

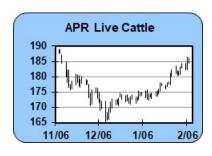
DAILY LIVESTOCK COMMENTARY

Thursday February 08, 2024

DAILY CATTLE COMMENTARY 2/8/2024

Packer margins weakening

Yesterday, April cattle saw no follow through from Tuesday's surprising strength. Falling packer margins may keep cash bids relatively soft this week. April prices have retraced more than 62% of the pullback from the September highs to the December lows and due a correction. The USDA estimated cattle slaughter came in at 126,000 head yesterday. This brings the total for the week so far to 376,000 head, down from 379,000 last week at this time but up from 367,307 a year ago. The USDA boxed beef cutout was up \$1.39 at mid-session yesterday and closed 91 cents higher at \$294.98. This was up from



\$294.54 the previous week. The previous low was \$294.07 on February 6. The previous high was \$296.07 on January 30. Cash cattle trade was very light on Wednesday. The only region that reported sales was lowa/Minnesota, which had 331 head trading at 168-176 with an average price of 168.82. This was down from an average of 177.52 last week, but the volume was too low for an adequate test. The 5-area, 5-state weighted average is 177.85.

TODAY'S MARKET IDEAS:

Since early December April prices have rallied a little over \$21 without much of a correction. Bullish fundamentals have driven the bounce, but a reasonable correction is due. Gap resistance on April futures stands at 187.30-187.55.

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) 02/08/2024: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The market's short-term trend is positive on the close above the 9-day moving average. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 183.200. The next area of resistance is around 185.720 and 186.870, while 1st support hits today at 183.900 and below there at 183.200.

FEEDER CATTLE (MAR) 02/08/2024: A bearish signal was triggered on a crossover down in the daily stochastics. Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The market could take on a defensive posture with the daily closing price reversal down.

It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 242.900. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 247.150 and 249.300, while 1st support hits today at 243.950 and below there at 242.900.

DAILY HOGS COMMENTARY 2/8/2024

Wholesale pork prices weak

April hogs tried to generate some momentum higher after the recent break but failed to hold the gains yesterday. Wholesale pork prices are under heavy pressure this week and that may be why aggressive selling showed up on yesterday's bounce. Key support is 79.50 and we would not be surprised of a test of that level in the short-term. The CME Lean Hog Index as of February 5 was 73.86, up from 73.56 the previous session and 71.48 the previous week. The USDA estimated hog slaughter came in at 487,000 head yesterday. This brings the total for the week so far to 1.466 million head, down from 1.473 million last week



at this time but up from 1.434 million a year ago. The USDA pork cutout, released after the close yesterday, came in at \$82.96, down \$2.98 from Tuesday and down from \$86.88 the previous week. The average hog weight for lowa-Southern Minnesota as of February 3 was 290.8 pounds, down from 291.8 pounds the previous week and up from 285.9 a year ago. The 5-year average is 287.7 pounds. China's national average spot pig price as of February 8 was unchanged from the previous day. For the week prices are down 2.43%.

TODAY'S MARKET IDEAS:

April futures failure to hold yesterday's early rally keeps the short-term outlook pointing lower. Futures may work down into important support at 79.50.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

PORK 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.

LEAN HOGS (APR) 02/08/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The downside closing price reversal on the daily chart is somewhat negative. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 79.570. The next area of resistance is around 82.100 and 83.600, while 1st support hits today at 80.100 and below there at 79.570.

DAILY TECHNICAL STATISTICS

MEAT COMPLEX									
CLOSE	RSI	RSI	STOCH D	STOCH K	M AVG	M AVG	M AVG	M AVG	M AVG
	9 DAY	14 DAY	SLOW	SLOW	4 DAY	9 DAY	18 DAY	45 DAY	60 DAY
			ITDAI	ITDAI					

14 DAV

14 DAV

LCJ24	184.800	68.74	67.29	87.94	87.56	184.24	182.83	179.96	175.31	175.56
FCH24	245.550	72.13	70.42	90.53	89.89	244.94	242.72	237.34	228.10	227.82
LHJ24	81.100	47.53	52.78	70.83	58.63	82.09	83.17	81.21	78.28	78.42

Calculations based on previous session. Data collected 02/07/2024 Data sources can & do produce bad ticks. Verify before use.

DAILY SWING STATISTICS

Contract Support		Support 2	Support 1	Pivot	Resist 1	Resist 2		
MEAT COMPLEX								
LCJ24	Live Cattle	183.170	183.870	185.020	185.720	186.870		
FCH24	Feeder Cattle	242.900	243.950	246.100	247.150	249.300		
LHJ24	Lean Hogs	79.550	80.070	81.570	82.100	83.600		

Calculations based on previous session. Data collected 02/07/2024 Data sources can & do produce bad ticks. Verify before use.

^{***}This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.