

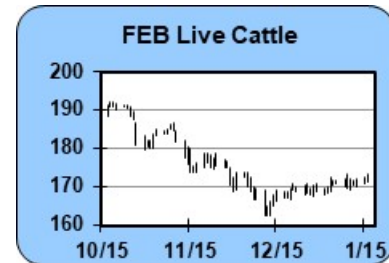


DAILY LIVESTOCK COMMENTARY Wednesday January 17, 2024

DAILY CATTLE COMMENTARY 1/17/2024

Boxed beef rallies, slaughter pace picking up.

February cattle closed above the 50-day moving average for the first time since October yesterday, which sets the market up for a more substantial rally. Extreme cold and snow in the Plains has disrupted movement of cattle to market, but it has also caused a slowdown in slaughter, which has tightened beef supply. Slaughter pace is picking up this week now that the worst of the weather is behind us. The USDA estimated cattle slaughter came in at 114,000 head yesterday. This brings the total for the week so far to 226,000 head, up from 198,000 last week despite the holiday on Monday. The USDA boxed beef cutout came in at \$294.99 yesterday, up \$3.57 from Monday and up from \$280.16 the previous week. This was the highest it had been since December 1, and it increases the incentive for packers to run at a strong pace. Cash live cattle trade was quiet yesterday, with no trades reported. Friday's Commitments of Traders report showed managed money traders had reduced their net long to 13,770 contracts as of last Tuesday, their smallest net long since May 2022. This suggests there is room for fund buying if they start to get interested.



TODAY'S MARKET IDEAS:

High beef prices provide an incentive for packers to run at a strong pace. February cattle's close above the 50-day moving average leaves the next upside at 174.90. Look for support at 171.975 and 170.625.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CATTLE COMPLEX TECHNICAL OUTLOOK:

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LIVE CATTLE (APR) 01/17/2024: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal up on the daily chart is somewhat positive. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside target is at 176.870. The next area of resistance is around 176.170 and 176.870, while 1st support hits today at 174.170 and below there at 172.850.

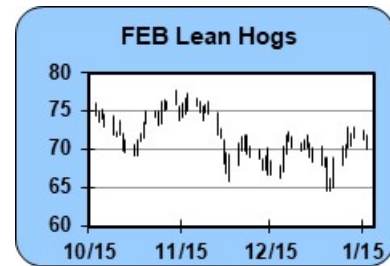
FEEDER CATTLE (MAR) 01/17/2024: The major trend could be turning up with the close back above the 60-day moving average. Rising stochastics at overbought levels warrant some caution for bulls. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 231.443. The next area of resistance is around 230.262 and 231.443, while 1st support hits today at 227.388 and below there at 225.694.

DAILY HOGS COMMENTARY

1/17/2024

Concerns about ample hog supply resurface.

February hogs fell right to the 21-day moving average yesterday, and that line will be key support today. Traders are citing ample hog supply after the market got a bit overdone on the winter-weather theme. The CME Lean Hog Index as of January 12 was 66.55, up from 66.48 the previous session and 65.74 the previous week. The USDA estimated hog slaughter came in at 464,000 head yesterday. This brings the total for the week so far to 842,000 head, down from 863,000 last week and 910,694 a year ago. The USDA pork cutout, released after the close yesterday, came in at \$86.56, up \$1.00 from Monday and up from



\$82.88 the previous week. This was the highest the cutout had been since November 27, and it could lend some support to hog prices today. China produced a record 57.94 million tonnes of pork in 2023, according to official data. Chinese farmers ramped-up slaughter in the fourth quarter due to an oversupply of pigs and an outbreak of African Swine Fever. China's 2023 pork output was 4.6% above 2022. The reduction in capacity is expected to accelerate in 2024, which could further boost pork production and pressure global prices.

TODAY'S MARKET IDEAS:

The rally ran out of steam once the worst of winter weather passed and allowed traders to focus on ample supply. First retracement support in February hogs comes in at 69.80, followed by 68.80. Look for resistance at 71.85.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (APR) 01/17/2024: The market back below the 60-day moving average suggests the longer-term trend could be turning down. A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. The close below the 1st swing support could weigh on the market. The next upside objective is 79.220. The next area of resistance is around 78.350 and 79.220, while 1st support hits today at 76.820 and below there at 76.150.

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										
LCJ24	175.170	61.40	54.70	67.16	72.54	174.40	174.08	173.50	173.79	176.74
FCH24	228.825	66.32	58.44	75.39	80.22	227.51	226.31	225.34	224.02	228.00
LHJ24	77.570	53.90	52.41	75.43	82.03	78.55	77.08	76.51	77.34	77.76

Calculations based on previous session. Data collected 01/16/2024
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						
LCJ24	Live Cattle	172.820	174.150	174.850	176.170	176.870
FCH24	Feeder Cattle	225.693	227.387	228.568	230.262	231.443
LHJ24	Lean Hogs	76.120	76.800	77.670	78.350	79.220

Calculations based on previous session. Data collected 01/16/2024
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