is around 72.500 and 73.070, while 1st support hits today at 71.550 and below there at 71.150.

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										
LCM7	109.400	43.33	49.84	53.26	37.75	110.08	110.99	110.48	107.65	107.63
FCK7	130.425	49.48	53.73	59.20	45.81	131.31	131.84	131.10	126.16	126.27
LHM7	72.020	31.08	34.15	13.42	8.45	72.63	73.25	75.50	77.05	77.21

Calculations based on previous session. Data collected 04/05/2017

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						
LCM7	Live Cattle	108.400	108.970	109.250	109.820	110.100
FCK7	Feeder Cattle	128.481	129.587	130.156	131.262	131.831
LHM7	Lean Hogs	71.120	71.520	72.100	72.500	73.070

Calculations based on previous session. Data collected 04/05/2017

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.