

US Slaughter

470,000	Monday
463,000	Year Ago

Daily Prices

Iowa/S. MN.	\$51.34
W. Corn Belt	\$51.34
National	\$59.86
ML Signature 5	\$132.83
HyLife (prev. day)	\$139.65
TCP/BP2	\$132.83

BoC Rate (Noon) prev. day
\$1.3260 CAD / \$0.7541 USD

Cash Prices Week Ending January 26th, 2019

Signature 3	127.77/57.96
Signature 4	143.78/65.22
Signature 5	135.77/61.58
Brandon	
h@ms Cash	141.78/64.31
HyLife	142.71/64.73
TCP/BP2	133.67/60.63
Moose Jaw/Langley	
BP4/TCP4	141.83/64.33
Moose Jaw/Langley	

2018 Top-Up Value (unofficial)

\$6.50/ckg (call for details)

ISO Weans \$60.96 US Avg.

Feeder Pigs \$71.45 US Avg.

Forward contract prices opened mostly higher this morning.

US cash markets are once again mixed with the ISM and WCB up approximately \$0.90 USD/cwt. while the National region is down by approximately the same amount. Last week's slaughter revealed a 5.8% increase in the number of processed animals compared to year ago. The cut-out value was net positive on the day with only bellies showing weakness. Although belly activity is not entirely seasonal, the volatile primal has seen strength at this time of year in five of the past six years observed. Lean hog futures closed lower yesterday compared to a trading pattern that was steady to slightly higher for the majority of the session. The market is attempting to crawl back from the sell-off seen on Friday but, with no supportive China or Mexico news, it is also reconciling with the large supplies expected to be available in the coming weeks and months. The April contract, for example, again closed at lows not seen since August 2018 yesterday (a trend that started earlier this month), and while the contract still remains in the average range of contract closing values (\$62.17 at the close yesterday compared to a 61.52 USD/cwt 4-yr average), producers are reminded that the April contract in 2018 saw even more weakness, closing at \$54.30 USD/cwt at expiry last year. The extent to which more pressure develops remains to be seen, but considering that the market could already be in its seasonal spring turn lower (as mentioned yesterday), upside potential appears to be limited in the absence of any positive demand or negative supply story.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures pushed lower on Monday, a pattern that has continued this morning. The fundamental news has not changed and while the market waits to see if the China/USA trade talks this week will develop into anything substantial, there could be any number of reasons for the recent push lower. Trader sentiment, repositioning ahead of the February WASDE report (or month-end), USDA data coming on stream, etc. are all factors in play currently. So too is the realization that despite what China may or may not purchase at some point in the future, the USA is sitting on large supplies that need to clear the market.

US corn futures opened lower this morning. China has committed as much as 12 MMT of US corn and considering the country doesn't typically buy a lot of corn, the news was supportive when first reported. However, there are conflicting stories on the way in which talks are proceeding and while 12 MMT sounds like a lot of corn, the number represents about 10% of what is used in the domestic production of ethanol, for example. Shuttered USDA offices are now open following the partial US government shutdown, and many market participants are waiting for new reports to be issued. The February WASDE appears to be on track for release on its originally scheduled day next week, but the situation is dynamic.

Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5			131.95 136.17	137.47 143.07	147.40 160.46	164.03 177.02	175.60 178.50	170.27 177.98	154.49 161.11	148.65 152.40
Soymeal Wpg/S.Man	457	457	456	465	465	473				

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