



DAILY LIVESTOCK COMMENTARY

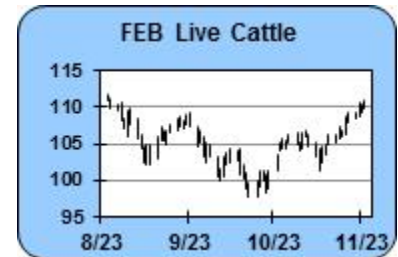
Friday November 25, 2016

DAILY CATTLE COMMENTARY

11/25/16

Quite overbought, record high frozen stocks may spark selling

The technical action remains positive and if cash trades higher, the February may still have a bit more upside short-term. Some cattle traded in the plains at \$110-\$112 which was up from \$108-\$110 last week. The Federal Cattle exchange can sometimes set the tone for the cash market but did not offer much guidance on Wednesday. The average price for 4,783 head sold is \$109.14. While the market is in a steep uptrend, the market is extremely overbought and vulnerable to at least a set-back. USDA boxed beef cutout values were up \$1.23 at mid-session Wednesday and closed \$1.42 higher at \$186.64. This was up from \$182.60 the prior week. February cattle closed 62 higher on the session Wednesday as the market pushed up to the highest level since August 24th. The short-term cash news remains supportive and the market is not holding a premium to the cash. However, the market is also very overbought basis traditional technical indicators. Open interest has pushed up to the highest level since April. The USDA estimated cattle slaughter came in at 115,000 head yesterday. This brings the total for the week so far to 347,000 head, up from 345,000 last week at this time and up from 333,000 a year ago.



TODAY'S MARKET IDEAS:

There is still no sign of a near-term peak and February will look cheap if a bulk of the trade is \$111-\$112 today. February cattle next upside target is 113.22 with support at 109.17.

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 (DEC) 11/25/2016: 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. The close over the pivot swing is a somewhat positive setup. The next upside objective is 110.500. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 110.170 and 110.500, while 1st support hits today at 109.170 and below there at 108.470.

FEEDER CATTLE (JAN) 11/25/2016: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. 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 next downside objective is now at 123.107. The next area of resistance is around 125.662 and 126.156, while 1st support hits today at 124.138 and below there at 123.107.

DAILY HOGS COMMENTARY

11/25/16

A weaker tone for pork could keep cash trend down; weak

The market may be in the process of posting a short-term peak if a slowdown in exports drives more pork to the US consumer and forces pork cut-out values lower. USDA pork cutout values, released after the close Wednesday, came in at \$72.72, down 50 cents from Tuesday and down from \$73.56 the previous week. China imported 115,000 tonnes in October, down 17.8% from the previous month but still up 43.3% from last year. December hogs closed moderately higher on the session Wednesday and February hogs closed slightly higher. A steady cash market and a bullish cold storage report helped to support the market early. In addition, weights have been steady for several weeks in a row in a time frame when weights are normally in an uptrend. This suggests that producers are current with marketings, and this supported December. The higher than normal premium of February to the cash market may have sparked some selling for February after the early bounce.



Weekly average weights for Iowa-Southern Minnesota as of November 19th came in at 280.5 pounds, down from 280.9 the previous week and down from 284.3 pounds last year. The CME Lean Hog Index as of November 21th was 47.49, down 23 cents from the previous session and down from 48.38 the previous week. The mid-day pork wire showed cut-out values down \$1.03 to \$72.70. The USDA estimated hog slaughter came in at 443,000 head yesterday. This brings the total for the week so far to 1.328 million head, up from 1.321 million last week at this time and up from 1.315 million a year ago.

TODAY'S MARKET IDEAS:

Aggressive short-term traders can sell February near 56.40, with 53.27 and 52.17 as next downside target. Near record weekly production totals and a potential drop-off in export interest could force pork values, and cash markets a bit lower over the near-term.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

1) Long February Hog 49.00 put from 120 with an objective of 287. Risk 55 points from entry. 2) Long June Hogs/Short August Hogs from -122 with an objective of +177. Risk to -197.

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (DEC) 11/25/2016: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 50.800. The next area of resistance is around 50.250 and 50.800, while 1st support hits today at 49.250 and below there at 48.820.

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									

LCZ6	109.650	77.06	68.28	90.24	94.49	109.09	107.72	105.71	103.44	104.05
FCF7	124.900	67.96	62.70	84.15	83.74	124.53	123.86	121.34	118.98	120.59
LHZ6	49.750	67.04	62.30	77.88	82.65	49.16	48.03	47.53	45.50	47.25

Calculations based on previous session. Data collected 11/23/2016

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						
LCZ6	Live Cattle	108.450	109.150	109.470	110.170	110.500
FCF7	Feeder Cattle	123.106	124.137	124.631	125.662	126.156
LHZ6	Lean Hogs	48.800	49.250	49.800	50.250	50.800

Calculations based on previous session. Data collected 11/23/2016

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