

US Slaughter

| | |
|---------|----------|
| 444,000 | Monday |
| 462,000 | Year Ago |

Daily Prices

| | |
|--------------|---------|
| Iowa/S. MN. | \$48.49 |
| W. Corn Belt | \$48.47 |
| National | \$57.78 |

| | |
|--------------------|----------|
| ML Signature 5 | \$127.23 |
| HyLife (prev. day) | \$134.95 |
| TCP/BP2 | \$127.23 |
| BP4/TCP4 | \$136.35 |

BoC Rate (Noon) prev. day
\$1.3294 CAD / \$0.7522 USD

Cash Prices Week Ending February 9, 2019

| | |
|-------------|--------------|
| Signature 3 | 120.01/54.44 |
| Signature 4 | 138.99/63.05 |
| Signature 5 | 129.50/58.74 |
| h@ms Cash | 136.99/62.14 |
| HyLife | 137.70/62.46 |
| TCP/BP2 | 132.25/59.99 |
| BP4/TCP4 | 140.88/63.90 |

2018 Top-Up Value

\$6.50/ckg (call for details)

ISO Weans \$56.06 US Avg.

Feeder Pigs \$69.03 US Avg.

Forward contract prices opened higher this morning. US cash markets have come in with all reporting regions lower relative to the previous session. With no bullish demand news developing yet and a struggling cut-out, cash prices are also up against seasonality which typically sees pressure at this time of year. Although the cut-out was modestly higher on the day, the value of the carcass is approximately 20% lower than the three-year average and at its lowest level going back to at least 2013. Bellies are struggling to gain traction which is somewhat atypical of the seasonal pattern (although 2015 and 2018 saw pressure at this time of year); hams, making up about 25% of the value of the carcass, are ~30% lower than the three-year average and also at their lowest level going back six years. Slaughter was notably lower coming in at 440,000 head yesterday, but this could be due to animal movement issues or plant maintenance amid a slight squeezing of packer profitability. Lean hog futures gapped upward this morning and are trading with a bit of strength for the first time since February 2. It is too early to tell if this is due to some fundamental news, but it should be noted that analysts have been talking about the market probing for a technical bottom since last week. So far, the recovery has been swift, and the reversal stands out relative to the recent trend. Moreover, it has provided more support to the deferred futures contracts which were already trading at a premium to the historical cash market and might be worth taking a second look for Q4 protection or target setting Canadian forward contracts.

Canadian delivered soymeal prices opened steady to lower this morning. Now that the February WASDE report is in the rear-view mirror, the market has once again turned to South America for clues on direction. On the bullish side, there is increasing talk of lowering Brazilian production levels to somewhere in the 112 MMT range. It is a significant drop relative to earlier expectations that were hovering around the 120 MMT mark. South America as a whole, however, is expected to produce a very large crop as Argentina is currently though to cover Brazil's 'losses' amid some improving weather in critical growing regions..

US corn futures opened higher this morning. The turn around in US corn futures, however, does not represent a major departure from the recent trend that has seen the market trading at the lower end of the range that was established at the beginning of the year. In fact, it is likely a technical reversal observing yesterday saw the lowest nearby closing low going back to January 15. A rapid harvest pace in Brazil is apparently providing an ideal planting window for the Safinha (second) crop which could be pressuring further out.

| Forward Range (at opening) | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------------------------|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #5 | | 131.54 132.67 | 134.75 137.92 | 142.04 160.64 | 167.31 182.81 | 179.52 183.15 | 174.74 181.52 | 159.87 166.62 | 154.63 157.92 | 139.16 152.51 | 137.07 142.62 |
| Soymeal Wpg/S.Man | 449 | 448 | 457 | 457 | 465 | 465 | | | | | |

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Monday, February 18 for Louis Riel Day in Manitoba/Family Day in Canada.

Forward contracting will be suspended and the HMO and Opening Price reports will not be published. Normal business resumes on Tuesday, February 19.