



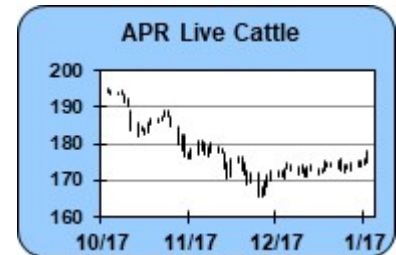
## DAILY LIVESTOCK COMMENTARY Friday January 19, 2024

### DAILY CATTLE COMMENTARY

1/19/2024

#### Strong rally off weather but caution ahead of Cattle on Feed?

Conditions are not as extreme in the northern Plains as they were last week, but ongoing cold and snow are sparking additional concerns about weight gain. The cattle market has also benefited from a strong technical performance this week, with the move above the 50-day moving average on Tuesday for the first time since mid-October. Traders may grow cautious ahead of this afternoon's Cattle on Feed Report. For the report, the average trade expectation for December placements is 95.5% of last year, with a range of expectations from 91.5% to 98%. Marketings are expected at 99.3% (range 98.2%-100.7%) and January 1 on feed supply at 102% (range 101.4%-102.5%). The USDA estimated cattle slaughter came in at 121,000 head yesterday. This brings the total for the week so far to 462,000 head, up from 424,000 last week but down from 494,447 a year ago. The USDA boxed beef cutout was down \$1.54 at mid-session yesterday and closed \$2.16 lower at \$296.29. This was up from \$285.89 the previous week. Cash live cattle saw some light trade in Iowa/Minnesota yesterday, with 367 head reported at \$170-\$172 and an average of \$171.80. This was down from \$174.10 the previous week, but the volume was too low for an adequate test.



#### TODAY'S MARKET IDEAS:

The trade is expecting a big decline in December placements, which could be setting the market up for a bearish surprise. With yesterday's breakout rally, April cattle are approaching the 0.382 retracement of the September-December decline at 178.55, and a move above there could spark additional buying. Look for support at 172.65.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

#### 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 (APR) 01/19/2024:** The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside objective is 179.950. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 179.070 and 179.950, while 1st support hits today at 176.220 and below there at 174.220.

**FEEDER CATTLE (MAR) 01/19/2024:** Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. A positive signal for trend short-term was given on a close over the 9-bar moving average. There could be more upside follow through since the market closed above the 2nd swing

resistance. The near-term upside target is at 235.981. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 234.537 and 235.981, while 1st support hits today at 230.563 and below there at 228.032.

## DAILY HOGS COMMENTARY

1/19/2024

### Cold and snow offer limited support; slaughter pace recovers.

April hogs are consolidating inside a range after an impressive bounce off the January 2 contract low. The market has corrected a deeply oversold condition, but the fundamental picture does not seem to support an extension of the rally. The market fell right to the 21-day moving average this week and bounced off that level, and this bullish short-term action could set the market on a path to test last week's high and the 100-day moving average. Ongoing cold and snowy conditions in the Midwest provide some underlying support, but the slaughter pace has recovered from last week. The USDA estimated hog slaughter came in at 489,000 head yesterday. This brings the total for the week so far to 1.810 million head, up from 1.798 million last week but down from 1.827 million a year ago. The CME Lean Hog Index as of January 16 was 67.34, up from 66.85 the previous session and 66.46 the previous week. The USDA pork cutout, released after the close yesterday, came in at \$87.21, up 53 cents from Wednesday and up from \$83.05 the previous week. This was the highest it had been since November 27. US pork production is expected to see a small but contra-seasonal increase in the first quarter, and Chinese herd liquidation could limit US export prospects.



### TODAY'S MARKET IDEAS:

First retracement support in April hogs comes in at 76.47, followed by 75.56. Important resistance comes in at last week's high of 79.42, followed by the 100-day moving average, currently around 79.60.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (APR) 01/19/2024: 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 mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 79.650. The next area of resistance is around 79.120 and 79.650, while 1st support hits today at 77.800 and below there at 76.970.

### 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
<b>MEAT COMPLEX</b>										
LCJ24	177.650	72.94	62.51	76.08	85.85	175.66	174.54	173.87	173.77	176.26

FCH24	232.550	75.89	65.18	81.84	87.98	229.71	227.39	226.09	224.16	227.47
LHJ24	78.450	59.19	55.73	79.58	83.64	78.16	78.11	76.61	77.21	77.77

**Calculations based on previous session. Data collected 01/18/2024**

**Data sources can & do produce bad ticks. Verify before use.**

### DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>MEAT COMPLEX</b>						
LCJ24	Live Cattle	174.200	176.200	177.070	179.070	179.950
FCH24	Feeder Cattle	228.031	230.562	232.006	234.537	235.981
LHJ24	Lean Hogs	76.950	77.770	78.300	79.120	79.650

**Calculations based on previous session. Data collected 01/18/2024**

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