

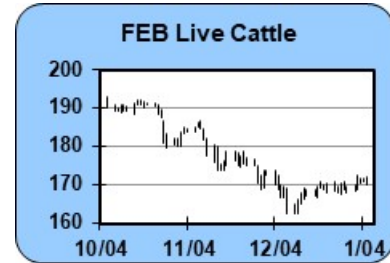


DAILY LIVESTOCK COMMENTARY
Monday January 08, 2024

DAILY CATTLE COMMENTARY
1/8/2024

Pullback should find support with wintry weather moving in

Cold temperatures and wintry precipitation are expected to hamper feedlot performance and turn carcass weights lower. However, the coming wintry weather was known last week and unless it is worse than expected, prices may get a correction lower the first half of this week. Cash cattle trade reported last Friday showed 315 head in Iowa/Minnesota at a weighted average of 173.60, 870 head in Kansas at 172, 2733 head in Nebraska at 173 and 119 head in Texas/Oklahoma at 172. The five area, five day weighted average was 174.23 up from 172.17 the week prior. The USDA estimated cattle slaughter came in at 124,000 head Friday and 52,000 head for Saturday. This brought the total for last week to 556,000 head, up from 508,000 the previous week but down from 565,000 a year ago. The USDA boxed beef cutout was up \$1.98 at mid-session Friday and closed \$1.26 higher at \$277.16. This was down from \$289.71 the previous week. The previous low was \$275.90 on January 4. The previous high was \$278.03 on January 3. The estimated average dressed cattle weight last week was 848 pounds, up from 847 the previous week and up from 828 a year ago. The 5-year average weight for that week is 834 pounds. Estimated beef production last week was 470.3 million pounds, up from 466.7 million a year ago. February futures resistance is 172.65 and pullback support stands at 167.35. Cash cattle prices are expected to be near steady this week unless the wintry weather is worse than forecast.



Cattle positioning in the Commitments of Traders for the week ending January 2nd showed Managed Money traders added 513 contracts to their already long position and are now net long 17,415. CIT traders were net long 73,631 contracts after decreasing their long position by 1,900 contracts. Non-Commercial No CIT traders are net long 10,664 contracts after net selling 303 contracts. Non-Commercial & Non-Reportable traders reduced their net long position by 1,007 contracts to a net long 31,224 contracts.

TODAY'S MARKET IDEAS:

Friday's pullback may have started a minor correction of the recent 30-day rally, as the coming wintry precipitation looks to be factored in. If packers reduce slaughter due to the wintry weather, prices could find good support on a break. Minor support now sits at 169.25 with major support at 167.35. Resistance remains at last week's high at 172.65.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 12/26/2023 - 1/2/2024						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Livestock						
Feeder Cattle	-7,134	-333	5,493	+202	1,640	+131
Cattle	37,635	-1,453	-31,223	+1,009	-6,411	+446

CATTLE COMPLEX TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

LIVE CATTLE (FEB) 01/08/2024: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The close above the 9-day moving average is a positive short-term indicator for trend. A negative signal was given by the outside day down. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 168.670. The next area of resistance is around 171.670 and 173.100, while 1st support hits today at 169.470 and below there at 168.670.

FEEDER CATTLE (MAR) 01/08/2024: The daily stochastics gave a bearish indicator with a crossover down. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day down is somewhat negative. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is now at 220.325. Short-term indicators on the defensive. Consider selling an intraday bounce. The next area of resistance is around 226.475 and 229.625, while 1st support hits today at 221.825 and below there at 220.325.

DAILY HOGS COMMENTARY

1/8/2024

Technical picture points to more upside

Friday's strong close after new contract lows earlier last week took some of the pressure off the technical picture and with winter weather moving in, further gains may be expected early this week. Significant resistance for the February futures sits at 72.45 with support at 67.90. China announced they will sell 30,000 tons of pork from their reserves on January 10. Estimated US pork production last week was 514.7 million pounds, up from 480.7 the previous week and down from 515.9 a year ago. The CME Lean Hog Index as of January 3 was 65.86 up from 65.19 the previous session and from 65.71 the previous week. The

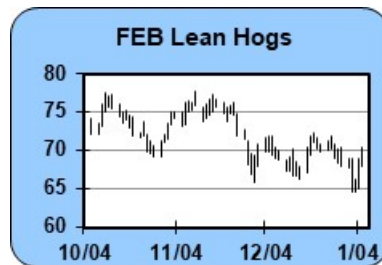
USDA estimated hog slaughter came in at 489,000 head Friday and 440,000 head for Saturday. This brought the total for last week to 2.381 million head, up from 2.221 million the previous week and up from 2.346 million a year ago. The USDA pork cutout, released after the close Friday, came in at \$82.60, down 50 cents from Thursday and down from \$83.78 the previous week. The previous low was \$81.80 on January 3. The previous high was \$83.10 on January 4.

The Commitments of Traders report for the week ending January 2nd showed Hogs Managed Money traders were net short 17,602 contracts after increasing their already short position by 11,607 contracts. CIT traders were net long 73,694 contracts after decreasing their long position by 990 contracts. Non-Commercial No CIT traders added 10,397 contracts to their already short position and are now net short 33,410. Non-Commercial & Non-Reportable traders are net short 11,400 contracts after net selling 10,627 contracts.

China's national average spot pig price as of January 8 was down 0.21% from the previous day. For the week prices are down 0.21%, down 2.23% for the month and down 2.23% year to date and down 8.64% versus a year ago. Dalian live hog futures as of January 08 were down 0.8% from the previous day. For the week prices are down 0.8% and down 1.28% for the month and down 1.28% year to date.

TODAY'S MARKET IDEAS:

Further upside gains could be seen today as cold temperatures and winter precipitation move in. February



support sits at 67.90 and look for close-in resistance at 70.50 and major resistance at 72.45.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 12/26/2023 - 1/2/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Livestock						
Hogs	-5,409	-12,087	11,399	+10,626	-5,991	+1,460

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (FEB) 01/08/2024: A bullish signal was given with an upside crossover of the daily stochastics. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 72.120. The next area of resistance is around 71.250 and 72.120, while 1st support hits today at 68.770 and below there at 67.150.

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	170.570	52.82	49.39	74.83	73.26	171.37	170.12	169.42	172.47	176.00
FCH24	224.150	50.69	49.17	78.60	74.32	225.82	224.88	223.26	225.67	230.84
LHG24	70.000	54.54	51.07	40.88	46.84	67.42	68.51	69.13	71.28	71.62

Calculations based on previous session. Data collected 01/05/2024

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	168.650	169.450	170.870	171.670	173.100
FCH24	Feeder Cattle	220.325	221.825	224.975	226.475	229.625
LHG24	Lean Hogs	67.120	68.750	69.620	71.250	72.120

Calculations based on previous session. Data collected 01/05/2024

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