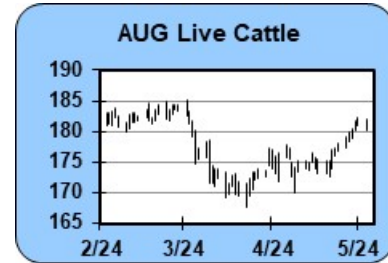




DAILY CATTLE COMMENTARY
 5/28/2024

Post holiday weakness, neutral on feed report, bird flu.

The Cattle on Feed report on Friday afternoon neutral, with placements, marketings, and on-feed numbers all very close to expectations, but live cattle we may see a lower open today after the rally last week, especially now that the Memorial Day holiday has come and gone. New bird flu concerns may emerge as well, as USDA said on Friday that virus particles were found in tissue samples taken from one dairy cow sent to slaughter at a US meat processing plant. Meat from that animal and others also tested were prevented from entering the nation's food supply. Cash live cattle ended last week about \$2/cwt higher than the previous week. As of Friday afternoon, the five-day, five-area weighted average cattle price was \$190.24, up from \$188.31 the previous week. The Cattle on Feed report showed placements for the month of April at 94.2% of last year versus an average trade expectation of 94.6% and a range of 86.5% to 104.5%. Marketings for April came in at 110.1% of last year versus 109.3% expected (range 104.6% to 110.7%). On feed supply as of May 1 came in at 99.1% of last year versus 99.2% expected (range 97.9% to 100.5%). The USDA estimated cattle slaughter came in at 607,000 head last week, up from 598,000 the previous week but down from 625,000 a year ago. The estimated average dressed cattle weight last week was 851 pounds, up from 850 the previous week and up 813 a year ago. The five-year average weight for that week is 814 pounds. Estimated beef production last week was 515.6 million pounds, up from 507 million a year ago. The USDA boxed beef cutout ended last week at \$310.45, down from \$313.45 the previous week. The monthly Cold Storage report on Friday showed there were 430.683 million pounds of frozen beef in storage as of April 30, down from 434.504 million the previous month and 452.080 million a year ago. The monthly decline in storage is typical for this time of year. Friday's Commitments of Traders report showed managed money traders were net buyers of 9,230 contracts for the week ending May 21, increasing their net long to 46,480. This is a relatively modest net long when compared to 100,000+ last fall.



TODAY'S MARKET IDEAS:

The market rallied last week after breaking above a couple of long-term resistance levels (the 200-day moving average and the 0.618 retracement of the selloff from the March high to the April low). Strong demand ahead of the Memorial Day holiday has been cited as a reason for the move, as well as gains in the cash cattle market. Now that the holiday is over, there may be little for the bulls to cling to, and traders could get spooked by reports of ground beef samples testing positive for bird flu virus. Initial support on a break today would come in at 178.625, followed by 178.40.

Look for resistance at 185.00.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/14/2024 - 5/21/2024						
Net Position	Non-Commercial		Net Position	Commercial		Non-Reportable Weekly Net Change
	Weekly Net Change	Weekly Net Change		Weekly Net Change	Weekly Net Change	

Livestock						
Feeder Cattle	1,128	-154	5,089	+747	-6,216	-592
Cattle	73,035	+5,806	-57,033	-3,580	-16,002	-2,225

CATTLE COMPLEX TECHNICAL OUTLOOK:

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LIVE CATTLE (AUG) 05/28/2024: Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal up is a positive indicator that could support higher prices. The market tilt is slightly negative with the close under the pivot. The near-term upside target is at 182.970. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 182.020 and 182.970, while 1st support hits today at 180.200 and below there at 179.300.

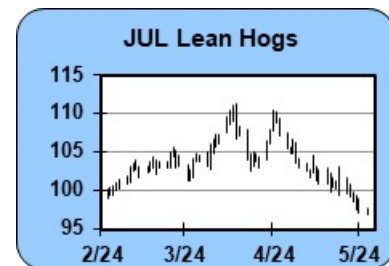
FEEDER CATTLE (AUG) 05/28/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next upside target is 263.350. The next area of resistance is around 261.700 and 263.350, while 1st support hits today at 258.750 and below there at 257.450.

DAILY HOGS COMMENTARY

5/28/2024

Right at long-term support and a bit oversold.

July hogs fell below the 0.618 retracement of the rally from the contract low to the contract high last week, as well as below the 200-day moving average for the first time since January. This was bearish technical action, but traders may be reluctant to press the market too much lower after it has fallen steadily for four straight weeks. Friday's Commitments of Traders report showed managed money traders were net sellers of 12,631 contracts for the week ending May 21, reducing their net long to 43,497. This was down from a peak of 92,731 on April 9 and the lowest it had been since February 13. At the low on Friday, hogs had fallen



another 2.70 since the data was collected, which suggests the lent long has declined even more. The monthly Cold Storage Report on Friday afternoon showed there were 501.279 million pounds of frozen pork in cold storage as of April 30, up from 463.087 million at the end of March but down from 567.433 million a year ago. This was not a surprising reports, as supplies typically increase this time of year. The CME Lean Hog Index as of May 22 was 91.77, down from 92.13 the previous week. The USDA estimated hog slaughter came in at 2.373 million head last week, down from 2.404 million the previous week but up from 2.355 million a year ago. Estimated US pork production last week was 511.0 million pounds, down from 517.5 the previous week but up from 502.4 million a year ago. The USDA pork cutout ended last week at \$99.17, down from \$99.90 the previous week. China's sow heard fell to 39.86 million head at the end of April, down 0.1% from March and down 6.9% from a year ago, according to the Ministry of Agriculture and Rural Affairs.

TODAY'S MARKET IDEAS:

The funds had given up more than half of their peak net long position, reducing a good portion of the long liquidation pressure. The market fell below two long term support levels last week, the 200-day moving average and the 0.618 retracement of the entire move from the contract low to the contract higher, and those levels, 97.75 and 98.05 could act as key resistance today. The next support is down at 95.47.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/14/2024 - 5/21/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Livestock						
Hogs	59,884	-11,843	-50,216	+11,389	-9,669	+452

PORK COMPLEX TECHNICAL OUTLOOK:

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LEAN HOGS (JUL) 05/28/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 96.370. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 97.670 and 98.200, while 1st support hits today at 96.770 and below there at 96.370.

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										
LCQ24	181.120	70.20	64.03	87.93	90.55	181.08	179.10	176.50	175.02	177.02
FCQ24	260.225	59.22	56.55	77.03	82.60	261.10	259.07	255.91	255.10	258.51
LHN24	97.220	21.18	27.95	9.29	7.03	98.04	99.51	100.85	104.06	103.91

Calculations based on previous session. Data collected 05/24/2024

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						
LCQ24	Live Cattle	179.270	180.170	181.120	182.020	182.970
FCQ24	Feeder Cattle	257.450	258.750	260.400	261.700	263.350
LHN24	Lean Hogs	96.350	96.750	97.270	97.670	98.200

Calculations based on previous session. Data collected 05/24/2024

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