



DAILY LIVESTOCK COMMENTARY

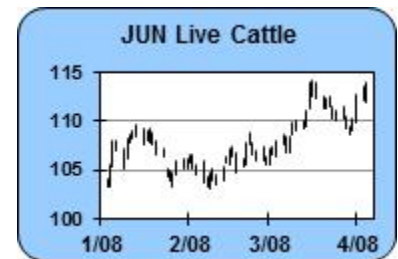
Wednesday April 12, 2017

DAILY CATTLE COMMENTARY

04/12/17

Talks to expand exports of US beef and bullish charts

With US and China beef trade talks and news that Brazil beef exports for March were down 11% from last year, plus a discount of futures to the cash market, it is difficult to find interested sellers. June cattle closed sharply higher on the session yesterday with an outside trading day as it rallied to just shy of the March highs. Talk that the break in the cash market was not as severe as some had believed and the beef market is showing positive signals for demand helped to support. USDA boxed beef cutout values were up \$2.06 at mid-session yesterday and closed \$1.91 higher at \$209.37. This was down from \$211.69 the prior week. In spite of the hefty short-term supply, the beef market has seen a solid rally. Cash cattle last week traded in light volume at \$124-\$126. The USDA supply/demand update showed an increase in 2017 production of 250 million pounds with production up 5.1% from last year. Second quarter beef production is expected to increase by 7.3% over last year. The USDA estimated cattle slaughter came in at 113,000 head yesterday. This brings the total for the week so far to 228,000 head, up from 223,000 last week at this time and up from 223,000 a year ago.



TODAY'S MARKET IDEAS:

Traders will monitor the weekly Fed Cattle Exchange today for some hints on the cash cattle situation. The technical action is positive and the market sees the possibility of beef exports to China as a bullish longer-term force. Short-term resistance for June cattle comes in at 114.20 and then 116.30. Support is back at 111.45 and 110.80.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Short June cattle 116.00 call from 195 with an objective of zero. Risk to 260.

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) 04/12/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The outside day up is a positive signal. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 115.270. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 114.670 and 115.270, while 1st support hits today at 112.720 and below there at 111.350.

FEEDER CATTLE (MAY) 04/12/2017: The market made a new contract high on the rally. 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. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 139.831. The market is becoming somewhat overbought now that the RSI is over 70.

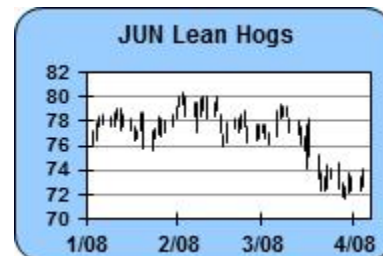
The next area of resistance is around 138.787 and 139.831, while 1st support hits today at 135.863 and below there at 133.982.

DAILY HOGS COMMENTARY

04/12/17

In a position to see a bounce but not much more; sell rallies

From a deeply oversold level and with the rally in cattle, the market may be in a position for a technical bounce but the upside seems limited due to hefty supply. It will take much higher than expected pork exports to shift the trend. USDA pork cutout values, released after the close yesterday, came in at \$74.57, down \$1.23 from Monday and down from \$75.07 the previous week. June hogs closed moderately higher on the session yesterday, and the late buying pushed the market up to the highest level since April 3rd. The consolidation of the past several weeks near 73.00 for June hogs has helped to alleviate the oversold status of traditional technical indicators. While the pork cut-out value has seen a nice bounce in recent days, the hefty short-term supply has kept a lid on rallies.



The market traded moderately lower on the session early yesterday but strength in cattle and the bounce in pork helped support buying. The USDA supply/demand update showed a very small decrease in 2017 production with production for the whole year up 4.6% from last year. Second quarter pork production is expected to increase by 5.2% over last year. The CME Lean Hog Index as of April 7th was 65.12, down 61 cents from the previous session and down from 67.59 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 885,000 head, down from 892,000 last week at this time but up from 819,000 a year ago.

TODAY'S MARKET IDEAS:

The outlook for 2nd quarter pork production at 5.2% above last year should be a limiting force on a technical corrective bounce. June hog key resistance comes in at 74.65 and 75.55. Look for bounce but not much more. Consider selling calls or futures on a bounce to test 75.55.

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) 04/12/2017: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The market's short-term trend is positive on the close above the 9-day moving average. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside target is at 75.150. Daily studies suggest buying dips today. The next area of resistance is around 74.720 and 75.150, while 1st support hits today at 73.270 and below there at 72.220.

DAILY TECHNICAL STATISTICS

CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW	14 DAY SLOW	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
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MEAT COMPLEX											
LCM7	113.700	71.25	67.13	51.73	62.51	111.98	111.01	111.33	108.24	107.92	
FCK7	137.325	73.38	69.42	61.70	72.71	134.69	132.82	132.66	127.29	126.76	
LHM7	74.000	48.90	45.89	18.52	23.80	73.44	73.17	74.30	76.62	76.88	

Calculations based on previous session. Data collected 04/11/2017

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	111.320	112.700	113.300	114.670	115.270
FCK7	Feeder Cattle	133.981	135.862	136.906	138.787	139.831
LHM7	Lean Hogs	72.200	73.250	73.670	74.720	75.150

Calculations based on previous session. Data collected 04/11/2017

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