



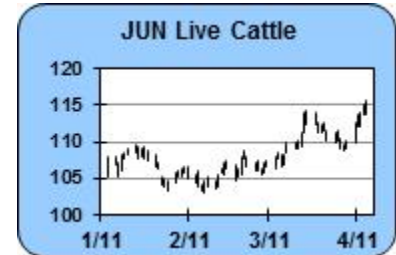
DAILY LIVESTOCK COMMENTARY
Monday April 17, 2017

DAILY CATTLE COMMENTARY
04/17/17

In position for further buying with June still big discount

The weight data is supportive and until the beef market tops out, the discount of futures to cash may continue to support. Average dressed steer weights for the week ending April 1st came in at 862 pounds, down from 868 the previous week and down from 887 pounds last year. The 5-year average weekly weight for that week is 860. Beef production for the same week, however, came in at 485.4 million pounds, up 9.1% over year ago.

USDA boxed beef cutout values were up \$1.37 at mid-session Friday and closed \$1.41 higher at \$212.08. This was up from \$207.22 the prior week and is the highest beef market since April 3rd. June cattle closed higher for the 6th session in a row and experienced a new contract high close on Thursday. A further 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 would leave 116.30 as next upside technical target. At the Fed Cattle Exchange, only 120 head of 5,245 head offered sold at a price of \$126.



A small number of cattle in Nebraska and Texas traded at \$128.00 last week which would be up \$2.00 from the previous week and up \$13.30 from June futures. The USDA estimated cattle slaughter came in at 114,000 head Thursday. For the week, slaughter reached 590,000 head, up from 573,000 last week and up 7.1% from last year. Beef production for the week reached 479 million pounds, up 6% from last year. The Commitments of Traders reports as of April 11th showed Non-Commercial traders were net long 147,798 contracts, an increase of 5,979 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 112,758 contracts, up 5,693 contracts for the week.

TODAY'S MARKET IDEAS:

The big discount and some indication of higher cash cattle trade last week opens the door for further buying of the discounted June cattle. 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 112.92 and then 112.10. Keep 116.30 as next target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/4/2017 - 4/11/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Livestock						
Feeder Cattle	22,758	+166	-4,880	-76	-17,877	-88
Cattle	147,798	+5,979	-112,758	-5,694	-35,040	-286

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) 04/17/2017: A new contract high was made 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. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 116.370. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 115.520 and 116.370, while 1st support hits today at 113.870 and below there at 113.000.

FEEDER CATTLE (MAY) 04/17/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal up on the daily chart is somewhat positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 140.750. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 139.674 and 140.750, while 1st support hits today at 137.125 and below there at 135.650.

DAILY HOGS COMMENTARY

04/17/17

Short-term oversold condition and hook reversal

The technical action on Thursday was positive and the market is consolidating some of the recent losses. USDA pork cutout values, released after the close Friday, came in at \$74.24, down 53 cents from Thursday and down from \$74.83 the previous week. June hogs experienced a late rebound to close slightly higher on the session on Thursday. The early in the day selling pushed the market down to the lowest level since early December. Talk of hefty short-term supply, weakening cash markets and a drop in pork values late Wednesday 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 CME Lean Hog Index as of April 11th was 64.16, down 49 cents from the previous session and down from 66.60 the previous week.



The USDA estimated hog slaughter came in at 442,000 head Thursday. For the whole week, slaughter reached 2.223 million head, down from 2.306 last week but up 1.3% from a year ago. Pork production for the week was up 0.8% from last year. Actual US pork production for the week ending April 1st came in at 498.7 million pounds, up from 493.3 the previous week and up 8.1% from a year ago. The Commitments of Traders reports as of April 11th showed Non-Commercial traders were net long 26,514 contracts, a decrease of 7,955 contracts for the week and the selling trend is a short-term bearish force. Non-Commercial and Nonreportable combined traders held a net long position of 12,400 contracts, down 6,040 contracts for the week.

TODAY'S MARKET IDEAS:

The outlook for hefty short-term supply should be seen as a limiting force on a technical corrective bounce. With the oversold condition, a short-term bounce appears to be needed. June hog resistance is at 74.07 and 74.87 with close-in support at 71.97.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

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

Commitment of Traders - Futures and Options - 4/4/2017 - 4/11/2017

	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Livestock						

Hogs	26,514	-7,955	-12,401	+6,038	-14,114	+1,915
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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) 04/17/2017: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The upside closing price reversal on the daily chart is somewhat bullish. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 73.420. The next area of resistance is around 73.050 and 73.420, while 1st support hits today at 71.950 and below there at 71.170.

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	114.700	75.18	70.08	64.94	77.85	113.76	111.82	111.86	108.63	108.11
FCK7	138.400	75.89	71.31	71.15	80.33	137.23	134.17	133.47	127.97	127.10
LHM7	72.500	40.88	40.81	19.14	20.27	73.01	72.80	73.75	76.29	76.68

Calculations based on previous session. Data collected 04/13/2017

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	112.970	113.820	114.670	115.520	116.370
FCK7	Feeder Cattle	135.649	137.124	138.200	139.674	140.750
LHM7	Lean Hogs	71.150	71.900	72.270	73.050	73.420

Calculations based on previous session. Data collected 04/13/2017

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