



DAILY LIVESTOCK COMMENTARY

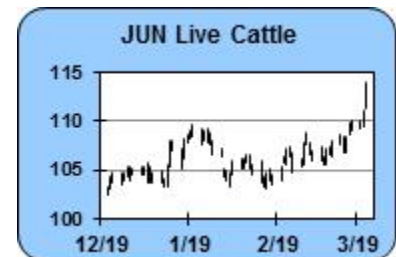
Thursday March 23, 2017

DAILY CATTLE COMMENTARY

03/23/17

No sign of top; beef beginning to ease; overbought indicators

The uptrend accelerated this week as higher beef prices supported sharply higher trade in the cash market due to surging packer profit margins. This left the market with a lack of new selling interest. At the Fed Cattle Exchange, there were 2,195 head sold at an average price of \$133.35. This is a premium of \$19.60 to the June futures as compared with the 5-year average premium of \$8.86 so the market is clearly pricing in a bearish trend ahead. A positive tone for the cash market trade this week plus the stiff discount of futures to the cash market helped spark aggressive buying as June closed sharply higher on the session yesterday and traded limit-up at one point. Talk of Brazil meat demand issues added to the positive tone. Cash cattle is bid at \$126 in the Plains with offers at \$130-\$131 as compared with mostly \$128 trade last week. Slaughter came in slightly higher than expected at 116,000 head yesterday. This brings the total for the week so far to 348,000 head, up from 341,000 last week at this time and up from 327,000 a year ago.



USDA boxed beef cutout values were down \$1.50 at mid-session yesterday and closed \$1.93 lower at \$223.00. This was up from \$221.32 the prior week. The USDA monthly Cold Storage report showed frozen beef stocks at the end of February at 502.429 million pounds which was well below trade expectations (521.7 million) and down 0.8% from last year. Stocks were down 6.6% from the previous month and normally fall 3.4% for the month so the report is supportive. For the cattle-on-Feed report Friday, traders expect February placements at 98.9% of last year (range 94-103.5) and February marketings at 103.3% (102.5-104). On feed supply for March 1st is expected at 100.1% of last year with a range of 99.1 to 100.8.

TODAY'S MARKET IDEAS:

The discount continues to impact but technical indicators are overbought and beef prices may be peaking. June cattle next resistance is at 114.65 with support at 110.72. There is no sign of a top yet and futures remain at a stiff discount to the cash market.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CATTLE COMPLEX TECHNICAL OUTLOOK:

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

LIVE CATTLE (APR) 03/23/2017: Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. Follow through buying looks likely if the market can hold yesterday's gap on the day session chart. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside objective is at 124.720. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 123.820 and 124.720, while 1st support hits today at 121.100 and below there at 119.250.

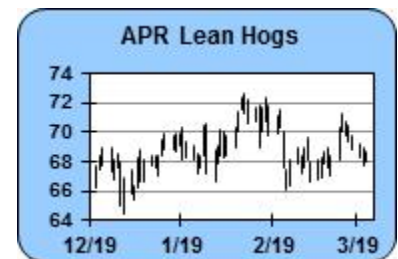
FEEDER CATTLE (MAR) 03/23/2017: Rising stochastic indicators at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside objective is at 137.225. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 135.650 and 137.225, while 1st support hits today at 132.350 and below there at 130.625.

DAILY HOGS COMMENTARY

03/23/17

With a large supply, bulls need steady flow of strong export news

USDA pork cutout values, released after the close yesterday, came in at \$78.58, down \$1.83 from Tuesday and down from \$81.68 the previous week. This is the lowest pork value since January 19th and the weakness was led by a sharp drop in loins and hams. The USDA monthly Cold Storage report showed frozen pork stocks at the end of February at 571.966 million pounds which was well above trade expectations (545.9 million) and down 9.1% from last year. Stocks were up 9.1% from the previous month and normally increase 5.2% for the month so the report is considered bearish news. The market followed cattle higher early in the session yesterday but lacked new buying interest and closed moderately lower on the day. June hogs pushed down to the lowest level since January 3rd. A weak tone in the cash market and talk that second quarter production will be up 6% from last year helped to pressure. Slaughter came in slightly lower than expected at 441,000 head yesterday. This brings the total for the week so far to 1.326 million head, up from 1.313 million last week at this time and up from 1.251 million a year ago. The CME Lean Hog Index as of March 20th was 71.48 down 13 cents from the previous session and down from 71.94 the previous week. Weekly average weights for Iowa-Southern Minnesota as of March 18 came in at 281.6 pounds, down from 281.9 the previous week and down from 282.9 pounds last year.



The market followed cattle higher early in the session yesterday but lacked new buying interest and closed moderately lower on the day. June hogs pushed down to the lowest level since January 3rd. A weak tone in the cash market and talk that second quarter production will be up 6% from last year helped to pressure. Slaughter came in slightly lower than expected at 441,000 head yesterday. This brings the total for the week so far to 1.326 million head, up from 1.313 million last week at this time and up from 1.251 million a year ago. The CME Lean Hog Index as of March 20th was 71.48 down 13 cents from the previous session and down from 71.94 the previous week. Weekly average weights for Iowa-Southern Minnesota as of March 18 came in at 281.6 pounds, down from 281.9 the previous week and down from 282.9 pounds last year.

TODAY'S MARKET IDEAS:

China imported 110,379 tonnes of pork for February which was down slightly from January but up 48.4% from last year. Imports from Canada and Denmark were up 57% and 6.7% while imports from the US were down 6.5% from last year. June hog resistance is at 76.50 and 77.02, with 74.62 as next downside target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

1) Short June hog 84.00 call from 220 with an objective of 67. Risk to 162. 2) Long June Hog 74.00 put from 237 and short the June hog 70.00 put from 170 points. Look to buy back short June 70.00 put at 77.

PORK COMPLEX TECHNICAL OUTLOOK:

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

LEAN HOGS (APR) 03/23/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 67.450. The next area of resistance is around 68.550 and 69.020, while 1st support hits today at 67.770 and below there at 67.450.

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										
LCJ7	122.450	77.29	70.79	80.85	89.53	120.14	118.79	117.54	116.55	116.36
FCH7	134.000	83.59	75.06	92.28	92.36	132.20	130.28	127.34	126.10	126.25
LHJ7	68.150	43.36	46.20	51.87	43.64	68.46	69.23	68.55	69.11	68.84

Calculations based on previous session. Data collected 03/22/2017

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						
LCJ7	Live Cattle	119.220	121.070	121.970	123.820	124.720
FCH7	Feeder Cattle	130.625	132.350	133.925	135.650	137.225
LHJ7	Lean Hogs	67.420	67.750	68.220	68.550	69.020

Calculations based on previous session. Data collected 03/22/2017

Data sources can & do produce bad ticks. Verify before use.

***This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.