



DAILY LIVESTOCK COMMENTARY

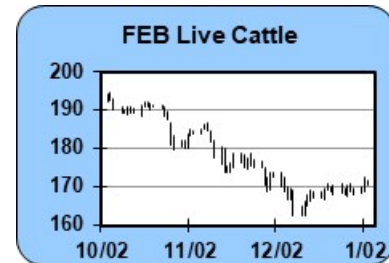
Thursday January 04, 2024

DAILY CATTLE COMMENTARY

1/4/2024

Weather and technical picture bullish

February futures yesterday held the strong gains seen Tuesday and coming wintry weather may offer more bullish action. Cash trade as of Wednesday afternoon reported 1254 head in Iowa/Minnesota at 175 and another 1210 head at the same price sold in Nebraska. The five area, five day weighted-average was 172.45, up from 172.17 at the end of last week. 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 225,000 last week at this time but down from 258,000 a year ago. Slaughter rates are expected to increase next week. The USDA boxed beef cutout was down \$2.57 at mid-session yesterday and closed \$6.31 lower at \$278.03. This was down from \$291.48 the previous week. The previous low was \$275.67 on February 15, 2023. The previous high was \$284.34 on January 2. Typically, beef demand is a bit sluggish after the holidays and there are reports of beef cows being liquidated in the Mississippi River Delta area where drought has been ongoing for some time. Despite those challenges, funds are only lightly long, leaving room to add as futures continues their medium-term uptrend. 50-day moving average resistance stands at 173.70.



TODAY'S MARKET IDEAS:

This week's breakout on February futures above last month's highs suggests further upside gains. February cattle resistance is 173.70 and then 175.45. Minor support now sits at the top of the consolidation at 171.00 with major support at 167.35.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CATTLE COMPLEX TECHNICAL OUTLOOK:

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LIVE CATTLE (FEB) 01/04/2024: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 172.850. The next area of resistance is around 172.500 and 172.850, while 1st support hits today at 171.200 and below there at 170.270.

FEEDER CATTLE (MAR) 01/04/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 228.787. The next area of resistance is around 228.125 and 228.787, while 1st support hits today at

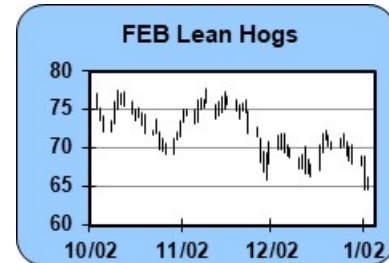
225.925 and below there at 224.388.

DAILY HOGS COMMENTARY

1/4/2024

Heavier weights and sluggish demand bearish

A second consecutive day of new contract lows in February hogs keeps the bearish technical picture intact. Sluggish demand and heavier weights are bearish factors and perhaps California's proposition 12, which requires gestation stalls to be increased from 14 sqft. to 24 sqft. for each pregnant sow, may be part of the recent weakness. The CME Lean Hog Index as of December 29 was 65.05 down from 65.35 the previous session and 66.25 the previous week. The USDA estimated hog slaughter came in at 483,000 head yesterday. This brings the total for the week so far to 975,000 head, up from 939,000 last week at this time but down from 987,000 a year ago. The USDA pork cutout, released after the close yesterday, came in at \$81.80, down \$2.02 from Tuesday but up from \$81.44 the previous week. The previous low was \$80.92 on December 28, 2023. The previous high was \$83.82 on January 2. The average hog weight for Iowa-Southern Minnesota as of December 30 was 292.5 pounds, up from 289.3 pounds the previous week and up from 283.2 a year ago. The 5-year average is 287.1 pounds. Although futures prices are in oversold territory, technicals continue to point lower.



China's national average spot pig price as of January 4 was down 0.21% from the previous day. For the week prices are down 1.25%, down 1.25% for the month and down 1.25% year to date and down 8.15% versus a year ago. Dalian live hog futures as of January 4 were up 0.4% from the previous day. For the week prices are up 0.8% and up 0.33% for the month and up 0.33% year to date

TODAY'S MARKET IDEAS:

A 3.2 pound increase in weights from the previous week combined with sluggish demand is likely to keep pressure on the market. February support sits at 64.25 after the new contract low close Tuesday. Look for resistance at 69.62 and 70.47.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (FEB) 01/04/2024: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 63.720. The next area of resistance is around 66.100 and 66.950, while 1st support hits today at 64.500 and below there at 63.720.

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										
LCG24	171.820	59.63	52.90	74.70	79.13	170.30	169.82	168.67	173.07	176.62
FCH24	227.025	61.50	54.69	80.50	83.40	224.93	224.80	222.01	226.33	231.85
LHG24	65.270	30.10	35.42	39.32	23.05	66.76	68.72	69.00	71.51	71.84

Calculations based on previous session. Data collected 01/03/2024

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						
LCG24	Live Cattle	170.250	171.170	171.550	172.500	172.850
FCH24	Feeder Cattle	224.387	225.925	226.587	228.125	228.787
LHG24	Lean Hogs	63.700	64.470	65.320	66.100	66.950

Calculations based on previous session. Data collected 01/03/2024

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