



## DAILY LIVESTOCK COMMENTARY

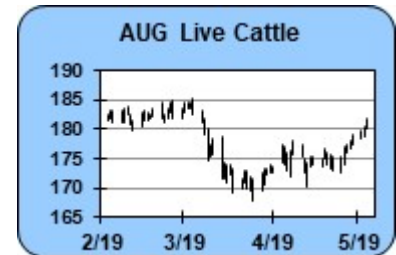
Thursday May 23, 2024

### DAILY CATTLE COMMENTARY

5/23/2024

#### Peak demand this weekend; Cattle on Feed report Friday.

The arrival of the vaunted "grilling season kickoff" this weekend means we could see a peak demand period just as the Cattle on Feed report is released on Friday afternoon, creating conditions for heavy volatility ahead of the long weekend and into early next week. August cattle extended their rally to trade to their highest level since March 22 yesterday, leaving the next upside target at the March high of 185.05. Trading above the 200-day moving average last Friday and surviving a test of that level on Tuesday was bullish technical action.



This line coincided with the 0.618 retracement of the selloff from the March high to the April low. Cash live cattle continue to log higher trades than last week. Yesterday there were 1,149 head reported in Kansas at \$187, up from an average of \$185.98 on Friday. In Texas/Oklahoma, 233 head were reported at \$187 versus an average of \$185.97 last week. The USDA estimated cattle slaughter came in at 122,000 head yesterday. This brings the total for the week so far to 364,000 head, up from 363,000 last week but down from 375,000 a year ago. The USDA boxed beef cutout was down 93 cents at mid-session yesterday and closed 85 cents lower at \$312.17. This was up from \$306.77 the previous week. For the Cattle on Feed report, a Bloomberg survey shows an average trade expectation for April placements at 94.6% of last year, with a range of expectations from 86.5% to 104.5%. April marketings are expected at 109.3% (range 104.6%-110.7%) and May 1 on-feed supply at 99.2% (range 97.9%-100.5%). A dairy worker in Michigan has been diagnosed with bird flu, the second human case in the US since the virus was first detected in dairy cattle in late March, the US CDC reported on Wednesday. As in the previous case the patient only reported eye symptoms. The USDA believes unpasteurized milk is the primary vector for transmitting the virus among cows.

#### TODAY'S MARKET IDEAS:

August cattle have moved back into the trading range from February and March bound roughly by 180.00 and 185.00, and that could contain the market for a while, but there is also the potential for a volatility event with the Cattle on Feed report Friday after the close. We may see minor resistance at 181.80 and more significant resistance at the 2024 high of 185.05. Look for support at 178.65. Momentum indicators suggest a short-term overbought condition as well.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

#### CATTLE COMPLEX TECHNICAL OUTLOOK:

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LIVE CATTLE (AUG) 05/23/2024: 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. A positive setup occurred with the close over the 1st swing resistance. The next upside objective is

182.870. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 182.450 and 182.870, while 1st support hits today at 180.900 and below there at 179.750.

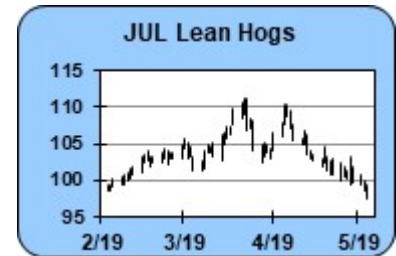
FEEDER CATTLE (AUG) 05/23/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. The market's close above the 2nd swing resistance number is a bullish indication. The next upside target is 265.275. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 264.449 and 265.275, while 1st support hits today at 261.350 and below there at 259.075.

## DAILY HOGS COMMENTARY

5/23/2024

### Downside technical targets have been met.

July hogs fell to two major technical support levels yesterday, the 200-day moving average and the 0.618 retracement of the rally from the contract low on January 2 to the contract high in April. Having achieved these targets in a relatively short time, the market may be due for a correction. Traders blame the active slaughter pace for keeping pressure on prices. The USDA estimated hog slaughter came in at 484,000 head yesterday. This brings the total for the week so far to 1.432 million head, up from 1.421 million last week and 1.418 million a year ago. The average hog weight for Iowa-Southern Minnesota as of May 18 was 287.9 pounds, unchanged from the previous week and up from 284 a year ago. The 5-year average is 286.7 pounds. Weights tend to drop off sharply starting in mid-May, and the fact that they held steady this week may have reinforced bearish expectations. The CME Lean Hog Index as of May 20 was 92.01, down from 92.22 the previous session but up from 91.29 the previous week. The USDA pork cutout, released after the close yesterday, came in at \$98.90, down 93 cents from Tuesday and down from \$100.65 the previous week.



### TODAY'S MARKET IDEAS:

July hogs fell right to key technical support levels yesterday, and the fact that prices have fallen 12% in a little over a month in an almost straight-down fashion suggests it could be due for a recovery rally. Momentum indicators suggest a short-term oversold condition. Next support comes in at the February 13 low at 95.47, with resistance at 99.47.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (JUL) 05/23/2024: A crossover down in the daily stochastics is a bearish signal. Daily stochastics are trending lower but have declined into oversold territory. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 96.600. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 98.970 and 100.020, while 1st support hits today at 97.270 and below there at 96.600.

## 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>										
LCQ24	181.670	74.27	66.22	84.27	92.75	179.93	177.47	175.75	175.13	177.01
FCQ24	262.900	70.17	62.65	68.83	84.24	260.26	256.91	255.54	255.45	258.72
LHN24	98.120	24.24	30.34	11.36	10.35	99.36	100.26	101.74	104.29	104.03

Calculations based on previous session. Data collected 05/22/2024

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>						
LCQ24	Live Cattle	179.720	180.870	181.300	182.450	182.870
FCQ24	Feeder Cattle	259.074	261.349	262.174	264.449	265.275
LHN24	Lean Hogs	96.570	97.250	98.300	98.970	100.020

Calculations based on previous session. Data collected 05/22/2024

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