



# MARKET UPDATE

March 1, 2024

**Live Cattle:** Live Cattle futures closed sharply higher today, led by April that gained more than three dollars and finished higher for the 10<sup>th</sup> week in a row. The June contract and most of the 2025 months were also able to close a little higher for the week, while August and October posted small losses. This is the third month in a row that the market rallied big on the first trading day of the month, likely driven by speculative fund buying.

This afternoon's CFTC report showed that for the week ending 2/27, those funds added to both long and short positions, but their net long position increased by more than 4k futures and options to almost 45k. This was the sixth week in a row of increases and their largest length since late October. Commercial accounts were net sellers, while the other trader categories were little changed.

In the cash market, there was just a small number of cattle sold today, with most of the trade occurring on Wednesday and Thursday. Total negotiated volume as of this afternoon stands at 105k head (69k cash and 36k grid) which is equal to last week but will likely increase some by Monday's final. Live prices are averaging near \$183.25, a little higher than last week but dressed prices are down a dollar near \$290.50. Packer margins look to have improved some this week, given the steady to weaker cash combined with the rally in beef prices, and the weekly slaughter was better than expected at 599k but is still down 27k from last year. With relatively low purchase volume this week, I would imagine next week's slaughter will be similar.

April futures were able to rally sharply today, recovering all the weekly losses and closing at their best level since November. The new month buying was predictable, but I was surprised by the magnitude of the rally as up until today the market appeared to be rolling over. That may still be the case if the buyers that showed up today don't return next week, but it's more likely that futures will at least test the recent high of \$189.20. A move above may finally fill the open chart gap from October at \$190.275. First support for Monday is back at \$186.175 and \$185. Futures are more than \$5 above this week's cash average, making it the worst basis for this week since 2021. Typically, the basis will narrow this time of year and it's common to see cash above futures during March.

**Feeder Cattle:** Feeder Cattle futures were also sharply higher today, with the nearby months rallying four dollars or more. However, all months still closed lower for the week, and most show major reversals on their weekly charts. Live Cattle strength, weaker corn prices, and new month buying by speculative funds fueled the rally, but the daily volume was just average. Today's CFTC data showed that speculative funds increased their net long position by 1,300 futures and options to just over 4,000 contracts, their largest length since September. The cash index was up \$.74 today to \$247, which is a new high for the year and the highest price since mid-October.

March futures gained almost \$4 today, settling just below the \$253 level and recovering all the losses from the previous two sessions. Futures are back to a \$6 premium over the cash index but there's still plenty of time until expiration at the end of the month. The next resistance is in the \$254.50 to \$254.75



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area and then the \$256 to \$257 range. Support should be at \$250 and \$249. I believe today's gains were overdone and may not carry over into next week given the weekly technical reversals. In both January and February, the market gave back most of the new month rally the following week.

**Lean Hogs:** Hog futures finished higher today, with April through July gaining more than a dollar. All contracts closed stronger for the week, led by the summer months that made new contract highs. The market was choppy to lower early in the day but then shot higher when the morning pork report came out showing the cutout up more than \$5, mostly due to a \$26 jump in the pork belly primal. Prices cooled off a little by the afternoon report, but the cutout was still up over \$4 to \$94.45, its best level since October. The cash index was also higher for the 15<sup>th</sup> day in a row to \$80.26, which is also the highest price since October.

Today's CFCT Commitments of Traders report showed that speculative funds increased their net long position by 12k futures and options to 35k. This was the fourth consecutive week of buying and their largest length since March of 2020. It's been more than a year since those funds were net long for five or more weeks in a row but that looks to happen in next week's report.

April futures broke out to the upside today and closed just over \$88, their best finish since June. Resistance should be in the \$89 area, then \$90, and \$91.50. Support should be found at \$87 and \$85.50. As mentioned yesterday, the direction of pork belly prices will be important to the direction of the cutout, cash, and futures. However, prices can be very volatile and more times than not these sharp spikes are erased just as quickly. Just last month the pork belly primal saw a one day jump of \$10 but then dropped \$18 the next two days. I'm skeptical of the cutout holding today's gains and futures \$8 premium to the index is historically large.

