



## DAILY LIVESTOCK COMMENTARY

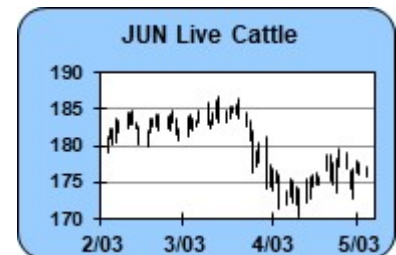
Tuesday May 07, 2024

### DAILY CATTLE COMMENTARY

5/7/2024

#### Seasonally strong demand.

June cattle finished yesterday with a mild gain but remained locked inside a two-week trading range. The market has been holding a mild uptrend since putting in a four-month low in mid-April. It is supported by seasonal demand but is pressured by heavy weights and strong beef production. Statements from publicly traded companies in the food, grocery, and restaurant sectors that they worry about losing business from lower-income customers that are feeling the pinch from food inflation have raised concerns about meat demand going forward. On the other hand, the USDA boxed beef cutout was up \$4.56 yesterday at \$298.76, up from \$297.53 the previous week and the highest it has been since April 15. The CDC is warning dairy workers that they may be at risk of contracting bird flu, and they have recommended protective gear for those in close contact with cattle. Canada has toughened its livestock import regulations and is now requiring a negative bird flu test for cattle to be allowed into the country. The USDA estimated cattle slaughter came in at 120,000 head yesterday, up from 113,000 last week but down from 125,000 a year ago. Cash live cattle trade was very quiet yesterday, with only 35 head reported at \$184 in Iowa/Minnesota versus a range of \$183-\$188 last week. The five-area weighted average steer price last week was \$184.75, up from \$184.15 the previous week and \$173.93 a year ago.



#### TODAY'S MARKET IDEAS:

Heavy weights limit upside potential, but we are entering a seasonally strong demand period. Look for support in June cattle 175.325 and 174.075, with resistance at 177.50 and 179.25. The bulls seem to have the upper hand.

#### 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 (JUN) 05/07/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal up on the daily chart is somewhat positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is 175.450. The next area of resistance is around 177.570 and 177.920, while 1st support hits today at 176.350 and below there at 175.450.

FEEDER CATTLE (AUG) 05/07/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The intermediate trend has turned down with the cross over back below the 18-day moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 250.563. The next area of resistance is around 254.174 and 255.762, while 1st support hits today at 251.575 and below there at 250.563.

## DAILY HOGS COMMENTARY

5/7/2024

### Demand concerns and a burdensome fund net long position.

Traders are concerned about demand, but they are also aware of a burdensome fund net long that could spark more heavy selling. Friday's Commitments of Traders report showed funds were still holding a near-record net long position as of April 30 despite the market having already fallen 8% from its contract high. June hogs have since fallen another 3%, but there has not been the type of capitulation that would suggest funds have bailed out of their positions. Tyson Foods warned that consumers were under pressure from persistent inflation after second-quarter sales fell short of analysts' estimates. The company has closed six US chicken plants since the start of 2023 and has announced plans to close one pork plant. The CME Lean Hog Index as of May 2 was 90.96, up from 90.92 the previous session and 90.88 the previous week. The USDA estimated hog slaughter came in at 481,000 head yesterday, up from 476,000 last week and 466,000 a year ago. The USDA pork cutout, released after the close yesterday, came in at \$98.50, up \$1.00 from Friday but down from \$99.24 the previous week. Inclement weather has killed livestock, blocked roads, and interrupted operations at 10 pork or poultry plants in Brazil's southernmost state of Rio Grande do Sul.



### TODAY'S MARKET IDEAS:

June hogs closed right on the 100-day moving average yesterday, and that level could provide support today. A close below there could set the stage for an extension of the selloff to the 200-day moving average at 96.00, which coincides with the 0.618 retracement of the move from the contract low in January to the contract high on April 10.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (JUN) 05/07/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 1st swing support could weigh on the market. The next downside objective is now at 97.100. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 98.770 and 99.520, while 1st support hits today at 97.570 and below there at 97.100.

### 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>										
LCM24	176.950	52.86	50.53	60.62	59.18	176.08	176.45	175.81	178.66	179.72
FCQ24	252.875	43.79	44.88	61.84	50.14	253.65	256.10	254.40	258.87	261.36

LHM24 98.150 26.06 34.12 16.66 7.49 99.37 101.93 103.01 102.83 101.66

Calculations based on previous session. Data collected 05/06/2024

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>						
LCM24	Live Cattle	175.420	176.320	176.670	177.570	177.920
FCQ24	Feeder Cattle	250.562	251.575	253.162	254.174	255.762
LHM24	Lean Hogs	97.070	97.550	98.300	98.770	99.520

Calculations based on previous session. Data collected 05/06/2024

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