



DAILY LIVESTOCK COMMENTARY

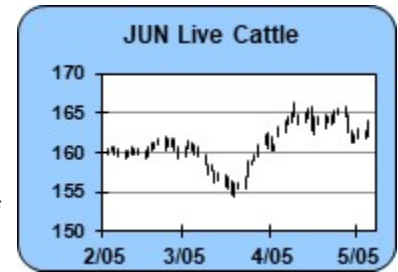
Wednesday May 10, 2023

DAILY CATTLE COMMENTARY

5/10/2023

Beef production decline may continue to support; weights low

While the short-term demand tone is in question, the technical action is bullish and the big discount of June to the cash market would suggest that positive news could spark aggressive buying. Estimated beef production last week was down 6.5% from a year ago. Second quarter beef production is expected to be down 5.6% from last year. The lower than normal weights should help keep beef production low. The market also faces significant tightness into the fourth quarter with beef production expected to be down 8% from last year. The five-area weighted average steer price last week was \$173.93. As a result, traders seem reluctant to sell June cattle near \$163.



The USDA boxed beef cutout was up \$1.07 at mid-session yesterday and closed \$1.18 lower at \$307.38. This was down from \$309.24 the previous week and was the lowest the cutout had been since April 24. Cash live cattle traded in light volume yesterday with 477 head reported in Iowa/Minnesota at \$177 versus an average price of \$175.70 last week and a range of \$170-\$179. The USDA estimated cattle slaughter came in at 128,000 head yesterday. This brings the total for the week so far to 254,000 head, up from 250,000 last week and 243,000 a year ago.

TODAY'S MARKET IDEAS:

Low weights suggest production may come in lower than expected over the near term, and the discount to the cash market is a positive force. June cattle support is at 163.15, with resistance at 164.32. Keep 168.47 as next target. December cattle support is at 169.50, with resistance at 171.02 and 172.75.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Short June Cattle 162.00 put from 192 with an objective of zero. Risk a total of 75 points from entry.

CATTLE COMPLEX TECHNICAL OUTLOOK:

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LIVE CATTLE (AUG) 05/10/2023: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. A bullish signal was given with an upside crossover of the daily stochastics. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The close above the 9-day moving average is a positive short-term indicator for trend. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside target is at 163.170. The next area of resistance is around 162.520 and 163.170, while 1st support hits today at 160.570 and below there at 159.250.

FEEDER CATTLE (AUG) 05/10/2023: Daily stochastics are trending lower but have declined into oversold

territory. The market's short-term trend is negative as the close remains below the 9-day moving average. The market's close above the 2nd swing resistance number is a bullish indication. The next downside objective is 222.094. The next area of resistance is around 227.812 and 228.843, while 1st support hits today at 224.438 and below there at 222.094.

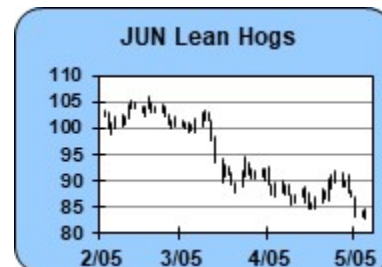
DAILY HOGS COMMENTARY

5/10/2023

Key reversal and seasonal decline in production

June hogs closed higher on the session yesterday after posting a new contract low. The higher close represents a key reversal and it was an outside day up. The market is probing for a short-term low as traders see a short-term uptrend in prices, and a seasonal decline in production as positive forces. However, June remains at a significant premium to the cash market. The CME Lean Hog Index as of May 5 was 74.42, up from 74.53 the previous session and 72.10 the previous week. The USDA pork cutout, released after the close yesterday, came in at \$81.01, up 85 cents from Monday but down from \$81.05 the previous week.

The USDA estimated hog slaughter came in at 451,000 head yesterday. This brings the total for the week so far to 919,000 head, unchanged from last week at but down from 937,000 a year ago. With hog prices under the cost of production, and elevated hog prices in Europe, and China demand for imports continuing, the export market remains a positive with year to date US pork exports up 7% from last year's pace.



TODAY'S MARKET IDEAS:

Keep in mind; US March pork exports came in at 608.12 million pounds, up 11.8% from a year ago. This was the highest monthly exports since May of 2021. The key reversal for June hogs is a bullish technical development, but the premium to the cash market is a limiting force. June hog close-in support is at 83.30, with 86.27 and 87.35 as resistance.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long a June Hog 92.00 call, short a June Hog 99.00 call, and short a June Hog 80.00 put for a net premium paid of 20 points. Use an objective of +425 on the spread, and risk a total of 135 points from entry.

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (JUN) 05/10/2023: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day up is somewhat positive. A positive setup occurred with the close over the 1st swing resistance. The next downside target is now at 82.100. The next area of resistance is around 85.370 and 86.020, while 1st support hits today at 83.420 and below there at 82.100.

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
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MEAT COMPLEX

LCQ23	161.550	50.68	50.98	23.81	24.85	160.14	161.26	162.30	160.42	160.21
FCQ23	226.125	52.22	54.37	35.67	29.33	223.45	226.21	227.07	221.87	219.13
LHM23	84.400	36.48	37.80	35.26	21.59	84.66	87.56	87.28	90.78	93.78

Calculations based on previous session. Data collected 05/09/2023

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						
LCQ23	Live Cattle	159.220	160.550	161.200	162.520	163.170
FCQ23	Feeder Cattle	222.093	224.437	225.468	227.812	228.843
LHM23	Lean Hogs	82.070	83.400	84.050	85.370	86.020

Calculations based on previous session. Data collected 05/09/2023

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