**Corn:** Corn futures lost three to five cents today on profit taking and spillover weakness from a double-digit decline in wheat prices. However, all months closed higher for the week and are showing major reversal bottoms, several after new contract lows, on their weekly charts. Short covering by speculative funds has supported the rally and today's CFTC report showed that for the week ending 2/27, they reduced their record net short position set last week by 45k futures and options to 297k contracts. That position has likely been trimmed further with open interest down another 23k not including today.

May futures have struggled in the \$4.30 area and today retreated to settle near \$4.25. Important support is at \$4.20 and \$4.10, with resistance in the \$4.30 to \$4.34 range and then at \$4.40. With speculative funds booking some profits, the market may have found a low at least for now. However, there is currently no fundamental story to cause any sort of panic short covering rally.

**Beef:** Choice \$305.28, +\$1.08, Select \$295.74, +\$1.56. On 103 loads. For the week, choice prices are up \$4.67 and the select cutout is up \$9.43. Today's slaughter was estimated at 100k and Saturday at 4k, for a weekly total of 599k head. That figure is 6k above last week but 27k under a year ago.



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**Cash Cattle:** The USDA reported almost 5k head of negotiated cash trade today and just over 69k for the week. Live prices are averaging nearly \$183.25, about \$.25 higher than last week. Dressed prices are averaging just shy of \$290.50, down \$1 versus a week ago.

