



## DAILY LIVESTOCK COMMENTARY

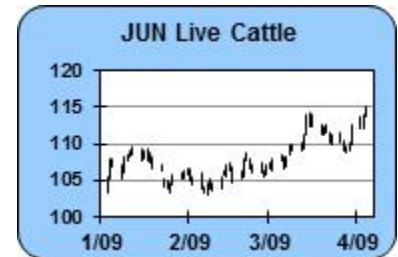
Thursday April 13, 2017

### DAILY CATTLE COMMENTARY

04/13/17

#### Smaller slaughter pace this week might support beef

The technical action remains bullish and there is still no sign of a short-term peak. If beef prices continue to advance, it is difficult to project a break in cash as deep as suggested by the futures discount. June cattle closed higher for the 5th session in a row yesterday and experienced a new contract high close. The market traded moderately higher on the session yesterday and June cattle pushed through the March 23rd highs early in the day. A bounce in beef prices and hopes that the US and China can work out a deal so that US beef can move to China helped to support. Technically, the close over 114.20 for June cattle leaves 116.30 as next upside target. At the Fed Cattle Exchange, only 120 head of 5,245 head offered sold at a price of \$126. The USDA estimated cattle slaughter came in at 115,000 head yesterday. This brings the total for the week so far to 343,000 head, up from 338,000 last week at this time and up from 333,000 a year ago. USDA boxed beef cutout values were up 41 cents at mid-session yesterday and closed 76 cents higher at \$210.13. This was up from \$209.71 the prior week.



#### TODAY'S MARKET IDEAS:

With a slower holiday slaughter pace, the beef market may continue to advance. The technical action is positive and the possibility of beef exports to China is a bullish longer-term force. Short-term support for June cattle comes in at 112.62 and then 111.87. Keep 116.30 as next target.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

\* Hit stop on short June cattle 116.00 call position for a loss of 65 points.

#### 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) 04/13/2017:** A new contract high was made on the rally. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 115.770. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 115.070 and 115.770, while 1st support hits today at 113.650 and below there at 112.900.

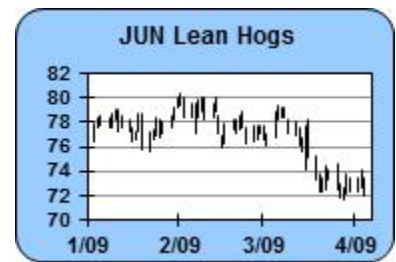
**FEEDER CATTLE (MAY) 04/13/2017:** A new contract high was made on the rally. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 141.031. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 139.312 and 141.031, while 1st support hits today at 136.338 and below there at 135.082.

## DAILY HOGS COMMENTARY

04/13/17

### May need to see further break to find better demand

While a bit oversold technically, the market will need to find signs of better export demand or the ample short-term supply (pork production running near 6% above last year) in order to avoid the need to find better demand at a lower price. June hogs closed sharply lower on the session yesterday as it closed near the lows of the day and near the lowest level since early December. The market recovered about half of the losses into the mid-session but sellers were active late to drive the market back to the lows. Talk of hefty short-term supply, weakening cash markets and a drop in pork values late Tuesday helped to pressure. Weekly average weights for Iowa/Minnesota for the week ending April 8th came in at 283.2 pounds as compared with 283.3 last week and 284.4 pounds last year. The USDA estimated hog slaughter came in at 441,000 head yesterday. This brings the total for the week so far to 1.326 million head, down from 1.333 million last week at this time but up from 1.257 million a year ago. The CME Lean Hog Index as of April 10th was 64.65, down 47 cents from the previous session and down from 67.07 the previous week. USDA pork cutout values, released after the close yesterday, came in at \$74.31, down 26 cents from Tuesday and down from \$74.34 the previous week.



### 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 resistance is at 72.90 and 73.20, with 70.82 as next 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) 04/13/2017: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The close below the 1st swing support could weigh on the market. The near-term upside target is at 74.000. The next area of resistance is around 73.020 and 74.000, while 1st support hits today at 71.520 and below there at 70.970.

### 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	114.350	73.83	69.06	58.49	72.01	113.04	111.40	111.59	108.42	108.02
FCK7	137.825	74.54	70.29	66.56	76.29	136.10	133.53	133.07	127.61	126.92
LHM7	72.270	39.16	39.68	18.58	18.71	73.08	72.95	74.02	76.44	76.77

Calculations based on previous session. Data collected 04/12/2017

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	112.870	113.620	114.320	115.070	115.770
FCK7	Feeder Cattle	135.081	136.337	138.056	139.312	141.031
LHM7	Lean Hogs	70.950	71.500	72.470	73.020	74.000

**Calculations based on previous session. Data collected 04/12/2017**

**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.*