



DAILY LIVESTOCK COMMENTARY

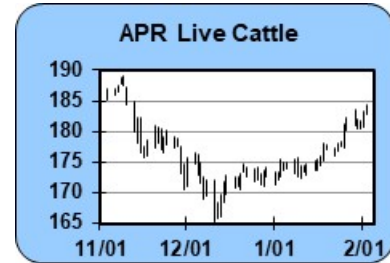
Monday February 05, 2024

DAILY CATTLE COMMENTARY

2/5/2024

Firm cash prices and tight supply.

April cattle are facing a key junction today at the 200-day moving average, which it has not crossed since November 7. The market garnered support last week from the USDA cattle inventory report that showed US cattle supply on January 1 was the lowest it had been since 1951. The report reinforced expectations that US supply will remain tight for the foreseeable future. The market was also supported by higher cash live cattle prices. As of Friday afternoon, the five-day, five-area weighted average price was \$177.77, up from \$175.28 the previous week. However, the USDA boxed beef cutout was \$1.86 lower on Friday at \$293.08. This was down from \$300.53 the previous week. The USDA estimated cattle slaughter came in at 124,000 head Friday and 5,000 head for Saturday. This brought the total for the week to 618,000 head, up from 617,000 the previous week but down from 653,000 a year ago. The estimated average dressed cattle weight last week was 845 pounds, down from 847 the previous week but up from 828 a year ago. The 5-year average for the week is 833 pounds. Estimated beef production last week was 536.8 million pounds, up from 526.7 million a year ago. Friday's Commitments of Traders showed managed money traders were net buyers of 10,004 contracts of live cattle for the week ending January 30, increasing their net long to 27,171. This was well below the 100,000 net long they were in September, indicating there is more buying power left for the funds.



TODAY'S MARKET IDEAS:

Friday's high at 184.30 in April cattle could be the key bull/bear line today, as that is right at the 200-day moving average. A move above that line would project to 186.65, while a failure could set the market back to the 178.00 area.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/23/2024 - 1/30/2024						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Livestock						
Feeder Cattle	2,214	+4,372	2,805	-733	-5,018	-3,638
Cattle	50,942	+13,795	-42,953	-9,056	-7,990	-4,740

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) 02/05/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. The close over the pivot swing is a somewhat positive setup. The next upside objective is 185.100. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 184.450 and 185.100, while 1st support hits today at 183.020 and below there at 182.220.

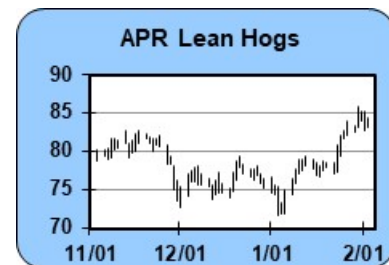
FEEDER CATTLE (MAR) 02/05/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. The market could take on a defensive posture with the daily closing price reversal down. The close over the pivot swing is a somewhat positive setup. The next upside target is 247.056. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 245.862 and 247.056, while 1st support hits today at 243.738 and below there at 242.807.

DAILY HOGS COMMENTARY

2/5/2024

Dollar rally hurts US export prospects.

Last week's US export sales report was impressive, with pork sales for the week ending January 25 the highest since December 21, but the market failed to capitalize on that news. The dollar broke out to the upside on Friday and saw further gains overnight, which could dampen US export prospects. China domestic pig prices had a sharp rally early last week but backed off as the week progressed. Perhaps the rally was due to last minute buying ahead of the Lunar New Year holiday, which starts later this week. There may be more herd culling ahead in China that would boost near term supply. China's national average spot pig price was down 2.4% today and 7.5% for the month but up 6.3% year to date. The USDA pork cutout, released after the close Friday, came in at \$87.26, down 66 cents from Thursday and down from \$88.49 the previous week. The CME Lean Hog Index as of January 31 was 72.71, up from 72.38 the previous session and 69.67 the previous week. The USDA estimated hog slaughter came in at 487,000 head Friday and 294,000 head for Saturday. This brought the total for the week to 2.719 million head, up from 2.630 million the previous week and 2.546 million a year ago. Estimated US pork production last week was 586.8 million pounds, up from 585.8 million the previous week and 561.3 million a year ago. Friday's Commitments of Traders report showed managed money traders were net buyers of 22,553 contracts of hogs for the week ending January 30, increasing their net long to 25,036. The buying trend is short-term positive.



TODAY'S MARKET IDEAS:

The rally in the dollar to its highest level since November 14 hurts US export prospects. April hogs saw a 20% rally in January that left them vulnerable to a correction. Key support comes in at the 200-day moving average, which is down at 81.80. Open interest has risen on the rally, which is bullish.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/23/2024 - 1/30/2024						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Livestock						
Hogs	37,777	+26,869	-27,831	-23,500	-9,946	-3,369

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (APR) 02/05/2024: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The close above the 9-day moving average is a positive short-term indicator for trend. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 82.670. The next area of resistance is around 84.400 and 85.000, while 1st support hits today at 83.250 and below there at 82.670.

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	183.750	78.25	72.04	87.87	89.94	182.34	181.02	178.22	174.61	175.32
FCH24	244.800	81.28	75.34	91.03	92.67	242.79	239.45	234.20	226.52	227.16
LHJ24	83.820	69.76	66.66	86.60	82.50	84.33	83.21	80.77	77.96	78.38

Calculations based on previous session. Data collected 02/02/2024

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	182.200	183.020	183.650	184.450	185.100
FCH24	Feeder Cattle	242.806	243.737	244.931	245.862	247.056
LHJ24	Lean Hogs	82.650	83.220	83.820	84.400	85.000

Calculations based on previous session. Data collected 02/02/2024

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