

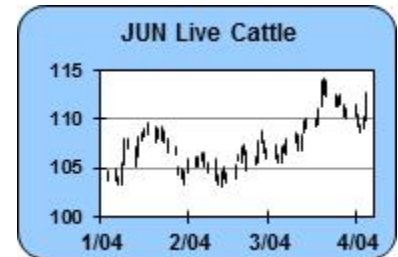


DAILY LIVESTOCK COMMENTARY Monday April 10, 2017

DAILY CATTLE COMMENTARY 04/10/17

Cash trend down but futures have lots of room to bounce

With the massive discount to the cash, any minor supportive news or even news which might be less bearish than believed could spark a strong rally. Talk that China may be in a position to reduce restrictions on US beef may be seen as a potential supportive force. June cattle closed 167 higher on the session Friday and this left the market up 92 points for the week. The lack of cash trade and sluggish packer demand had traders convinced that cash would trade lower and maybe even \$5.00 lower to \$123.00 last week but a slightly lower opening was met with aggressive buying and the market rallied to the highest level since March 29th. A few cattle traded late Friday at \$125 in Nebraska, down from as high as \$128.50 the previous week. The huge discount has traders uninterested in selling for now. The USDA estimated cattle slaughter came in at 99,000 head Friday and 26,000 head for Saturday. This brought the total for last week to 573,000 head, down from 593,000 the previous week but up 6.9% from last year. Beef production for the week was 467.4 million pounds, up 6.3% from last year.



USDA boxed beef cutout values were down 25 cents at mid-session Friday and closed 68 cents lower at \$207.22. This was down from \$214.12 the prior week. Beef prices are now down at the lowest level since March 1st. The Commitments of Traders reports as of April 4th showed Non-Commercial traders were net long 141,819 contracts, a decrease of 419 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 107,065 contracts, a decrease of 2,113 contracts for the week and the selling trend from an overbought level is somewhat bearish. Commodity Index traders held a net long position of 121,302 contracts, up a significant 5,598 contracts in just one week.

TODAY'S MARKET IDEAS:

The cash market trend is down and beef prices have slipped to the lowest level since March 1st. Short-term support for June cattle comes in at 110.02 and a close over 112.10 would turn the charts more bullish with 114.20 and maybe 116.30 as upside technical targets.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/28/2017 - 4/4/2017						
	Non-Commercial		Commercial	Non-Reportable		
	Net Position	Weekly Net Change		Weekly Net Change	Weekly Net Change	
Livestock						
Feeder Cattle	22,592	+652	-4,804	-653	-17,789	+0
Cattle	141,819	-419	-107,064	+2,114	-34,754	-1,694

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 (JUN) 04/10/2017: A negative indicator was given with the downside crossover of the 9 and 18 bar moving average. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The market's close above the 2nd swing resistance number is a bullish indication. The next downside target is 108.800. The next area of resistance is around 113.170 and 114.320, while 1st support hits today at 110.420 and below there at 108.800.

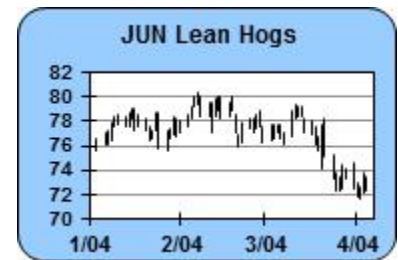
FEEDER CATTLE (MAY) 04/10/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market's close above the 2nd swing resistance number is a bullish indication. The next downside objective is 131.263. The next area of resistance is around 135.050 and 135.962, while 1st support hits today at 132.700 and below there at 131.263.

DAILY HOGS COMMENTARY

04/10/17

Oversold bounce possible as pork values improve

With the short-term oversold condition and a strong jump in pork cut-out values late Friday, the market looks set for a bounce. In addition, the market may find overflow support from cattle. June Hogs closed 92 lower on the session Friday and this left the market down 107 points for the week. With a further sharp drop in pork values late Thursday down to the lowest level since December 2nd, the short-term trend in the cash market looks lower. This sparked selling Friday and June hogs gave back about half of Thursday's gains. It was still an inside trading day. The USDA estimated hog slaughter came in at 437,000 head Friday and 89,000 head for Saturday. This brought the total for last week to 2.306 million head, down from 2.343 million the previous week but up 6.8% from last year. Pork production for the week was 489.7 million pounds, up 6.2% from last year.



The CME Lean Hog Index as of April 5th was 66.15, down 45 cents from the previous session and down from 68.86 the previous week. USDA pork cutout values, released after the close Friday, came in at \$74.83, up \$1.44 from Thursday but down from \$74.87 the previous week. The Commitments of Traders reports as of April 4th showed Non-Commercial traders were net long 34,469 contracts, a decrease of 6,799 contracts for the week and the long liquidation selling trend is seen as a short-term negative force. Non-Commercial and Nonreportable combined traders held a net long position of 18,440 contracts, down 6,206 contracts for the week. Commodity Index traders held a net long position of 73,266 contracts, down 2,964 contracts for the week.

TODAY'S MARKET IDEAS:

The bounce in pork values late Friday may be seen as a positive short-term force. June hog close-in support is at 72.35, with initial key resistance at 74.65 and 75.55. Look for a bounce but not much more.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long June Hog 74.00 put from 237 and short the June hog 70.00 put from 170 points.

Commitment of Traders - Futures and Options - 3/28/2017 - 4/4/2017						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Livestock						
Hogs	34,469	-6,799	-18,439	+6,207	-16,029	+593

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 (JUN) 04/10/2017: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. 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 upside target is 73.950. The next area of resistance is around 73.320 and 73.950, while 1st support hits today at 72.220 and below there at 71.720.

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										
LCM7	111.770	61.75	60.58	45.03	41.21	110.16	110.73	110.87	107.92	107.74
FCK7	133.875	63.77	62.59	53.59	51.71	131.69	131.95	131.79	126.67	126.44
LHM7	72.770	39.88	39.87	14.64	15.70	72.62	72.94	74.87	76.84	77.04

Calculations based on previous session. Data collected 04/07/2017

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						
LCM7	Live Cattle	108.770	110.400	111.550	113.170	114.320
FCK7	Feeder Cattle	131.262	132.700	133.612	135.050	135.962
LHM7	Lean Hogs	71.700	72.200	72.820	73.320	73.950

Calculations based on previous session. Data collected 04/07/2017

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