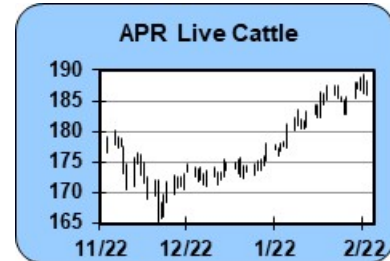




DAILY LIVESTOCK COMMENTARY
Monday February 26, 2024

DAILY CATTLE COMMENTARY
2/26/2024

Placements number not a bullish as expected.



Friday's USDA Cattle on Feed Report showed placements for the month of January at 92.6% of last year versus an average trade expectation of 88% and a range of expectations from 81.6% to 94.0%. Marketings for January came in at 99.9% of last year versus 99.8% expected (range 98.6%-100.3%). February 1 on feed supply was 100.4% of last year versus 100.1% expected (range of 99.4% to 101.0%). The report was bearish, particularly for the deferred months, as January placements came in well above expectations (though still down from last year). The on-feed number was only slightly higher than expected, which is less bearish for the closer-in contracts. However, the disappointment with the placements number will likely dominate market action in the early going today. The USDA estimated cattle slaughter came in at 119,000 head Friday and 2,000 head for Saturday. This brought the total for last week to 593,000 head, down from 608,000 the previous week and 613,681 a year ago. The estimated average dressed cattle weight last week was 831 pounds, down from 835 the previous week but up from 827 a year ago. The 5-year average weight for that week is 830 pounds. Estimated beef production last week was 491.8 million pounds, down from 506.1 million a year ago. The USDA boxed beef cutout was 82 cents higher on Friday at \$300.61. This was up from \$296.20 the previous week and was the highest it had been since January 23. Cash live cattle traded in heavy volume on Friday at higher prices than the previous week. As of Friday afternoon, the five-day, five-area weighted average price was \$182.75, up from \$180.19 the previous week. Friday's Commitments of Traders report showed managed money traders were net buyers of 8,061 contracts of cattle for the week ending February 20, increasing their net long to 50,533. This is their largest net long since November 7 but still well below the 100,000+ net long they held for most of 2023.

TODAY'S MARKET IDEAS:

We expect the lower-than-expected placements number from Friday's Cattle on Feed Report to spark a lower open in April cattle this morning. Look for support at 184.725, followed by 182.85. A move above 189.20 would leave the next target at 190.70. The strong trend in cash cattle last week could mitigate some of the bearishness from the placements number.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

| Commitment of Traders - Futures and Options - 2/13/2024 - 2/20/2024 | | | | | | |
|---|----------------|-------------------|--------------|-------------------|--------------|-------------------|
| | Non-Commercial | | | Commercial | | Non-Reportable |
| | Net Position | Weekly Net Change | Net Position | Weekly Net Change | Net Position | Weekly Net Change |
| Livestock | | | | | | |
| Feeder Cattle | 6,735 | +993 | 2,497 | +72 | -9,233 | -1,067 |
| Cattle | 78,449 | +9,877 | -67,449 | -9,521 | -11,001 | -357 |

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) 02/26/2024: 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. The daily closing price reversal up on the daily chart is somewhat positive. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is now at 185.050. The next area of resistance is around 189.120 and 189.920, while 1st support hits today at 186.700 and below there at 185.050.

FEEDER CATTLE (APR) 02/26/2024: A bullish signal was given with an upside crossover of the daily stochastics. 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. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 263.250. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 262.125 and 263.250, while 1st support hits today at 257.825 and below there at 254.650.

DAILY HOGS COMMENTARY

2/26/2024

Strong slaughter pace indicates strong packer margins.

April hogs settled close to unchanged on Friday after spending the session in the upper half of Thursday's breakout range. The market could see further gains this week if the slaughter pace stays strong. The USDA estimated hog slaughter came in at 482,000 head Friday and 136,000 head for Saturday. This brought the total for last week to 2.578 million head, up from 2.559 million the previous week and 2.361 million a year ago. Estimated US pork production last week was 558.9 million pounds, up from 556.0 million the previous week and 510.2 million a year ago. Friday's export sales report showed US pork sales for the week ending February 15 at 28,902 tonnes, down from 33,691 on February 8 and 39,220 on February 1. The February 8 and February 1 numbers were revised down from 74,569 tonnes and 71,855, respectively, but the USDA had warned that revisions would be made. Cumulative sales for 2024 have reached 456,300 tonnes, up from 444,100 a year ago but below the five-year average of 542,100. The largest buyer this week was Mexico at 13,206 tonnes, followed by Japan at 4,220 and Canada at 2,777. China bought 601 tonnes. Business clearly slowed down during the Lunar New Year holidays. The CME Lean Hog Index as of February 21 was 78.78, up from 77.97 the previous session and 75.12 the previous week. The USDA pork cutout came in at \$90.06 on Friday, down 86 cents from Thursday but up from \$89.58 the previous week. Friday's Commitments of Traders report showed managed money traders were net buyers of 14,382 contracts of lean hogs for the week ending February 20, increasing their net long to 48,173. This is their largest net long since January 2023. The net long reached peaks of 77,000 in 2022 and 89,000 in 2021, and the current position illustrates a capacity for more fund buying if circumstances allow. China's Ministry of Agriculture and Rural Affairs said today that the nation had 40.67 million sows at the end of January, down 1.8% from December and down 6.9% from January 2023. The number of pigs slaughtered by enterprises jumped by 28.6% from a year before to 37.25 million head, but this was a 36.4% drop from December. This indicates that China is making progress in reducing their burdensome supply.



TODAY'S MARKET IDEAS:

The recent strong slaughter pace showed packers are in a good position, but April hogs have reached overbought levels on the daily chart. Resistance comes in at 89.00, with support at 85.92. The weekly charts show the next upside objective at 93.82, the 50% retracement of the decline from the 2021 high to last month's low.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

| Commitment of Traders - Futures and Options - 2/13/2024 - 2/20/2024 | | | | | | |
|---|----------------|-------------------|--------------|-------------------|--------------|-------------------|
| | Non-Commercial | | | Commercial | | Non-Reportable |
| | Net Position | Weekly Net Change | Net Position | Weekly Net Change | Net Position | Weekly Net Change |
| Livestock | | | | | | |
| Hogs | 62,841 | +16,522 | -52,784 | -15,104 | -10,057 | -1,418 |

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (APR) 02/26/2024: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The near-term upside target is at 88.700. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 87.820 and 88.700, while 1st support hits today at 86.570 and below there at 86.170.

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 | 187.900 | 65.88 | 65.65 | 79.82 | 78.48 | 187.37 | 186.41 | 185.20 | 179.20 | 177.28 |
| FCJ24 | 259.975 | 81.16 | 77.26 | 85.19 | 88.97 | 256.99 | 254.03 | 251.94 | 241.08 | 236.45 |
| LHJ24 | 87.200 | 79.35 | 72.78 | 74.40 | 79.99 | 86.51 | 84.78 | 83.69 | 80.16 | 79.21 |

Calculations based on previous session. Data collected 02/23/2024

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 | 185.020 | 186.670 | 187.470 | 189.120 | 189.920 |
| FCJ24 | Feeder Cattle | 254.650 | 257.825 | 258.950 | 262.125 | 263.250 |
| LHJ24 | Lean Hogs | 86.150 | 86.550 | 87.420 | 87.820 | 88.700 |

Calculations based on previous session. Data collected 02/23/2024

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