



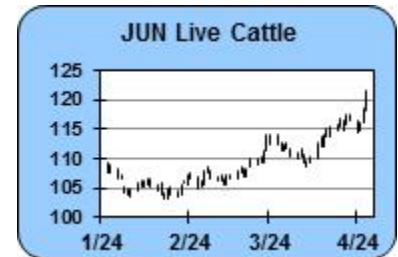
DAILY LIVESTOCK COMMENTARY Friday April 28, 2017

DAILY CATTLE COMMENTARY 04/28/17

Normal June basis \$7.25; basis is \$14.47 today; more up

The market closed limit-up yesterday and that leaves expanded limits for today. Shorts are caught as new sellers are hard to find with cash markets in Texas trading at \$136.00-\$137.000 this week (up \$4-\$5) and June futures at just 121.52. Kansas cattle traded as high as \$138! The 5-year average discount of June to the cash market is at \$7.25 and if we assume a \$136 cash, the basis is \$14.47! Traders suspect that a peak in beef and cash is close at hand but the huge discount when June becomes the spot contract next week is an issue.

April cattle traded as high as 137.00 from a low of 117.50 on April 5th. Adding fuel to the fire is the weight data which suggests that producers are extremely current with marketings. In other words, some of the cattle which were intended as May slaughter are already gone.



Average dressed steer weights for the week ending April 15th came in at 848 pounds, down from 852 the previous week and down from 880 last year. The 5-year average weekly weight is at 857.8 for this time of the year. Beef production for the same week came in at 472.2 million pounds, up 7.4% over year ago. Weekly U.S. beef export sales for the week ending April 20th came in at 21,200 tonnes compared with the prior 4-week average of 16,350. Cumulative sales for 2017 have reached 345,500 tonnes, up 24.0% from last year's pace. The USDA estimated cattle slaughter came in at 117,000 head yesterday. This brings the total for the week so far to 464,000 head, up from 455,000 last week at this time and up from 448,000 a year ago. USDA boxed beef cutout values were up 12 cents at mid-session yesterday and closed 3 cents lower at \$219.15. This was up from \$215.72 the prior week.

TODAY'S MARKET IDEAS:

The shorts are very nervous today and we could see more throw-in-the towel buying today. There is a swing objective at 123.32 for June cattle but as the front-month contract on Monday, the market looks to trade sharply higher again 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) 04/28/2017: The rally brought the market to a new contract high. 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 market's close above the 2nd swing resistance number is a bullish indication. The near-term upside objective is at 123.950. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 123.150 and 123.950, while 1st support hits today at 119.920 and below there at 117.470.

FEEDER CATTLE (MAY) 04/28/2017: The rally brought the market to a new contract high. 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. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next upside target is 150.212. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 149.000 and 150.212, while 1st support hits today at 144.150 and below there at 140.513.

DAILY HOGS COMMENTARY

04/28/17

In position to see better domestic and export demand; firm

The market could see strong seasonal demand domestically at the same time that export demand is strong and this could help provide further support ahead. The market opened slightly higher yesterday and closed sharply higher on the day with June hogs up to as high as 73.65. News that NAFTA will not be terminated for now while negotiations to revise the agreement proceed, helped to support the buying which pushed June hogs to the highest level since April 11th. Pork cut-out values at mid-session were up 55 cents. USDA pork cutout values, released after the close yesterday, came in at \$73.12, up 28 cents from Wednesday but down from \$74.02 the previous week. Weekly U.S. pork export sales for the week ending April 20th came in at 23,000 tonnes, compared with the prior 4-week average of 25,800. Cumulative sales for 2017 have reached 537,800 tonnes, up 8.1% from last year's pace.



The USDA is projecting 2017 exports to be up 8.3% from last year but with improving demand from China, the world's largest importer, we cannot rule out a short-term jump in China buying. China has been an active buyer of European and Canadian pork in recent months. The CME Lean Hog Index as of April 25th was 59.93, down 23 cents from the previous session and down from 61.89 the previous week. The USDA estimated hog slaughter came in at 442,000 head yesterday. This brings the total for the week so far to 1.765 million head, up from 1.628 million last week at this time and up from 1.688 million a year ago. Actual US pork production for the week ending April 15 came in at 473.8 million pounds, down from 493.7 the previous week and up 2.7% from a year ago. The previous three weeks were up 5.7%, 8.1% and up 6%.

TODAY'S MARKET IDEAS:

The percentage change from last year for weekly slaughters continues to come in well below levels seen in March and early April. Exports are strong, cattle is sharply higher and domestic demand is on the rise. Consider buying June hogs near the 70.72-70.02 zone, with 74.05 and 75.55 as next key resistance levels.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (JUN) 04/28/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. Market positioning is positive with the close over the 1st swing resistance. The next upside objective is 75.000. The next area of resistance is around 74.000 and

75.000, while 1st support hits today at 71.670 and below there at 70.320.

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	121.520	82.52	78.58	86.91	92.46	117.68	116.79	114.30	111.00	109.54
FCK7	146.575	81.21	77.25	78.78	84.84	140.94	140.37	137.27	131.46	129.26
LHM7	72.820	55.48	50.53	34.65	51.95	71.23	70.64	71.72	74.68	75.69

Calculations based on previous session. Data collected 04/27/2017

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	117.450	119.900	120.700	123.150	123.950
FCK7	Feeder Cattle	140.512	144.150	145.362	149.000	150.212
LHM7	Lean Hogs	70.270	71.650	72.650	74.000	75.000

Calculations based on previous session. Data collected 04/27/2017

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