DAILY CATTLE COMMENTARY
11/28/2022

Production outlook for 1st half of year remains bullish factor

April cattle is still under the negative technical influence of the November 23 sweeping key reversal. The market experienced follow-through selling on Friday, and the short-term consumer demand tone could be negative this morning with weakness in the stock market and concerns about Asian demand. The supply outlook for April cattle is clearly bullish, with first quarter beef production expected to be down 405 million pounds from the fourth quarter, for its largest decline for that period since 2019 and the second largest since 2014. In addition, first quarter production is expected to be down 4.5% from 2022 and second quarter is expected to be down 7.3% on the year. A continued technical correction over the near term looks like a buying opportunity. The USDA boxed beef cutout was down 61 cents at mid-session Friday and closed 73 cents lower at $251.83. This was down from $257.10 the previous week and was the lowest it had been since October 18.

Cash live cattle prices were significantly higher last week. As of Friday afternoon, the five-day, five-area weighted average price was $156.10, up from $152.65 the previous week. The USDA estimated cattle slaughter came in at 112,000 head Friday and 81,000 head for Saturday. This brought the total last week to 581,000 head, down from 674,000 the previous week but up from 568,000 a year ago. The estimated average dressed cattle weight last week was 836 pounds, up from 835 the previous week but down from 843 a year ago. The 5-year average weight for that week is 838.4 pounds. Estimated beef production last week was 484.6 million pounds, up from 477.4 million a year ago. US beef export sales for the week ending November 17 came in at 12,886 tonnes for 2022 delivery and 4,012 for 2023 for a total of 16,898. This was down slightly from 17,255 the previous week but above the four-week average of 15,407. Cumulative sales for 2022 have reached 986,700 tonnes, down from 1.021 million a year ago but the second highest on record for this time of year. The five-year average is 884,400. The largest buyer this week was South Korea at 6,361 tonnes, followed by China at 4,449 and Japan at 2,217. South Korea has the most commitments for 2022 at 275,400 tonnes, followed by Japan at 251,400 and China at 165,000.

TODAY'S MARKET IDEAS:
Buying support for April cattle is back at 158.27 and 157.77, with 161.17 and 161.27 as resistance. Resistance for February cattle is at 155.90 and 156.15, with 154.32 and 153.42 as support.

NEW RECOMMENDATIONS:
None.

PREVIOUS RECOMMENDATIONS:
None.

CATTLE COMPLEX TECHNICAL OUTLOOK:
Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

LIVE CATTLE (FEB) 11/28/2022: A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. Momentum studies are trending higher from mid-range, which should support a move higher if
resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The near-term upside objective is at 156.100. The next area of resistance is around 155.570 and 156.100, while 1st support hits today at 154.700 and below there at 154.320.

FEEDER CATTLE (JAN) 11/28/2022: The major trend has turned down with the cross over back below the 40-day moving average. A bearish signal was triggered on a crossover down in the daily stochastics. 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. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 176.782. The next area of resistance is around 179.287 and 180.731, while 1st support hits today at 177.313 and below there at 176.782.

DAILY HOGS COMMENTARY
11/28/2022

Pork prices trending lower and down to lowest since Jan 18

February hogs have stayed in a choppy consolidation pattern since October 19, but the short-term cash fundamental news remains bearish, and the market looks vulnerable to more long liquidation selling over the near term. Pork production normally declines by 100-300 million pounds from the fourth quarter to the first quarter. This year, production is expected to decline just 65 million pounds versus 281 million pounds last year. This is a bearish factor. The cash market remains in a short-term downtrend, and pork product prices remain in a downtrend as well. The USDA pork cutout, released after the close Friday, came in at $86.88, down $1.19 from Wednesday and down from $90.86 the previous week. This was the lowest the cutout had been since January 18. The CME Lean Hog Index as of November 22 was 86.17, down from 86.54 the previous session and 88.22 the previous week.

