

Hog Prices: ↑↓ Soymeal: ←→

Corn: ↑↓ CDN Dollar: ↑

US Slaughter	
469,000	Wednesday
457,000	Year Ago
Daily Prices	
W. Corn Belt	\$51.96
National	\$58.51
Iowa/S. MN.	\$52.04
ML Signature 5	\$131.61
HyLife (prev. day)	\$136.89
TCP/BP2	\$131.61
<b>BoC Rate (Noon) prev. day</b>	
\$1.3221 CAD / \$0.7564 USD	
Cash Prices Week Ending January 5th, 2019	
Signature 3	115.87/52.56
Signature 4	136.88/62.09
Signature 5	126.38/57.33
Brandon	
h@ms Cash	134.88/61.18
HyLife	135.89/61.64
TCP/BP2	123.30/55.93
Moose Jaw/Langley	
<b>2018 Top-Up Value (unofficial)</b>	
\$6.50/ckg (call for details)	
ISO Weans \$65.00 US Avg.	
Feeder Pigs \$72.57 US Avg.	

**Forward contract prices opened mixed this morning.** US cash markets continue to trend upwards and all regions are currently pulling in the same direction. The WCB and ISM regions were \$1.21 USD/cwt higher on average while the National region came in at a more modest \$0.15 USD/cwt relative to the previous day. Cash markets continue their seasonal trend as there has been no fundamental changes to supply or demand other than some international demand locations changing behaviour slightly due to the ongoing trade issues the USA is having with its trade partners. Domestic demand, for now, remains steady. Lean hog futures have backed off from the support seen yesterday but remain on an upward trend since the beginning of the New Year. However, the value of the Canadian dollar has recently seen support and is approximately two cents higher (USD) than at the beginning of the year for factors including crude oil production cuts in the Middle East and a decision by the Bank of Canada not to raise interest rates at this time. The net result has been an approximate \$6.00 CAD/cwt drop in the value of a nine-month Canadian forward contract price since the start of 2019. A very basic assessment shows that for every one-cent rise in the value of the Canadian dollar, forward contracts lose between approximately \$2.50 and \$3.00 CAD/ckg (more or less) depending on futures month and the value of the underlying commodity (i.e. lean hogs) in that month.

**Canadian delivered soymeal prices opened even this morning.** Normally, market participants would be discussing last minute pre-WASDE report estimates ahead of the January report that was scheduled to be published tomorrow. And while some of those estimates are still being discussed, the US government shutdown is preventing the release of the report meaning the market must turn elsewhere for direction. That 'elsewhere' appears to be Brazil where production estimates are being closely watched. Dry weather is an ongoing concern and whereas 120 MMT of production was once expected, official numbers from CONAB are now pointing to 118.8 MMT which is consistent with market sentiment. However, it is not as low as some of the more pessimistic projections that are suggesting 112 MMT (or lower) is more realistic.

**US corn futures opened mixed this morning.** While the USDA's WASDE report will not be released tomorrow as initially planned, that hasn't stopped the analysts and traders from putting their estimates out there. One of the more interesting ones points to a situation that could see the USA maintain between 1.7 and over 2.4 billion bushels in ending stocks depending on farmer planting intentions next season. The lower value is more consistent with previous USDA estimates that expects US corn stocks to be drawn down over the next marketing year. However, if farmers switch acres because of the uncertain bean markets, the US could be looking at more planted corn acres this spring.

Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		141.35 142.35	143.61 147.83	149.28 154.88	156.84 169.89	173.47 186.45	182.90 185.80	172.75 184.73	156.99 163.60	151.31 155.06
Soymeal Wpg/S.Man	475	473	472	478	478	486				

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