

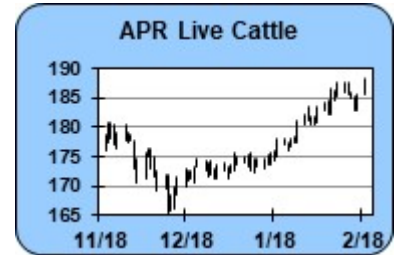


DAILY LIVESTOCK COMMENTARY
 Tuesday February 20, 2024

DAILY CATTLE COMMENTARY
 2/20/2024

Beef rally boosts demand expectations amid tight supply.

April cattle's rally on Friday re-established the uptrend off the December low after only a minor correction. The lower trend in cattle slaughter last week could be indicative of the tight supply. The USDA estimated cattle slaughter came in at 608,000 head last week, down from 622,000 the previous week and 625,000 a year ago. The estimated average dressed cattle weight last week was 835 pounds, down from 838 the previous week but up from 825 a year ago.



Estimated beef production last week was 506.9 million pounds, down from 514.4 million a year ago. The slaughter came in at 104,000 head yesterday, down from 115,000 last week but up from 102,000 a year ago. The USDA boxed beef cutout ended yesterday at \$297.09, up 89 cents from Friday and up from \$294.08 the previous week. This was the highest it had been since January 29. Cash live cattle prices eased slightly last week. As of Friday afternoon, the five-day, five-area weighted average price was \$180.19, down from \$180.99 the previous week. Trade was quiet on Monday. Friday's Commitments of Traders report showed managed money traders were net buyers of 6,384 contracts of live cattle for the week ending February 13, increasing their net long to 42,472. This was their largest net long since November 7 but well below the 100,000+ from mid-September, much less the record net long of 155,000 from April 2019. The buying trend is short-term positive.

TODAY'S MARKET IDEAS:

April cattle appear to have resumed their uptrend following a brief correction, leaving resistance at 189.10 and 190.70. Look for support at 184.50.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/6/2024 - 2/13/2024							
	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change	
Livestock							
Feeder Cattle	5,742	+1,622	2,425	-647	-8,166	-973	
Cattle	68,572	+8,331	-57,928	-7,796	-10,644	-534	

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) 02/20/2024: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's close above the 9-day moving average suggests the short-term

trend remains positive. Market positioning is positive with the close over the 1st swing resistance. The next downside objective is 184.470. The next area of resistance is around 188.900 and 189.850, while 1st support hits today at 186.220 and below there at 184.470.

FEEDER CATTLE (MAR) 02/20/2024: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. A positive signal for trend short-term was given on a close over the 9-bar moving average. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next downside target is now at 245.475. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 253.425 and 255.075, while 1st support hits today at 248.625 and below there at 245.475.

DAILY HOGS COMMENTARY

2/20/2024

Possible revision in export sales may make longs nervous.

April hogs failed to take out the January 30 high at 85.92 last week, and this may be met with initial disappointment today. On Friday, the USDA said the weekly US pork export sales data was incorrect and that they would issue an update this week. Last week's report showed net sales of 74,569 tonnes for the week ending February 8, up from 71,855 the previous week and the highest since December 2022. Traders may be thinking this number was too good to be true. The CME Lean Hog Index as of February 14 was 75.12, up from 74.60 the previous session and 74.00 the previous week. The USDA estimated hog slaughter came in at 2.559 million head last week, down from 2.622 million the previous week but up from 2.490 million a year ago. Estimated US pork production for the week was 556.0 million pounds, down from 570.4 million the previous week but up from 539.0 million a year ago. The slaughter came in at 490,000 head yesterday, down from 491,000 last week but up from 477,000 a year ago. The USDA pork cutout came in at \$92.34 yesterday, up \$2.76 from Friday and up from \$87.79 the previous week. This was the highest it had been since October 9. China's hog market appears to have emerged from the week-long holiday on a weak note. The national average spot pig price today was down 7.4% for the week and 14% for the month. Friday's Commitments of Traders report showed managed money traders were net buyers of 2,144 contracts of lean hogs for the week ending February 13, increasing their net long to 33,791. This is their largest net long since September, but well below the 89,000 net long from August 2021.



TODAY'S MARKET IDEAS:

A key resistance level for April hogs comes in at the January high of 85.92, and a failure to take out that level today could spark some profit taking after last week's rally. US pork prices are firm, but traders may be wary of a potential revision lower in last week's export sales. Look for support at 84.32 and 83.45. A move above 85.92 would leave the next resistance at 89.00.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/6/2024 - 2/13/2024						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Livestock						
Hogs	46,319	+1,569	-37,680	-3,587	-8,639	+2,018

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (APR) 02/20/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. 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 86.270. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 85.770 and 86.270, while 1st support hits today at 84.670 and below there at 84.050.

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	187.550	68.87	67.56	80.42	80.22	185.56	185.82	183.67	177.85	176.45
FCH24	251.025	74.60	72.58	86.57	86.30	248.09	247.49	243.98	233.14	229.79
LHJ24	85.220	71.98	67.28	57.97	69.22	83.96	82.31	82.86	79.33	78.54

Calculations based on previous session. Data collected 02/16/2024

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	184.450	186.200	187.150	188.900	189.850
FCH24	Feeder Cattle	245.475	248.625	250.275	253.425	255.075
LHJ24	Lean Hogs	84.020	84.650	85.150	85.770	86.270

Calculations based on previous session. Data collected 02/16/2024

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