

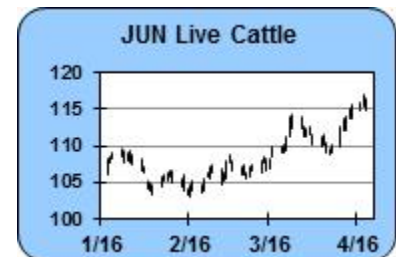


DAILY LIVESTOCK COMMENTARY Thursday April 20, 2017

DAILY CATTLE COMMENTARY 04/20/17

Surge in cash markets to push futures and beef higher ahead

While closing higher for 10 sessions in a row, trade sentiment remains extremely bearish as futures hold a massive discount to the cash market. Consumer confidence readings are off the charts and demand from restaurants and for the grilling season ahead should be strong. The market recovered from a mid-session low yesterday and managed to close higher for a 10th session in a row. June cattle traded higher on the day early but failed to take out Tuesday's highs and some long liquidation selling emerged to push the market lower on the day into the mid-session. However, news of a small number of cash cattle trading in Texas and Kansas at \$130.00, up \$2.00 on the week helped to support the positive tone late in the day. Packers continued to bid up to \$132.00 to get the cattle they need which is up \$4.00 on the week and up \$16.10 from June futures. There was also talk of \$133.00 trade late yesterday. Only 701 head of 4,446 head offered on the Fed Cattle Exchange sold at an average price of \$128.62 and this news may have sparked the mid-session sell-off yesterday.



The USDA estimated cattle slaughter came in at 115,000 head yesterday. This brings the total for the week so far to 339,000 head, down from 343,000 last week at this time but up from 330,000 a year ago. USDA boxed beef cutout values were down 91 cents at mid-session yesterday and closed 82 cents lower at \$215.17. This was up from \$210.13 the prior week. For the Cattle on Feed report on Friday, traders see placements for the month of March at 106.5% of last year (range 101-109.5) and marketings at 109.4% of last year (range 108.1-110). This would leave On-Feed supply on April 1st at 99.7% with a range of 98.7 to 100.5% of last year.

TODAY'S MARKET IDEAS:

Open interest is at a record high and the market is overbought technically but the massive discount of futures to this week's cash market would suggest a lack of new selling interest today and the market is vulnerable to significant short-covering ahead. Look for sharply higher trade today.

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) 04/20/2017: 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 upside closing price reversal on the daily chart is somewhat bullish. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 117.500. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 116.770 and 117.500, while 1st support hits today at 115.120 and below there at 114.150.

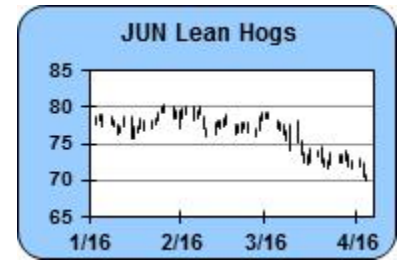
FEEDER CATTLE (MAY) 04/20/2017: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. The upside closing price reversal on the daily chart is somewhat bullish. The market's close below the pivot swing number is a mildly negative setup. The next upside objective is 142.587. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 141.600 and 142.587, while 1st support hits today at 139.050 and below there at 137.488.

DAILY HOGS COMMENTARY

04/20/17

Pork prices higher on week but futures down 5.7%; exports?

Fears that some hogs backed up in the country during Easter weekend and weak cash markets have helped to keep the trend down. USDA pork cutout values, released after the close yesterday, came in at \$74.55, down 52 cents from Tuesday but up from \$74.31 the previous week. Pork prices have held up well over the past week while futures have collapsed. In addition, packer margins are strong and if pork continues to hold, cash markets could stabilize.



The market closed sharply lower on the session yesterday and near the lows of

the day as the selling pushed the market down to the lowest level since October 24th. More talk of big supply after slower slaughter pace around Easter helped to spark early selling and stops were activated on the move under Tuesday's lows to drive June hogs sharply lower on the day and below the 70.00 level.

The CME Lean Hog Index as of April 17th was 62.12, down 47 cents from the previous session and down from 64.65 the previous week. Weekly average weights for Iowa-Southern Minnesota as of April 15th came in at 283.8 pounds, up from 283.2 the previous week and down from 284.1 pounds last year. The weight data is slightly negative and with cheap corn, it will be important for producers to stay current with marketings. The USDA estimated hog slaughter came in at 442,000 head yesterday. This brings the total for the week so far to 1.185 million head, down from 1.331 million last week at this time and down from 1.299 million a year ago.

TODAY'S MARKET IDEAS:

The market is probing for a short-term low and while June futures are down 5.7% in five days, pork values are slightly higher than a week ago and packer margins are very strong. Perhaps exports will pick up on this break as China needs are high. Look for support near 68.92 with 71.50 and 72.00 as resistance for June hogs. Aggressive traders might consider selling out of money puts.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

* Exited long June Hog 74.00 put position for a gain of 147 points. * Hit stop on short June hog 70.00 put for a loss of 85 points.

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (JUN) 04/20/2017: The daily stochastics have crossed over down which is a bearish indication. 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 swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 69.200. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 70.450 and 71.170, while 1st support hits today at 69.470 and below there at 69.200.

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	115.950	79.68	73.57	79.16	85.95	115.47	113.79	112.39	109.38	108.46
FCK7	140.325	79.59	74.28	81.96	86.81	139.74	137.28	134.56	129.19	127.70
LHM7	69.950	28.48	32.50	18.62	14.69	71.58	72.48	72.86	75.80	76.38

Calculations based on previous session. Data collected 04/19/2017

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	114.120	115.100	115.820	116.770	117.500
FCK7	Feeder Cattle	137.487	139.050	140.037	141.600	142.587
LHM7	Lean Hogs	69.170	69.450	70.170	70.450	71.170

Calculations based on previous session. Data collected 04/19/2017

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