**Positions:** Short March FC / long May FC at \$5, May over. Long April Lean Hog \$84 put at \$1.65.

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# CATTLETREND

## Technical Cheat Sheet

Prepared For Trade Date: 3/4/24

Contract	Settle Price	MOVING AVERAGES						RSI 9 Day	PIVOT POINTS					DAILY LIMITS	
		10 Day	20 Day	40 Day	50 Day	100 Day	200 day		S2	S1	Pivot	R1	R2	Low Limit	High Limit
Apr'24 LC	188.450	187.250	186.175	181.700	179.975	180.300	185.000	62	184.350	186.400	<b>187.450</b>	189.500	190.550	181.700	195.200
Jun'24 LC	184.000	183.050	182.750	178.625	177.075	176.500	180.175	59	180.175	182.075	<b>183.075</b>	184.975	185.975	177.250	190.750
Aug'24 LC	182.700	182.075	181.825	178.325	176.975	176.400	179.200	57	179.725	181.200	<b>182.000</b>	183.475	184.275	175.950	189.450
Oct'24 LC	185.800	185.275	185.000	182.175	181.025	180.525	182.425	56	183.375	184.600	<b>185.250</b>	186.475	187.125	179.050	192.550
Dec'24 LC	189.250	188.675	188.425	185.975	184.875	184.425	NA	58	187.300	188.275	<b>188.800</b>	189.775	190.300	182.500	196.000
Mar'24 FC	252.975	251.800	249.100	240.700	237.475	235.375	243.425	64	247.950	250.475	<b>251.775</b>	254.300	255.600	244.725	261.225
Apr'24 FC	258.000	256.600	253.800	245.850	242.675	239.950	247.175	63	252.275	255.150	<b>256.650</b>	259.525	261.025	249.750	266.250
May'24 FC	260.175	259.150	257.125	250.025	247.000	243.875	NA	61	255.050	257.625	<b>258.950</b>	261.525	262.850	251.925	268.425
Aug'24 FC	269.650	269.075	269.125	263.750	260.825	256.700	NA	55	265.725	267.700	<b>268.800</b>	270.775	271.875	261.400	277.900
Sep'24 FC	270.425	269.875	270.500	265.825	263.000	258.675	NA	53	266.350	268.375	<b>269.500</b>	271.525	272.650	262.175	278.675
Apr'24 LH	88.075	86.425	84.275	82.125	80.800	79.750	81.775	76	84.725	86.400	<b>87.325</b>	89.000	89.925	84.325	91.825
May'24 LH	92.050	90.250	88.600	87.025	86.100	85.450	86.775	80	89.700	90.875	<b>91.525</b>	92.700	93.350	88.300	95.800
Jun'24 LH	102.050	99.300	97.575	95.575	94.625	93.750	94.175	82	98.725	100.375	<b>101.300</b>	102.950	103.875	98.300	105.800
Jul'24 LH	103.000	100.275	98.700	96.850	96.000	95.300	95.050	88	100.225	101.625	<b>102.425</b>	103.825	104.625	99.250	106.750
Aug'24 LH	102.075	99.750	98.250	96.450	95.775	95.250	94.550	90	100.275	101.175	<b>101.725</b>	102.625	103.175	98.325	105.825
Mar'24 Corn	412.25	410.75	421.75	436.00	443.25	467.00	495.25	40	404.50	408.50	<b>413.25</b>	417.25	422.00	377.25	447.25
May'24 Corn	424.75	424.50	434.50	448.00	455.25	478.00	504.00	38	417.00	421.00	<b>426.00</b>	430.00	435.00	389.75	459.75
Jul'24 Corn	436.25	436.25	445.00	457.75	465.00	486.75	510.00	38	428.50	432.50	<b>437.75</b>	441.75	447.00	401.25	471.25
Sep'24 Corn	445.25	445.00	452.75	463.75	470.50	489.50	502.25	39	437.50	441.25	<b>446.50</b>	450.25	455.50	410.25	480.25
Dec'24 Corn	459.25	458.25	464.50	473.50	479.50	496.50	505.00	41	451.75	455.50	<b>460.25</b>	464.00	468.75	424.25	494.25
Mar'24 Beans	1143.00	1146.50	1166.25	1197.00	1218.50	1281.00	1300.00	39	1121.00	1132.00	<b>1137.75</b>	1148.75	1154.50	1048.00	1238.00
May'24 Beans	1151.25	1154.00	1173.50	1205.25	1227.00	1291.75	1306.00	37	1132.00	1141.75	<b>1147.00</b>	1156.75	1162.00	1056.25	1246.25
Jul'24 Beans	1161.25	1163.75	1183.25	1214.25	1235.25	1298.50	1309.25	37	1143.00	1152.00	<b>1157.00</b>	1166.00	1171.00	1066.25	1256.25
Aug'24 Beans	1157.25	1159.50	1177.00	1205.00	1224.25	1282.50	1292.00	37	1141.00	1149.25	<b>1154.00</b>	1162.25	1167.00	1062.25	1252.25
Sep'24 Beans	1145.50	1144.50	1158.25	1182.50	1199.25	1247.75	1254.75	40	1130.75	1138.25	<b>1143.25</b>	1150.75	1155.75	1050.50	1240.50
Mar'24 Wheat	560.00	575.50	583.75	592.00	597.25	599.50	634.75	36	545.75	552.75	<b>565.25</b>	572.25	584.75	510.00	610.00
May'24 Wheat	557.75	573.25	584.50	598.00	604.25	610.50	646.00	34	542.00	549.75	<b>563.25</b>	571.00	584.50	507.75	607.75
Jul'24 Wheat	561.25	575.25	586.75	602.50	609.25	619.25	653.00	33	546.50	554.00	<b>566.75</b>	574.25	587.00	511.25	611.25
Sep'24 Wheat	569.75	582.75	595.25	612.00	619.25	630.75	663.00	32	555.50	562.75	<b>575.00</b>	582.25	594.50	519.75	619.75
Dec'24 Wheat	584.75	596.75	609.00	626.25	633.00	645.25	676.00	33	571.25	578.00	<b>589.50</b>	596.25	607.75	534.75	634.75

The data provided is taken and derived from the CME Group. The information presented is provided 'as-is' as of the date of this publication and is intended to be solely for informational purposes.