

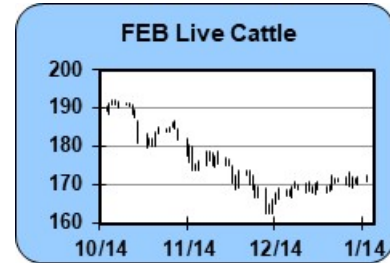


DAILY LIVESTOCK COMMENTARY
Tuesday January 16, 2024

DAILY CATTLE COMMENTARY
1/16/2024

Cash cattle prices decline despite wintry weather.

Wintry weather is slowing slaughter and raising concerns about weight gain, but it is also backing up supply, which could limit gains once the weather improves. There is a mild reprieve expected this week in the Northern Plains, but then it gets cold again. Next week could see a return to above freezing, but this is expected to be accompanied by rain. The USDA estimated cattle slaughter came in at 105,000 head Friday and 20,000 head for Saturday. This brought the total for last week to 549,000 head, down from 551,000 the previous week and 660,740 a year ago. The estimated average dressed cattle weight was 849 pounds, up from 848 the previous week and 827 a year ago. The 5-year average weight for that week is 831 pounds. Estimated beef production last week was 465.2 million pounds, down from 545.3 million a year ago. Cash live cattle were quiet on Monday with no trade reported. The five-area weighted average steer price last week was \$173.47, down from \$174.01 the previous week but up from \$156.78 a year ago. The USDA boxed beef cutout was up \$3.69 at mid-session Friday and closed \$3.37 higher at \$289.26. This was up from \$277.16 the previous week and the highest it had been since January 1. Friday's Commitments of Traders report showed managed money traders were net sellers of 3,645 contracts of cattle for the week ending January 9, reducing their net long to 13,770. This is their smallest net long since May 2022. In Friday's supply/demand report, the USDA raised its estimate for 2023 US beef production by 35 million pounds to 26.967 billion and its forecast for 2024 production by 120 million pounds to 26.110 billion.



TODAY'S MARKET IDEAS:

February cattle traded above the 50-day moving average for the first time since October on Friday but closed back below it, and that line, currently around 172.30, could be a key bull/bear level this week. Additional resistance comes in at last week's high of 173.25. Look for support at 169.95 and 169.25.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/2/2024 - 1/9/2024						
Livestock	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Feeder Cattle	-6,919	+215	6,044	+551	875	-765
Cattle	31,245	-6,390	-26,609	+4,614	-4,636	+1,775

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) 01/16/2024: The daily stochastics have crossed over up which is a bullish indication. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside target is at 173.170. The next area of resistance is around 172.150 and 173.170, while 1st support hits today at 170.600 and below there at 170.050.

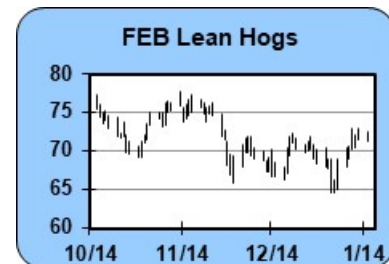
FEEDER CATTLE (MAR) 01/16/2024: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 231.593. The next area of resistance is around 229.662 and 231.593, while 1st support hits today at 225.738 and below there at 223.744.

DAILY HOGS COMMENTARY

1/16/2024

A bit overbought on the cold weather theme?

February hogs held their uptrend last week, and Thursday's close above 72.45 changed the medium-term trend to higher. Snow and extreme cold weather in the Midwest hurt weight gain and can back up hogs in the country. This could limit supply in the near term but create a backlog later. The USDA estimated hog slaughter came in at 332,000 head Friday and 149,000 head for Saturday. This brought the total for last week to 2.279 million head, down from 2.371 million the previous week and 2.689 million a year ago. Estimated US pork production last week was 493.0 million pounds, down from 512.1 million the previous week and 587.7 million a year ago. The CME Lean Hog Index as of January 10 was 66.77, up from 66.46 the previous session and 65.86 the previous week. The USDA pork cutout, released after the close Friday, came in at \$85.39, up \$2.34 from Thursday and up from \$82.60 the previous week. This was the highest it had been since December 11. Friday's Commitments of Traders report showed managed money traders were net buyers of 11,013 contracts of lean hogs for the week ending January 9, reducing their net short to 6,589. This is close to a neutral position. In Friday's supply/demand report, the USDA raised its estimate for 2023 US pork production by 60 million pounds to 27.302 billion and its forecast for 2024 production by 240 million pounds to 27.970 billion.



TODAY'S MARKET IDEAS:

February hogs have gotten short term overbought, and we could see some cash market pressure develop as the worst of the extreme cold weather passes. The 100-day moving average has not been breached since mid-September, and that line presents key resistance at 73.62. Look for support at 71.27 and 69.92.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/2/2024 - 1/9/2024						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Livestock						
Hogs	4,281	+9,690	2,052	-9,347	-6,334	-343

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (FEB) 01/16/2024: 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. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside target is at 73.220. The next area of resistance is around 72.550 and 73.220, while 1st support hits today at 71.250 and below there at 70.600.

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	171.370	56.17	51.86	65.83	66.37	171.18	171.13	170.17	171.08	174.32
FCH24	227.700	62.69	56.19	72.97	75.32	226.53	226.05	225.08	224.16	228.41
LHG24	71.900	59.64	55.49	72.74	83.23	72.11	69.86	69.93	70.88	71.45

Calculations based on previous session. Data collected 01/12/2024

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	170.020	170.570	171.600	172.150	173.170
FCH24	Feeder Cattle	223.743	225.737	227.668	229.662	231.593
LHG24	Lean Hogs	70.570	71.220	71.900	72.550	73.220

Calculations based on previous session. Data collected 01/12/2024

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