The USDA estimated hog slaughter came in at 465,000 head Friday and 328,000 head for Saturday. This brought the total for last week to 2.223 million head, down from 2.599 million the previous week and 2.255 million a year ago. Estimated US pork production last week was 478.1 million pounds, down from 558.4 million the previous week and 488.7 million a year ago. US pork export sales for the week ending November 17 came in at 45,768 tonnes for 2022 delivery and 4,401 for 2023 for a total of 50,169. This was up from 26,189 the previous week and the highest since March 2021. Cumulative sales for 2022 have reached 1.503 million tonnes, down from 1.763 million a year ago and the lowest since 2018/19. The five-year average is 1.630 million. The largest buyer this week was Mexico at 18,799 tonnes, followed by Japan at 10,427 and Canada at 7,020. Mexico has the most commitments for 2022 at 646,800 tonnes, followed by China at 215,200 and Japan at 202,300.

TODAY’S MARKET IDEAS:
With the steady downtrend in the pork market, we cannot rule out further weakness in the cash hog market over the near term, which could pull the futures lower as well. February hog resistance is at 89.10, with support back at 85.92.

NEW RECOMMENDATIONS:
None.

PREVIOUS RECOMMENDATIONS:
None.

POK COMPLEX TECHNICAL OUTLOOK:
Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear
LEAN HOGS (FEB) 11/28/2022: Declining momentum studies in the neutral zone will tend to reinforce lower price action. 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 target is 86.600. The next area of resistance is around 89.600 and 90.970, while 1st support hits today at 87.420 and below there at 86.600.

DAILY TECHNICAL STATISTICS

<table>
<thead>
<tr>
<th>MEAT COMPLEX</th>
<th>CLOSE</th>
<th>9 DAY RSI</th>
<th>14 DAY RSI</th>
<th>14 DAY SLOW STOCH D</th>
<th>14 DAY SLOW STOCH K</th>
<th>4 DAY M AVG</th>
<th>9 DAY M AVG</th>
<th>18 DAY M AVG</th>
<th>45 DAY M AVG</th>
<th>60 DAY M AVG</th>
</tr>
</thead>
<tbody>
<tr>
<td>LCG23</td>
<td>155.120</td>
<td>50.99</td>
<td>52.10</td>
<td>66.43</td>
<td>69.76</td>
<td>155.93</td>
<td>154.98</td>
<td>154.80</td>
<td>153.74</td>
<td>153.99</td>
</tr>
<tr>
<td>FCF23</td>
<td>178.300</td>
<td>43.53</td>
<td>45.85</td>
<td>57.67</td>
<td>51.05</td>
<td>180.46</td>
<td>179.62</td>
<td>179.64</td>
<td>178.72</td>
<td>180.27</td>
</tr>
<tr>
<td>LHG23</td>
<td>88.500</td>
<td>45.40</td>
<td>50.00</td>
<td>64.30</td>
<td>57.28</td>
<td>89.38</td>
<td>89.70</td>
<td>88.91</td>
<td>86.11</td>
<td>86.86</td>
</tr>
</tbody>
</table>

Calculations based on previous session. Data collected 11/25/2022
Data sources can & do produce bad ticks. Verify before use.

DAILY SWING STATISTICS

<table>
<thead>
<tr>
<th>MEAT COMPLEX</th>
<th>Contract</th>
<th>Support 2</th>
<th>Support 1</th>
<th>Pivot</th>
<th>Resist 1</th>
<th>Resist 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>LCG23</td>
<td>Live Cattle</td>
<td>154.300</td>
<td>154.670</td>
<td>155.200</td>
<td>155.570</td>
<td>156.100</td>
</tr>
<tr>
<td>FCF23</td>
<td>Feeder Cattle</td>
<td>176.781</td>
<td>177.312</td>
<td>178.756</td>
<td>179.287</td>
<td>180.731</td>
</tr>
<tr>
<td>LHG23</td>
<td>Lean Hogs</td>
<td>86.570</td>
<td>87.400</td>
<td>88.770</td>
<td>89.600</td>
<td>90.970</td>
</tr>
</tbody>
</table>

Calculations based on previous session. Data collected 11/25/2022
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 The Hightower Report is strictly prohibited.